



ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2020 - GENERELL INFORMASJON

Enheten

Organisasjonsnummer:	922 404 798
Organisasjonsform:	Aksjeselskap
Foretaksnavn:	SVAL ENERGI HOLDING AS
Forretningsadresse:	Building C, 3rd floor Jåttåvågveien 7 4020 STAVANGER

Regnskapsår

Årsregnskapets periode:	01.01.2020 - 31.12.2020
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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:	Bertel Ånestad
Dato for fastsettelse av årsregnskapet:	27.04.2021

Grunnlag for avgivelse

År 2020: Årsregnskapet er elektronisk innlevert
År 2019: Tall er hentet fra elektronisk innlevert årsregnskap fra 2020

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, 29.07.2022



Resultatregnskap

Beløp i: NOK	Note	2020	2019
RESULTATREGNSKAP			
Inntekter			
Sum inntekter		0	
Kostnader			
Annen driftskostnad	6	1 030 082	266 396
Sum kostnader		1 030 082	266 396
Driftsresultat		-1 030 082	-266 396
Finansinntekter og finanskostnader			
Inntekt på investering i datterselskap og tilknyttet selskap	6,14	9 086 903	
Inntekt på andre investeringer	6,14	400 675 695	
Renteinntekt fra foretak i samme konsern	6,14	11 585 987	54 208 460
Annen renteinntekt	6	2 386	
Sum finansinntekter		421 350 971	54 208 460
Annen rentekostnad	6	7 318 963	63 237 736
Annen finanskostnad	6	2 187 420	
Sum finanskostnader		9 506 383	63 237 736
Netto finans		411 844 588	-9 029 276
Ordinært resultat før skattekostnad		410 814 506	-9 295 672
Skattekostnad på ordinært resultat	7	2 045 048	-1 999 119
Ordinært resultat etter skattekostnad		408 769 458	-7 296 553
Årsresultat		408 769 458	-7 296 553
Overføringer og disponeringer			
Overføring til/fra annen egenkapital		-408 769 458	7 296 553
Sum overføringer og disponeringer		-408 769 458	7 296 553



Balanse

Beløp i: NOK	Note	2020	2019
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Utsatt skattefordel	8		1 999 119
Sum immaterielle eiendeler		0	1 999 119
Finansielle anleggsmidler			
Investering i datterselskap	9	3 206 087 960	2 164 033 261
Lån til foretak i samme konsern	13,14		260 538 111
Sum finansielle anleggsmidler		3 206 087 960	2 424 571 372
Sum anleggsmidler		3 206 087 960	2 426 570 491
Omløpsmidler			
Varer			
Fordringer			
Andre fordringer	12,13	128 823 886	2 171 105
Sum fordringer		128 823 886	2 171 105
Bankinnskudd, kontanter og lignende			
Bankinnskudd, kontanter og lignende	10,13	15 349 143	4 871 522
Sum bankinnskudd, kontanter og lignende		15 349 143	4 871 522
Sum omløpsmidler		144 173 029	7 042 627
SUM EIENDELER		3 350 260 989	2 433 613 118
BALANSE - EGENKAPITAL OG GJELD			
Egenkapital			
Innskutt egenkapital			
Aksjekapital	11	2 400 600	2 000 500
Overkurs		2 817 478 404	1 998 499 500
Sum innskutt egenkapital		2 819 879 004	2 000 500 000



Balanse

Beløp i: NOK	Note	2020	2019
Opptjent egenkapital			
Annen egenkapital		401 518 834	
Udekket tap			7 296 553
Sum opptjent egenkapital		401 518 834	-7 296 553
Sum egenkapital		3 221 397 838	1 993 203 447
Gjeld			
Langsiktig gjeld			
Annen langsiktig gjeld			
Gjeld til kredittinstitusjoner	13		436 000 000
Sum annen langsiktig gjeld			436 000 000
Sum langsiktig gjeld		0	436 000 000
Kortsiktig gjeld			
Leverandørgjeld			25 000
Skyldige offentlige avgifter		11 652	
Kortsiktig konserngjeld	14	128 851 499	
Annen kortsiktig gjeld			4 384 671
Sum kortsiktig gjeld		128 863 151	4 409 671
Sum gjeld		128 863 151	440 409 671
SUM EGENKAPITAL OG GJELD		3 350 260 989	2 433 613 118



Konsernets resultatregnskap

Beløp i: NOK	Note	2020	2019
RESULTATREGNSKAP			
Inntekter			
Salgsinntekt	6,23	4 183 000 000	3 403 000 000
Annen driftsinntekt		18 000 000	100 000 000
Sum inntekter		4 201 000 000	3 503 000 000
Kostnader			
Varekostnad	7,23	713 000 000	664 000 000
Avskrivning	14,15	581 000 000	428 000 000
Annen driftskostnad	8,9	461 000 000	44 000 000
Sum kostnader		1 755 000 000	1 136 000 000
Driftsresultat		2 446 000 000	2 367 000 000
Finansinntekter og finanskostnader			
Annen finansinntekt	10	100 000 000	31 000 000
Sum finansinntekter		100 000 000	31 000 000
Annen rentekostnad	10,20, 27	480 000 000	318 000 000
Sum finanskostnader		480 000 000	318 000 000
Netto finans		-380 000 000	-287 000 000
Ordinært resultat før skattekostnad		2 066 000 000	2 080 000 000
Skattekostnad på ordinært resultat	11	1 834 000 000	1 968 000 000
Ordinært resultat etter skattekostnad		232 000 000	112 000 000
Ekstraordinære poster		-31 000 000	
Årsresultat		201 000 000	112 000 000
Overføringer og disponeringer			
Overføring til/fra annen egenkapital		201 000 000	112 000 000
Sum overføringer og disponeringer		201 000 000	112 000 000



Konsernets balanse

Beløp i: NOK	Note	2020	2019
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Konsesjoner, patenter, lisenser, varemerker o.l.	13	33 000 000	
Sum immaterielle eiendeler		33 000 000	
Varige driftsmidler			
Maskiner og anlegg	14,15, 23	7 445 000 000	6 460 000 000
Sum varige driftsmidler		7 445 000 000	6 460 000 000
Finansielle anleggsmidler			
Andre fordringer	22,27	584 000 000	54 000 000
Sum finansielle anleggsmidler		584 000 000	54 000 000
Sum anleggsmidler		8 062 000 000	6 514 000 000
Omløpsmidler			
Varer			
Fordringer			
Andre fordringer	16	740 000 000	682 000 000
Sum fordringer		740 000 000	682 000 000
Bankinnskudd, kontanter og lignende			
Bankinnskudd, kontanter og lignende	17	308 000 000	3 601 000 000
Sum bankinnskudd, kontanter og lignende		308 000 000	3 601 000 000
Sum omløpsmidler		1 048 000 000	4 283 000 000
SUM EIENDELER		9 110 000 000	10 797 000 000

BALANSE - EGENKAPITAL OG GJELD

Egenkapital



Konsernets balanse

Beløp i: NOK	Note	2020	2019
Innskutt egenkapital			
Aksjekapital	18	2 000 000	2 000 000
Annen innskutt egenkapital		2 818 000 000	1 998 000 000
Sum innskutt egenkapital		2 820 000 000	2 000 000 000
Opptjent egenkapital			
Annen egenkapital		313 000 000	112 000 000
Sum opptjent egenkapital		313 000 000	112 000 000
Sum egenkapital		3 133 000 000	2 112 000 000
Gjeld			
Langsiktig gjeld			
Utsatt skatt	12	942 000 000	190 000 000
Sum avsetninger for forpliktelser		942 000 000	190 000 000
Annen langsiktig gjeld			
Gjeld til kredittinstitusjoner	5,19,2 6	3 213 000 000	2 977 000 000
Langsiktig konserngjeld	5,25,2 6	129 000 000	
Øvrig langsiktig gjeld	5,20,2 2,2	219 000 000	332 000 000
Sum annen langsiktig gjeld		3 561 000 000	3 309 000 000
Sum langsiktig gjeld		4 503 000 000	3 499 000 000
Kortsiktig gjeld			
Gjeld til kredittinstitusjoner	5,19,2 6	617 000 000	3 556 000 000
Betalbar skatt	12	359 000 000	1 410 000 000
Annen kortsiktig gjeld	5,21	498 000 000	220 000 000
Sum kortsiktig gjeld		1 474 000 000	5 186 000 000
Sum gjeld		5 977 000 000	8 685 000 000
SUM EGENKAPITAL OG GJELD		9 110 000 000	10 797 000 000



Skatteetaten

Vår dato 13.03.2020	Din/Deres dato 29.01.2020	Saksbehandler Vibeke Horne
800 80 000 Skatteetaten.no	Din/Deres referanse AR357850712	Telefon 32212250
Org.nr 974761076	Vår referanse 2020/5120732	Postadresse Postboks 9200 Grønland 0134 OSLO

HV VII INVEST UNIFORM AS
Jåttåvågeien 7
4020 STAVANGER

Att. Ove Martin Juul

Tillatelse til å utarbeide årsregnskap og årsberetning på engelsk

Vi viser til deres brev av 29. januar 2020 der det søkes om dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk for selskapene som er oppgitt i vedlegget til dette vedtaket.

Skattekontoret gir på bakgrunn av en konkret helhetsvurdering de nevnte selskaper (se vedlegg) dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk, jf. regnskapsloven § 3-4 tredje ledd. Dispensasjonen gjelder så lenge opplysningene som danner grunnlaget for vedtaket ikke endres vesentlig.

Kopi av dette brevet må sendes til Regnskapsregisteret i Brønnøysund sammen med årsregnskapet. Den regnskapspliktige må selv dokumentere ved dette brev at tillatelse er gitt.

Bakgrunn

Selskapene som er opplistet i vedlegget er norske investerings- og holdingselskaper som er hel- eller deleid av fem ulike HitecVision private equity-fond lokalisert på Guernsey. Samtlige av selskapenes direkte og indirekte aksjonærer er profesjonelle investorer. Arbeidsspråket som benyttes er engelsk. Selskapene har foretatt, eller vil foreta investeringer innenfor olje- og gassnæringen. Selskapene har ingen eksterne kunder. Selskapenes leverandører består utelukkende av profesjonelle tjenesteytere innenfor juridisk eller finansiell profesjon, og som benytter engelsk som arbeidsspråk. All kommunikasjon med selskapenes långivere og aksjonærer foregår på engelsk.

Skattekontorets 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 mv., 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 skattekontorets 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.

Det er særlig hensynet til brukerne av regnskapsinformasjon som skal vurderes ved en dispensasjonssøknad. I denne vurderingen har skattekontoret lagt vekt på at selskapene er hel- eller deleid av utenlandske investerings- og holdingsselskaper i fem ulike private equity fond. Videre er det vektlagt at alle sentrale aktører og samarbeidspartnere behersker og benytter engelsk.

Vennligst oppgi vår referanse ved henvendelse i saken.

Med hilsen

Vibeke Horne
rådgiver
Brukerdialog, brukerkontakt
Skatteetaten

Dokumentet er elektronisk godkjent og har derfor ikke håndskrevne signaturer.

