Brønnøysundregistrene

ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2019 - GENERELL INFORMASJON

Enheten

Organisasjonsnummer:	920 243 754
Organisasjonsform:	Aksjeselskap
Foretaksnavn:	AKER ENERGY AS
Forretningsadresse:	Oksenøyveien 10 1366 LYSAKER

Regnskapsår

Årsregnskapets periode:	01.01.2019 - 31.12.2019

Konsern

Morselskap i konsern:	Ja
Konsernregnskap lagt ved:	Ja

Regnskapsregler

Regler for små foretak benyttet:	Nei
Benyttet ved utarbeidelsen av årsregnskapet til selskapet:	IFRS
Benyttet ved utarbeidelsen av årsregnskapet til konsernet:	IFRS

Årsregnskapet fastsatt av kompetent organ

Bekreftet av representant for selskapet:	Eiliv Gjesdal
Dato for fastsettelse av årsregnskapet:	26.03.2020

Grunnlag for avgivelse

År 2019: Årsregnskapet er elektronisk innlevert

År 2018: Tall er hentet fra elektronisk innlevert årsregnskap fra 2019

Det er ikke krav til at årsregnskapet m.v. som sendes til Regnskapsregisteret er undertegnet. Kontrollen på at dette er utført ligger hos revisor/enhetens øverste organ. Sikkerheten ivaretas ved at innsender har rolle/rettighet for innsending av årsregnskapet via Altinn, og ved at det bekreftes at årsregnskapet er fastsatt av kompetent organ.

Brønnøysundregistrene, 31.08.2021

Resultatregnskap

Beløp i: USD	Note	2019	2018
RESULTATREGNSKAP			
Inntekter			
Annen driftsinntekt	9,23	7 404 000	1 624 000
Sum inntekter		**7 404 000**	**1 624 000**
Kostnader			
Avskrivning på varige driftsmidler og immaterielle eiendeler	13	2 171 000	268 000
Annen driftskostnad	6,7,8,23	55 443 000	8 105 000
Sum kostnader		**57 614 000**	**8 373 000**
Driftsresultat		**-50 210 000**	**-6 749 000**
Finansinntekter og finanskostnader			
Annen renteinntekt		6 038 000	165 000
Annen finansinntekt		139 000	136 000
Sum finansinntekter		**6 177 000**	**301 000**
Annen rentekostnad		4 865 000	701 000
Annen finanskostnad		2 841 000	3 287 000
Sum finanskostnader		**7 706 000**	**3 988 000**
Netto finans	10	**-1 529 000**	**-3 687 000**
Ordinært resultat før skattekostnad		**-51 739 000**	**-10 436 000**
Ordinært resultat etter skattekostnad		**-51 739 000**	**-10 436 000**
Årsresultat		**-51 739 000**	**-10 436 000**
Overføringer og disponeringer			
Overføringer til/fra annen egenkapital		-51 739 000	-10 436 000
Sum overføringer og disponeringer		**-51 739 000**	**-10 436 000**

Balanse

Beløp i: USD	Note	2019	2018
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Konsesjoner, patenter, lisenser, varemerker og lignende rettigheter	13	4 263 000	3 958 000
Sum immaterielle eiendeler		**4 263 000**	**3 958 000**
Varige driftsmidler			
Driftsløsøre, inventar, verktøy, kontormaskiner og lignende	13	1 124 000	848 000
Bruksrett	13	18 990 000	
Sum varige driftsmidler		**20 114 000**	**848 000**
Finansielle anleggsmidler			
Investering i datterselskap	17	25 114 000	25 114 000
Sum finansielle anleggsmidler		**25 114 000**	**25 114 000**
Sum anleggsmidler		**49 491 000**	**29 920 000**
Omløpsmidler			
Varer			
Fordringer			
Kundefordringer	15,23	19 156 000	30 052 000
Andre fordringer	16,23	180 110 000	54 515 000
Sum fordringer		**199 266 000**	**84 567 000**
Bankinnskudd, kontanter og lignende			
Bankinnskudd, kontanter og lignende	18	66 529 000	7 630 000
Sum bankinnskudd, kontanter og lignende		**66 529 000**	**7 630 000**
Sum omløpsmidler		**265 795 000**	**92 197 000**
SUM EIENDELER		**315 286 000**	**122 117 000**

BALANSE - EGENKAPITAL OG GJELD

Balanse

Beløp i: USD	Note	2019	2018
Egenkapital			
Innskutt egenkapital			
Selskapskapital	21	147 333 000	76 180 000
Overkurs		73 666 000	38 090 000
Sum innskutt egenkapital		**220 999 000**	**114 270 000**
Opptjent egenkapital			
Annen egenkapital		-60 957 000	-9 218 000
Sum opptjent egenkapital		**-60 957 000**	**-9 218 000**
Sum egenkapital		**160 042 000**	**105 052 000**
Gjeld			
Langsiktig gjeld			
Andre avsetninger for forpliktelser		2 589 000	
Sum avsetninger for forpliktelser		**2 589 000**	
Annen langsiktig gjeld			
Langsiktig leieforpliktelse	19	16 231 000	
Langsiktige derivater	11,24	1 808 000	
Sum annen langsiktig gjeld		**18 039 000**	
Sum langsiktig gjeld		**20 628 000**	**0**
Kortsiktig gjeld			
Konvertible lån	11	98 248 000	
Leverandørgjeld	23	8 671 000	12 582 000
Skyldige offentlige avgifter		1 653 000	702 000
Annen kortsiktig gjeld	20	22 832 000	3 781 000
Kortsiktig leieforpliktelse	19	3 211 000	
Sum kortsiktig gjeld		**134 615 000**	**17 065 000**
Sum gjeld		**155 243 000**	**17 065 000**
SUM EGENKAPITAL OG GJELD		**315 285 000**	**122 117 000**

Konsernets resultatregnskap

Beløp i: USD	Note	2019	2018
RESULTATREGNSKAP			
Inntekter			
Annen driftsinntekt	9,23	8 138 000	1 711 000
Sum inntekter		**8 138 000**	**1 711 000**
Kostnader			
Letekostnader	5	24 667 000	
Avskrivning på varige driftsmidler og immaterielle eiendeler	13	2 316 000	305 000
Annen driftskostnad	6,7,8,23	106 561 000	34 023 000
Sum kostnader		**133 544 000**	**34 328 000**
Driftsresultat		**-125 406 000**	**-32 617 000**
Finansinntekter og finanskostnader			
Annen renteinntekt		1 028 000	190 000
Annen finansinntekt		2 541 000	3 265 000
Sum finansinntekter		**3 569 000**	**3 455 000**
Annen rentekostnad		4 870 000	706 000
Annen finanskostnad		4 171 000	4 561 000
Sum finanskostnader		**9 041 000**	**5 267 000**
Netto finans	10	**-5 472 000**	**-1 812 000**
Ordinært resultat før skattekostnad		**-130 878 000**	**-34 429 000**
Skattekostnad på ordinært resultat	12		
Ordinært resultat etter skattekostnad		**-130 878 000**	**-34 429 000**
Årsresultat		**-130 878 000**	**-34 429 000**
Overføringer og disponeringer			
Overføringer til/fra annen egenkapital		-130 878 000	-34 429 000
Sum overføringer og disponeringer		**-130 878 000**	**-34 429 000**

Konsernets balanse

Beløp i: USD	Note	2019	2018
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Lete- og eveluaringseiendeler	13	162 981 000	151 616 000
Andre immaterielle eiendeler	13	4 263 000	3 958 000
Sum immaterielle eiendeler		**167 244 000**	**155 574 000**
Varige driftsmidler			
Driftsløsøre, inventar, verktøy, kontormaskiner og lignende	13	3 481 000	1 033 000
Bruksrett	13	21 450 000	
Sum varige driftsmidler		**24 931 000**	**1 033 000**
Sum anleggsmidler		**192 175 000**	**156 607 000**
Omløpsmidler			
Varer			
Varer	4	5 988 000	6 593 000
Sum varer		**5 988 000**	**6 593 000**
Fordringer			
Kundefordringer	15,23	16 733 000	10 932 000
Andre fordringer	16,23	12 413 000	12 749 000
Sum fordringer		**29 146 000**	**23 681 000**
Bankinnskudd, kontanter og lignende			
Bankinnskudd, kontanter og lignende	18	78 833 000	22 076 000
Sum bankinnskudd, kontanter og lignende		**78 833 000**	**22 076 000**
Sum omløpsmidler		**113 967 000**	**52 350 000**
SUM EIENDELER		**306 142 000**	**208 957 000**

BALANSE - EGENKAPITAL OG GJELD

Egenkapital

Konsernets balanse

Beløp i: USD	Note	2019	2018
Innskutt egenkapital			
Selskapskapital	21	147 333 000	76 180 000
Overkurs		73 666 000	38 090 000
Sum innskutt egenkapital		**220 999 000**	**114 270 000**
Opptjent egenkapital			
Udekket tap		163 872 000	32 994 000
Sum opptjent egenkapital		**-163 872 000**	**-32 994 000**
Sum egenkapital		**57 127 000**	**81 276 000**
Gjeld			
Langsiktig gjeld			
Andre avsetninger for forpliktelser		2 701 000	
Sum avsetninger for forpliktelser		**2 701 000**	
Annen langsiktig gjeld			
Langsiktig leieforpliktelse	19	16 979 000	
Langsiktige derivater	11,24	1 808 000	
Sum annen langsiktig gjeld		**18 787 000**	
Sum langsiktig gjeld		**21 488 000**	**0**
Kortsiktig gjeld			
Konvertible lån	11	98 248 000	
Leverandørgjeld	23	12 498 000	19 050 000
Skyldige offentlige avgifter		1 653 000	702 000
Annen kortsiktig gjeld	20	111 916 000	107 928 000
Kortsiktig leieforpliktelse	19	3 211 000	
Sum kortsiktig gjeld		**227 526 000**	**127 680 000**
Sum gjeld		**249 014 000**	**127 680 000**
SUM EGENKAPITAL OG GJELD		**306 141 000**	**208 956 000**

Skatteetaten

Vår dato	Din/Deres dato	Saksbehandler
21.03.2019	14.12.2018	Henning Stokke
800 80 000	Din/Deres referanse	Telefon
Skatteetaten.no	Fredrik Hall	800 80 000
Org.nr	Vår referanse	Postadresse
974761076	2019/5218741	Postboks 9200 Grønland 0134 OSLO

AKER ENERGY GHANA AS
Oksenøyveien 10
1366 LYSAKER

Tillatelse til å utarbeide årsberetning og årsregnskap på engelsk språk

Vi viser til deres brev av 14. desember 2018 der det søkes om dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk språk for følgende selskaper:

- Aker Energy AS org.nr. 920 243 754
- Aker Energy Ghana AS org.nr. 920 243 762

Skattedirektoratet gir på bakgrunn av en konkret helhetsvurdering selskapene nevnt ovenfor dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk språk, jf. regnskapsloven § 3-4 tredje ledd. Dispensasjonen gjelder så lenge opplysningene som vedtaket baserer seg på ikke endres vesentlig.

Kopi av dette brevet må sendes Regnskapsregisteret i Brønnøysund sammen med årsregnskapet. Det påligger den regnskapspliktige å dokumentere ved dette brev at tillatelsen er gitt.

