



ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2021 - GENERELL INFORMASJON

Enheten

Organisasjonsnummer: 986 209 409
Organisasjonsform: Aksjeselskap
Foretaksnavn: LUNDIN ENERGY NORWAY AS
Forretningsadresse: Strandveien 4
1366 LYSAKER

Regnskapsår

Årsregnskapets periode: 01.01.2021 - 31.12.2021

Konsern

Morselskap i konsern: Nei

Regnskapsregler

Regler for små foretak benyttet: Nei
Benyttet ved utarbeidelsen av årsregnskapet til selskapet: Regnskapslovens alminnelige regler

Årsregnskapet fastsatt av kompetent organ

Bekreftet av representant for selskapet: Morten Grini
Dato for fastsettelse av årsregnskapet: 03.03.2022

Grunnlag for avgivelse

År 2021: Årsregnskapet er elektronisk innlevert
År 2020: Tall er hentet fra elektronisk innlevert årsregnskap fra 2021

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, 12.07.2022



Resultatregnskap

| Beløp i: NOK | Note | 2021 | 2020 |
|---|------|-----------------------|-----------------------|
| RESULTATREGNSKAP | | | |
| Inntekter | | | |
| Driftsinntekter oljesalg | 3 | 38 929 559 000 | 20 388 795 000 |
| Driftsinntekter gassalg | | 4 752 631 000 | 1 345 099 000 |
| Tariff inntekter | 4 | 185 227 000 | 218 201 000 |
| Andre inntekter | | 56 966 000 | 38 834 000 |
| Sum inntekter | | 43 924 383 000 | 21 990 929 000 |
| Kostnader | | | |
| Produksjonskostnader | 4 | 2 281 300 000 | 1 880 863 000 |
| Letekostnader | | 2 034 260 000 | 1 274 761 000 |
| Lønns og lønnsavhengige kostnader | 5 | 24 628 000 | 13 772 000 |
| Ordinære avskrivninger | 8 | 4 848 589 000 | 4 789 631 000 |
| Nedskrivning av varige driftsmidler og immaterielle eiendeler | 8 | 59 135 000 | 23 331 000 |
| Andre driftskostnader | 5 | 66 191 000 | 68 562 000 |
| Sum kostnader | | 9 314 103 000 | 8 050 920 000 |
| Driftsresultat | | 34 610 280 000 | 13 940 009 000 |
| Finansinntekter og finanskostnader | | | |
| Finansinntekter renter | | 10 249 000 | 192 096 000 |
| Sum finansinntekter | | 10 249 000 | 192 096 000 |
| Finanskostnader | | 645 564 000 | 1 261 236 000 |
| Sum finanskostnader | | 645 564 000 | 1 261 236 000 |
| Netto finans | | -635 315 000 | -1 069 140 000 |
| Ordinært resultat før skattekostnad | | 33 974 965 000 | 12 870 869 000 |
| Skattekostnader | 7 | 26 064 500 000 | 9 811 435 000 |
| Ordinært resultat etter skattekostnad | | 7 910 465 000 | 3 059 434 000 |
| Årsresultat | | 7 910 465 000 | 3 059 434 000 |
| Overføringer og disponeringer | | | |
| Ordinært utbytte | | 7 480 000 000 | 3 290 000 000 |



Resultatregnskap

| Beløp i: NOK | Note | 2021 | 2020 |
|--|-------------|----------------------|----------------------|
| Overført til/fra annen egenkapital | | 430 465 000 | -230 566 000 |
| Sum overføringer og disponeringer | | 7 910 465 000 | 3 059 434 000 |



