

# **BLUENORD GAS DENMARK A/S**

## **ANNUAL REPORT 2023**

Adopted by the Annual General Meeting on  
22 May 2024

Chairman of the meeting  
Jacqueline Lindmark Boye

BLUENORD GAS DENMARK A/S  
Lyngbyvej 2, 2100 Copenhagen  
CVR-nr. 11 72 98 94

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## **Statement by the Board of Directors and the Executive Board**

The Board of Directors and the Executive Board have today discussed and approved the annual report of BlueNord Gas Denmark A/S for the financial year 1 January – 31 December 2023.

The annual report has been prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Company's assets, liabilities and financial position at 31 December 2023 and of the results of the Company's operations for the financial year 1 January – 31 December 2023.

Further, in our opinion, the Management's review gives a fair review of the matters discussed in the Management's review.

We recommend that the annual report be approved at the annual general meeting.

Copenhagen, 22 May 2024

Marianne Wold Eide

Board of Directors

Euan Campbell Shirlaw  
Chairman

Marianne Wold Eide

Jacqueline Lindmark Boye

# Independent auditor's report

## To the shareholders of BlueNord Gas Denmark A/S

### Opinion

We have audited the financial statements of BlueNord Gas Denmark A/S for the financial year 1 January – 31 December 2023, comprising income statement, balance sheet and notes, including accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Company's assets, liabilities and financial position at 31 December 2023 and of the results of the Company's operations for the financial year 1 January – 31 December 2023 in accordance with the Danish Financial Statements Act.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report.

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Management's responsibility for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act and for such internal control that Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

### Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance as to whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements in Denmark will always detect a material misstatement when it exists. Misstatements may arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of financial statement users made on the basis of these financial statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also

- identify and assess the risks of material misstatement of the company financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- evaluate the overall presentation, structure and contents of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

### **Statement on the Management's review**

Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the Management's review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the Management's review and, in doing so, consider whether the Management's review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the Management's review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the Management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statement Act. We did not identify any material misstatement of the Management's review.

Copenhagen, 22 May 2024

**KPMG**

Statsautoriseret Revisionspartnerselskab  
CVR no. 25 57 81 98

Jon Beck  
State Authorised  
Public Accountant  
mne32169

## Company Information

### The Company

BlueNord Gas Denmark A/S  
Lyngbyvej 2  
DK - 2100 Copenhagen

CVR-nr: 11 72 98 94  
Financial year: 1 January – 31 December  
Registered municipality: Copenhagen

### Board of Directors

Euan Campbell Shirlaw, Chairman  
Jacqueline Lindmark Boye  
Marianne Wold Eide

### Executive Board

Marianne Wold Eide

### External Auditors

KPMG  
Statsautoriseret Revisionspartnerselskab  
Dampfærgevej 28  
DK-2100 København Ø  
CVR no. 25 57 81 98

## Financial Highlights

	2023	2022	2021	2020	2019	2018
<b>Income Statement (USD 1,000)</b>						
Revenue	0	0	49	0	922	441
Profit (loss) before financial items	(85)	(75)	(127)	(137)	(432)	380
Net financial items	(771)	469	741	(1,322)	3,319	410
Profit (loss) for the year	435	(3,229)	(4,462)	2,018	68,018	588
<b>Balance sheet (USD 1,000)</b>						
Total Assets	67,266	66,555	70,440	76,211	72,967	5,826
Shareholders' Equity	54,964	54,529	57,758	62,220	60,201	(7,817)
<b>Financial ratios</b>						
Average oil price (USD/bbl)	N/A	N/A	65	N/A	64	72
Operating margin	N/A	N/A	N/A	N/A	-47%	-86%
Equity ratio	82%	82%	82%	82%	83%	N/A
Average number of employees	0	0	0	0	0	0

The key figures are calculated as shown below:

Operating margin  $\frac{\text{Profit (loss) before financial items} \times 100}{\text{Revenue}}$

Equity ratio  $\frac{\text{Equity, year-end} \times 100}{\text{Total liabilities, year-end}}$

Average oil price is calculated as total invoiced oil sales divided by total lifted volume.