Vedlegg



Vedlegg til søknad om å utarbeide årsregnskap og årsberetning på engelsk språk

Selskap:	Org.nummer:	Fond:
HV IV Invest Alfa AS	992 149 264	HVPE IV
AE HoldCo AS	818 858 892	HVPE IV
AO HoldCo AS	918 858 911	HVPE IV
AL HoldCo AS	991 937 226	HVPE IV
Sørco HoldCo AS	918 274 790	HVPE IV
HV IV Invest Alfa II AS	919 604 778	HVPE IV
TB HoldCo AS	918 858 881	HVPE IV
HV IV Invest Gamma AS	997 550 528	HVPE IV
RNS Holding II AS	915 284 892	HVPE IV
APP Investment AS	917 906 130	HV V
HV V Invest Lima AS	995 929 961	HV V
Core Energy Holding AS	997 043 545	HV V
CE Investment AS	997 153 502	HV V
HV V Invest Zulu II AS	914 148 308	HV V
HVAS Invest Zeta AS	995 610 671	HVAS
HVAS Invest Kappa AS	995 930 099	HVAS
HV VI Invest Omega AS	998 159 555	HV VI
HV VI Invest Omega II AS	998 159 563	HV VI
Spike Exploration AS	998 483 476	HV VI
SEH Investments AS	999 299 172	HV VI
OMP Holding AS	912 084 957	HV VI
HV VI Invest Ypsilon AS	999 178 359	HV VI
Nord Well AS	912 536 394	HV VI
DW Quip AS	922 983 410	HV VI
HV VI Invest Giba AS	912 536 270	HV VI
HV VI Invest Giba II AS	913 192 303	HV VI
HV VI Invest Aza AS	911 628 007	HV VI
Moreld AS	923 807 799	HV VI
Karsten Moholt Inspection & Repair Group AS	913 192 230	HV VI
HV VII Invest Dags AS	913 641 043	HV VII
Circle Group AS	913 640 969	HV VII
HV VII Invest Manna AS	913 930 991	HV VII
HV VII Invest Manna II AS	914 270 405	HV VII
Pure E&P Holding AS	915 056 229	HV VII
Pure E&P AS	940 376 645	HV VII
Geotech Software Solutions AS	997 043 545	HV VII
Rocksource Gulf of Mexico AS	997 153 502	HV VII
HV VII Invest Juliet AS	914 480 787	HV VII
HV VII Invest Juliet II AS	815 672 852	HV VII
HV VII Invest Shankly AS	916 162 537	HV VII
HV VII Invest Shankly II AS	916 162 529	HV VII
North Sea Strategic Investments AS	916 162 545	HV VII
HV VII Invest Lagus AS	916 162 642	HV VII
Asset Buyout Partners Holding AS	916 162 650	HV VII
HV VII Invest Foxtrot AS	820 901 312	HV VII
HV VII Invest Foxtrot II AS	822 047 572	HV VII
Neo E&P Holding AS	922 047 804	HV VII



HV VII Invest Uniform AS	922 404 815	HV VII
HV VII Invest Uniform III AS	823 862 822	HV VII
HV VII Invest Uniform IV AS	923 862 943	HV VII
Sval Energi Holding AS	922 404 798	HV VII
Point Resources Holding AS	915 075 894	HV V / HV VI / HV VII



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To the General Meeting of Sval Energi Holding AS

INDEPENDENT AUDITOR'S REPORT

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Sval Energi Holding AS, which comprise:

- The financial statements of the parent company Sval Energi Holding AS (the Company), which comprise the balance sheet as at 31 December 2020, 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 Sval Energi Holding AS and its subsidiaries (the Group), which comprise the balance sheet as at 31 December 2020, 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 2020, 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 2020, 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.

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Organisasjonsnummer: 980 211 282

Penneo Dokumentnøkkel: 30Q5M-15EYK-CCICV-7ECCG-KU3ZQ-8B70P



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Independent Auditor's Report -
Sval Energi Holding AS

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 a true and fair view 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 a true and fair view.
- 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.

Penneo Dokumentnøkkel: 30Q5M-15EYK-CCICV-7ECCG-KU3ZQ-8B70P



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Independent Auditor's Report -
Sval Energi Holding AS

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

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 and the going concern assumption 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.

Stavanger, 27 April 2021
Deloitte AS

Ommund Skailand
State Authorised Public Accountant (Norway)

Penneo Dokumentnøkkel: 30Q5M-15EYK-CCICV-7ECCG-KU3ZQ-8B70P



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Ommund Skailand

Statsautorisert revisor

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IP: 79.160.xxx.xxx

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CONSOLIDATED
FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2020
SVAL ENERGI HOLDING AS

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Sval

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2020 Board of Directors' report

The Sval Energi Holding Group (Sval or the Group) is 100% owned by Sval Energi Invest II AS, a company controlled by HitecVision VII LP. HV VII Invest Uniform IV AS changed its name to Sval Energi Invest II AS in January 2021.

The Group's main office is located in Stavanger, Norway.

Key events in 2020

On 28th February 2020, the acquisition of all shares in Capricorn Norge AS (Capricorn) was completed. At the time of completion, Capricorn with 41 employees held a 10% interest in the Nova field in addition to interests in 10 exploration licences. The acquisition of Capricorn is in line with the Group's strategy to become a fully integrated oil and gas company with a low carbon footprint. The portfolio includes gas infrastructure and renewable energy assets.

In March 2020, the Group entered into a 50/50 partnership with Lundin Petroleum AB for the Metsälamminkangas (MLK) onshore wind farm project in Finland, which will be the third biggest wind farm in the country. With 24 wind turbines and a capacity of 132 MW, MLK will provide renewable electricity for more than 30 years to the integrated Nordic power market, including the ongoing electrification of the Norwegian oil and gas industry. The project is currently under development with an expected production start early 2022.

The Group was awarded five licences, including one operatorship, in the Awards in Predefined Areas (APA) 2020 licencing round. All licences are with solid partnerships and in attractive areas near existing infrastructure. In addition, due to the Covid-19 outbreak, two exploration wells, one operated by the Group, scheduled for drilling in the second quarter of 2020 were postponed to 2021.

The development projects on the Duva and Nova fields have progressed in 2020 and progress is largely unaffected by the Covid-19 outbreak. Production start on the Duva field is expected for the third quarter in 2021 and Nova is expected to start production in the second quarter of 2022.

The Group has continued its focus on business development in 2020 and has also strengthened its organisation by merging the activities and staff in its affiliated company Hav Energy into the Group, and a new CEO was appointed starting on 1st December 2020. The Group undertook a complete refinancing of its external debt in December 2020.

On 30th December 2020, the Group signed a Sales and Purchase Agreement with Edison International S.p.A. to acquire 100% of its Norwegian subsidiary, Edison Norge AS. The transaction is expected to be completed during Q1 2021, and by this transaction the Group's interest in Nova increases from 10% to 25%. Edison Norge AS, a company of 24 employees



located in Stavanger, also holds a 10% interest in the Dvalin field in addition to an exploration license portfolio of 7 licences.

Review of consolidated annual accounts

The Group prepares and presents its accounts in accordance with IFRS. In accordance with the Accounting Act § 3-3a, we confirm that the financial statements have been prepared under the assumption of going concern. This assumption is based on profit forecasts for the coming years and the Group's economic and financial position is sound.

The Board of Directors believes that the annual accounts provide a satisfactory description of the Group's financial position as of 31st December 2020 and the results for the year then ended.

Income statement

The Group's turnover for the year of NOK 4 183 million represents an expected increase compared to 2019 (2019 - NOK 3 403 million) as the consolidated income statement in 2019 only included six months of profit and loss from Sval Energi AS. In addition, the deviation from 2019 also reflects the sale of a 10% interest in Gassled to CapeOmega AS in December 2019. The effect of these two factors nearly offset each other on production expenses at NOK 713 million in 2020 (2019 - NOK 664 million). Exports of gas to the European continent and to the UK through Gassled had a high deliverability of 99.64% (99.85%).

The increase in administrative expenses from NOK 44 million in 2019 to NOK 145 million in 2020 are explained by the increase in the number of employees in the Group following the acquisition of Capricorn and the resizing of the Group subsequent to the acquisition in line with the Group's new strategy.

Another effect of the new strategy of the Group is the exploration expenses in 2020 of NOK 316 million (2019 - NOK 0). This consist of seismic expenditures, exploration expenses from Joint Venture billings and a dry well write-down in PL889 Grind.

Depreciation at NOK 581 million (2019 - NOK 428 million) includes depreciation of new capital expenditures incurred on the infrastructure assets since acquisition, which are depreciated over the assets' expected useful lives, which in most cases is in line with the expiry of the license period.

Finance income of NOK 100 million (2019 - NOK 31 million) includes interest on bank deposits and a net foreign exchange gain of NOK 83 million. Finance cost of NOK 480 million (2019 - NOK 318 million) includes a fair value loss on derivatives of NOK 233 million and external interest expense of NOK 166 million.

Income tax expense for the year amounts to NOK 1 853 million (2019 - NOK 1 968 million) of which NOK 718 million is current tax for the year (2019 - NOK 1 676 million). NOK 1 181 million is



a movement in the current year's deferred tax (2019 – NOK 292 million). In addition, the Group has a movement in taxes related to prior years of NOK -46 million.

A significant portion of the depreciation on the offshore part of the purchase prices of asset acquisitions is viewed as a permanent difference which does not give rise to a current or a deferred tax deduction and which accordingly results in a high effective tax rate. In addition, the vast majority of net finance costs are deductible in the onshore tax regime only.

Profit for 2020 is 213 million (2019 – NOK 112 million). Total comprehensive income is NOK 213 million (2019 - NOK 112 million).

Balance sheet

Property plant and equipment of NOK 7 445 million (2019 - NOK 6 460 million) includes additions of NOK 788 million, merger additions of NOK 772 million and current year's depreciation of NOK 574 million. Capex includes both project investments as well as operating investments, which because of their non-current nature require to be capitalised for accounting purposes.

Non-current decommissioning receivables of NOK 101 million, (2019 - NOK 54 million) represent the non-current part of future costs of decommissioning of Gassled expected to be recoverable from the shippers as part of tariff income. The Group also shows a non-current decommissioning asset of NOK 117 million (2019 - NOK 1 million) and a non-current decommission liability of 219 million (2019 - NOK 74 million) representing the Group's requirement to fund decommissioning costs before they are either recovered from the shippers or covered by the Group.

Trade and other receivables of NOK 740 million (2019 - NOK 682 million) include tariff receivable at yearend of NOK 340 million (2019 - NOK 584 million).

Cash and cash equivalents totals NOK 308 million (2019 - NOK 3 601 million).

The non-current part of the Group's utilisations on its loan facilities amounts to NOK 3 213 million (2019 - NOK 2 977 million). The new facility in Sval Energi AS is split in two tranches, midstream and upstream, and the midstream tranche has a current part with utilisation of NOK 617 million (2019 - NOK 3 556). The current loan is included under current liabilities in the balance sheet.

The negative MTM of Derivative financial instruments at yearend 2019 of NOK 258 million was settled in December 2020.

Deferred tax liabilities of NOK 961 million (2019 - NOK 190 million) include mainly excess tax depreciation over accounting depreciation of NOK 1 045 million.

Other current payables of NOK 499 million (2019 - NOK 220 million) include NOK 338 million of balances in joint operations.



The reduction in taxes payable from NOK 1 410 million at yearend 2019 to NOK 359 million at yearend 2020 is explained by the temporary changes to the petroleum tax regulations as the Group holds interests in two oil and gas developing assets in addition to the infrastructure assets.

The Group's profit for 2020 was NOK 213 million (2019 – profit of NOK 112 million) and the equity at 31 December 2020 was NOK 3 155 million (2019 - NOK 2 112 million) after capital increases of NOK 819.3 million.