Bakgrunn
Fra søknaden gjengis:

> *Vi ønsker å levere årsregnskap og årsberetning på engelsk av hensyn til brukerne av regnskapet, samt for konsolideringshensyn. Aker Energy utgjør et internasjonalt konsern inkludert datterselskap i Ghana, hvor datterselskapet eier 50 % i en petroleumslisens. I lisensen har datterselskapet andre internasjonale partnere. Omsetningen i Norge vil hovedsakelig omfatte viderefakturering av tjenester relatert til driften i Ghana.*
>
> *Aker Energy er av interesse for ghanesiske myndigheter så vel som det ghanesiske lokalsamfunnet. I tillegg har Aker Energy AS utenlandske styremedlemmer.*

Skattedirektoratets vurdering
Etter regnskapsloven § 3-4 tredje ledd skal *"årsregnskapet og årsberetningen ... være på norsk. Departementet kan ved ... enkeltvedtak bestemme at årsregnskapet og/eller årsberetningen kan være på et annet språk."*

I Ot. prp. nr. 42 (1997-1998) Om lov om årsregnskap m.v., er det uttalt følgende om regnskapslovens formål, jf. pkt. 1.1:

> *"Regjeringen har som siktemål at regnskapsloven skal bidra til informative regnskaper for ulike grupper av regnskapsbrukere. Regnskapsbrukerne er dels investorer og kreditorer som tilfører kapital til foretakene, og dels andre grupper som har interesse av å vite hvordan foretaket drives, f.eks. de ansatte og lokalsamfunnet. Informasjonen til kapitalmarkedet skal gi grunnlag for riktig prising av finansielle objekter. Riktig prisdannelse på aksjer er en forutsetning for at ressursbruken i samfunnsøkonomien skal bli best mulig. Gode regnskaper vil også gjøre det vanskeligere for markedsdeltakere å ta ut spekulasjonsgevinster med basis i skjevt fordelt informasjon."*

Det fremgår således at et av hovedformålene med regnskapsloven er å bidra til *"informative regnskaper for ulike grupper av regnskapsbrukere"*. Regnskapsbrukere vil omfatte, jf. uttalelsen i proposisjonen, blant andre investorer, kreditorer, ansatte og lokalsamfunnet.

Det er etter Skattedirektoratets vurdering derfor avgjørende ved vurdering av om dispensasjon fra kravet til å utarbeide årsregnskap og/eller årsberetning på norsk kan gis, at det ikke foreligger mulige brukere av regnskapsinformasjon som blir vesentlig berørt negativt ved en eventuell dispensasjon.

Som nevnt ovenfor er det er særlig hensynet til brukerne av regnskapsinformasjon som skal vurderes ved en dispensasjonssøknad. I denne vurderingen har Skattedirektoratet lagt vekt på at selskapene opererer internasjonalt og i en internasjonal bransje. Videre er det vektlagt at alle sentrale aktører og samarbeidspartnere innen denne bransjen behersker og benytter engelsk. I tillegg har morselskapet utenlandske styremedlemmer.

Med hilsen

Torstein Kinden Helleland
seniorrådgiver
Juridisk avdeling
Skattedirektoratet

Henning Stokke

Dokumentet er elektronisk godkjent og har derfor ikke håndskrevne signaturer.

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Financial Statements 2019

FINANCIAL STATEMENTS WITH NOTES

OVERVIEW OF THE FINANCIAL STATEMENTS AND NOTES

Board of Directors' report 2019

Aker Energy AS ("Aker Energy" or "The Company") is an exploration and production company established in 2018. Through its wholly owned subsidiary, Aker Energy Ghana Limited, the Company has a 50 percent participating interest in the Deepwater Tano / Cape Three Points block ("DWT/CTP"), covering approximately 2,010 square kilometers within the Tano Basin, a prolific petroleum region offshore Ghana. Aker Energy aims to become the oil and gas operator of choice offshore Ghana, by maturing and producing resources in a safe, efficient and reliable manner to the benefit of the company, partners and the people of Ghana. Aker Energy has offices in Oslo and Accra. Market volatility increased sharply in the beginning of 2020 with the spread of the Covid-19 virus causing global disruption, increased risks, reduced activity and significant drop in oil prices. Oil prices have been further affected by the lack of agreement between OPEC and Russia to reduce oil production. This will have impact for Aker Energy going forward.

Aker Energy benefits from the Aker Group's extensive track record within the oil and gas industry around the world. The Company is characterized by the entrepreneurial and flexible organization that is synonymous with member companies of the Aker Group. Aker Energy aims to become the operator of choice offshore Ghana and to take a principal role in developing the Ghanaian oil and gas industry through the transfer of technology, know-how and skills development. Aker Energy is the operator of the DWT/CTP block with a 50 percent operating interest. The partners are Lukoil (38%), Ghana National Petroleum Corporation (GNPC) (10%), and Fueltrade (2%).

2019 was an eventful year for the company, where the Pecan project in the DWT/CTP block was derisked through appraisal drilling, technical maturation of development concepts and improved clarity around regulatory and commercial framework to operate. The commencement of the project has taken longer than first anticipated, but the company remains committed to ensure realisation of the Pecan project to the benefit of all stakeholders. However, the ongoing Covid-19 crisis and the lack of agreement between OPEC and Russia to reduce oil production which has led to significant drop in oil prices, may put this ambition at risk.

In January 2019, drilling results from the Pecan 4-A well confirmed the existing discoveries are estimated to contain gross contingent resources of 450-550 million barrels of oil equivalent (mmboe). In early March, it was further announced that oil had been encountered in the Pecan South-1A well. The subsequent sidetrack and the Pecan South East-1A appraisal well were classified as dry wells. In March 2019, Aker Energy submitted a Plan of Development and Operation (PDO) for the Pecan field on behalf of the contractor group. The plan is currently under revision after constructive feedback and required updates to the project plan. There is a risk that the Covid-19 crisis may cause further delays regarding final submission of the PDO.

As a first step to invite external investors beyond Aker ASA, TRG AS and management, Aker Energy entered into an agreement to issue USD 100 million of convertible subordinated bonds to Africa Finance Corporation (AFC) in July. AFC intends to take part also in upcoming capital markets activities. To further strengthen the partnership, AFC's CEO Samaila Zubairu joined Aker Energy's Board of Directors as a Vice Chairman in October.

Aker Energy AS
Oksenøyveien 10, NO-1366 Lysaker, PO Box 243, NO-1326 Lysaker, Norway
www.akerenergy.com
Registered in Norway, registration no. NO 920 243 754 VAT

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When established, Aker Energy, together with the affiliated company AGM Petroleum Ghana Limited, established an organisation and an activity set based on an ambition to mature more than one development project offshore Ghana in parallel. In November, Aker Energy adjusted its strategy to focus solely on the development of the Pecan field as the backbone for further growth both in Ghana and through potential M&A activities. This was followed by the appointment of a new interim CEO, namely Svein Jacob Liknes, following Jan Arve Haugan's resignation.

The year ended with Parliamentary approval of the Ghanaian government's proposed regulatory changes to the Petroleum Act, as well as changes to Aker Energy's Petroleum Agreement. These were both passed on 23 December 2019.

Events after the period

In January 2020, the appointment of Mrs. Kadijah Amoah as Country Director of Aker Energy Ghana Ltd was announced, effective 1 February 2020. The appointment follows Aker Energy's strategy to strengthen the company's local presence and management in Ghana.

In February, the company entered into a Letter of Intent (LOI) with Yinson Holdings Berhad to award a bare-boat charter and an operations and maintenance contract for a floating, production, storage and offloading (FPSO) vessel at the Pecan field, offshore Ghana.

In March, with the pandemic spread of the Covid-19 (corona) virus, the company has moved towards all employees working at home and the downscale of all non-essential activities as the company completes an updated PDO. Covid-19 situation has increased the risk for further PDO delays, and the drop in oil prices has increased the risk regarding the financial attractiveness of the field development.

Going concern assumption

The world is currently in the middle of the Covid-19 crisis, and how it will unfold is uncertain. Over the last weeks oil prices have fallen to historically low levels, impacted by the lack of agreement between OPEC and Russia to reduce oil production. Aker Energy is taking measures to mitigate substantial negative impacts for the company. However, the Covid-19 crisis may have significant negative effects on the world economy. The challenging macro picture is of course also impacting Aker Energy.

The Covid-19 crisis increases the risk regarding the going concern assumption for most companies, and this is also the case for Aker Energy. Although the risk has increased, the assessment is that the entity has the ability to continue as a going concern.

Therefore, pursuant to section 3-3a of the Norwegian Accounting Act, the Board of Directors confirms that the going concern assumption, on which the financial statements have been prepared, is deemed appropriate.

Financial statements

Aker Energy prepares its financial statements in accordance with the International Financial Reporting Standards (IFRS) as adopted by EU and the Norwegian Accounting Act. The Board of Directors confirms that the statements represent a true and fair view of the Company's financial position as of 31 December 2019.

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Income statement & Statement of financial position - Group
Activity in Aker Energy in 2019 was mainly related to the appraisal drilling campaign and the preparation and rewriting of the Plan of Development and Operation, which was submitted in March 2019 but has been under review for the remainder of the year.

The appraisal drilling campaign resulted in net additions of exploration and evaluation assets of USD 12.3 million in the statement of financial position, and USD 24.7 million in dry wells expensed in the income statement in 2019.

In our income statement, operating expenses were of USD 106.6 million, which mainly consist of staff and support costs related to the appraisal drilling campaign and the Pecan development project, pre-FID activity. Payroll expenses, office costs and other related support expenses increased with 267 % from a total of USD 19.5 million (gross) in 2018 to USD 51.9 million (gross) in 2019, in proportion with the increase in number of employees of 262 % from an average of 58 FTEs in 2018 to 152 FTEs in 2019. Expenses for technical and administrative services increased from USD 32.1 million (gross) in 2018 to USD 89 million (gross) due to increased activity, reflected through the number of FTEs, pre-FID studies and option agreement for the Dhirbuai-1 FPSO vessel with Ocean Yield ASA. Auditors fee expensed increased from USD 45 thousand in 2018 to USD 375 thousand in 2019, as major part of the financial year 2018 audit was performed and charged in 2019.

In addition, the group has provided technical and administrative services to related parties and subleased office space, which is reflected in the income statement as other income of USD 8.1 million. Net financial items for the group were USD – 5.5 million. Losses after taxes for the year 2019 were USD 130.9 million.

Equity ratio for the group was 19.3 % at year-end 2019.

Cash flow statement - Group
Net cash flow from operating activities for the group was USD – 101.8 million in the reporting period primarily driven by a loss for the year of USD 130.9 million, expensed dry wells previously capitalised of USD 24.7 million and an increase in working capital of USD 3.9 million. During the reporting period the Aker Energy group paid USD 38.4 for investments in intangibles, primarily capitalised exploration expenditures, and USD 3.1 million for investments in property, plant and equipment. The group received USD 1.2 million for the issuance of new shares, USD 105 million from loan financing from its shareholders and USD 96.7 million from issuance of a convertible bond.

At the end of 2019, cash and cash equivalents amounted to USD 78.8 million for the group.

Income statement & Statement of financial position – Parent company
The parent company's main activity in 2019 was related to the provision of technical and administrative services to the DWT/CTP license, reflected by an allocation of other operating expenses of USD 54.2 million. Remaining other operating expenses in the parent company was USD 55.4 million. These expenses include the option agreement for the Dhirbuai-1 FPSO vessel with Ocean Yield plus pre-FID activity related to the Pecan development project.

In addition, the parent company has provided technical and administrative services to related parties and subleased office space, which is reflected in the income statement as other income of USD 7.4 million. Net

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financial items for the parent company was USD –1.5 million. Losses after taxes for the year 2019 were USD 51.7 million.

Cash flow statement – Parent company
Net cash flow from operating activities for the parent company was USD –20.1 million in the reporting period primarily driven by increase in working capital of USD 23.9 million and loss for the year of USD 51.7 million. During the reporting period the parent company paid USD 120.5 million in short term loan to its subsidiary, Aker Energy Ghana AS. The parent company received USD 1.2 million for the issuance of new shares, USD 105 million from loan financing from its shareholders and USD 96.7 million from the issuance of convertible bond.

At the end of 2019, cash and cash equivalents amounted to USD 66.5 million for the parent company.

Operational risk

Risk management constitutes an integral part of management at all levels of the organisation and of all operations conducted under Aker Energy's direct or indirect management. Aker Energy has established a management system to identify and proactively mitigate risks, as well as establishing an adequate emergency preparedness and response system in the event of an incident. The emergency response systems are regularly tested and improved through drills and exercises involving all key stakeholders, including contractors and Ghanaian authorities. The risk management process constitutes a basis for achieving good safety performance in all our operations, as well as demonstrating compliance with regulatory requirements.