## Management's review

### Principal activities

BlueNord Gas Denmark A/S is a wholly owned subsidiary of the BlueNord Group. BlueNord Gas Denmark has activities in the Danish North Sea through its participation in the Lulita field.

In 2023, the Company participated in the following licences:

Licence	Field	Ownership %
DK 1/90 & 7/86	Lulita	10.000

BlueNord Gas Denmark A/S is a wholly owned subsidiary of BlueNord Energy Denmark A/S. The ultimate parent company BlueNord ASA is registered in Norway and listed at the Oslo Børs. For more information about the group, please see the website [www.bluenord.com](http://www.bluenord.com).

### Key operations and profit

In 2023, the loss before tax amounted to USD 0.9 million (2022 net profit before tax USD 0.4 million).

At 31 December 2023, the equity amounted to USD 54.9 million, compared to USD 54.5 million as of 1 January 2023.

Due to the redevelopment of the Tyra field, Lulita was shut in during 2023.

### Outlook for 2024

The Company currently has one production license, with a 5.0% share of the Lulita field. The Tyra redevelopment project was completed in March 2024, with production start-up 21 March 2024, it is expected that Lulita will be re-opened during the summer of 2024.

### Safety and environment

In 2023, no major accidents or incidents occurred with significant impact on humans or the environment in operations which BlueNord Gas Denmark took part as partner.

### Unusual events

The financial position at 31 December 2023 and the results of the activities for the financial year 2023 of the Company have not been affected by any unusual events other than what has already been described above.

### Subsequent events

No events materially affecting the assessment of the Annual Report have occurred after the balance sheet date.

On 21 of March 2024, first gas was processed and exported to Nybro in Denmark from the new Tyra II facilities and it's expected that Lulita will be reopened during summer 2024.



## Financial Statements 1 January - 31 December

### Income Statement

NOTE	USD '000	2023	2022
1	Revenue	0	0
2	Production costs	-22	-30
	<b>Gross profit</b>	<b>-22</b>	<b>-30</b>
3	Administrative costs	-62	-45
	<b>Profit (loss) before financial items</b>	<b>-85</b>	<b>-75</b>
4	Financial income	609	1,151
5	Financial costs	-1,380	-682
	<b>Profit (loss) before tax</b>	<b>-855</b>	<b>394</b>
6	Tax on the profit for the year	1,290	-3,623
	<b>PROFIT (LOSS) FOR THE YEAR</b>	<b>435</b>	<b>-3,229</b>
7	Proposed distribution of net profit		

## BALANCE SHEET - ASSETS

NOTE	USD '000	2023	2022
<b>FIXED ASSETS</b>			
8	Production facilities	3	486
<b>Tangible fixed assets</b>		<b>3</b>	<b>486</b>
9	Deferred tax assets	60,971	59,681
<b>Financial fixed assets</b>		<b>60,971</b>	<b>59,681</b>
<b>TOTAL FIXED ASSETS</b>		<b>60,974</b>	<b>60,167</b>
<b>CURRENT ASSETS</b>			
	Receivables from affiliates	6,059	6,318
	Other receivables	189	29
<b>Receivables</b>		<b>6,248</b>	<b>6,347</b>
<b>Cash in hand and at bank</b>		<b>43</b>	<b>40</b>
<b>TOTAL CURRENT ASSETS</b>		<b>6,291</b>	<b>6,387</b>
<b>TOTAL ASSETS</b>		<b>67,266</b>	<b>66,555</b>

## BALANCE SHEET - LIABILITIES

NOTE	USD '000	2023	2022
<b>SHAREHOLDERS' EQUITY</b>			
	Share capital	1,784	1,784
	Retained earnings	53,180	52,745
<b>TOTAL SHAREHOLDERS' EQUITY</b>		<b>54,964</b>	<b>54,529</b>
<b>PROVISIONS</b>			
	Asset Retirement Obligations	12,133	11,988
<b>10</b>	<b>TOTAL PROVISIONS</b>	<b>12,133</b>	<b>11,988</b>
<b>LIABILITIES OTHER THAN PROVISIONS</b>			
	Trade Payables	2	2
	Other debts	167	36
<b>Short-term liabilities</b>		<b>169</b>	<b>38</b>
<b>TOTAL LIABILITIES OTHER THAN PROVISIONS</b>		<b>169</b>	<b>38</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>67,266</b>	<b>66,555</b>
<b>11</b>	Contingent liabilities		
<b>12</b>	Related parties		