Financial statements for the parent company

The financial statements for the year for the parent company reflect a profit of NOK 411 million before tax. This profit is mainly explained by dividends of NOK 400 million from Sval Energi Holding II AS during the year. Total assets in the balance sheet amount to NOK 3 350 million and consist mainly of the investment in Sval Energi AS of NOK 3 206 million. Sval Energi Holding II AS is liquidated in 2021 subsequent to the transfer of ownership to Sval Energi Holding AS in December 2020 through an extra-ordinary dividend. Total equity of the parent company is NOK 3 221 million and intercompany current liability amounts to NOK 129 million.

Cash flows for the parent company generated from investing activities consists mainly of dividend received and repayment of shareholder loan from Sval Energi Holding II AS and a capital increase in Sval Energi AS. Cash flows generated from financing activities consists mainly of capital increase received from Sval Energi Invest II AS and repayment of external bank borrowings.

Staff, members, the environment and community relations

Sval is transforming from a pure gas infrastructure owner to become a new generation energy company. The Group is taking a material position in oil and gas, infrastructure, and renewable energy. Sval's greatest resource is our people and it is a priority for the Group to offer development through building competence and careers in a healthy working environment. At yearend 2020, Sval had 42 employees, including new employees who joined from Capricorn. The Group has also established detailed transition plans to consolidate Sval with Edison Norge during 2021 which cover all aspects of HR, exploration, management and IT systems, legal and finance. In the summer of 2021, Sval plan to launch paid summer internships for students. The aim is to both contribute to building expertise, and to create an interest in the energy sector among tomorrow's workforce.

Through its growth in the past year, proper integration processes and focus on potential negative effects for the employees have been a core priority for the Group. In recruitment processes, there has been a clear focus on achieving equality between both men and women and between different age groups and backgrounds, as the Group strongly believes in a diversified workforce which will create value also for the Group. An occupational health service has been established, and in addition to work environment considerations such as ergometry all employees have been given medical consultations. There has only been a minimal amount of absence caused by sickness during the year.



Also, in the current growth phase, safety is a top priority. Sval's own employees are not working offshore or on onshore plants, and the Group had no HSE incidents in its own operations in 2020. Beyond its own operations, Sval is an advocate for improving the safety standards and culture of the assets in which it holds an ownership stake. A key focus in this work has been to reduce the risk of a large incident. Each asset is audited on HSE and emergency preparedness. There are regular dedicated HSE meetings with operators, and quarterly HSE action plans are followed-up through auditing.

The Group has internal processes and controls to minimise the risk of errors related to the production of the annual financial statements and other financial and governmental reporting. Management is actively involved in the internal controls connected with the financial reporting and reports regularly on financial and other enterprise wide risks to a specially appointed Audit and Risk Management Committee.

Environmental approach

The Group will meet the challenge of the energy transition through an active implementation of the UN's Sustainable Development Goals on "Climate Action" and "Providing Clean and Affordable Energy". In order to succeed in this and effectively manage transition risks, the Group's vision is to be a top quartile exploration and production company by 2030, measured in terms of carbon intensity from its energy production.

The Group's approach to reducing its environmental footprint is three-pronged, aiming to achieve a reduction in emissions from own operations and already-owned assets, whilst growing through the acquisition of low emission assets. As a non-operating partner in most of its assets, the Group's pro-active approach to reducing the environmental footprint of these relies heavily on leveraging its influence in the license partnership to achieve emission reductions in cooperation with its business partners.

In addition to asset-related measures, the Group works continuously to reduce emissions in its own operations. Some measures introduced here include the purchase of renewable energy guarantees of origin for office energy use, and reduced energy consumption in the office.

In 2020, the Group has completed a TCFD-aligned climate risk assessment, including a risk register dedicated to climate-related risks that is integrated with the Group's overall risk register. The climate-related risks are viewed as material and are continuously managed.

Social and governance approach

The Group is committed to operating in a responsible manner. To this end, the governance system and procedures ensure both that risks are managed and that the Group's standards and expectations are communicated to employees and to business partners. The pinnacle of Sval's governance structure is, however, the strong integration of ESG in the Group's performance



management and its priority in the board of directors. This ensures that ESG is integrated in all decision-making.

ESG is a set item on the agenda of board meetings, and the organisation regularly reports to management on ESG. The board evaluates the performance of Sval's management team across key areas, one of which is delivering strong ESG results and safety performance in assets. In addition, the organisation regularly reports to management on ESG.

The Group has implemented an integrated business management system which is actively used as a management tool by the management team. The management system in the Group has defined policies for procurement, employee rights, employee conduct and anti-corruption practices. Developing compliance policies has also been a focus in 2020, with a special focus on GDPR.

All employees have been provided with e-learning on the Group Code of Conduct, and other key company policies, on whistleblowing, anti-corruption, data protection, and personal trading, to name a few. Targeted digital security training was introduced in November 2020 and will continue throughout 2021, complemented by safety exercises on topics like phishing. Governance compliance requirements are detailed in contracts with suppliers.

Shareholder matters

Sval Energi Holding AS is owned by Sval Energi Invest II AS (formerly HV VII Invest Uniform IV AS).

Board of Directors

The Board of Directors currently consists of three persons. Board members are nominated through the general meeting and serve for a period of two years from their initial appointments in line with the general rule set forth in section 6-6 of the Norwegian Companies Act. The Board is responsible for approving all significant transactions of the Group, such as debt refinancing, acquisitions and disposals, and the issuance of additional equity shares. The Board meets regularly with top management.

Subsequent events and outlook

In February 2021, the Ministry of Petroleum and Energy confirmed an exemption from the drilling obligation on the operated Duncan well located in the two production licences PL248J and PL880. The two licences are planned relinquished in Q2 2021.

Subsequent to yearend 2020 the Group has obtained the necessary governmental approvals for the Edison transaction, and the closing of the transaction took place in March 2021.

A continued growth of the Group's portfolio through both organic and non-organic activities in line with Group's procedures, rules and guidelines are key objectives for 2021.



Stavanger, 27 April 2021
The Board of Directors of Sval Energi Holding AS

Gunnar Halvorsen
Chairman

Ove Martin Juul
Director

Oddvar Dirdal
Director

Bertel Ånestad
CEO

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Sval

Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2020

NOK millions	Note	2020	2019
Tariff income	6, 23	4 183	3 403
Other operating revenues		18	100
Production expenses	7, 23	-713	-664
Gross profit		3 488	2 839
Administrative expenses	9	-145	-44
Exploration expenses	8	-316	-
Depreciation & amortisation	14, 15	-581	-428
Operating profit		2 446	2 367
Finance income	10	100	31
Finance cost	10, 20, 27	-480	-318
Profit before income tax		2 066	2 080
Income tax expense	11	-1 835	-1 968
Profit for the year		232	112
Other comprehensive income			
<i>Other comprehensive income that may be reclassified to profit or loss in subsequent periods (net of tax)</i>		-31	-
Total comprehensive income		201	112
Attributable to the owner		201	112

The notes are an integral part of these financial statements.

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Sval

Statement of Financial Position

NOK millions	Note	31 December 2020	31 December 2019
ASSETS			
Intangible assets	13	33	-
Property, plant and equipment	14, 15, 23	7 445	6 460
Right-of-use assets		25	-
Investment in Joint Venture	27	458	-
Decommissioning receivables	22	101	54
Non-current assets		8 062	6 514
Trade and other receivables	16	740	682
Cash and cash equivalents	17	308	3 601
Current assets		1 048	4 283
Total assets		9 110	10 797
EQUITY AND LIABILITIES			
Share capital	18	2	2
Other reserves		2 818	1 998
Retained earnings		313	112
Total equity		3 133	2 112
Bank borrowings	5, 19, 26	3 213	2 977
Borrowings from shareholders and related parties	5, 25, 26	129	-
Derivative financial instruments	5, 20, 26	-	258
Decommissioning liabilities	5, 22	219	74
Deferred tax liabilities	12	942	190
Non-current liabilities		4 503	3 499
Current bank borrowings	5, 19, 26	617	3 556
Other current payables	5, 21	498	220
Taxes payable	12	359	1 410
Current liabilities		1 474	5 186
Total liabilities		5 977	8 685
Total equity and liabilities		9 110	10 797



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Statement of Changes in Equity

NOK millions	Share capital	Other reserves	Accumulated deficit	Total equity
Balance at 28 February 2019, at inception	-	-	-	-
Share capital reduction	-	-	-	-
Share capital increase	2	1 998	-	2 000
Loss for the year	-	-	112	112
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	-	-	112	112
Balance at 31 December 2019	2	1 998	112	2 112

NOK millions	Share capital	Other reserves	Accumulated deficit	Total equity
Balance at 1 January 2020	2	1 998	112	2 112
Profit/(loss) for the year	-	-	232	232
Other comprehensive income	-	-	-31	-31
Total comprehensive income for the period	-	-	201	201
Dividend	-	-	-	-
Capital increases not registered	-	820	-	820
Balance at 31 December 2020	2	2 818	313	3 133

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Statement of Cash Flows			
Cash generated from operating activities	Note	2020	2019
Profit before income tax		2 067	2 080
Adjusted for:			
Finance costs, net	10	379	359
Depreciation	14	581	428
Exploration well write-off	8, 13	74	-
Gain on sale of assets	7	-	-100
Other external finance costs paid		-	-
Tax paid on operating activities	12	-1 546	-696
Foreign exchange losses/gains in operating activities	10	-89	7
Change in working capital:			
Changes in trade and other receivables	16	-109	77
Changes in trade and other payables	21	407	18
Net cash generated from operating activities		1 763	2 173
Cash flows from investing activities			
Acquisitions		-	-1 210
Liquidation payment/dividends received		-	-
Purchase of property, plant and equipment	14	-1 565	-1 239
Investment in exploration wells and other intangible assets	13	-108	-
Sale of property, plant and equipment	14	-	2 146
Cash obtained through merger with subsidiary		13	-
Interest received	10	16	19
Net cash used in investing activities		-1 644	-284
Cash flows from financing activities			
Repayments of bank borrowings	19, 26	-6 812	-4 332
Repayments of shareholder loan	25, 26	-	-
New bank borrowings		3 781	3 918
Capital increase		455	2 000
Dividend paid	25	-	-
Group contribution paid		-	-
Interests paid	10, 25	-273	-79
Repayment of derivatives		-450	-
Net external finance cost paid		-113	-
Other external finance costs paid		-	205
Net cash used in financing activities		-3 412	1 712
Net decrease in cash and cash equivalents		-3 293	3 601
Cash, cash equivalents and bank overdrafts at start of the period	17	3 601	-
Cash and cash equivalents at end of the period		308	3 601

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Stavanger, 27 April 2021
The Board of Directors of Sval Energi Holding AS

Gunnar Halvorsen
Chairman

Ove Martin Juul
Director

Oddvar Dirdal
Director

Bertel Ånestad
CEO

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Notes

1. General information

The Sval Energi Holding Group (Sval or the Group) was established in 2019 with the aim of building a Norwegian E&P company with significant infrastructure interests. Sval holds interests in Gassled, the world's largest offshore gas transmission system, as well as in the Polarled pipeline, and the Group is building a portfolio of upstream oil & gas assets.

The Group's corporate headquarter is located in Stavanger, and the business address is Building C, Jåttåvågveien 7, 4020 Stavanger

The financial statements were authorised for issue by the Annual General Meeting on 27st April 2021.