Financial risk

Market risk
Although Aker Energy does not currently have any production of hydrocarbons, the company is exposed to oil markets in several aspects. Market conditions, including commodity prices, will impact the value of Aker Energy's petroleum reserves and will influence banks and investors' appetite to lend to, or invest in, Aker Energy. This risk has increased in 2020 due to the ongoing Covid-19 crisis.

Furthermore, the petroleum industry is faced by an increased focus from investors on environmental, social and corporate governance (ESG) factors. Aker Energy is also exposed to the cost levels in the supplier industry that is a function of the capacity and activity levels in the sector.

Aker Energy is facing risks related to foreign currency and interest rates. Aker Energy will typically receive its income and funding in USD, but may have costs in other currencies than USD, such as NOK and EUR. Furthermore, the company may enter into debt facilities that are based on floating interest rates.

The company's risk management, including financial risk management, is designed to ensure identification, analysis and systematic and cost-efficient handling of risk. Established management procedures provide a good basis for reporting and monitoring of the company's financial risk exposure.

Liquidity risk
The company's liquidity risk is the risk that it will not be able to meet its financial obligations as they fall due.

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The main objective of the company's management of the capital structure is to maximize return to the owners by ensuring competitive conditions for the company's capital.

Aker Energy is working to establish a funding plan for the company that will make the company fully financed for its committed investment program.

In March 2020, bond holder Africa Finance Corporation extended the deadline for redemption of the bonds, which applies if the Plan for Development and Operations of the oil field DWT/CTP is not being approved, with at least 15 months. The redemption premium is increased from 0.5 % to 1.5 %.

The company's liquid assets as of 31 December 2019 are mainly deposited in bank accounts.

Credit risk
The risk of counterparties being financially incapable of fulfilling their obligations is regarded as moderate to limited as receivables are mainly against related parties and the license partners in the DWT/CTP license. By year end 2019 licence partner Fueltrade holds a gross debt of USD 5.8 million to the DWT/CTP licence but mechanisms in the Joint Operating Agreement protects the other licence partners in case of a default situation or similar.

The ongoing Covid-19 crisis inherently increases many of the risk factors above; markets become more uncertain, operations become more vulnerable to interruptions and policy makers around the world may gravitate towards stricter regulations impacting international trade.

Organisation

Leave of absence due to illness was approximately 0.9 % of the total working hours. The working environment is considered to be satisfactory, and efforts for improvements are made on an ongoing basis.

The Company set out to build a flexible and agile organization well positioned for growth. During 2019, the organization had grown to a total of 150 permanent employees (114 in Oslo and 36 in Accra) and, in addition, 45 persons were hired in on full-time or part-time (43 in Oslo and 2 in Accra). In December 2019, Aker Energy had to terminate 80 consulting contracts in Oslo. The decision was made after a review of the organisational needs. Up until this point, Aker Energy’s staffing strategy was based on the need for organisational flexibility and a significant proportion of the human resources were temporary consulting contracts.

As of 31 December 2019, 33 per cent of the permanent workforce were female. Approximately 20 per cent of the Company’s permanent workforce are non-Norwegian nationality, encompassing eight nationalities. Currently, 14 per cent of the Board of Directors members are female. The Executive Management Team had no female members in 2019.

The company aims to maintain a working environment to ensure gender equality, ensure equal opportunities and rights, and to prevent discrimination due to ethnicity, national origin, descent, skin colour, language, religion and faith.

By the end of 2019, Aker Energy has established a structured approach to increasing diversity in its workforce through strategic recruitment plan and employer brand strategy with clear diversity targets.

AKER ENERGY

Health, Safety, Security and Environment

Health, Safety, Security and Environment (HSSE) is always the number one priority in all of Aker Energy's activities. The company strives to ensure that all its operations, drilling campaigns and projects are carried out under the highest HSSE standards.

The Maersk Viking exploration and appraisal drilling campaign dominated the activities in 2019. The campaign commenced in November 2018 and ended in July 2019. The HSSE key performance indicators (KPIs) were met for 2019. A total of 1,025,586 manhours (232 683 manhours from own employees) was recorded for the year. Most of the HSSE incidents in 2019 are related to the drilling campaign, with incidents reported to the authorities as necessary. The Total Recordable Injuries Frequency (TRIF) for 2019 was 1. One Restricted Work Case occurred in 2019 during the drilling of Pecan South-1A/ST-1, where a worker suffered a pinched finger while installing a drain cover on the drill floor.

The Business Management System (BMS) was established for the company. Necessary processes and procedures matched to current activity levels are now in place. The Emergency Response organisation has been established in 3 tiers, and necessary emergency plans and training have been established. Exercise scenarios have included offshore accidents, oil spills, medevacs, security and commercial issues.

Proactive assessments and evaluations of our security threats have been performed and communicated throughout the year. This has led to reviews and improvements of our management systems and establishment of an Onshore Security Plan for Ghana.

Environmental risks and impacts have been assessed with mitigating measures identified and implemented for the drilling campaign. As part of the environmental and social management plan, Aker Energy conducted several stakeholder consultation meetings ranging from local community up to national level. Three Community Liaison Officers (CLO) are engaged to follow up community communication and grievances, in addition to 12 Fishing Liaison Officers (FLO) that are engaged on the platform supply vessels (PSVs) to mitigate fishery impacts during the drilling campaign.

Sustainability

Resulting from a comprehensive materiality assessment, our approach to sustainability rests on three core pillars: Sustainable value-creation; Investing in people; and Environmental management and innovation. Through sustainable value-creation, we aim to be recognised as a driver of economic growth and employment in Ghana through our investments and through strengthening our local content achievement throughout our supply chains. Our efforts are carried out in line with international standards and regulations for health and safety, environment, business ethics and human- and labour rights as set out in our governing documents. By investing in people, Aker Energy seeks to be an attractive employer that always prioritises our employees' safety and well-being, acknowledging the fundamental principles of human and labour rights as defined in the Universal Declaration of Human Rights and the ILO's Core Conventions and Declaration on Fundamental Principles and Rights at Work. Lastly, we aim to be in the forefront of environmental performance in the regions where we operate. An important part of reducing Aker Energy's environmental footprint is to reduce the energy intensity of our operations.

AKER ENERGY

Business Ethics and Compliance

Business ethics and compliance with applicable anticorruption laws and regulations is one of the highest priorities in all of Aker Energy's activities. Aker Energy has a zero tolerance for corruption. The company strives to ensure that our business dealings are carried out in line with international industry standards and best practice. Aker Energy is continuously working to ensure that an effective and adequate anticorruption program is developed and implemented throughout the organisation. This includes a strong tone from the top, integrity due diligence of third parties, monitoring and control of business partners and sub-suppliers, clearly defined rules and procedures, effective training of all employees on high stake issues, and monitoring and control of the program's effectiveness and detection of potential wrongdoing. Compliance with anticorruption rules is a shared responsibility. Aker Energy is continuously developing strong collaboration across functions to ensure an effective implementation and that corrective actions are taken with immediate effect where necessary.

Outlook

Aker Energy has an ambition to become the operator of choice in Ghana, together with Ghanaian partners and authorities. Despite being delayed compared to initial expectations, the company is committed to ensure the realisation of the Pecan project and the estimated 450-550 million barrels of oil equivalent that the DWT/CTP block holds. 2019 saw significant progress for the company towards reaching this ambition, including certain regulatory processes that helped to clarify regulatory and commercial aspects necessary to make an investment decision of this magnitude. The technical maturation of the project has also been further optimised and has reached a robust maturity required to move into the next phase.

The Board of Directors believes that the company is well positioned with a strong asset base and multiple growth opportunities, both within the Company's existing acreage and through potential M&A activities. However, the Board of Directors is aware of the inherent uncertainties in such forward-looking statements.

The uncertainty has been further strengthened following the events after the end of 2019, when the macroeconomic environment changed significantly. The global financial markets, and in particular the global energy sector, have experienced significant turmoil due to the Covid-19 (corona) virus in the period after December 31, 2019. In early March 2020, crude oil prices dropped substantially due to the lack of agreement between OPEC and Russia to reduce oil production, which added further pressure on the petroleum industry. The Covid-19 virus impacts the oil market due to reduced industrial activity, travel restrictions and quarantines. The long-term impact on the financial markets, the oil price and the industrial activity level in the global economy is difficult to predict. This may impact timing for project commencement and the business plan for the company going forward. Impairment risk may increase if the current volatility result in a negative long-term market outlook, and the development will be closely monitored.

AKER ENERGY

BOARD OF DIRECTORS' – signature page

The Board of Directors of Aker Energy AS
Akerkvartalet, 26 March 2020

Karl Johnny Hersvik, Chairman of the Board

Kjell Inge Røkke, Board member

Samaila Dalhat Zubairu, Deputy Chair

Anne Marie Cannon, Board member

Øyvind Eriksen, Board member

Tore Torvund, Board member

Sverre Skogen, Board member

Svein Jakob Liknes, Chief Executive Officer

INCOME STATEMENT

(USD 1 000)	Note	Group 2019	Group 2018	Parent 2019	Parent 2018
Other income	9,23	8 138	1 711	7 404	1 624
Total income		**8 138**	**1 711**	**7 404**	**1 624**
Exploration expenses	5	24 667	-	-	-
Depreciation	13	2 316	305	2 171	268
Other operating expenses	6,7,8,23	106 561	34 023	55 443	8 105
Total operating expenses		**133 543**	**34 328**	**57 614**	**8 373**
Operating profit/loss		**-125 405**	**-32 617**	**-50 210**	**-6 749**
Interest income		1 028	190	6 038	165
Other financial income		2 541	3 265	139	136
Interest expenses		4 870	706	4 865	701
Other financial expenses		4 171	4 561	2 841	3 287
Net financial items	10	**-5 473**	**-1 813**	**-1 528**	**-3 687**
Profit/loss before taxes		**-130 878**	**-34 429**	**-51 739**	**-10 436**
Taxes (+)/tax income (-)	12	-	-	-	-
Net profit/loss		**-130 878**	**-34 429**	**-51 739**	**-10 436**
Weighted average no. of shares outstanding basic and diluted ('000)	22	102 371	17 704	102 371	17 704
Basic and diluted earnings/loss(-) USD per share	22	-1,28	-1,94	-0,51	-0,59

STATEMENT OF COMPREHENSIVE INCOME

(USD 1 000)	Group 2019	Group 2018	Parent 2019	Parent 2018
Profit/loss for the period	-130 878	-34 429	-51 739	-10 436
Items which may be reclassified over profit and loss (net of taxes)				
Currency translation adjustment	-	1 431	-	1 214
Total comprehensive income in period	-130 878	-32 998	-51 739	-9 222

STATEMENT OF FINANCIAL POSITION

		Group		Parent	
(USD 1 000)	**Note**	**31.12.2019**	**31.12.2018**	**31.12.2019**	**31.12.2018**
ASSETS					
Intangible assets					
Exploration and evaluation assets	13	162 981	151 616	-	-
Other intangible assets	13	4 263	3 958	4 263	3 958
Tangible fixed assets					
Property, plant and equipment	13	3 481	1 033	1 124	848
Right-of-use assets	13	21 450	-	18 990	-
Shares in subsidiaries	17	-	-	25 114	25 114
Total non-current assets		**192 175**	**156 607**	**49 490**	**29 920**
Inventories					
Inventories	4	5 988	6 593	-	-
Receivables and other current assets					
Accounts receivable	15,23	16 733	10 932	19 156	30 053
Other current assets	16,23	12 413	12 749	180 110	54 515
Cash and cash equivalents					
Cash and cash equivalents	18	78 833	22 075	66 529	7 630
Total current assets		**113 966**	**52 350**	**265 795**	**92 197**
TOTAL ASSETS		**306 140**	**208 957**	**315 285**	**122 117**