## Statement of changes in equity

<b>USD '000</b>	<b>Share capital</b>	<b>Retained Earnings</b>	<b>Total equity</b>
<b>2023</b>			
Equity at 1 January	1,784	52,745	54,529
Net profit for the year	0	435	435
<b>Equity at 31 December</b>	<b>1,784</b>	<b>53,180</b>	<b>54,964</b>
<b>2022</b>			
Equity at 1 January	1,784	55,974	57,758
Net loss for the year	0	-3,229	-3,229
<b>Equity at 31 December</b>	<b>1,784</b>	<b>52,745</b>	<b>54,529</b>

## Notes to the Financial Statements

NOTE USD '000	2023	2022
<b>1 Revenue</b>		
Olie	0	0
Gas	0	0
<b>Total</b>	<b>0</b>	<b>0</b>
<b>2 Production costs</b>		
Operating costs	22	30
<b>Total</b>	<b>22</b>	<b>30</b>
<b>3 Personnel costs and employees</b>		
There are no employees in the Company and the board does not receive remuneration		
<b>4 Financial income</b>		
Interest income	2	20
Interest from group entities	607	461
Foreign exchange gains	0	670
<b>Total</b>	<b>609</b>	<b>1,151</b>
<b>5 Financial costs</b>		
Accretion expense related to asset retirement obligations	64	58
Interest to group entities	754	622
Interest expense	196	2
Foreign exchange losses	366	0
<b>Total</b>	<b>1,380</b>	<b>682</b>
<b>6 Tax</b>		
Adjustment regarding previous years	617	0
Adjustment deferred tax for the year	673	-3,623
<b>Total</b>	<b>1,290</b>	<b>-3,623</b>

## Notes to the Financial Statements

NOTE USD '000	2023	2022
<b>7 Proposed distribution of net profits</b>		
Retained earnings brought forward	436	-3,229
	<b>436</b>	<b>-3,229</b>
<b>8 Tangible fixed assets</b>		Production facilities
Acquisition cost as at 1 January		2,607
Additions during the year		0
Adjustment regarding decommissioning		-482
<b>Acquisition cost as at 31 December</b>		<b>2,124</b>
Depreciation as at 1 January		2,121
Depreciation for the year		0
<b>Depreciation as at 31 December</b>		<b>2,121</b>
<b>Book value as at 31 December</b>		<b>3</b>
Depreciation is included in production costs		
	2023	2022
<b>9 Deferred tax</b>		
Deferred tax as at 1 January	59,681	63,304
Deferred tax adjustment for the year in the income statement	1,290	-3,623
<b>Balance as at 31 December</b>	<b>60,971</b>	<b>59,681</b>

## Notes to the Financial Statements

NOTE	USD '000	2023	2022
<b>10</b>	<b>Asset Retirement Obligations</b>		
	Decommissioning as at 1 January	11,988	12,671
	Adjustments during the year	81	-741
	Accretion expense related to asset retirement obligations	64	58
	<b>Book value as at 31 December</b>	<b>12,133</b>	<b>11,988</b>

As part of the overall restructuring in 2015, an agreement was reached that entails that the partners took over BlueNord's share of the Nini/Cecilie licences, however, BlueNord remains liable for the asset retirement obligation towards the license partners. The liability related to Nini/Cecilie is capped at the escrow amount, which is currently DKK 434 million, corresponding to USD 64 million of which USD 11 million relates to BlueNord Gas Denmark A/S.

### 11 Contingent liabilities

The interests in the Company's licenses have been pledged as collateral for the BlueNord Group's loans, including the producing field Lulita. The pledged licenses had a booked value of USD 3 thousand at 31 December 2023.

The Company is jointly taxed with other Danish group companies. As a group company, the Company is indefinitely and jointly and severally liable with other group companies for Danish corporate and withholding taxes on dividends, interest and royalties within the joint taxation. Any subsequent corrections of joint tax income and withholding tax, etc. could result in liability for the Company.