2. Basis of presentation

The financial statements for the year ended 31 December 2020 have been prepared in accordance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB) and adopted by the European Union and are mandatory for financial years beginning on or after 1 January 2020, and Norwegian disclosure requirements listed in the Norwegian Accounting Act as of 31.12.2020. The financial statements have been prepared on a historical cost basis, except for derivative financial instruments that have been measured at fair value.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 4.

The financial statements have been prepared under the assumption of going concern. The accounts are presented in NOK. All amounts in the financial statements are shown in millions of Norwegian kroner unless stated otherwise.

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3. Significant accounting policies

The following description of accounting principles applies to the Group's 2020 financial statements, including all comparative figures.

3.1 Changes in accounting policies and disclosures

The accounting policies adopted are consistent with those of the previous financial year, except for amendments to IFRS which have been implemented by the Group during the current financial year. The amendments to the IFRS which have been applicable for the Group's 2020 financial statements, as well as the effect of the amendments, are listed below:

Amendments to IFRS 3: Definition of a Business

In October 2018, the IASB issued amendments to the definition of a business in IFRS 3 to help entities determine whether an acquired set of activities and assets is a business or not. They clarify the minimum requirements for a business, remove the assessment of whether market participants are capable of replacing any missing elements, add guidance to help entities assess whether an acquired process is substantive, narrow the definitions of a business and of outputs, and introduce an optional fair value concentration test. New illustrative examples were provided along with the amendments. The amendment was endorsed by the EU effective from 1 January 2020. The amendment was considered in the accounting assessment related to the acquisition of Capricorn Norge AS.

Amendments to IAS 1 and IAS 8: Definition of Material

In October 2018, the IASB issued amendments to IAS 1 and IAS 8 to align the definition of 'material' across the standards and to clarify certain aspects of the definition. The new definition states that, 'Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general-purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity'. This amendment was endorsed by the EU in 2019 effective from 1 January 2021. The amendments to the definition of material is not expected to have a significant impact on the Group's financial statements.

3.2 Significant accounting policies

Current versus non-current classification

The Group presents assets and liabilities in the statement of financial position based on their current/non-current classification.

An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period



- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

Foreign currencies

The functional currency is determined in each entity in the Group based on the currency within the entity's primary economic environment. Transactions in foreign currency are translated to functional currency using the exchange rate at the date of the transaction. At the end of each reporting period foreign currency monetary items are translated using the closing rate, non-monetary items that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction and non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. Changes in the exchange rate are recognised continuously in the accounting period. In 2019 the functional currency for all subsidiaries in Norway is NOK. Sval Wind Farm Oy and the Joint Venture in Finland use euro as functional currency.

Investments in Joint arrangements

According to IFRS 11 a joint arrangement is an arrangement where two or more parties have joint control. Joint control is the contractually agreed sharing of control over an arrangement which exists only when the decisions about the relevant activities (being those that significantly affect the returns of the arrangement) require the unanimous consent of the parties sharing control. Joint arrangements in accordance with IFRS 11 can be either joint operations or joint ventures, depending on the contractual rights and obligations of each investor.

A joint operation is a type of 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.

For investments that are not deemed to be joint operations as there is no joint control (pursuant to the definition of IFRS 11), the Group recognises its share of each joint operation's individual revenue and expenses, as well as the assets, liabilities and cash flows on a line-by-line basis with similar items in the financial statements in accordance with applicable IFRSs. As this is very



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similar to how to account for joint operations according to IFRS 11, these investments are referred to as joint operations in these financial statements.

Acquisition of interests in joint arrangements

When entering into an agreement to acquire interests in licenses the Group evaluates whether the acquisition should be treated as a business combination or an asset acquisition. The definition of a business combination requires that the assets acquired, and liabilities assumed constitute a business. If the assets acquired and liabilities assumed do not constitute a business, the transaction is to be accounted for as an asset acquisition. For accounting purposes, the main difference between a business combination and an asset acquisition is that a business combination will result in deferred tax liabilities and goodwill that will not arise if it is an asset acquisition.

Acquired businesses are included in the financial statements from the transaction date. The transaction date is defined as the date on which the Group achieved control over the business. The date may differ from the actual date on which the assets are transferred.

Managements opinion is that the accounting guidelines are unclear on how to account for acquisitions of interests in licenses considered as businesses, but not within the scope of IFRS 11. Management has therefore developed an accounting policy to account for such transactions as asset acquisitions

Sale of interests in joint arrangements

Upon the sale of an interest in a joint arrangement that is accounted for on a line-by-line basis in accordance with the above accounting principles, all asset and liabilities sold are derecognised from the balance sheet. Revenues and expenses are included in the profit and loss statement until the transaction date. Gains and losses relating to the sale of interests in joint arrangements are determined by comparing the selling price with the net book value of the interest sold. Realised gain or loss from the sale is included in other operating income or expenses in the profit and loss statement.

Investments in Joint Ventures

A joint venture investment in an investment where the Group has joint control, generally accompanying a shareholding of not more than 50 percent of the voting right. Joint control is the contractually agreed sharing of control, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. Such investments are accounted for in the consolidated financial statements in accordance with the equity method and are initially recognised at cost.

Property, plant, and equipment

Property, plant, and equipment are stated at historical cost less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset,



as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. Depreciation is recognised rateably over the useful lives of the assets. Repairs and maintenance cost are charged to the income statement during the financial reporting period in which they are incurred.

Depreciation is calculated using the straight-line method over the assets' estimated useful lives for infrastructure assets and for furniture, software, and hardware. The Group's oil and gas assets will be depreciated using the unit of production method after production start-up.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, on an annual basis. An asset's carrying amount is written down immediately after an impairment test to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised as operating income or operating expenses in the statement of profit and loss.

Ownership interests in assets which are shared by other owners (undivided interests) are accounted for by analogy to IAS 16, Property, plant and equipment.

Impairment

Assets that are subject to depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). For the Group's investment in Gassled, this is defined as the whole Gassled asset group. Prior year impairments of tangible fixed assets and intangible assets are reviewed for possible reversal at each financial reporting date.

Decommissioning liabilities

The Group has an obligation to decommission and remove assets in licenses which the Group holds an interest. The decommissioning liability is the net present value of the expected costs of decommissioning. The removal activities are many years into the future and technology and costs are constantly changing. The estimates include several assumptions of i.e. the time required, methods and costs relating to the removal, discount rate etc. As a result, the initial recognition of the liability and the capitalised cost associated with decommissioning and removal obligations, and the subsequent adjustment of these balance sheet items, involve the application of significant judgement. Changes in the time value of the obligation related to decommissioning and removal accretion are recognised as financial expenses with a corresponding increase in the decommissioning liabilities. Changes in the estimates of the decommissioning expenses are



recognised as operating expenses in the statement of profit and loss unless they are included in the decommissioning receivable. The discount rate used when calculating the net present value of the decommissioning liability is the risk-free rate with the addition of a credit risk element.

Decommissioning assets

The Group records a receivable related to decommissioning on Gassled at each balance sheet date based on its assessment of the extent the Group will be able to recover all decommissioning costs from the shippers. Changes in time value of the receivable related to decommissioning and removal accretion are recognised as financial items with a corresponding increase in the decommissioning receivable. Changes in the estimates of the decommissioning receivable are recognised net with the changes in decommissioning expenses as operating expenses in the statement of profit and loss.

For the Group's oil and gas assets a decommissioning asset is recorded corresponding to recording of the decommissioning liability related to the underlying asset. Such decommissioning assets are included in the book value of the underlying asset and is depreciated accordingly.

Financial assets

Regular purchases and sales of financial assets are recognised on the trade-date, being the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss.

Loans and receivables are subsequently carried at amortised cost using the effective interest method. Financial assets and liabilities are only offset, and net reported in the balance sheet, when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component, the Group initially measures a financial asset at its fair value, plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

The Group classified all its financial assets in two categories as assets at amortised cost.

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Financial assets at amortised cost

The Group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows and,
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified, or impaired.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's statement of financial position) when:

- The rights to receive cash flows from the asset have expired, or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either
 - the Group has transferred substantially all the risks and rewards of the asset, or
 - the Group has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

Impairment of financial assets

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade and other receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision



matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Group considers a financial asset in default when contractual payments are 120 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Capitalised spare parts

Capitalised spare parts are stated at the lower of cost and net realisable value. Cost is determined based on historical cost and charged to the income statement when put into use. The Group's capitalised spare parts arise through the joint operations, which are proportionately consolidated. Capitalised spare parts are included in other PP&E.

Trade receivables

Trade receivables are amounts related to gas transportation and gas processing through the joint operations. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets. Trade receivables are recognised initially at fair value and subsequently measured at amortised cost less provision for impairment.

Cash and cash equivalents

In the Statement of Financial Position and the Statement of Cash Flows, cash and cash equivalents includes cash on hand and deposits at banks. Cash and cash equivalents exclude cash held in restricted bank accounts which is not available for use by the Group and is therefore not considered highly liquid.

Share capital

Ordinary shares are classified as equity. Transaction costs directly related to an equity transaction are recognised directly in equity after deducting tax expenses.

Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.



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Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all the facility will be drawn down. Prepaid financing fees are deferred until the draw-down occurs. If there no longer is evidence that the facility will be drawn down, deferred fees are expensed.

Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Leases

The Group assesses whether a contract contains or is a lease at inception of the contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The company applies the exemption for short term leases (12 months or less) and low value leases.

The lease liability is recognised and measured at the present value of the remaining lease payments, discounted using an incremental borrowing rate at the commencement date. RoU assets are depreciated over the lease term as this is ordinarily shorter than the useful life of the assets. The lease term represents the non-cancellable period of the lease, together with periods covered by an option either to extend or to terminate the lease when the company is reasonably certain to exercise this option.

Financial liabilities

Financial liabilities are classified, at initial recognition, as loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. Derivatives are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

Derivatives are financial liabilities when the fair value is negative, accounted for similarly as derivatives as assets.

Loans, borrowings and payables

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate ("EIR") method. Gains and losses are recognised in the statement of profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.



Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

Payables are measured at their nominal amount when the effect of discounting is not material.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost.

Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

The Group's revenues are relating to tariff income from its participation in the joint operations.

Finance income and costs

Finance income comprises interest income on bank deposits and foreign exchange gains, and gains on derivatives not designated as hedging instruments. Finance costs comprise interest expense on borrowings and foreign exchange losses, and losses on derivatives not designated as hedging instruments.

Current and deferred income tax

The tax expense for the period comprises current and deferred tax. The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Group operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities. Deferred income tax is recognised, using the



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liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised, or the deferred income tax liability is settled. Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The Group is subject to the provisions of the Petroleum Taxation Act. Revenues from activities on the Norwegian Continental Shelf are subject to ordinary tax at 22 percent and special tax at 56 percent. The Group is granted a special allowance against the special tax base called Uplift, which is calculated as 24% on existing qualifying offshore assets (2019: 20.8%). Uplift related to 2020 investments is used fully in 2020 while uplift from previous years' investments is allocated on a linear basis against the special tax base over 4 years.

Dividend distribution

A dividend distribution to the Group's shareholder is recognised as a liability in the Group's financial statements in the period in which the dividends are approved by the Group's shareholder.

Cash flow statement

The Statement of Cash Flows is prepared using the indirect method.

Events after the reporting period

New information on the Group's financial position at the end of the reporting period which becomes known after the reporting period, is recorded in the annual accounts. Events after the reporting period that do not affect the Group's financial position on the end of the reporting period, but which will affect the Group's financial position in the future are disclosed if significant.

3.3 Standards issued but not yet effective

No new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of these financial statements with an expected material impact on the Group's disclosures, financial position or performance when applied at a future date, are identified.