STATEMENT OF FINANCIAL POSITION

		Group		Parent	
(USD 1 000)	Note	31.12.2019	31.12.2018	31.12.2019	31.12.2018
EQUITY AND LIABILITIES					
Equity					
Share capital	21	147 333	76 180	147 333	76 180
Share premium		73 666	38 090	73 666	38 090
Other equity		-163 872	-32 994	-60 957	-9 218
Total equity		**57 127**	**81 276**	**160 042**	**105 052**
Non-current liabilities					
Provisions for other liabilities		2 701	-	2 589	-
Long-term lease liabilities	19	16 979	-	16 231	-
Long-term derivatives	11,24	1 808		1 808	
Current liabilities					
Convertible bonds	11	98 248	-	98 248	-
Trade creditors	23	12 498	19 050	8 671	12 582
Accrued public charges and indirect taxes		1 653	702	1 653	702
Short-term lease liabilities	19	3 211	-	3 211	-
Other current liabilities	20	111 916	107 928	22 832	3 781
Total liabilities		**249 013**	**127 681**	**155 243**	**17 066**
TOTAL EQUITY AND LIABILITIES		**306 140**	**208 957**	**315 285**	**122 117**

The Board of Directors and the CEO of Aker Energy AS
Akerkvartalet, 26 March 2020

Karl Johnny Hersvik, Chairman of the Board

Kjell Inge Røkke, Board member

Samaila Dalhat Zubairu, Deputy Chair

Anne Marie Cannon, Board member

Øyvind Eriksen, Board member

Tore Torvund, Board member

Sverre Skogen, Board member

Svein Jakob Liknes, Chief Executive Officer

STATEMENT OF CHANGES IN EQUITY

Group			Other equity				
				Other comprehensive income			
(USD 1 000)	**Share capital**	**Share premium**	Other paid-in capital	Foreign currency translation reserves	Retained earnings	**Total other equity**	**Total equity**
Equity as of 31.12.2018	**76 180**	**38 090**	4	1 431	-34 429	**-32 994**	**81 276**
Capital increase	71 153	35 576	-	-	-	-	106 729
Profit/loss for the period	-	-	-	-	-130 878	-130 878	-130 878
Equity as of 31.12.2019	**147 333**	**73 666**	4	1 431	-165 307	**-163 872**	**57 127**

Parent			Other equity				
				Other comprehensive income			
(USD 1 000)	**Share capital**	**Share premium**	Other paid-in capital	Foreign currency translation reserves	Retained earnings	**Total other equity**	**Total equity**
Equity as of 31.12.2018 (Parent)	**76 180**	**38 090**	4	1 214	-10 436	**-9 218**	**105 052**
Capital increase	71 153	35 576	-	-	-	-	106 729
Profit/loss for the period	-	-	-	-	-51 739	-51 739	-51 739
Equity as of 31.12.2019 (Parent)	**147 333**	**73 666**	4	1 214	-62 175	**-60 957**	**160 042**

STATEMENT OF CASH FLOW

		Group		Parent	
(USD 1 000)	Note	2019	2018	2019	2018
CASH FLOW FROM OPERATING ACTIVITIES					
Profit/loss before taxes		-130 878	-34 429	-51 739	-10 436
Depreciation	13	2 316	305	2 171	268
Loss from disposal of assets	13	1 090	-	-	-
Unrealized gain/loss on exchange	10	1 019	49	928	2 668
Accretion expenses	10	-738	1 073	-	-
Interest expenses not paid		1 222	-	1 222	-
Changes in derivatives	10	1 808		1 808	
Amortized loan costs	10	1 593	-	1 593	-
Expensed dry wells previously capitalised	5	24 667	-	-	-
Changes in inventories, accounts payable and receivables		-12 666	1 525	6 986	-17 471
Changes in other current balance sheet items		8 760	15 228	16 769	-3 584
NET CASH FLOW FROM OPERATING ACTIVITIES		**-101 807**	**-16 249**	**-20 261**	**-28 555**
CASH FLOW FROM INVESTMENT ACTIVITIES					
Payments for property, plant and equipment	13	-3 078	-1 275	-721	-986
Payments for capitalized exploration assets and other intangibles	13	-38 368	-49 650	-1 397	-4 088
Payments for acquisitions and equity investments(net of cash acquired)	13	-	-25 202	-	-25 111
New short-term loan		-	-	-120 522	-46 428
NET CASH FLOW USED IN INVESTMENT ACTIVITIES		**-41 446**	**-76 127**	**-122 640**	**-76 613**
CASH FLOW FROM FINANCING ACTIVITIES					
Payments on lease liabilities	19	-2 933	-	-1 144	-
Net cash received from issuance of new shares	21	1 242	40 481	1 242	40 481
Net cash received from loan financing	11,21	201 702	73 788	201 702	73 788
NET CASH FLOW FROM FINANCING ACTIVITIES		**200 011**	**114 270**	**201 800**	**114 270**
Net change in cash and cash equivalents		**56 758**	**21 893**	**58 899**	**9 102**
Cash and cash equivalents at start of period		22 075	4	7 630	4
Effect of exchange rate fluctuation on cash held		-	178	-	-1 476
CASH AND CASH EQUIVALENTS AT END OF PERIOD	18	**78 833**	**22 075**	**66 529**	**7 630**
SPECIFICATION OF CASH EQUIVALENTS AT END OF PERIOD					
Bank deposits and cash		77 716	21 658	65 412	7 212
Restricted bank deposits		1 117	417	1 117	417
CASH AND CASH EQUIVALENTS AT END OF PERIOD	18	**78 833**	**22 075**	**66 529**	**7 630**

NOTES TO THE ACCOUNTS

General information

Aker Energy AS (Aker Energy or the company) is an oil company involved in exploration and development of the Pecan field in ultra-deep waters offshore in Ghana. The company's fully owned subsidiary, Aker Energy Ghana Ltd, is the operator responsible for developing the Pecan field, with a 50 percent participating interest in the DeepWater Tano Cape Three Points block.

Aker Energy was founded on 3rd of January 2018 and is a limited liability company registered and domiciled in Norway. The company's registered business address is Oksenøyveien 10, 1366 Lysaker, Norway.

Aker Energy's group consolidated financial statements consist of the parent company Aker Energy AS and the subsidiaries Aker Energy Ghana AS, Aker Energy Holding Limited and Aker Energy Ghana Limited.

The financial statements were approved by the Board of Directors on 26 March 2020 and will be presented for approval in the Annual General Meeting on 16 April 2020.

Note 1 – Summary of IFRS accounting principles

1.1 Basis of preparation

The group consolidated and the company's financial statements have been prepared in accordance with the Norwegian Accounting Act and International Financial Reporting Standards (IFRS) as adopted by the EU as at 31 December 2019.

The financial statements have been prepared on a historical cost basis with the exception of the following accounting items which are measured on an alternative basis on each reporting date:

- Financial instruments at fair value through profit or loss.
- Loans, receivables and other financial liabilities, which are recognized at amortized cost.

The financial statements have been prepared using uniform accounting principles for equivalent transactions and events taking place on otherwise equal terms.

All amounts have been rounded to the nearest thousand unless otherwise stated. As a result of rounding adjustments, the figures in one or more rows or columns included in the financial statements and notes may not add up to the total of that row or column.

1.2 Important accounting judgments, estimates and assumptions

The preparation of financial statements in accordance with IFRS requires management to make judgments, estimates and assumptions that have an effect on the application of accounting principles and on recognized amounts relating to assets and liabilities, to provide information relating to contingent assets and liabilities on the date of the Statement of financial position, and to report revenues and expenses in the course of the accounting period.

The important judgments management has made on the application of accounting principles relate to the following:

Accounting estimates are used to determine reported amounts, including the possibility of realizing certain assets, the expected useful life of tangible and intangible assets, the tax expense, etc. Even though these estimates are based on management's best judgment and assessment of previous and current events and actions, the actual results may deviate from the estimates. The estimates and underlying assumptions are reviewed regularly. Changes to the estimates are recognized when new estimates can be determined with sufficient certainty. Changes to accounting estimates are recognized in the period when they arise. The main sources of uncertainty when using estimates for the company relate to the following:

Successful Effort Method - exploration: Aker Energy's accounting policy is to temporarily recognize expenses relating to the drilling of exploration wells in the Statement of financial position as capitalized exploration expenditures, pending an evaluation of potential oil and gas discoveries. If resources are not discovered, or if recovery of the resources is considered technically or commercially unviable, the costs of exploration wells are expensed. Decisions as to whether this expenditure should remain capitalized or be expensed during the period, may materially affect the operating result for the period.

Acquisition costs: Expenses relating to the acquisition of exploration licences are capitalized and assessed for impairment if there are indications of impairment. See Items 1.8 and 1.9 for further details.

Impairment/reversal of impairment: Aker Energy has a significant investment in one petroleum license. Changes in the expected future value/cash flow of an asset can result in the book value of the asset being impaired to estimated recoverable value. Impairment losses other than those relating to goodwill must be reversed if the conditions for the impairment are no longer present. Considerations regarding whether an asset is actually impaired or whether the impairment losses should be reversed can be complicated and are based on judgement and assumptions. The complexity of the issue can, for example, relate to the modelling of relevant future cash flows to determine the asset's value in use, decide on measurement units and/or establish the asset's net sales value.

The evaluation of impairment requires long-term assumptions concerning a number of often volatile economic factors, including future oil prices, oil production, currency exchange rates and discount rates. Such assumptions require the estimation of relevant factors such as forward price curves (oil), long-term price assumptions, the level of capex and opex, production estimates and residual asset values. Likewise, establishing an asset's net sales value requires careful assessment unless information about net sales value can be obtained from an actual observable market. See Note 13 'Tangible fixed assets and intangible assets' and Note 14 'Impairments' for details about impairment.

Income tax: The company may incur significant amounts of income tax payable or receivable and recognizes significant changes to deferred tax or deferred tax assets. These figures are based on management's interpretation of applicable laws and regulations, and on relevant court decisions. The quality of these estimates is highly dependent on management's ability to properly apply a complex set of rules and identify changes to the existing legal framework. See Note 11 for details about the deferred tax and taxes payable.

1.3 Foreign currency transactions

Transactions and balances

Transactions in foreign currencies are translated using the exchange rate on the transaction date. Monetary items in foreign currencies in the Statement of financial position are translated using the exchange rates at the end of the period. Foreign exchange gains and losses are recognized on an ongoing basis in the accounting period. Non-monetary items that are measured in terms of historical costs in a foreign currency are translated using the exchange rates on the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates on the date when the fair value is determined.

Group companies

The results and financial position of group companies that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) Assets and liabilities for each balance sheet presented are translated based on the exchange rates at the balance sheet date.

(ii) Revenues and expenses for each Income statement presented are translated at average exchange rate for the period. However, if this average is not a reasonable approximation of the cumulative effect on the prevailing rates on the actual transaction dates, revenues and expenses are translated using the foreign exchange rates on the specific transaction date.

(iii) Equity transactions are translated at the exchange rate on the transaction date.

All resulting exchange rate differences are recognized in other comprehensive income.

1.4 Interests in joint arrangements

IFRS defines a joint arrangement as an arrangement over which two or more parties have joint control. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities (being those that significantly affect the returns of the arrangement) require unanimous consent of the parties sharing control.

The group has a 50% interest in the DWT/CTP licence offshore Ghana. Under IFRS 11 Joint Arrangements, a joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities, relating to the arrangement. The company recognizes investments in joint operations (oil and gas licences) by reporting its share of related revenues, expenses, assets, liabilities and cash flows under the respective items in the company's financial statements.

Operating expenses such as personnel expenses are accumulated in cost pools. These costs are allocated on an hours' incurred basis to operated joint operations. Costs allocated to the other partners' share of operated joint operations reduce the costs in the consolidated income statements. An adjustment to actual cost is allocated in the subsequent year (true-up).

1.5 Classification in statement of financial position

Current assets and current liabilities include items that fall due for payment less than a year from the end of the reporting period and items relating to the business cycle. Next year's instalments on long-term liabilities are classified as current liabilities. Financial investments in shares are classified as current assets, while strategic investments are classified as non-current assets.