### 12 Related parties

BlueNord Gas Denmark A/S' related parties comprise:

#### Substantial influence

BlueNord Energy Denmark A/S, being principal shareholder.

BlueNord Gas Danmark A/S is part of the consolidated financial statements of BlueNord ASA, Nedre Vollgate, 0158 Oslo, Norway, which is the smallest and largest group in which the Company is included as a subsidiary.

#### Other related parties

The Company's other related parties comprise companies in the BlueNord Group, board members, management and leading employees and their family members. Further, related parties comprise companies in which aforementioned persons have substantial interests.

## Notes to the Financial Statements

### Accounting policies

The annual report is prepared in accordance with the provisions of the Danish Financial Statements Act regarding companies under reporting class B, with opt in of specific provisions for reporting class C.

The applied accounting policies are the same as last year.

### Recognition and measurement

Revenue is recognised in the income statement as it is earned. In addition, value adjustments are recognised for financial assets and liabilities measured at fair value or amortised cost. All expenses incurred to achieve the year's earnings are recognised in the income statement, including depreciations, write-downs and provisions, and reversals as a result of changed accounting estimates of amounts previously recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits will flow to the Company and the value of the asset can be reliably measured.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will derive from the Company and the value of the liability can be measured reliably.

At initial recognition, assets and liabilities are measured at cost. Subsequently, assets and liabilities are measured as described for each accounting item below.

### Foreign currency translation

The annual report is presented in USD, which is the functional currency of the Company. The following exchange rates have been used: as of 31 December 2023 0.148265 USD/DKK; and as of 31 December 2022: 0.143426 USD/DKK.

Foreign currency transactions are translated applying the exchange rate at the transaction date. Exchange rate differences arising between the exchange rate at the transaction date and the rate at the payment date are recognised in the income statement as a financial item.

Receivables, debt and other monetary items in foreign currencies not settled at the balance sheet date are measured at the exchange rate at the balance sheet date. The difference between the exchange rate at the balance sheet date and the exchange rate at the time the receivable or debt arises is recognised in the income statement under financial income and expenses.

Fixed assets purchased in foreign currency are measured at the exchange rate on the transaction date.



## Notes to the Financial Statements (continued)

### Accounting policies

#### Income Statement

##### REVENUE

Revenue is recognised when the customer obtains control of the hydrocarbons, which is ordinarily at the point of delivery (lifting and sales) when title passes (sales method). Over/under lifting occurs when the Company has lifted and sold more or less hydrocarbons from a producing field than what the Company is entitled to at the time of lifting.

##### PRODUCTION COSTS

Production costs are costs that are directly attached to production of hydrocarbons, e.g. costs for operating and maintaining production facilities and installations. Costs mainly consist of man-hours, insurance, processing costs, environmental fees, transport costs etc. Further, production costs include depreciation of production facilities and adjustment of over- under lift position.

##### SALES AND DISTRIBUTION COSTS

Sales and distribution costs include costs in connection with transport and sale of oil and gas.

##### ADMINISTRATION COSTS

Administration costs comprise office costs and depreciations etc.

##### FINANCIAL INCOME AND EXPENSES

Financial income and expenses include interest income and expense, realised and unrealised exchange gains and losses.

##### TAX ON PROFIT FOR THE YEAR

Tax on profit for the year consists of the current tax and offset changes in deferred tax, including changes in tax rates and is recognised in the income statement with the portion attributable to the profit for the year and directly on equity with the portion attributable to entries directly on equity.

The Company is jointly taxed with Noreco Olie- og Gasudvinding Danmark B.V. Danish Branch, BlueNord Energy Denmark A/S, BlueNord Denmark A/S and BlueNord Pipeline Denmark ApS.

#### Balance Sheet

##### INTANGIBLE FIXED ASSETS

Exploration expenses are incurred to determine whether there are deposits of oil or gas.

Research costs for drilling operations where hydrocarbon deposits are detected are recognised at cost as intangible fixed assets. If the finding results in a decision to expand the field, exploration costs are transferred to production plants under tangible fixed assets.

In accordance with the successful efforts method, a “dry hole” is fully depreciated in the year in which it is declared dry or declared uncommercial. For relinquished licenses, any activated exploration costs are fully depreciated in the year in which the license is abandoned.