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4. Significant accounting judgements, estimates and assumptions

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses, and the accounting disclosures. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Management has identified the following areas where critical judgements, estimates and assumptions are required:

a) Infrastructure assets

Impairment

The Group assesses each asset or cash generating unit (CGU) in each reporting period to determine whether any indication of impairment exists. Where an indicator of impairment exists, a formal estimate of the recoverable amount is made, which is considered to be the higher of the fair value less costs of disposal and value in use. The assessments require the use of estimates and assumptions such as future level of tariff income, licence periods, discount rates, operating costs, future capital requirements, decommissioning costs etc. These estimates and assumptions are subject to risk and uncertainty. Therefore, there is a possibility that changes in circumstances will impact these projections, which may impact the recoverable amount of assets and/or CGUs.

The Group made no impairments in 2020 on its investments, see note 14.

Depreciation

The depreciation recognised in the Statement of Profit or Loss and Other Comprehensive Income depends on the estimated useful lives of the assets, the usage pattern of the assets within individual periods and residual values at the end of useful lives. The estimated useful lives are based on the contractual periods of the agreements governing the use and operation of the assets and the assets are considered to be consumed linearly over their lives. This is based on current practice on the Norwegian Continental Shelf, together with previous experience and knowledge of the manner in which those assets will be used and retired from use. Changes in the pattern of use or other variations from the pattern of expected use from these estimates would significantly impact such conclusions and the amounts recognised in these financial statements, and future changes may lead to adjustments in the carrying value or estimated lives of the assets.

Infrastructure assets are depreciated on a straight-line basis over the period until the end of the license period as it currently has been agreed, taking into account any expected residual value. The license agreement may or may not be extended beyond this period. Residual values are



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based on the expected amounts to be received at the end of the license period if the assets are taken over by the State at the end of the license period. Capitalised expenditures are depreciated over the expected useful life of the assets acquired. Any changes to the expected remaining useful life of the assets, for example as a consequence of a license extension, would significantly affect depreciation.

b) Decommissioning liability and related decommissioning asset

Decommissioning costs will be incurred by the Group at the end of the operating life of the Group's interests in infrastructure and upstream assets. The Group assesses its decommissioning provision at each reporting date. The ultimate decommissioning costs are uncertain and cost estimates can vary in response to many factors such as the expected timing of when the dismantlement of infrastructure assets is expected to take place, expected future cost, the probability that the Norwegian state will require removal of the infrastructure assets at the end of the current license period and the discount rate applied.

Further, for the infrastructure assets, the Group recognises a decommissioning receivable based on its assessment of the extent to which the Group will be able to recover all decommissioning costs from the shippers. In addition to the above-mentioned uncertainties for the decommissioning liability, factors such as the right to reclaim the decommissioning costs from the shippers and the credit risk of the shippers impact the assessment on the infrastructure assets. For upstream assets where the decommissioning cost will be covered by the Group based on its interests in the underlying assets, a decommissioning asset is recognised concurrently to the liability recognition. Such assets are classified together with the underlying asset and is depreciated accordingly.

Therefore, significant estimates and assumptions are made in determining the provision for decommissioning liabilities and assets. As a result, there could be significant adjustments to the provisions established which would affect future financial results.

The provision at the reporting date represents the Group's best estimate of the present value of the future decommissioning costs required.

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5. Financial risks and risk management

In support of the desired capital structure and targeted debt-equity ratio, and in order to support the financing of business operations, the Group utilises external financing (third party debt financing).

The following financing sources have been used during the reporting period:

- Term financing – funding to part-finance the acquisition of interests in licenses and related investments
- Working capital financing – funding to finance capital expenditure elements of cash calls and temporary working capital requirements

Additional or alternative financing shall be secured in line with objectives and guidelines set forth by the Board of Directors and with due consideration to financing costs, repayment terms and the ability to satisfy lender covenant requirements.

Overriding principles

The Board of Directors is responsible for defining the Group's risk profile and for ensuring that appropriate risk management and governance is exercised by the Group. As a guiding principle, the Group's strategy is to meet its stated objectives without exposing itself to material financial risk. Furthermore, the Group will not seek to increase profitability through actively seeking to increase its financial risk exposure but will instead seek to ensure that financial risks are managed to within acceptable thresholds.

a) Liquidity risk and cash management

The Group's strategy is to have access to sufficient liquidity to meet anticipated cash needs, through detailed liquidity forecasts and utilisation of available free-cash resources, or available credit line headroom, with an acceptable liquidity margin.

Any excess liquidity is utilised to best effect, either to repay/offset borrowings, to reduce interest costs or is invested in instruments with an acceptable rate of return.

The table below analyses the Group's non-derivative financial liabilities and net-settled derivative financial liabilities into relevant maturity groupings based on the remaining period between the balance sheet date and the contractual maturity dates.

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The amounts disclosed in the table below are the financial liability contractual undiscounted cash flows at 31 December 2020:

NOK millions	Less than 3 months	Between 3 months and 1 year	Between 1 year and 2 years	Between 2 and 5 years	Over 5 years	Total
Bank borrowings incl. interest	-	728	426	3 120	-	4 274
Borrowings from shareholders	-	129	-	-	-	129
Trade and other payables	360	138	-	-	-	498
Decommissioning liabilities	-	-	66	31	122	219
Derivatives held for trading	-	-	-	-	-	-
Total at 31 December 2020	489	995	492	3 151	122	5 249

The amounts disclosed in the table below are the financial liability contractual undiscounted cash flows at 31 December 2019:

NOK millions	Less than 3 months	Between 3 months and 1 year	Between 1 year and 2 years	Between 2 and 5 years	Over 5 years	Total
Bank borrowings incl. interest	63	4 154	440	2 286	-	6 943
Trade and other payables	220	-	-	-	-	220
Decommissioning liabilities	-	-	-	-	74	74
Derivatives held for trading	20	58	66	160	63	367
Total at 31 December 2019	303	4 212	506	2 446	137	7 604

b) Market risk: Interest rate risk

Interest rate risk is the risk of potential reduction in asset value and profitability arising through adverse variations in interest rates. The Group is exposed to interest rate risk, primarily as a consequence of its third-party bank debt that is offered on floating rate terms. The Group monitors its interest rate exposure and considers the use of interest rate swap instruments to reduce its interest rate risk and protect its liquidity position.

c) Market risk: Exchange rate risk

The Group's current business activities are predominantly NOK driven. Infrastructure revenues are NOK denominated and the majority of the costs, including tax payments, are NOK denominated although there is some USD and EUR exposure related to the ongoing development projects as well as minor costs in GBP. Fluctuations in the respective FX rates will therefore not have material effect on the Group's financial statements. However, as development projects are brought on stream, the currency mix on the revenue side will change and the Group will consider appropriate measures to mitigate potential risks.

At the balance sheet date, the Group's non-current financing is in NOK, USD and EUR, with the NOK denominated part being related to infrastructure assets and the USD denominated part being

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related to E&P assets where future revenues are expected to be largely USD denominated. The EUR non-current financing is related to the wind farm investment in Finland.

d) Credit risk

Credit risk is the risk of potential loss arising when a counterparty is unable to fulfil its obligations.

The Group has assessed that it is exposed to credit risk in relation to:

- Payment of tariff revenues - This risk is considered low given the state-owned nature of the operator of Gassled, Gassco, and the financial status of the underlying gas shipper companies.
- Obligations of counterparties in relation to settlements due under derivative contracts – This risk is considered low given the financial standing of the financial institutions with which derivative contracts have been placed, however, periodic monitoring of such counterparties' credit worthiness is undertaken.
- Obligations due from other third parties, e.g. payment of insurance proceeds - This risk is considered low given the financial standing of the financial institutions with which insurance contracts are undertaken, however, periodic monitoring of these institutions' credit worthiness is undertaken.
- Decommissioning receivable – As the credit ratings of large corporate counterparties to the receivable are high, the credit risk for the Group is considered low.

The Group will monitor credit risk by periodic assessments of the credit worthiness of its counterparties and consider adequate corrective actions in case of negative developments in credit worthiness. See note 23 for additional information.

e) Fair value estimation

The Group analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (Level 2).
- Inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs) (Level 3).

The Group only had financial instruments in 2020 in level 2 and level 3.

6. Segment information

For management purposes, the Group has through the reporting period 2019 and 2020 been organised as one business unit with one operating segment and the internal reporting has been structured in the same manner.



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7. Operating expenses

Specification of operating expense		
NOK millions	2020	2019
Operating expenses – Joint operations	591	566
General and administrative charges – Joint operations	82	74
Insurance expenses	40	24
Total operating expenses	713	664

8. Exploration expenses

Specification of exploration expenses		
NOK millions	2020	2019
Exploration costs	62	-
Expensed dry well (note 13)	74	-
Seismic expenses	180	-
Total exploration expenses	316	-

9. Employee benefit expense and auditor's fees

Employee benefit expense and auditor's fees are included in administrative expenses in the Statement of Profit or Loss.

Employee benefit expense

Specification of employee benefit expenses		
NOK thousand	2020	2019
Payroll expense	81 023	17 849
Social security contribution	16 101	2 649
Pensions	6 348	1 935
Other personnel expenses	784	145
Total employee benefit expense	104 256	22 398

Total numbers of employees at yearend is 42 (2019: 8).

Pensions

The Group has a defined contribution pension plan for its employees, which satisfies the statutory requirements in Norwegian law on required occupational pension ("Lov om obligatorisk tjenestepensjon").

See Note 25 for information about management remuneration and remuneration to the board of directors.



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Auditor's fees

Specification of auditor's fees

NOK thousand (excl. VAT)	2020	2019
Statutory audit	1 139	54
Other assurance services	589	683
Tax advisory services	591	693
Total auditor remuneration	2 320	1 430

Tax advisory services for both years were delivered by Deloitte Advokater DA and primarily relate to tax reviews.

Administrative expenses

Specification of administrative expenses

NOK thousand	2020	2019
Total employee benefit expense	104 256	22 398
Total auditor remuneration	2 320	1 430
Total other cost	38 286	19 932
Total administrative expenses	144 861	43 760

10. Finance income and cost

NOK millions	2020	2019
Finance income		
Interest income on current bank deposits	13	17
Net foreign exchange gain	83	-
Other finance income	4	14
Finance income	100	31

Finance cost

Fair value loss/gain on derivatives	-233	-
Interest expense on external borrowings	-166	-198
Interest expense on intercompany borrowings	-	-
Net foreign exchange loss	-	-35
Amortised finance cost	-66	-56
Other finance cost	-15	-29
Finance cost	-480	-318



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11. Income tax

Income tax recognised in the Statement of Profit or Loss

NOK millions	2020	2019
Current taxes for the year	-720	-1 676
Deferred tax liabilities/(benefit) recognised in the period	- 1 161	-292
Current taxes for prior year	46	-
Total income tax in the Statement of Profit and Loss	-1 835	-1 968

The income tax expense recognised in the Statement of Profit or Loss can be reconciled as follows:

NOK millions	2020	2019
Profit before income tax	2 068	2 080
Tax calculated at the domestic rate (22%)	458	457
Tax calculated at the petroleum rate (56%)	1 165	1 165
<i>Tax effects of:</i>		
Expenses not deductible for tax purposes	6	1
Permanent differences due to PPA	348	214
Permanent differences sale Gassled	-	-45
Financial items	204	139
Onshore items	-174	52
Uplift	-116	-15
Over/under accrual prior years	-38	-
Income tax expense	1 853	1 968
Profit before income tax	2 068	2 080
Effective income tax rate	90%	-95%

For 2020 and 2019 the Group is taxable in accordance with the Petroleum Taxation Act which gives rise to an additional petroleum tax on offshore income at a rate of 56%, giving a total tax rate of 78%.