1.6 Acquisitions, sales and licence swaps

On acquisition of a licence that involves the right to explore for and produce petroleum resources, it is considered in each case whether the acquisition should be treated as a business combination or an asset purchase. Generally, purchases of licences in a development or production phase will be regarded as a business combination. Other licence purchases regarded as asset purchases are described below.

When entering into agreements regarding the purchase/swap of assets, the parties agree on an effective date for the takeover of the net cash flow. In the period between the effective date and the completion date, the seller will include its sold share of the licence in the financial statements. In accordance with the purchase agreement, there is a settlement with the seller of the net cash flow from the asset in the period from the effective date to the completion date (pro & contra settlement). The pro & contra settlement will be adjusted to the seller's losses/gains and to the assets for the purchaser, in that the settlement (after a tax reduction) is deemed to be part of the consideration in the transaction. Revenues and expenses from the relevant licence are included in the purchaser's Income statement from the completion date.

For tax purposes, the purchaser will include the net cash flow (pro & contra) and any other income and costs as from the effective date.

1.7 Tangible fixed assets and intangible assets

General
Tangible fixed assets are recognized on a historical cost basis. Depreciation of assets other than oil and gas fields is calculated using the straight-line method over estimated useful lives and adjusted for any impairment or change in residual value, if applicable.

The residual value of an asset is the estimated amount that the company would obtain from disposal of the asset, after deduction of the estimated costs of disposal, if the asset was already of the age and in the condition expected at the end of its useful life.

Operating assets related to petroleum activities

Exploration and development costs relating to oil and gas fields
Capitalized exploration expenditures are classified as intangible assets and reclassified to tangible assets at the start of the development. For accounting purposes, the field is considered to enter the development phase when the technical feasibility and commercial viability of extracting hydrocarbons from the field are demonstrable, and a Plan of Development and Operation is approved by Ghanaian authorities. All costs relating to the development of commercial oil and/or gas fields are recognized as tangible assets. Pre-operational costs are expensed as they are incurred.

The company employs the 'successful efforts' method to account for exploration and development costs. All exploration costs (including seismic shooting, seismic studies and 'own time'), with the exception of acquisition costs of licences and drilling costs for exploration wells, are expensed as incurred. When exploration drilling is ongoing in a period after a reporting date and the result of the drilling is subsequently not successful, the capitalized exploration cost as of the reporting date is expensed if the evaluation of the well is completed before the date when the financial statement is authorized for issue.

Drilling cost for exploration wells are temporarily capitalized pending the evaluation of potential discoveries of oil and gas resources. Such costs can remain capitalized for more than one year. The main criteria are that there must be plans for future activity in the licence or that a development decision is expected in the near future. If no resources are discovered, or if recovery of the resources is considered technically or commercially unviable, expenses relating to the drilling of exploration wells are charged to expense.

Acquired licence rights are recognized as intangible assets at the time of acquisition. Acquired licence rights related to fields in the exploration phase remain as intangible assets also when the related fields enter the development or production phase.

1.8 Impairment

Tangible fixed assets and intangible assets
Tangible fixed assets and intangible assets (including licence rights) with a finite useful life will be assessed for potential loss in value when events or changes in the circumstances indicate that the book value of the assets is higher than the recoverable amount.

The valuation unit used for assessment of impairment will depend on the lowest level at which it is possible to identify cash inflows that are independent of cash inflows from other groups of fixed assets. For oil and gas assets, this is carried out at the field or licence level. The loss in value for capitalized exploration costs is assessed for each well. Impairment is recognized when the book value of an asset or a CGU exceeds the recoverable amount. The recoverable amount is the higher of the asset's fair value less cost of disposal and value in use. When assessing the value in use, the expected future cash flow is discounted to the net present value by applying a discount rate after tax that reflects the current market valuation of the time value of money and the specific risk related to the asset. The discount rate is derived from the Weighted Average Cost of Capital (WACC).

For acquired exploration licences, an initial assessment as described in Section 1.7 above is performed – an assessment of whether plans for further activities have been established or, if applicable, an evaluation of whether development will be decided on in the near future.

A previously recognized impairment can only be reversed if changes have occurred in the estimates used for the calculation of the recoverable amount. However, the reversal cannot be to an amount that is higher than it would have been if the impairment had not previously been recognized. Such reversals are recognized in the Income statement. After a reversal, the depreciation amount is adjusted in future periods in order to distribute the asset's revised book value, minus any residual value, on a systematic basis over the asset's expected remaining life.

1.9 Revenue recognition

Other operating income is recognised over time as the customer receives and consumes the benefits of the services provided.

1.10 Subsidiaries

Subsidiaries are accounted for using the cost method in Aker Energy AS' company financial statements. A write-down to fair value is made whenever impairment is due to causes that are assumed to be non-transient. A reversal is made whenever the impairment is no longer present.

1.11 Financial instruments

The company has classified the financial instruments into the following categories of financial assets and liabilities:

- Financial assets at fair value designated as such upon initial recognition
- Cash and receivables
- Financial liabilities at fair value designated as such upon initial recognition
- Financial liabilities measured at amortized costs

Financial assets with fixed or determinable cash flows that are not quoted in an active market are classified as loans and receivables.

Financial liabilities that do not form part of the "held for trading purposes" category and which have not been designated as being at fair value with changes in value through profit or loss are classified as other financial liabilities.

For financial instruments not traded in an active market, the fair value is determined by using appropriate valuation techniques. Such techniques may include using recent arm's length market transaction; reference to the current fair value of other instruments that is substantially the same; discounted cash flow analysis or other valuation models.

Financial liabilities at fair value are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

The company classifies fair value measurements by employing a value hierarchy that reflects the significance of the input used in preparing the measurements. The fair value hierarchy consists of the following levels:

Level 1 - input in the form of listed (unadjusted) prices in active markets for identical assets or liabilities.

Level 2 - input other than listed prices of assets and liabilities included in Level 1 that is observable for assets or liabilities, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 - input for assets or liabilities for which there is no observable market data (non-observable input).

1.12 Impairment of financial assets

Financial assets that are assessed at amortized cost are impaired when, based on objective evidence, it is likely that the instrument's cash flows have been negatively affected by one or more events that have occurred after the initial recognition of the instrument. In addition, the loss event must have an impact on estimated future cash flows that can be reliably estimated. The impairment is recognized in the Income statement. Should the reason for the impairment subsequently cease to exist, and this can be objectively linked to an event taking place after the impairment of the asset, the previous impairment shall be reversed. The reversal shall not cause the book value of the financial asset to exceed the amount that the amortized cost would have been if the impairment had not been recognized at the time when the impairment was reversed. Reversals of previous impairments are presented on the same line item as the impairment.

1.13 Presentation of payroll and administration costs

The company presents its payroll and operating costs based on the functions in development, operational and exploration activities respectively, based on allocation of registered hours worked. As a basis, the company uses gross payroll and operating expenses reduced by the amounts already invoiced to operated licences.

1.14 Trade debtors

Trade debtors are recognized in the Statement of financial position at nominal value after a deduction for the provision for bad debt. The provision for bad debt is calculated on the basis of an individual valuation of each trade debtor. Known losses on receivables are expensed as incurred.

1.15 Inventories

The inventory mainly consists of equipment for the drilling of exploration and production wells and are valued at the lower of cost price (based on weighted average cost) and net realizable value. Costs include raw materials, freight and direct production costs in addition to some indirect costs.

1.16 Cash and cash equivalents

Cash and cash equivalents include cash, bank deposits, and other short-term highly liquid investments with an original due date of three months or less. Bank overdrafts are included in the Statement of financial position as short-term loans.

1.17 Interest-bearing debt

All borrowings are initially recognized at transaction price, which equals the fair value of the amount received minus issuing costs relating to the loan.

Subsequently, interest-bearing borrowings are valued at amortized cost using the effective interest method; the difference between the transaction price (after transaction costs) and the face value is recognized in the Income statement during the period until the loan falls due. Amortized costs are calculated by considering all issue costs and any discount or premium on the settlement date.

1.18 Tax

General
Tax payable/tax receivable for the current and previous periods is based on the amounts receivable from or payable to the tax authorities.

Tax consists of tax payable and changes in deferred tax. Deferred tax/tax benefits are calculated on the basis of the differences between book value and tax basis values of assets and liabilities.

The book value of deferred tax benefits is assessed and reduced insofar as it is no longer probable that future earnings or current tax regulations will make it possible to utilise the benefit. Deferred tax benefits that are not capitalized will be re-evaluated on each date of Statement of financial position and capitalized insofar as it is probable that future earnings or current tax regulations will make it possible to utilise the benefit.

Deferred tax and tax benefits are measured using the expected tax rate when the tax benefit is realised or the tax liability is met, based on tax rates and tax regulations that have been enacted or substantively enacted by the end of the reporting period.

Tax payable and deferred tax is recognized directly against equity or other comprehensive income insofar as the tax items are related to equity transactions or items of other comprehensive income.

Deferred tax and tax benefits are presented net, where netting is legally permitted, and the deferred tax benefit and liability are related to the same tax subject and are payable to the same tax authorities.

Petroleum taxation in Ghana
The group's main activity consists of the petroleum operations related to the DWT/CTP license offshore Ghana, where the group company Aker Energy Ghana Limited is the operator. Aker Energy Ghana Limited has a Petroleum Agreement with the Ghanaian government which regulates the taxation of the petroleum operations. The Petroleum Agreement is publicly available at the Ghana Petroleum Register (Petroleum Commission in Ghana). Aker Energy Ghana Limited is subject to a 4 % royalty on its gross production of crude oil and a 3 % royalty on its gross production of natural gas, a 35 % income tax and additional oil entitlements (AOE) based on an after-tax inflation-adjusted rate of return (ROR). The ROR is calculated on Aker Energy Ghana Limited's net cash flow for the month for which the calculation is being made (reference is made to article 10.2 in the Petroleum Agreement). The Petroleum Agreement protects Aker Energy Ghana Limited from any changes in Ghanaian tax regulations.

All expenditures related to petroleum operations incurred up to the year of first oil production are capitalised and subsequent deducted from taxable gross petroleum income over five years, starting in the first year of production. Capital allowances can only be deducted from income within the DWT/CTP license, and cannot be transferred to any other petroleum licenses or businesses.

Taxation in Norway
The parent company, Aker Energy AS, and the group company Aker Energy Ghana AS are subject to normal corporate income tax in Norway.

1.19 Employee benefits

Pension schemes
The company is required to have an occupational pension scheme in accordance with the Norwegian law on required occupational pension ("lov om obligatorisk tjenestepensjon"). The company's pension scheme meets the requirements of that law.

The company is making contributions to the pension plan for full-time employees equal to 7 per cent for salary up to 7.1 G and 25.1 per cent between 7.1 and 12 G. The pension premiums are charged to expenses as they are incurred.

1.20 Provisions

A provision is recognized in the accounts when the company incurs a commitment (legal or self-imposed) as a result of a past event and it is probable that financial settlement will take place as a result of this commitment, and the amount can be reliably calculated. Provisions are evaluated at each period end and are adjusted to reflect the best estimate.

If the time effect is considerable, the provisions are discounted using a discount rate before tax that reflects the market's pricing of the time value of the amount and the risk specifically associated with the commitment. On discounting, the book value of the provisions is increased in each period to reflect the change in time relative to the due date of the commitment. The increase is expensed as an accretion expense.

1.21 Segment

The company conducts its business in one and the same segment, defined as exploration for and production of oil and gas in Ghana. The company conducts its operational activities offshore Ghana, and management follows up the company at this level from offices in Oslo, Norway and Accra, Ghana.

1.22 Earnings per share

Earnings per share are calculated by dividing the ordinary profit/loss attributable to ordinary equity holders of the parent entity by the weighted average number of the total outstanding shares. Shares issued during the year are weighted in relation to the period in which they have been outstanding. Diluted earnings per share is calculated as the profit/loss for the year divided by the weighted average number of outstanding shares during the period, adjusted for the dilution effect of any common stock equivalents, of which there were none at 31 December 2019.