Balanse

| Beløp i: NOK | Note | 2021 | 2020 |
|--|------|-----------------------|-----------------------|
| BALANSE - EIENDELER | | | |
| Anleggsmidler | | | |
| Immaterielle eiendeler | | | |
| Varige driftsmidler | | | |
| Olje- og gassfelt | 8 | 52 508 276 000 | 46 849 553 000 |
| Maskiner, in ventar o.l | 8 | 42 669 000 | 28 390 000 |
| Annen in vesteringer | 9 | 2 400 000 | 2 400 000 |
| Varelager | 10 | 440 842 000 | 355 419 000 |
| Sum varige driftsmidler | | 52 994 187 000 | 47 235 762 000 |
| Finansielle anleggsmidler | | | |
| Andre langsiktige fordringer | 11 | 45 817 000 | 147 303 000 |
| Sum finansielle anleggsmidler | | 45 817 000 | 147 303 000 |
| Sum anleggsmidler | | 53 040 004 000 | 47 383 065 000 |
| Omløpsmidler | | | |
| Varer | | | |
| Fordringer | | | |
| Kundefordringer | 12 | 4 360 604 000 | 2 111 079 000 |
| Andre fordringer | 13 | 1 251 725 000 | 777 571 000 |
| Konsernfordringer | 17 | 2 161 251 000 | |
| Sum fordringer | | 7 773 580 000 | 2 888 650 000 |
| Bankinnskudd, kontanter og lignende | | | |
| Kontanter og kontantekvivalenter | 14 | 2 235 142 000 | 413 891 000 |
| Sum bankinnskudd, kontanter og lignende | | 2 235 142 000 | 413 891 000 |
| Sum omløpsmidler | | 10 008 722 000 | 3 302 541 000 |
| SUM EIENDELER | | 63 048 726 000 | 50 685 606 000 |

BALANSE - EGENKAPITAL OG GJELD



Balanse

| Beløp i: NOK | Note | 2021 | 2020 |
|--|--------------|-----------------------|-----------------------|
| Egenkapital | | | |
| Innskutt egenkapital | | | |
| Aksjekapital | 15 | 493 000 000 | 493 000 000 |
| Overkurs | 15 | 214 641 000 | 214 641 000 |
| Sum innskutt egenkapital | | 707 641 000 | 707 641 000 |
| Opptjent egenkapital | | | |
| Annen egenkapital | 15 | 1 621 114 000 | 1 190 649 000 |
| Sum opptjent egenkapital | | 1 621 114 000 | 1 190 649 000 |
| Sum egenkapital | | 2 328 755 000 | 1 898 290 000 |
| Gjeld | | | |
| Langsiktig gjeld | | | |
| Utsatt skatt | 7 | 25 108 669 000 | 21 049 255 000 |
| Fjerning og nedstengningsforpliktelse | 16 | 5 600 881 000 | 4 778 114 000 |
| Sum avsetninger for forpliktelser | | 30 709 550 000 | 25 827 369 000 |
| Annen langsiktig gjeld | | | |
| Langsiktig konserngjeld | 17,18, 19 | 11 805 211 000 | 17 249 469 000 |
| Sum annen langsiktig gjeld | | 11 805 211 000 | 17 249 469 000 |
| Sum langsiktig gjeld | | 42 514 761 000 | 43 076 838 000 |
| Kortsiktig gjeld | | | |
| Leverandørgjeld | 12 | 520 742 000 | 305 760 000 |
| Betalbar skatt | 7 | 13 879 415 000 | 3 791 398 000 |
| Utbytte | 15 | 1 500 000 000 | |
| Annen kortsiktig gjeld | 13 | 2 305 053 000 | 1 613 319 000 |
| Sum kortsiktig gjeld | | 18 205 210 000 | 5 710 477 000 |
| Sum gjeld | | 60 719 971 000 | 48 787 315 000 |
| SUM EGENKAPITAL OG GJELD | | 63 048 726 000 | 50 685 605 000 |
| POSTER UTENOM BALANSEN | | | |
| Garantistillelser | 16 | | |



Balanse

| Beløp i: NOK | Note | 2021 | 2020 |
|---------------------|-------------|-------------|-------------|
| Pantstillelser | 19 | | |



Lundin Energy Norway AS

Org. No.: 986209409

ANNUAL REPORT 2021

OPERATIONAL REVIEW

All the reported numbers and updates in the operational review relate to the financial year ended 31 December 2021, unless otherwise specified.

Lundin Energy Norway AS (LENO) is an oil and gas exploration and production company, with the main office at Lysaker and a branch office in Harstad. The activity is located on the Norwegian Continental Shelf. Including the license awards in January 2022, the Company has 97 production licenses of which 45 are as operator. Proved plus Probable (2P) reserves are 639 million barrels of oil equivalent (MMboe) and Possible reserves are 160 MMboe. Production in 2020 was 69.5 MMboe.

In December 2021, Lundin Energy AB (LUNE), LENO's ultimate mother company, announced that it had entered into an agreement with Aker BP whereby Aker BP will absorb Lundin Energy's E&P business through a cross border merger in accordance with Norwegian and Swedish law.