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12. Current and deferred tax balances

Specification of deferred tax liabilities/(asset)		
NOK millions	31 December 2020	31 December 2019
Property, plant and equipment	1 026	241
Capitalised borrowing cost	17	-
Decommissioning receivable/payable	-93	-15
Borrowings and swap contracts - hedged	-	-
Lease liability	-19	-
Amortised finance cost	21	15
Other receivable/payable	1	-7
Uplift relating to acquired assets	-11	-44
Total deferred tax liabilities/(assets)¹⁾	942	190

1) Temporary differences related to deferred tax assets and liabilities will be taxed within the ordinary tax system at a rate of 22%. Temporary differences related to offshore deferred tax assets and liabilities will be taxed at an additional rate of 56%.

Deferred tax assets are recognised for tax losses carried forward to the extent that the realisation of the related tax benefit through future taxable profits is probable.

Specification of taxes payable		
NOK millions	31 December 2020	31 December 2019
Taxes payable 1 January	1 410	-
Current taxes for the year	538	3 579
Current taxes relating to sold asset	-	-1 389
Current taxes relating to acquisitions, booked as part of capital additions	-	-91
Taxes paid in the period	-1 546	-689
Prior year adjustments	-43	-
Total taxes payable	359	1 410

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13. Intangible assets

NOK millions	Software and licences	Capitalised exploration wells	Total
Cost at 1 January 2020	-	-	-
Capital additions during the year	7	52	59
Merger during the year	-	49	49
Depreciation for the year	-1	-	-1
Dry well write-off during the year	-	-74	-74
Cost at 31 December 2020	6	27	33

14. Property, plant and equipment

NOK millions	Infrastructure asset	Infrastructure construction in progress	Oil and gas assets under development	Other PP&E	Total
Cost					
Cost 1 January 2019	-	-	-	-	-
Capital additions during the year ¹⁾	9 942	-	435	35	10 412
Disposals during the year	-3 710	-	-	-10	-3 720
Cost 31 December 2019	6 232	-	435	25	6 692
Depreciation					
Accumulated at 1 January 2019	-	-	-	-	-
Depreciation for the year	427	-	-	-	427
Disposals during the year	-195	-	-	-	-195
Accumulated at 31 December 2019	232	-	-	-	232
Carrying amount 31 December 2019	6 000	-	435	25	6 460

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NOK millions	Infrastructure asset	Infrastructure construction in progress	Oil and gas assets under development	Other PP&E	Total
Cost					
Cost 1 January 2020	6 232	-	435	25	6 692
Capital additions during the year	304	-	362	4	671
Change in ARO estimate	-	-	117	-	117
Transferred from construction in progress	-	-	-	-	-
Acquisition during the year	-	-	777	1	778
Disposals during the year	-	-	-	-	-
Cost 31 December 2020	6 536	-	1 691	30	8 257
Depreciation					
Accumulated at 1 January 2020	232	-	-	-	232
Depreciation for the year	587	-	-	-7	580
Disposals during the year	-	-	-	-	-
Accumulated 31 December 2020	819	-	-	-7	812
Carrying amount 31 December 2020	5 717	-	1 691	37	7 445

The upstream assets currently under construction will be depreciated using the unit of production method from start of production.

All the property, plant and equipment are pledged as collateral for the non-current borrowings.

15. Impairment

The Group reviews periodically whether its non-financial assets have suffered any impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An asset is written down to its recoverable amount when the recoverable amount is lower than the carrying value of the asset. The recoverable amounts of the non-financial assets have been determined based on the highest of fair value less cost to sell and value-in-use calculations. The recoverable amount calculations are based on contractual cash flows and estimates of future cash flows over the useful lives of the assets. The recoverable amount is the present value of the future cash flows expected to be derived from an asset or cash-generating unit. Calculation of the recoverable amount requires use of estimates.

Management has concluded that no impairment indicators were present on Group level, hence no impairment charge has been recognised.



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16. Trade and other receivables

The fair value of trade and other receivables approximates their carrying values. The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable shown below. The Group does not hold any collateral relating to receivables.

NOK millions	31 December 2020	31 December 2019
Accrued tariff income	340	584
Share of other current receivables in joint operations	380	81
Other receivables	20	17
Trade and other receivables	740	682

No trade receivables were impaired or written off during 2020 or 2019. As of 31 December 2020 and 31 December 2019 as there were no trade receivables which were past due.

17. Cash and cash equivalents

	31 December 2020	31 December 2019
Cash and cash equivalents:		
Bank deposit	304	3 594
Restricted cash	4	7
Cash and cash equivalents	308	3 601

The Group has established a separate bank account to facilitate compliance with Norwegian payroll tax law.

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18. Share capital and other reserves

Capital management

The primary objectives of the Group's capital management policy are to ensure that the Group complies with externally imposed capital requirements and healthy capital ratios in order to support its business and to maximise shareholder value.

The Group manages its capital structure and makes adjustments to it according to changes in economic conditions and the risk characteristics of its activities. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividend payment to shareholders, return capital to shareholders or issue capital securities.

No changes have been made to the objectives, policies and processes from the previous years. However, they are under constant review by the Board.

Sval Energi Holding AS has 200 050 000 ordinary shares at 31 December 2020 with a nominal value of NOK 0.012 per share.

Shareholders as of 31 December 2020	Ordinary shares	Ownership
Sval Energi Invest II AS	200 050 000	100%
Total	200 050 000	100%

Shareholders as of 31 December 2019	Ordinary shares	Ownership
Sval Energi Invest II AS	200 050 000	100%
Total	200 050 000	100%

Authorised	NOK'000	NOK'000
Shares of NOK 0.01 each	2000.5	2 000.5
Capital increase of 0.002 per share, not registered	400.1	-
Total share capital (NOK'000)	2 400.6	2 000.5

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19. External borrowings

The Group has undertaken a complete refinancing of its external debt and shareholder loans during 2020. As of 31 December 2020, the external debt consists of three bank facilities, one in USD and two in EUR:

Facility	Type	Borrower	Currency	Limit (million)
Revolving facility	Bank facility	Sval Energi AS	USD	700.0
Revolving facility	Bank facility	Sval Renewables AS	EUR	0.8
Term loan	Bank facility	Sval Renewables AS	EUR	47.7

As of 31 December 2020 and 2019, the Group had the following external debt:

Loan	Currency	Nominal amount (million)		Maturity
		2020	2019	
Term loan	NOK	-	2 440	30 June 2022
Revolving facility	NOK	-	803	30 June 2022
Bridge facility – acquisition tranche	NOK	-	436	30 June 2020
Bridge facility	NOK	-	2 911	30 June 2020
Revolving facility – midstream tranche	NOK	2 955.5	-	31 December 2025
Revolving facility – upstream tranche	USD	96.2	-	31 December 2025
Term loan – Sval Renewables	EUR	13.1	-	31 December 2023

The new facility in Sval Energi AS carry a floating NIBOR or LIBOR interest rate on the outstanding amounts plus a margin of 2.25% for the midstream tranche, and a floating NIBOR or LIBOR interest rate on the outstanding amounts plus a margin of 3.5% for the upstream tranche reducing to 3.25% once producing assets make up more than 2/3 of the borrowing base reserves. The facility in Sval Renewables AS carry a floating EURIBOR interest rate on the outstanding amounts plus a margin of 1,70 % from Closing and the later of the date of Completion Date and 31 December 2021, and 1,55 % thereafter.

A commitment fee is calculated as a percentage on the undrawn, non-cancelled amount of commitments under the Revolving facilities. All borrowings under the agreements are secured by the Group's assets.

The new Revolving Credit Facility Agreement in Sval Energi AS contains the following financial covenants:

Net debt to EBITDAX ratio:	less than 3.0
12 months liquidity:	above zero



Net debt to EBITDAX tested semi-annually in March and September each year, and 12 months liquidity tested quarterly (first time for year end 2020).

The Facility Agreement in Sval Renewables AS contains no financial covenants requirements prior to completion of the wind farm project in 2022.

Any additional financial indebtedness must comply with the requirements in the financing agreements.

The book value of the 2020 and 2019 yearend balances on external borrowings are assumed to be equal to the Fair Value of the balances.

NOK millions	Book value 31 December 2020	Book value 31 December 2019
Bank borrowings		
Bank borrowings principal amount unamortised	3 919	6 594
Financing fees and establishment costs	-90	-61
Current bank borrowings	-617	-3 556
Total non-current bank borrowings	3 212	2 977
Current bank borrowings	617	3 556

The Group had the following undrawn borrowing facilities, which expired beyond one year:

	31 December 2020	31 December 2019
Revolving facility	-	110
Total	-	110

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20. Derivative financial instruments

Fixed rate interest rate swap	NOK millions
Fair value at 1 January 2020	-258
Interest paid in the period	113
Group adjustment	-72
Change in fair value in the period	-233
Settlement in December 2020	450
Fair value at 31 December 2020	-

21. Trade and other payables

NOK millions	31 December 2020	31 December 2019
Trade payables	132	16
Share of other current liabilities in joint operations (note 23)	338	174
Accrued expenses	28	30
Total	498	220

The average credit period taken for trade payables is approximately 30 days. After the due date most of the supplier charge interest on the outstanding balance at various interest rates. The Group has financial risk management policies in place to ensure that all payables are paid within the agreed terms of payment and prior to the due date. The fair value of trade payables closely approximates their respective amortised cost carrying values.

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22. Decommissioning

The decommissioning liability is the net present value of the expected costs of decommissioning the relevant gas grid assets, taking into consideration the probability that the Norwegian State might take over the decommissioning liability at the expiry of the current license period or that the decommissioning might happen later than 2028 due to an extension of the license period.

The Group has also recognised an asset that represents the Group's future claims on Shippers related to their respective shares of the liability for future decommissioning. The amount receivable from each Shipper is discounted with an interest rate taking into consideration the relevant credit spread of each Shipper.