1.23 Changes to accounting standards and interpretations that:

Have entered into force:

IFRS 16

Aker Energy has initially adopted IFRS 16 Leases from 1 January 2019. The standard introduces a single on-balance sheet accounting model for all leases, which results in the recognition of a lease liability and a right-of-use asset in the balance sheet. Aker Energy has recognised new assets and liabilities for rental of offices. The nature of expenses related to those leases has changed because Aker Energy has recognised a depreciation charge for right-of-use assets and interest expense on lease liabilities. However, Aker Energy has elected not to recognise right-of-use assets and lease liabilities for short term leases and for leases of low-value assets (e.g. office machinery). Aker Energy recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Have been issued but have not entered into force:

Certain new accounting standards and interpretations have been published that are not mandatory for the year ending 31 December 2019. Aker Energy has chosen not to early adopt any new or amended standards in preparing the financial statements for 2019. None of these standards are expected to have a material impact on the financial statements at implementation.

Note 2 Acquisition of Hess (Ghana) Limited

On 1 June 2018, Aker Energy Ghana AS finalized the acquisition of 100 per cent of the shares in Hess (Ghana) Limited. Hess (Ghana) Limited owned 100 per cent of the shares in Hess Exploration Ghana Limited, the operator of the Deepwater Tano Cape Three Points block ("DWT/CTP") with a 50 percent participating interest in the license.
Hess had limited activity in Ghana when the acquisition process was initiated. Inputs from the acquisition was mainly the 50 % interest in the DWT/CTP license and the processes acquired did not have the ability to create outputs from the DWT/CTP license, hence the acquisition is regarded as an acquisition of an asset. Each identifiable asset and liability is measured at its fair value on the date of acquisition. No deferred tax asset was recognised.

The recognized amounts of assets and liabilities assumed as at the date of the acquisition were as follows:

(USD 1 000)	**01.06.2018**
Other intangible assets (value of license)	106 054
Other short-term receivables	222
Cash and cash equivalents	1 528
Total assets	**107 804**
Trade creditors	59
Other current liabilities	7 687
Total liabilities	**7 746**
Total identifiable net assets at fair value	100 058
Contingent consideration	-73 328
Consideration paid on acquisition	**26 730**
Less cash and cash equivalents acquired	-1 528
Acquisition, net of cash acquired	**25 202**

USD 82.5 million is due for payment when a Plan of Development and Operation is approved. Discounted at year-end to USD 81.1 million.

Note 3 Overview of subsidiaries

Hess Ghana Limited and Hess Exploration Ghana Limited were acquired on 1 June 2018 by Aker Energy Ghana AS, a subsidiary of Aker Energy AS, and are consolidated in the group accounts as described in note 2. Immediately after the completion of the share transaction, Hess Ghana Limited changed name to Aker Energy Holding Limited and Hess Ghana Exploration Limited changed name to Aker Energy Ghana Limited.

Subsidiaries
Aker Energy Ghana AS (100 per cent) - founded by Aker Energy in March 2018. Located in Fornebu, Norway
Aker Energy Holding Limited (100 per cent) - acquired in June 2018. Located in Cayman Islands.
Aker Energy Ghana Limited (100 per cent) - acquired in June 2018. Located in Accra, Ghana.

Note 4 Inventories

The inventory mainly consists of equipment for the drilling of exploration and production wells.

	Group		Parent	
Inventory value (USD 1 000)	**2019**	**2018**	**2019**	**2018**
Inventories - measured at cost	5 988	6 593	-	-
Write-down to net realisable value	-	-	-	-
Book value of inventories	**5 988**	**6 593**	**-**	**-**

Note 5 Exploration expenses

	Group		Parent	
Breakdown of exploration expenses (USD 1 000)	**2019**	**2018**	**2019**	**2018**
Dry wells previously capitalized	24 667	-	-	-
Total exploration expenses	**24 667**	**-**	**-**	**-**

Note 6 Other operating expenses

Breakdown of other operating expenses (USD 1 000)	Group 2019	Group 2018	Parent 2019	Parent 2018
Wages and salaries	30 177	8 280	25 556	6 275
Technical and administrative services	88 974	32 098	68 267	31 351
General support expenses, other office related costs and travel expenses	18 567	9 390	14 085	7 194
Expenses related to short term leases	3 169	1 803	1 714	1 061
Allocated to licence partners	-34 326	-17 547	-	-
Recharged to related parties	-	-	-54 179	-37 776
Total other operating expenses	**106 561**	**34 023**	**55 443**	**8 105**

Note 7 Remuneration of CEO and the Board of Directors, and total payroll expenses

Breakdown of payroll expenses (USD 1 000)	Group 2019	Group 2018	Parent 2019	Parent 2018
Payroll expenses	24 405	6 086	20 585	4 469
Pension cost	1 897	460	1 654	350
Social security tax	2 916	746	2 519	681
Other personnel costs	960	989	799	775
Total payroll expenses	**30 177**	**8 280**	**25 556**	**6 275**
Number of full time equivalents employed during the year				
Norway	115	37	115	37
Ghana	37	21	1	1
Total	**152**	**58**	**116**	**38**

Remuneration of the Chief Executive Officer (USD 1 000)	Jan Arve Haugan	Svein Jakob Liknes	2019	2018
Salary	684	28	711	599
Bonus	379	-	379	-
Payments in kind	3	1	4	2
Pension costs	20	2	21	18
Total remuneration	**1 085**	**30**	**1 115**	**619**

Jan Arve Haugan held the position of CEO up to 10 December 2019. Svein Jakob Liknes was appointed interim CEO from 10 December 2019.

The CEO participates in the executive variable pay programme were the earnings are dependent on annual achievement of financial targets, the company's key performance indicators and personal performance rating. Maximum pay-out from the program is 80 % of annual base salary, of which 50 % is paid in the subsequent year and 50 % in three years, and a matching element of an additonal 50 % of the annual bonus, paid after three years if the exeutive is still employed. The company has no obligation to pay the CEO any extraordinary compensation in the event of termination of the employment.

Fees paid to members of the board

Name	Comment	2019	2018**
Sverre Skogen*	Board member from 6 April 2018 (Chairman of the Board until 10 Dec 2019)	-	-
Kjell Inge Røkke*	Board member from 6 April 2018	-	-
Øyvind Eriksen*	Board member from 31 January 2018	-	-
Anne Marie Cannon	Board member from 6 April 2018	35	-
Tore Torvund	Board member from 6 April 2018	53	-
Rosalind Nana Emela Kainyah	Board member from 9 August 2018 to 10 December 2019	35	-
David Kwame Tandoh Adomakoh	Board member from 9 August 2018 to 10 December 2019	35	-
Samaila Zubairu	Deputy Chairman of the Board from 8 October 2019	-	-
Karl Johnny Hersvik	Chairman of the Board from 10 December 2019	-	-
Total board fees		**158**	**-**

*No fees provided to internal board members from Aker/TRG related companies. **No fees were paid to the board members in 2018.

Note 8 Auditors fee

	Group		Parent	
(USD 1 000)	2019	2018	2019	2018
Fees for statutory audit services - KPMG (excluding VAT)	375	45	245	36
Fees for other services - KPMG (excluding VAT)	136	135	136	15
Total auditor's fees	**511**	**181**	**380**	**51**

Note 9 Other operating income

	Group		Parent	
(USD 1 000)	2019	2018	2019	2018
Provision of services	7 653	1 711	6 919	1 624
Sublease of offices recognised as right-of-use assets	485	-	485	-
Total other operating income	**8 138**	**1 711**	**7 404**	**1 624**

Note 10 Financial items

	Group		Parent	
(USD 1 000)	2019	2018	2019	2018
Interest income from group companies	-	-	5 146	-
Other interest income	1 028	190	893	165
Total interest income	**1 028**	**190**	**6 038**	**165**
Group contribution	-	-	139	-
Estimate change	2 541	-	-	-
Total other financial income	**2 541**	**-**	**139**	**-**
Interest on loans from owners	440	706	440	-
Interest on convertible bond	2 597	-	2 597	-
Interest on lease liabilities	236	-	230	-
Amortized loan costs	1 593	-	1 593	-
Other interest expenses	5	-	5	-
Total interest expenses	**4 870**	**706**	**4 865**	**701**
Net currency loss	557	223	1 033	3 151
Accretion expenses	1 803	1 073	-	-
Change in fair value of derivatives	1 808		1 808	
Other financial expenses	3	-	-	-
Total other financial expenses	**4 171**	**1 296**	**2 841**	**3 151**
Net financial items	**-5 473**	**-1 813**	**-1 528**	**-3 687**

Note 11 Convertible bonds

Aker Energy entered into an agreement on 4th of July 2019 to issue USD 100 million of subordinated convertible bonds to Africa Finance Corporation. The bonds have a coupon of 5.5 per cent per year and will be converted to equity in the event of an Initial Public Offering ("IPO") of Aker Energy, at an agreed discount to an IPO offering price of 1.875 per cent per year. The bonds have a maturity of five years, with an option to extend with another three years. Aker Energy shall redeem the bonds in full within 10 business days if the Plan for Development and Operations of the oil field DWT/CTP has not been approved by all relevant governmental authorities within 11th of April 2020, at a price equal to 100.5% of the nominal amount (plus accrued and unpaid interest on the redeemed bonds). The discount on the convertible bonds related to the features described above is included in determining the effective interest rate over the term the convertible bond is expected to be outstanding.

In addition, AFC has received equity warrants with the right to subscribe shares in Aker Energy in connection with an IPO event (nominal subscription amount of up to USD 50 million) and in connection with a private placement of shares or issuance of convertible bonds or subscription rights (nominal subscription amount of up to USD 100 million). The equity warrants granted in the event of an IPO event are classified as a financial liability at fair value, see note 24.

Note 12 Taxes

Current income tax

There was no chargeable income for tax purposes for the year ended 31 December 2019.

	Group		Parent	
(USD 1 000)	**2019**	**2018**	**2019**	**2018**
Profit/loss before taxes	-130 878	-34 429	-51 739	-10 436
Permanent differences	4 426	85	1 430	85
Temporary differences	22 603	144	22 603	144
Taxable income(+)/loss (-)	**-103 849**	**-34 200**	**-27 706**	**-10 207**
Tax loss not capitalized	103 849	34 200	27 706	10 207
Income tax	-	-	-	-

Deferred income tax

Deferred income tax is calculated on all temporary differences under the liability method using a principal tax rate of 35% (Ghana) or 22% (Norway). All expenditures related to petroleum operations in DWT/CTP incurred up to year-end have been included in this calculation, in total USD 1,075.2 million, of which USD 81.9 million has been capitalized as exploration and evaluation assets and USD 2.4 million has been capitalised as property, plant and equipment in Aker Energy Ghana Ltd. Accordingly, deferred tax base for Ghana is 990.9 million. For Norway, the change in non-recognised deferred tax asset is calculated on estimated tax loss and temporary differences for 2019, total USD 50.4 million. Estimated deferred tax asset as of December 2019 is USD 357.9 million (DWT/CTP Ghana:USD 346.8 million and Norway: USD 11.1 million). The deferred tax asset related to DWT/CTP is not transferrable to any other petroleum licenses or businesses, and can only be used to offset taxable income from DWT/CTP within the license period. No deferred tax assets are recognised by year-end.