Intangible fixed assets are written down to the recoverable amount if it is lower than the carrying amount. An impairment test is performed for each asset or group of assets, if there is an indication of impairment.

## Notes to the Financial Statements (continued)

### Accounting policies

#### TANGIBLE FIXED ASSETS

Production plants in connection with the expansion of oil and gas fields are measured at cost price less accumulated depreciation and impairment losses.

Production plants are depreciated from the start of production according to the Unit of Production method based on produced and expected recoverable volumes of oil.

Field closures under tangible fixed assets are measured at the present value of estimated field closure costs less depreciation. Present value is determined at the time the obligation is incurred and capitalised. The capitalised field closure cost is depreciated from the start of production according to the Unit of Production method based on produced and expected recoverable amounts of oil (see provisions).

Operating equipment and fixtures are measured at cost less accumulated depreciation.

Depreciation of operating equipment and fixtures is made on a straight-line basis over the expected useful life of the assets, which is 3-5 years.

Depreciation and write-downs are recognised in the profit and loss account under production costs. Gains and losses on disposal of property, plant and equipment are included in the income statement under the respective functions.

Property, plant and equipment are written down to the recoverable amount if it is lower than the carrying amount. An impairment test is performed for each asset or group of assets, if there is an indication of impairment.

#### IMPAIRMENT OF ASSETS

The carrying amount of tangible assets is assessed annually for impairment, in addition to what is expressed by depreciation. If there are indications of impairment, an impairment test is performed for each asset or group of assets. Write-down is made to the recoverable amount if it is lower than the carrying amount. The recoverable amount is the highest value of the value in use and fair values less cost of disposal. The capital value is calculated as the present value of expected net cash flows from the use of the asset or group of assets and expected net cash flows from the sale of the asset or group of assets after the end of useful life.

#### RECEIVABLES

Receivables are measured at amortised cost or a lower net realisable value, which is normally nominal value less write-downs to meet any expected losses.

Prepayments and debt to operators are measured as the difference between paid cash calls and costs incurred according to the operator accounts for the individual licenses.

Accrued income, recognised under assets, include costs paid for subsequent financial years and are measured at cost. The item also includes recognised underlifting of crude oil, which is measured at realisable value. As the producing fields have more participants, situations may arise where a participant has lifted and sold more/less oil than the participant is relatively entitled to at the time of the lift. Such a situation is termed overlift and underlift respectively. Crude oil lifting is recognised under current liabilities under other debt.

#### DIVIDEND

Proposed dividends are recognised as a liability at the time of adoption at the Annual General Meeting (the date of declaration). Dividends expected to be paid out for the year are shown as a separate item under equity.

## Notes to the Financial Statements (continued)

### Accounting policies

#### CORPORATE AND DEFERRED TAX

Current tax liabilities and receivables are recognised in the balance sheet as calculated tax on the taxable income for the year, adjusted for prepaid tax.

Deferred tax is measured using the balance sheet debt method of all temporary differences between the carrying amount and the tax value of assets and liabilities.

Deferred tax assets, including the tax value of tax loss carry forwards, are recognised at the value at which they are expected to be used. Changes in deferred tax due to changes in tax rates are recognised in the income statement.

#### ASSET RETIREMENT OBLIGATIONS

Provisions reflect the estimated cost of decommissioning and removal of wells and production facilities used for the production of hydrocarbons. Asset retirement obligations are measured at net present value of the anticipated future cost (estimated based on current day costs inflated). The liability is calculated on the basis of current removal requirements and is discounted to present value using a risk-free rate adjusted for credit risk. Liabilities are recognised when they arise and are adjusted continually in accordance with changes in requirements, price levels etc. When a decommissioning liability is recognised or the estimate changes, a corresponding amount is recorded to increase or decrease the related asset and is depreciated in line with the asset. Increase in the provision as a result of the time value of money is recognised in the income statement as a financial expense. If abandonment cost through agreements with partners have been limited to a given amount, this then forms the basis for the recognised liability.

#### LIABILITIES

Liabilities including debt to suppliers and group entities, as well as other debt, are measured at amortised cost, which usually corresponds to nominal value.