Yearend balances

NOK millions	31 December 2020	31 December 2019
Decommissioning receivable, non-current	101	54
Decommissioning asset, non-current	117	-
Decommissioning receivable, current	-	-
Decommissioning asset, current	-	-
Total decommissioning asset	218	54
Asset retirement obligation, non-current	-219	-74
Asset retirement obligation, current	-	-
Total provision, asset retirement obligation	-219	-74

The change in decommissioning assets and liabilities is due to the following:

NOK million	Decommissioning liability	Decommissioning receivable	Decommissioning asset
At 1 January 2019	-112	83	-
Decommissioning expense/income	48	-35	-
Estimate change of provision	-	-	-
Interest adjustment	-10	6	-
At 31 December 2019	-74	54	-
At 1 January 2020	-74	54	-
Decommissioning expense/income	2	-	-
Estimate change of provision	-141	46	117
Interest adjustment	-6	1	-
At 31 December 2020	-219	101	117

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23. Interests in joint operations

The Group has the following ownership in joint operations:

Joint operation	2020	2019
<i>Infrastructure assets</i>		
Participating interests in the Gassled JV	15.6 %	15.6 %
Participating interests in Dunkerque DA	10.1 %	10.1 %
Participating interests in Polarled	13.3 %	13.3 %
Participating interests in Zeepipe JV	7.6 %	7.6 %
<i>Oil and gas assets under development</i>		
Participating interests in Duva	10.0 %	10.0 %
Participating interests in Nova	10.0 %	-
<i>Exploration assets</i>		
Operatorship in PL248J PL880 Duncan Well	60.0 %	-
Operatorship in PL248J Duncan	60.0 %	-
Operatorship in PL1037 Gogh	80.0 %	-
Operatorship in PL1038 Mabbutt	70.0 %	-
Participating interests in PL378 Skarfjell South	12.1 %	-
Participating interests in PL722 Shenzhou	15.0 %	-
Participating interests in PL790 Raudåsen	25.0 %	-
Participating interests in PL828 Havhest	40.0 %	-
Participating interests in PL844 Byhaugen	20.0 %	-
Participating interests in PL853 Rossi	40.0 %	-
Participating interests in PL854 Flipper	40.0 %	-
Participating interests in PL889 Grind	10.0 %	-
Participating interests in PL927 Caramel	50.0 %	-
Participating interests in PL943 Sunstone	30.0 %	-
Participating interests in PL1057 Fearless	40.0 %	-

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24. Group information

The consolidated financial statement of the Group includes:

Company	Principal activities	Country of incorporation	% equity interest 31.12.2020
Sval Energi AS	E&P company	Norway	100%
Sval Energi Holding II (under liquidation)	Holding company	Norway	100%
Sval Renewables AS	Holding company	Norway	100%
Sval Wind Farm OY	Holding company	Finland	100%

25. Key management remuneration

Key management remuneration

NOK thousand	Salary and bonus	Pension contribution	Other remuneration	Total 2020
Key management remuneration 2020 ¹	2 934	264	34	3 232
Total	2 934	264	34	3 232

NOK thousand	Salary and bonus	Pension contribution	Other remuneration	Total 2019
Key management remuneration 2019 ²	10 720	555	276	11 552
Total	10 720	555	276	11 552

¹)The key management in 2020 consist of the CEO in Sval Energi AS (Abdelkarim Abbou from 1st of January 2020 to 30th of November 2020 and Nikolai Lyngø from 1st of December 2020)

²)The key management consist of the CEO, CFO and the Technical Director

Policy statement concerning salaries and other remuneration of senior employees

The Board has established guidelines for salaries and other remuneration to the CEO and other senior employees. Senior employees receive a basic salary, adjusted annually. The Group's senior employees participate in the general arrangements applicable to all the Group's employees for defined contribution pension plans, bonus schemes and other payments in kind such as internet connection at home and mobile telephone subscription shown above as "Other remuneration".

The specification above is for the actual amount of compensation paid to the CEO during the calendar year. This compensation is classified under "Administrative expenses" in the Statement of Profit or Loss and Other Comprehensive Income. It is up to the Board to decide whether to pay bonuses, based on previous year performance.



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Annual bonuses of NOK 18 920 thousand paid in 2020 and severance provisions of NOK 2 671 thousand are included in the 2019 specification in note 9.

The CEO has a termination clause that allow for termination payments in the event that the Group requests him to resign as a result of events outside of his control.

26. Changes in liabilities arising from financing activities

Reconciliation of changes in liabilities arising from financing activities is shown in the tables below:

	01.01.2020	Cash flow	Non-cash changes			31.12.2020
			Foreign exchange movement	Fair value changes	Other	
Current interest-bearing borrowings	3 556	-3 299	-	-	360	617
Non-current interest-bearing borrowings	2 977	76	-4	-	164	3 213
Borrowings from shareholder	-	128	-	-	-	128
Derivatives	258	-563	-	233	72	-
Total liabilities from financing operations	6 791	-3 658	-4	233	596	3 958

	01.01.2019	Cash flow	Non-cash changes			31.12.2019
			Foreign exchange movement	Fair value changes	Other	
Current interest-bearing borrowings	1 024	-1 024	-	-	3 556	3 556
Non-current interest-bearing borrowings	5 518	610	-	-	-3 151	2 977
Borrowings from shareholder	-	-	-	-	-	-
Derivatives	321	-	-	63	-	258
Total liabilities from financing operations	6 863	-414	-	63	405	6 791

27. Investment in Joint Venture

The Company's joint venture investment in Metsälamminkangas Wind Oy in Finland was acquired in 2020 and amounts to NOK 458 million. NOK 117 million of this investment was not yet registered as equity increase in the joint venture per 31.12.2020. The wind farm project under construction is expected to enter the production phase in January 2022. The equity method is applied to the accounting of the investment in accordance with IFRS 12.

31 December 2020						
NOK millions	Number of shares	Ownership	Net book value of investment	Share of equity	Goodwill	Share of profit/(loss) for the year
Metsälamminkangas Wind Oy, Finland	1 250	50%	458	332	9	-



28. Commitments and contingencies

The Group's operations are related to managing its interests in the Gassled and Polarled infrastructure assets, together with its share in the Duva and Nova development projects, as well as its exploration licenses. It is the opinion of management that there are no material contingent liabilities in respect of legal claims arising in relation to the operations of its interests.

Committed future obligations

The Group has committed to participate in project investments where the Group's share of remaining committed capital expenditure is estimated to be approximately NOK 1 597 million. The estimated future capital expenditure relates to its participating interests in the four-year plan of the Duva, Gassled, Nova and Polarled joint operations.

Planned investments

The Group's estimated future capital expenditure relating to its participating interests in the four-year plan of the Duva, Gassled, Nova and Polarled joint operations is presented in the table below. The estimates include cost and time for discretionary projects, and therefore do not necessarily represent a committed liability.

NOK millions	2021	2022	2023	2024	Total
Planned investments	810	316	236	235	1 597

29. Subsequent events

In February 2021 the Ministry of Petroleum and Energy confirmed an exemption from the drilling obligation on the operated Duncan well located in the two production licences PL248J and PL880. The two licences are planned relinquished in Q2 2021.

Subsequent to yearend 2020 the Group has obtained the necessary governmental approvals for the Edison transaction, and the closing of the transaction took place in March 2021.

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"By my signature I confirm all dates and content in this document."

Bertel Ånestad

CEO

On behalf of: Sval Energi Holding AS

Serial number: 9578-5997-4-3946

IP: 79.161.xxx.xxx

2021-04-27 13:04:29Z



Ove Martin Juul

Board member

On behalf of: Sval Energi Holding AS

Serial number: 9578-5998-4-1082585

IP: 185.51.xxx.xxx

2021-04-27 13:04:48Z



Oddvar Dirdal

Board member

On behalf of: Sval Energi Holding AS

Serial number: 9578-5992-4-3159248

IP: 185.51.xxx.xxx

2021-04-27 13:31:46Z



Gunnar Halvorsen

Chairman

On behalf of: Sval Energi Holding AS

Serial number: 9578-5998-4-1056007

IP: 92.221.xxx.xxx

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FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2020
SVAL ENERGI HOLDING AS

Penneo document key: ZYA80-TM48-CJ5TS-0J00Z-QDVDF-TDLIL



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Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2020

NOK millions	Note	2020	2019
Administrative expenses	6	-1.0	-0.3
Operating profit		-1.0	-0.3
Finance income	6, 14	421.4	54.2
Finance cost	6	-9.5	-63.2
Profit/(loss) before income tax		410.9	-9.3
Income tax expense	7	-2.0	2.0
Profit/(loss) for the year		408.9	-7.3
Total comprehensive income/(loss)		408.9	-7.3
Attributable to the owner		408.9	-7.3

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Statement of Financial Position

NOK millions	Note	31 December 2020	31 December 2019
ASSETS			
Deferred tax assets	8	-	2.0
Investments in subsidiary	9	3 206.1	2 164.1
Shareholder loan	13, 14	-	260.5
Non-current assets		3 206.1	2 426.6
Intercompany receivables	12, 13	128.8	2.1
Cash and cash equivalents	10, 13	15.3	4.9
Current assets		144.2	7.0
Total assets		3 350.3	2 433.6
EQUITY AND LIABILITIES			
Share capital	11	2.4	2.0
Other reserves		2 817.5	1 998.5
Retained earnings		401.6	-
Accumulated deficit		-	-7.3
Total equity		3 221.4	1 993.2
Bank borrowings	13	-	436.0
Borrowings from shareholders and related parties	14	128.8	-
Other short-term payables		-	4.4
Taxes payable	8	-	-
Current liabilities		128.8	440.4
Total liabilities		128.8	440.4
Total equity and liabilities		3 350.3	2 433.6

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Statement of Changes in Equity

NOK millions	Share capital	Other reserves	Retained earnings	Total equity
Balance at 28 February 2019, at inception	-	-	-	-
Profit/(loss) for the year	-	-	-7.3	-7.3
Other comprehensive income/(loss) (net of tax)	-	-	-	-
Total comprehensive income for the period	-	-	-	-
Capital increase	2.0	1 998.5	-	2 005.5
Balance at 31 December 2019	2.0	1 998.5	-7.3	1 993.2

NOK millions	Share capital	Other reserves	Retained earnings	Total equity
Balance at 1 January 2020	2.0	1 998.5	-7.3	1 993.2
Profit/(loss) for the year	-	-	408.9	408.8
Other comprehensive income/(loss) (net of tax)	-	-	-	-
Total comprehensive income for the period	-	-	-	-
Capital increase not registered	0.4	819.0	-	819.4
Balance at 31 December 2020	2.4	2 817.5	401.6	3 221.4

The notes are an integral part of these financial statements.

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Statement of Cash Flows

NOK millions			
Cash generated from operating activities	Note	2020	2019
Profit/(loss) before income tax		410.8	-9.3
<i>Adjusted for:</i>			
Finance cost, net	6	-411.9	9
Change in working capital			
Changes in intercompany receivables	12	-	-2.1
Changes in other short-term liabilities		-4.4	4.4
Net cash generated from/ (used in) operating activities		-5.5	2.0
Cash flows from investing activities			
Dividend received		178.0	-
Interest received from Sval Energi Holding II AS	6, 14	11.6	54.2
Acquisition of Sval Energi Holding II AS, shares and receivables	9, 14	-	-2 424.6
Group contribution received		9.1	-
Capital increase in subsidiary	11	-455.1	-
Shareholder loan repayment	14	260.5	-
Net cash generated from/(used in) investing activities		4.1	-2 370.4
Cash flows from financing activities			
Interest paid	6	-7.3	-63.2
New bank borrowings	13	-	436.0
Capital increase	11	455.1	2 000.5
Repayment of bank borrowings	13	-436.0	-
Net cash generated from/(used in) financing activities		11.8	2 373.3
Net (decrease)/increase in cash and cash equivalents		10.4	4.9
Cash, cash equivalents and bank overdrafts at start of the period		4.9	-
Cash and cash equivalents at end of the period	10	15.3	4.9

The notes are an integral part of these financial statements.



Stavanger, 27 April 2021
The Board of Directors of Sval Energi Holding AS

Gunnar Halvorsen
Chairman

Oddvar Dirdal
Board member

Ove Martin Juul
Board member

Bertel Ånestad
CEO

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Notes to the financial statements for the year ended 31 December 2020

1. General information

Sval Energi Holding AS (the Company) was established on 28th February 2019 and is a wholly owned subsidiary of the HitecVision controlled company Sval Energi Invest II AS. The Sval Energi Holding Group was established in 2019 with the aim of building a Norwegian E&P company with significant infrastructure interests. The Company holds shares in Sval Energi Holding II AS and Sval Energi AS, which in turn holds shares in Sval Renewables AS. Sval Energi AS holds interests in Gassled and Polarled, and the Group is building a portfolio of exploration, development and production assets.