Note 13 Tangible fixed assets and intangible assets

TANGIBLE FIXED ASSETS	Group			Parent		
(USD 1 000)	**Right-of-use asset, buildings**	**Fixtures and fittings, office machinery**	**Total**	**Right-of-use asset, buildings**	**Fixtures and fittings, office machinery**	**Total**
Book value 31.12.2018	**-**	**1 033**	**1 033**	**-**	**848**	**848**
Acquisition cost 31.12.2018	**-**	**1 208**	**1 208**	**-**	**986**	**986**
Additions	22 153	3 078	25 232	19 623	721	20 344
Disposals	-	222	222	-	-	-
Acquisition cost 31.12.2019	**22 153**	**4 064**	**26 218**	**19 623**	**1 707**	**21 330**
Accumulated depreciation 31.12.2018	**-**	**175**	**175**	**-**	**138**	**138**
Depreciation	703	520	1 223	633	446	1 079
Disposals	-	111	111	-	-	-
Accumulated depreciation 31.12.2019	**703**	**584**	**1 287**	**633**	**584**	**1 217**
Book value 31.12.2019	**21 450**	**3 481**	**24 931**	**18 990**	**1 124**	**20 114**

Right-of-use asset consists of leased offices. Lease contracts include options to extend lease period but only non-cancellable period of the leases have been included in the recognition of right-of-use assets. Capitalized exploration expenditures are reclassified to "Fields under development" when the field enters into the development phase. If development plans are subsequently re-evaluated, the associated costs remain in assets under development and are not reclassified back to exploration assets. Fields under development are reclassified to "Production facilities" from the start of production. Production facilities, including wells, are depreciated in accordance with the Unit of Production Method. Office machinery, fixtures and fittings etc. are depreciated using the straight-line method over their useful life, i.e. 3 - 5 years. Removal and decommissioning costs are included as production facilities or fields under development.

INTANGIBLE ASSETS	Group			Group and Parent		
	Exploration and evaluation assets			Other intangible assets		
(USD 1 000)	Petroleum licences	Exploration expenditures	Total	Software	Other	Total
Book value 31.12.2018	**106 054**	**45 562**	**151 616**	**1 432**	**2 526**	**3 958**
Acquisition cost 31.12.2018	**106 054**	**45 562**	**151 616**	**1 562**	**2 526**	**4 088**
Additions	-	36 971	36 971	1 261	136	1 397
Disposals/expensed dry wells	-	25 606	25 606	-	-	-
Acquisition cost 31.12.2019	**106 054**	**56 927**	**162 981**	**2 824**	**2 661**	**5 485**
Accumulated depreciation 31.12.2018	**-**	**-**	**-**	**130**	**-**	**130**
Depreciation	-	-	-	811	281	1 092
Accumulated depreciation 31.12.2019	**-**	**-**	**-**	**942**	**281**	**1 222**
Book value 31.12.2019	**106 054**	**56 927**	**162 981**	**1 882**	**2 380**	**4 263**

Exploration and evaluation assets are assessed for impairment yearly (see note 14). Software is depreciated over its useful life (three years, using a straight-line method). Other intangible assets consist of the Business Management System which is under development.

	Group		Parent	
Depreciation in the Income statement (USD 1 000)	**2019**	**2018**	**2019**	**2018**
Depreciation of tangible fixed assets	520	175	446	138
Depreciation of right-of-use assets	703	-	633	-
Depreciation of intangible assets	1 092	130	1 092	130
Total depreciation in the Income statement	**2 316**	**305**	**2 171**	**268**

Note 14 Impairments

The group's exploration and evaluation assets relate to the DWT/CTP license in Ghana and are tested for impairment on one level, the only cash-generating unit in the group, the DWT/CTP license. The exploration and evaluation assets have been assessed for impairment in accordance with IFRS 6. Impairment tests are performed when impairment triggers are identified.

Results from the appraisal drilling campaign finalised in 2019 were positive and indicate a significant potential in the license. Further, there is continous high activity, including engagement from licence partners, in the DWT/CTP license, and a revised Plan for Development and Operations will be submitted in 2020.

No impairment triggers have been identified and no impairment testing is deemed necessary.

See note 26 regarding the uncertain market situation after the balance sheet date

Note 15 Accounts receivable

	Group		Parent	
(USD 1 000)	**31.12.2019**	**31.12.2018**	**31.12.2019**	**31.12.2018**
Receivables from group companies (see note 23)	-	-	12 626	27 200
Receivables from related parties (see note 23)	16 733	10 932	6 530	2 853
Total accounts receivable	**16 733**	**10 932**	**19 156**	**30 053**

Accounts receivable mainly consist of receivables related to the sale of services and recharged expenses.

Note 16 Other current assets

	Group		Parent	
(USD 1 000)	**31.12.2019**	**31.12.2018**	**31.12.2019**	**31.12.2018**
Short-term loan to Aker Energy Ghana AS	-	-	172 095	46 428
Share of receivable in operating licences*	167	2 888	-	-
VAT receivable	2 617	5 056	2 596	3 041
Prepaid expenses	1 251	1 019	646	854
Rechargeable expenses to related parties	-	-	606	1 332
Rechargeable expenses to third parties	-	-	10	-
Other short-term receivables from related parties	6 260	-	3 894	2 859
Other short-term receivables from third parties	2 118	3 786	263	-
Total other current assets	**12 413**	**12 749**	**180 110**	**54 515**

* Includes a receivable against licence partner Fueltrade of kUSD 5 763.

Note 17 Shares in subsidiaries

	Group		Parent	
(USD 1 000)	**31.12.2019**	**31.12.2018**	**31.12.2019**	**31.12.2018**
Shares in Aker Energy Ghana AS	-	-	25 114	25 114
Total shares in subsidiaries	**-**	**-**	**25 114**	**25 114**

Note 18 Cash and cash equivalents

	Group		Parent	
Breakdown of cash and cash equivalents (USD 1 000)	**31.12.2019**	**31.12.2018**	**31.12.2019**	**31.12.2018**
Bank deposits	77 716	21 658	65 412	7 212
Restricted funds (tax withholdings)	1 117	417	1 117	417
Cash and cash equivalents	**78 833**	**22 075**	**66 529**	**7 630**

Note 19 Lease liabilities

	Group		Parent	
(USD 1 000)	**31.12.2019**	**31.12.2018**	**31.12.2019**	**31.12.2018**
Balance at 30.09.2019	**-**	**-**	**-**	**-**
New lease liabilities recognized in the period	22 153	-	19 623	-
Lease payments	-2 933	-	-1 144	-
Interest expenses	236	-	230	-
Currency exchange differences	733	-	733	-
Balance at 31.12.2019	**20 190**	**-**	**19 442**	**-**
Breakdown of the lease debt to short-term and long-term liabilities				
Short-term	3 211	-	3 211	-
Long-term	16 979	-	16 231	-
Total lease liabilities	**20 190**	**-**	**19 442**	**-**
Maturity analysis of lease liabilities (nominal values)				
Less than one year	2 946	-	2 946	-
One to three years	6 786	-	5 892	-
Three to five years	5 892	-	5 892	-
Five to seven years	5 892	-	5 892	-
More than seven years	1 473	-	1 473	-
Total lease liabilities (nominal values)	**22 988**	**-**	**22 093**	**-**

Note 20 Other current liabilities, contingent liabilities and guarantees

Breakdown of other current liabilities (USD 1 000)	Group		Parent	
	31.12.2019	**31.12.2018**	**31.12.2019**	**31.12.2018**
Other current provisions*	80 996	81 734	-	-
Other current liabilities**	30 920	26 194	22 832	3 781
Total other current liabilities	**111 916**	**107 928**	**22 832**	**3 781**

*Provisions made for liabilities expected to be payable within one year, at the time of which the Plan of Development and Operation (PDO) is approved. Recognised at the acquisition of Hess (Ghana) Limited, see note 2.

** Other current liabilities include unpaid wages, bonus and vacation pay, delivered services from third parties not paid, accrued interest and other provisions.

Guarantees
Aker Energy AS (parent company) has issued a Parent Company Guarantee to Lukoil, license partner in DWT/CTP, for Aker Energy Ghana Limited's obligations as the operator of DWT/CTP. Parent company has issued a corporate guarantee to Halliburton Ghana Limited for Aker Energy Ghana Limited's liabilities and obligation to Halliburton Ghana Limited, maximum USD 50 million.

Contingent liabilities
Aker Energy has liability for any pollution or harm to fresh water, marine, plant or animal life caused by petroleum operations in the DWT/CTP license.

Note 21 Share capital and shareholders

(USD 1 000)	Parent	
	31.12.2019	**31.12.2018**
Share capital	147 333	76 180
Total number of shares ('000)	125 296	64 104
Nominal value per share in NOK	10,00	10,00

The group has completed several capital increases during 2019, mostly due to debt conversions. All shares have been issued at a nominal value of NOK 10 and a share premium value of NOK 5 per share. There is only one single class of shares in the company and all shares carry a single voting right.

Overview of all shareholders registered as of 31 December 2019	**No. of shares** ('000)	**Owning interest**
AKER CAPITAL AS	61 663	49,21%
THE RESOURCE GROUP TRG AS	61 663	49,21%
ARBEIDSLAGET AS*	747	0,60%
LETE INVEST AS**	304	0,24%
ITWME INVEST AS**	286	0,23%
BLERT INVEST AS**	265	0,21%
STÅLE MONSTAD	150	0,12%
ARE BRAUTASET	119	0,10%
LYCKAN INVEST AS**	100	0,08%
Total	**125 296**	**100%**

*Company is owned by former CEO. **Companies are owned by current and former members of Executive Management Team.

Note 22 Earnings per share

Earnings per share is calculated by dividing the year's profit/loss attributable to ordinary equity holders of the parent entity, which was USD - 130.9 million by the year's weighted average number of outstanding ordinary shares, which was 102.4 million. There is no difference between the ordinary and diluted earnings per share.

(USD 1 000)	Group	
	2019	**2018**
Profit/loss for the year attributable to ordinary equity holders of the parent entity	-130 878	-34 429
The year's average number of ordinary shares ('000)	102 371	17 704
Earnings per share in USD	**-1,28**	**-1,94**

Note 23 Transactions with related parties

At year-end 2019, Aker (Aker Capital AS) and TRG (The Resource Group TRG AS) are the two major shareholders in Aker Energy, each with ownership interest of 49.21 per cent. An overview of all the shareholders is provided in note 21. Transactions with related parties are carried out on the basis of the "arm's length" principle. The group experiences full collectability from related parties.

		Group		Parent	
Related party (USD 1 000)	**Revenues (-) / expenses (+)**	**2019**	**2018**	**2019**	**2018**
AGM Petroleum Ghana Ltd	Other operating income	-6 535	-1 663	-5 802	-1 546
TRG Energy AS/Petrica Holding AS	Other operating income	-411	-81	-411	-77
Cognite AS	Other operating income	-244	-	-244	-
Aker Biomarine AS	Other operating income	-110	-	-110	-
Rev Ocean AS	Other operating income	-71	-	-71	-
Petrica Energy AS	Other operating income	-100	-	-100	-
Aker Ghana Investment Company AS	Other operating income	-215	-	-215	-
Other Aker Group Companies	Other operating income	-22	-	-22	-
Ocean Yield ASA	Other operating expenses	12 878	-	12 878	-
Other Aker Energy Group Companies	Other operating expenses	-	-	-54 179	-36 756
Other Aker Energy Group Companies	Other operating expenses	-	-	1 177	8 055
Petrica Energy AS	Other operating expenses	728	-67	728	-67
Aker BP ASA	Other operating expenses	2 038	8 961	2 038	-
Akastor AS	Other operating expenses	86	173	86	173
AFP Operations AS	Other operating expenses	606	-	606	-
Aker ASA	Other operating expenses	815	1 614	815	1 614
Aker Floating Productions AS	Other operating expenses	2 218	2 142	2 218	2 142
Aker Solutions AS	Other operating expenses	1 768	1 519	1 768	1 519
Cognite AS	Other operating expenses	163	-	163	-
Kværner AS	Other operating expenses	2 489	1 413	2 489	1 413
Widerøeveien 5 AS	Other operating expenses	77	-	77	-
Other Aker Group Companies	Other operating expenses	31	111	31	111
Fornebu Gateway Felleskost AS	Other operating	173	-	173	-
Fornebuporten Næring 3 AS	Other operating expenses	1 279	-	1 279	-
Fornebuporten Soft Services AS	Other operating expenses	-	724	-	724
Haut Nordic Hositality Group AS	Other operating expenses	148	-	148	-
AGM Petroleum Ghana Ltd	Recharged expenses	-21 017	-7 274	-416	-509
TRG Energy AS/Petrica Holding AS	Recharged expenses	-285	-1 506	-285	-444
Aker Ghana Investment Company AS	Recharged expenses	-377	-	-	-
Other Aker Energy Group Companies	Recharged expenses	-	-	-5 114	-
Aker Energy Ghana AS	Group contribution	-	-	-139	-
Aker Energy Ghana AS	Interest income	-	-	-5 146	-
Aker Capital AS	Interest expenses	220	350	220	350
The Resource Group TRG AS	Interest expenses	220	350	220	350

		Group		Parent	
Related party (USD 1 000)	**Receivables (+) / liabilities (-)**	**31.12.2019**	**31.12.2018**	**31.12.2019**	**31.12.2018**
Other Aker Energy Group Companies	Trade creditors	-	-	-	-7 574
Aker ASA	Trade creditors	-43	-169	-43	-169
Aker Solutions AS	Trade creditors	-48	-151	-48	-151
Other Aker Group Companies	Trade creditors	-16	-60	-16	-60
Kværner AS	Trade creditors	-776	-	-776	-
Aker BP ASA	Trade creditors	-146	-545	-146	-
AFP Operations AS	Trade creditors	-145	-	-145	-
Aker Floating Productions AS	Trade creditors	-645	-	-645	-
Ocean Yield ASA	Trade creditors	-1 200	-	-1 200	-
Haut Nordic Hospitality Group AS	Trade creditors	-51	-	-51	-
Aker Floating Productions AS	Trade debtors & short-term receivables	-	327	-	327
Aker BP ASA	Trade debtors & short-term receivables	834	407	834	-
Aker Ghana Investment Company AS	Trade debtors & short-term receivables	656	-	279	-
AGM Petroleum Ghana Ltd	Trade debtors & short-term receivables	20 617	8 617	4 975	1 963
TRG Energy AS	Trade debtors & short-term receivables	724	-	724	-
Petrica Energy AS	Trade debtors & short-term receivables	146	64	146	64
Petrica Holding AS	Trade debtors & short-term receivables	-	1 517	-	498
Other Aker Group Companies	Trade debtors & short-term receivables	16	-	16	-
Other Aker Energy Group Companies	Trade debtors & short-term receivables	-	-	16 682	31 391
Aker Energy Ghana AS	Short-term loan	-	-	172 095	46 428

The majority of transactions with related companies listed above are in connection with general services, such as IT infrastructure and systems, engineering consultancy, office rental and studies, or cost sharing of third party technical petroleum services.

Allocation from parent company to Aker Energy Ghana Ltd is presented gross (incl. portion to other license partners)

Note 24 Financial instruments

Capital structure and equity

The main objective of the company's management of the capital structure is to maximize return to the owners by ensuring competitive conditions for the company's capital.

Unless specified otherwise, the numbers below apply both to the group and the parent.

Categories of financial assets and liabilities

The company has the following financial assets and liabilities: cash, receivables, financial liabilities and other liabilities, recognized in the accounts at amortized cost, and financial liabilities at fair value.

Financial risk

The company has financed its activities through share contributions and through issued convertible bond (see note 11). In addition, the company has financial instruments such as accounts receivable, trade creditors etc., directly related to its day-to-day operations.

The most important financial risks which the company is exposed to relate to foreign exchange rates, interest rates and access to competitively priced funding

The company's risk management, including financial risk management, is designed to ensure identification, analysis and systematic and cost-efficient handling of risk. Established management procedures provide a good basis for reporting and monitoring of the company's financial risk exposure.

(i) Currency risk

Recharged expenses and future revenues from sale of petroleum and gas are mainly in USD, EUR and GBP, while expenditures are mainly in NOK, USD, EUR and GBP. Sales and expenses in the same currency contribute to mitigating some of the currency risk. Currency derivatives may be used in the future to further reduce this risk.

The table below shows the company's exposure in NOK as of 31 December:

Exposure relating to currency risk (USD 1 000)	**31.12.2019**	**31.12.2018**
VAT receivables, cash and cash equivalents, other short-term receivables and deposits	5 015	10 926
Trade creditors and other short-term liabilities	-23 642	-5 247
Net exposure to NOK	**-18 626**	**5 679**

(ii) Interest-rate risk
The company's exposure to interest-rate risk is considered limited as the interest rate on the convertible bond (see note 11) is fixed.

(iii) Liquidity risk/liquidity management
The company's liquidity risk is the risk that it will not be able to meet its financial obligations as they fall due.

Short-term (12 months) forecasts are prepared on a regular basis to plan the company's liquidity requirements. These plans are updated regularly for various scenarios and form part of the decision basis for the company's management and Board of Directors.

Aker Energy is working to establish a funding plan for the company that will make the company fully financed for its committed investment program. The funding plan will include a mix of debt and equity and will be further matured during 2020.

The company's liquid assets as of 31 December 2019 are mainly deposited in bank accounts. As of 31 December 2019, the company had cash reserves of USD 78.8 million. Revenues and expenses are carefully managed on a day-to-day basis for liquidity risk management purposes.

The table below shows the payment structure for the company's financial commitments, based on undiscounted contractual payments:

(USD 1000)		**Contract related cash flow**				
31.12.2019	**Book value**	**Less than 1 year**	**1-2 years**	**2-5 years**	**over 5 years**	**SUM**
Non-derivative financial liabilities:						
Convertible bonds	98 248	100 500				100 500
Trade creditors	12 498	12 498				12 498
Other liabilities	35 274	32 573	1 560	1 108		35 240
Lease liabilities	20 190	2 946	3 841	8 838	7 364	22 988
Derivative financial liabilities:						
Equity warrants	1 808			12 500		12 500
Total as of 31.12.2019	**168 017**	**148 516**	**5 400**	**22 445**	**7 364**	**183 726**

The contractual cash flow for the equity warrants reflects the maximum gross discount on the shares issued in an IPO attributable to the equity warrant holder.

Nominal capital commitments within one year is USD 65.1 million (represents Aker Energy's interest in the DWT/CTP license).

In March 2020, bond holder Africa Finance Corporation extended the deadline for redemption of the bonds, which applies if the Plan for Development and Operations of the oil field DWT/CTP is not being approved, with at least 15 months. The redemption premium is increased from 0.5 % to 1.5 %. See note 11.

(iv) Credit risk
The risk of counterparties being financially incapable of fulfilling their obligations is regarded as moderate to limited as receivables are mainly against related parties (see note 23) and the license partners in the DWT/CTP license. By year end 2019 licence partner Fueltrade holds a gross debt of USD 5.8 million to the DWT/CTP licence but mechanisms in the Joint Operating Agreement protects the other licence partners in case of a default situation or similar.

In the management of the company's liquid assets, low credit risk is prioritized. Liquid assets are generally placed in bank deposits that represent a low credit risk.

The maximum credit risk exposure corresponds to the book value of financial assets. The company deems its maximum risk exposure to correspond with the book value of accounts receivable and other short-term receivables, see notes 15 and 16.

Determination of fair value

The only financial instrument held by the company which is recognised at fair value are the equity warrants granted in the event of an IPO, see note 11. Fair value hierarchy level 3 is used in the valuation of these equity warrants. The IPO equity warrants give a discount of 20 % on the IPO share price, and can be excercised if no private placement of shares or issuance of convertible bonds or subscription rights occur prior to an IPO. Fair value of the IPO equity warrants is estimated to USD 1 808 thousand by year end 2019. Discounted cash flow method has been used for this valuation where the expected cash flow has been discounted with a risk-free interest rate.

Note 25 Investments in joint operations

Fields operated:	**31.12.2019**	**31.12.2018**
DeepWater Tano Cape Three Points	50,0%	50,0%

Other license partners in DWT/CTP:

Lukoil 38 %

GNPC 10 %

Fueltrade 2 %

GNPC has no financial obligations prior to production.

Note 26 Events after the balance sheet date

Market uncertainty

The global financial markets, and in particular the global energy sector, have experienced significant turmoil due to the Covid-19 (corona) virus in the period after December 31, 2019. In early March 2020, crude oil prices dropped substantially which added further pressure on the global economy. The Covid-19 virus impacts the oil market due to reduced industrial activity, travel restrictions and quarantines. The long-term impact on the financial markets, the oil price and the industrial activity level in the global economy is difficult to predict. From an accounting perspective, these factors could impact future assessments of recoverable amounts of assets in Aker Energy. Impairment risk may increase if the current volatility result in a negative long-term market outlook, and the development will be closely monitored.

The company has not identified any other events with significant accounting impacts that have occurred between the end of the reporting period and the date of this report.

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To the General Meeting of Aker Energy AS

Independent auditor's report

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Aker Energy AS, which comprise:

- The financial statements of the parent company Aker Energy AS (the Company), which comprise the balance sheet as at 31 December 2019, the income statement, statement of changes in equity and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and
- The consolidated financial statements of Aker Energy AS and its subsidiaries (the Group), which comprise the balance sheet as at 31 December 2019, the income statement, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion:

- The financial statements are prepared in accordance with the law and regulations.
- The accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2019, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU.
- The accompanying consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2019, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU.

Basis for Opinion

We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing (ISAs). Our responsibilities under those standards 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 and the Group as required by laws and regulations, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

Management is responsible for the other information. The other information comprises information in the annual report, except the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information 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 other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and the Managing Director for the Financial Statements

The Board of Directors and the Managing Director (Management) are responsible for the preparation in accordance with law and regulations, including fair presentation of the financial statements in accordance with International Financial Reporting Standards as adopted by the EU, and for such internal control as 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 and the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group 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 about 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 laws, regulations, and auditing standards and practices generally accepted in Norway, including ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error. We 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 or the Group'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 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 and the Group'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 and the Group to cease to continue as a going concern.

- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors 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.

Report on Other Legal and Regulatory Requirements

Opinion on the Board of Directors' report

Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Board of Directors' report concerning the financial statements, the going concern assumption and the proposed allocation of the result is consistent with the financial statements and complies with the law and regulations.

Opinion on Registration and Documentation

Based on our audit of the financial statements as described above, and control procedures we have considered necessary in accordance with the International Standard on Assurance Engagements *(ISAE) 3000, Assurance Engagements Other than Audits or Reviews of Historical Financial Information*, it is our opinion that management has fulfilled its duty to produce a proper and clearly set out registration and documentation of the Company's accounting information in accordance with the law and bookkeeping standards and practices generally accepted in Norway.

Oslo, 6 April 2020
KPMG AS

Stian Tørrestad
State Authorised Public Accountant

KPMG

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To the General Meeting of Aker Energy AS

Independent auditor's report

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Aker Energy AS, which comprise:

- The financial statements of the parent company Aker Energy AS (the Company), which comprise the balance sheet as at 31 December 2019, the income statement, statement of changes in equity and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and
- The consolidated financial statements of Aker Energy AS and its subsidiaries (the Group), which comprise the balance sheet as at 31 December 2019, the income statement, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion:

- The financial statements are prepared in accordance with the law and regulations.
- The accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2019, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU.
- The accompanying consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2019, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU.

Basis for Opinion

We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing (ISAs). Our responsibilities under those standards 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 and the Group as required by laws and regulations, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

Management is responsible for the other information. The other information comprises information in the annual report, except the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information 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 other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and the Managing Director for the Financial Statements

The Board of Directors and the Managing Director (Management) are responsible for the preparation in accordance with law and regulations, including fair presentation of the financial statements in accordance with International Financial Reporting Standards as adopted by the EU, and for such internal control as 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 and the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

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- 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 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 and the Group'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 and the Group to cease to continue as a going concern.

- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
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Report on Other Legal and Regulatory Requirements

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Opinion on Registration and Documentation

Based on our audit of the financial statements as described above, and control procedures we have considered necessary in accordance with the International Standard on Assurance Engagements *(ISAE) 3000, Assurance Engagements Other than Audits or Reviews of Historical Financial Information*, it is our opinion that management has fulfilled its duty to produce a proper and clearly set out registration and documentation of the Company's accounting information in accordance with the law and bookkeeping standards and practices generally accepted in Norway.

Oslo, 6 April 2020
KPMG AS

Stian Tørrestad

Stian Tørrestad
State Authorised Public Accountant