The Company's corporate headquarter is located in Stavanger, and the business address is Jåttåvågveien 7, 4020 Stavanger.

The consolidated financial statements can be obtained, if requested, at the address above. The financial statements were authorised for issue by the Annual General Meeting on 27th April 2021.

2. Basis of presentation

These financial statements for the year ended 31 December 2020 have been prepared in accordance with International Financial Reporting Standards (IFRSs), as issued by the International Accounting Standards Board (IASB) and adopted by the European Union. The financial statements have been prepared under the historical cost convention.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the Company financial statements are disclosed in note 4.

The financial statements have been prepared under the assumption of going concern. The functional currency of Sval Energi Holding AS is the Norwegian kroner (NOK). The accounts are presented in NOK. All amounts in the financial statements are shown in millions of Norwegian kroner unless stated otherwise.



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3. Principal accounting policies

The following description of accounting principles applies to the Company's 2020 financial reporting. See note 2 Basis of presentation and note 4 Critical accounting judgment and key sources of estimation uncertainty for additional information related to the presentation, classification and measurement of the Company financial reporting.

3.1 Changes in accounting policies and disclosures

There are certain IFRS's that are mandatory for the first time in 2020 that have been implemented by the Company during the current financial year. The amendments to IFRS which have been applicable for the Company financial statements, as well as the effect of the amendments are listed below.

The following new and amended standards and interpretations have been implemented for the first time in 2020:

Amendments to IFRS 3: Definition of a Business

The amendments to the definition of material did not have a significant impact on the Company's financial statements.

Amendments to IAS 1 and IAS 8: Definition of Material

The amendments to the definition of material did not have a significant impact on the Company's financial statements.

3.2 Significant accounting policies

Subsidiaries

Sval Energi Holding AS has two subsidiaries, Sval Energi Holding II AS and Sval Energi AS, which is owned 100%. Shares in subsidiaries are presented at cost less any impairment. When the estimated recoverable amount is lower than the carrying value of the individual shares and intercompany receivables in the subsidiaries, an impairment is recognised. If and when estimated recoverable amounts increase, impairment charges are reversed.

Foreign currency translation

Functional and presentation currency

All amounts in the financial statements are presented in millions of Norwegian kroner (NOK), unless otherwise stated.

The functional currency of the Company is NOK as this is the currency of the primary economic environment in which the Company operates.

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Foreign currency

Transactions in currencies other than the Company's functional currency are recognised at the exchange rate prevailing at the date of the transaction. At the end of each reporting period, monetary items denominated in foreign currencies are revalued into NOK at the exchange rates prevailing at that date.

Financial assets

Financial assets are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

Loans and receivables are subsequently carried at amortised cost using the effective interest method. Financial assets and liabilities are only offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis.

Cash and cash equivalents

In the Statement of Financial Position, cash and cash equivalents includes cash on hand and deposits held at call with banks.

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds of the equity injection.

Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. Prepaid financing fees are deferred until the draw-down occurs. If there no longer is evidence that the facility will be drawn down, deferred fees are expensed.

Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if

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payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost.

Finance income and costs

Finance income comprises interest income on bank deposits and interest income on shareholder loan to Sval Energi Holding II AS. Finance costs comprise interest expense on borrowings for shareholders.

Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the Statement of Profit or Loss and Other Comprehensive Income. The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities. Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled. Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Dividend income

Dividend income is recognised when the right to receive payment is established.

Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Company's financial statements in the period in which the dividends are approved by the Company's shareholders.



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3.3 Standards issued but not yet effective

No new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of these financial statements with an expected material impact on the Company's disclosures, financial position or performance when applied at a future date, are identified.

4. Critical accounting judgements and the sources of estimation uncertainty

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses, and the accompanying disclosures. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Assessment of impairment indicators for investments in subsidiary (shares and receivables)
Management considered if any impairment indicators were present. There is no indication of impairment to the investments in Sval Energi AS and Sval Energi Holding II AS. Hence, no impairment assessment was prepared at the balance sheet date.

5. Financial risk management

In support of the desired capital structure in the Company, and in order to support the financing of the business operations, the Company utilises external bank financing.

Additional financing shall be secured in line with objectives and guidelines set forth by the Board of Directors and with due consideration to financing costs, repayment terms and the ability to satisfy lender covenant requirements.

Overriding principles

The Company's Board of Directors is responsible for defining the Company's risk profile and for ensuring that appropriate risk management and governance is exercised by the Company.

a) Liquidity risk and cash management

The Company's strategy is at all times to have access to sufficient liquidity to meet anticipated cash needs.

b) Market risk: Interest rate risk

Interest rate risk is the risk of potential reduction in asset value and profitability arising through adverse variations in interest rates. The Company is exposed to interest rate risk, primarily as a



consequence of its third-party bank debt that is offered on floating rate terms. The interest rate risk is partly offset by a shareholder loan to Sval Energi Holding II AS with identical lending terms.

c) Market risk: Exchange rate risk

The Company is not exposed to material currency exchange risk.

d) Credit risk

Credit risk is the risk of potential loss arising when a counterparty is unable to fulfil its obligations. The Company has no material credit risk, based on the credit rating of Sval Energi AS.

e) Fair value estimation

The Company has no fair value estimation in the financial statements.

6. Administrative expenses and finance income and cost

Specification of administrative expenses		
NOK million	2020	2019
General and administrative expenses	1.0	0.3
Total operating expenses	1.0	0.3

Auditor remuneration		
Specification of auditor's fees		
NOK thousands	2020	2019
Statutory audit	151.8	17.9
Tax advisory service	-	-
Total auditor remuneration	151.8	17.9

The presented figures are exclusive of VAT

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Finance income/ costs		
NOK millions	2020	2019
Other interest income	-	54.2
Dividend received	400.7	-
Interest income from group companies	11.6	-
Group contribution	9.1	-
Finance income	421.4	54.2
Interest expense on bank borrowings	-7.3	-63.2
Other finance cost	-2.2	-
Finance costs	-9.5	-63.2
Net finance income/costs	411.9	9.0

The Company had no employees in 2020 or 2019.

7. Income tax

Income tax recognised in the Statement of Profit and Loss

NOK millions	2020	2019
Tax payable		
Deferred tax liabilities/(benefit) recognised in the period (note 8)	2.0	-2.0
Total income tax in the Statement of Profit and Loss	2.0	-2.0

Income tax recognised in the Statement of Profit and Loss can be reconciled as follows:

NOK millions	2020	2019
Profit/(loss) before income tax	410.8	-9.3
Tax calculated at the domestic rate (22%)	90.0	-2.0
Tax effects of:		
Permanent difference (dividend received and impairment of assets)	-88.0	-
Unrecognised tax losses not recognised as deferred tax asset	-	-
Total income tax expense recognised in the Statement of Profit and Loss	2.0	-2.0
Profit/(loss) before income tax	410.8	-9.3
Effective income tax rate	22%	22%

Tax rate used for the 2020 and 2019 reconciliations above is the ordinary corporate tax rate of 22% payable by the Company in accordance with Norwegian tax law.



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8. Current and deferred tax balances

NOK millions	31 December 2020	31 December 2019
Tax loss carried forward	-	9.3
Total deferred tax liabilities/(assets)	-	-2.0

The deferred tax assets and liabilities relate to temporary differences which will be taxed within the ordinary tax system in Norway at a future tax rate of 22%.

Deferred tax assets are recognised for tax losses carried forward to the extent that the realisation of the related tax benefit through future taxable profits is probable.

9. Investment in subsidiary

The Company's investment in Sval Energi AS amounts to NOK 3 206 million. The ownership was transferred from Sval Energi Holding II AS through an extraordinary in December 2020.

Sval Energi Holding II AS is planned to be liquidated in 2021.

NOK millions	Country of incorporation	Number of shares owned	Ownership	Net book value of investment	Equity as at 31.12	Profit/ (loss) for the period ending 31.12
31 December 2020						
Sval Energi Holding II AS	Norway	218 081 764	100 %	0	0.2	181.1
Sval Energi AS	Norway	21 637 312	100 %	3 206.0	3 099.2	83.7
31 December 2019						
Sval Energi Holding II AS	Norway	218 081 764	100 %	3 164.1	2 383.6	267.0

10. Cash and cash equivalents

NOK millions	31 December 2020	31 December 2019
Bank deposit (NOK)	15.3	4.9
Cash and cash equivalents	15.3	4.9

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11. Share capital

Capital management

The primary objectives of the Company's capital management policy are to ensure that the Company complies with externally imposed capital requirements and healthy capital ratios in order to support its business and to maximise shareholder value.

The Company manages its capital structure and makes adjustments to it according to changes in economic conditions and the risk characteristics of its activities. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend payment to shareholders, return capital to shareholders or issue capital securities.

No changes have been made to the objectives, policies and processes from the previous years. However, they are under constant review by the Board.

The Company has 200 050 000 outstanding shares at 31 December 2020 each with a nominal value of NOK 0.012.

Shareholders as of 31 December 2020	Shares	Ownership
Sval Energi Invest II AS	200 050 000	100%
Total	-	

Shareholders as of 31 December 2019	Shares	Ownership
Sval Energi Invest II AS	200 050 000	100%
Total	200 050 000	100%

Issued capital and reserves	2020	2019
Authorised	NOK'000	NOK'000
Shares of NOK 0.01 each	2000.5	2 000.5
Capital increase of 0.002 per share, not registered	400.1	-
Total share capital (NOK'000)	2 400.6	2 000.5

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12. Intercompany receivables

NOK millions	31 December 2020	31 December 2019
Intercompany receivables	128.8	2.1
Total	128.8	2.1

The Company has financial risk management policies in place to ensure that all loans and receivables are paid within the agreed terms of payments.

The fair values of receivables approximate their respective carrying values.

13. External borrowings

External borrowings

The external bridge facility of NOK 436 million per 31 December 2019 was fully repaid in 2020.

14. Related parties and key management remuneration

Related parties transaction were as follows:

Related party	Type of transaction	Transaction during 2020	Transaction during 2019
<i>Borrower</i>			
Sval Energi Holding II AS (subsidiary)	Interest	11.6	54.2
Sval Energi AS	Group Contribution	9.1	-
Sval Energi Holding II AS	Dividend	400.6	-
Total as a borrower		421.3	54.2

The loan carried interest on arm's length conditions and is subordinated to all other liabilities in Sval Energi Holding II AS.

The shareholder payables consist of:

Loan	Category	MNOK nominal amount 31 December 2020	MNOK nominal amount 31 December 2019
Sval Energi Holding II AS	Loan at amortised cost	-	260.5
Sval Energi Invest AS	Current liability	128.8	-
Total shareholder debt		128.8	260.5

Key management remuneration

The Board members did not receive any remuneration for 2020 or 2019.



15. Subsequent events

The Company's subsidiary Sval Energi Holding II AS is in the process of being liquidated, which is expected to be completed in 2021.

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Bertel Ånestad

CEO

On behalf of: Sval Energi Holding AS

Serial number: 9578-5997-4-3946

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Ove Martin Juul

Board member

On behalf of: Sval Energi Holding AS

Serial number: 9578-5998-4-1082585

IP: 185.51.xxx.xxx

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Oddvar Dirdal

Board member

On behalf of: Sval Energi Holding AS

Serial number: 9578-5992-4-3159248

IP: 185.51.xxx.xxx

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Gunnar Halvorsen

Chairman

On behalf of: Sval Energi Holding AS

Serial number: 9578-5998-4-1056007

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