COVID-19 crisis

The Company has maintained a proactive approach in safeguarding the wellbeing of the Company's employees and contractors and ensuring the virus has minimal impact on its operations. To date there have been no disruptions to production due to the COVID-19 situation and while certain project activities have been affected, the disruptions have been successfully managed to avoid any negative impact on the production outlook.

GOING CONCERN

The agreement with Aker BP and LUNE has no impact on LENO's financial statement, but the agreement will result in that LENO will be merged into Aker BP ASA after the merger is fully completed.

The Company has an ownership interest in the following eight producing fields: Edvard Grieg, Johan Sverdrup, Alvheim, Volund, Bøyla, Ivar Aasen, Solveig and Rolvsnes EWT. At the end of 2019, Johan Sverdrup, which came on stream in October 2019, surpassed Edvard Grieg as the main production contributor for the Company followed by Edvard Grieg Area and then the Alvheim Area. These fields have produced above expectations in 2021 with high regularity at very low operation costs. Based on the Company's plans and budget, it is confirmed that the criteria in order to be able to prepare the accounts under the going concern assumption are met in accordance with the Norwegian Accounting Act § 3-3. The Board maintains that there is a sufficient level of equity available, ref. The Norwegian Ltd. Liability Companies Act § 3-4.

WORKING ENVIRONMENT AND PERSONNEL

The Company had 446 employees as of 31 December 2021 compared to 406 at end 2020. In 2021, there were 9.4 man-years of absence due to illness of a total of 375 man-years, constituting an absence-ratio of 2.5 percent against 1.8 percent the previous year.





The company had a good HSE performance in 2021. Proactive HSE measures and activities including HSE related training were conducted according to annual plans and programmes. No serious incidents of lost time incidents were recorded in 2021. The personal injuries reported had insignificant consequences and were categorised as low potential incidents.

The working environment committees for LENO, for the Edvard Grieg installation, and for the drilling rigs contracted by the Company have conducted their meetings as planned and the employee/workforce cooperation has continued to function well throughout 2021. No major issues have been raised in these committees related to working environment challenges although the Covid-19 pandemic has influenced all of us. In order to minimize the risk of infection, screening conversations before going offshore and PCR testing of all personnel going offshore has been carried out throughout 2021. Furthermore, onshore based personnel have, when practical, to a large degree been working from home as recommended by the Norwegian authorities. The Company acknowledges that the Covid-19 pandemic may have affected the psychosocial working environment and has implemented measures to preserve a healthy and motivated work force. This topic has been included in the working environment survey carried out in 2021. Key findings from this survey are being addressed and followed up within the organisation.

Board members and the general manager are included in a director's and officers' insurance. The insurance gives financial protection to "Insured Persons" solely because of their capacity as a director or officer for an error, omission or breach of duty ("Wrongful act"). The D&O insurance has two parts to it: 1) Coverage for Insured Persons, 2) Coverage to the Company for securities claims.

EQUAL OPPORTUNITY AND DIVERSITY

The Company's Equal Opportunity Policy promotes equal treatment of employees. Staff are selected and treated based on merit and according to the requirements of the position advertised. The Company's Diversity Policy aims to promote a diverse and skilled workforce striving for continuous improvement to achieve the Company's goals.

The Company recruits' personnel from disciplines with an overrepresentation of men. This is reflected in the Company's gender balance. Women are represented on all levels of the Company, including the Company's Board and management.

The Company uses competence, experience, and personal suitability as the selection criteria for new hires and promotions. Candidates are selected in cooperation between relevant department managers and Human Resources. The Company has strengthened the selection process, aiming for an even more diverse group of candidates in the interviews, this including gender, age, and background. We aim for at least one female candidate at the final interview stage. The company hired 33 candidates during 2021, 33% being women.

Table 1; gender balance - salary and compensation ratio

| Position Groups | Company-wide % women at each level | Ratio of agreed yearly salary for women to men | Ratio of all benefits for women to men* |
|--|---------------------------------------|---|--|
| Norway Senior Leadership | 40% | 109% | 123% |
| Senior Management/ Senior Specialists | 25% | 92% | 82% |
| Management/Specialists | 16% | 91% | 91% |
| Senior Professionals | 27% | 88% | 83% |
| Professionals/ Support positions | 52% | 94% | 87% |
| Tariff-based positions | 16% | 100% | 83% |
| Total in Company | 26% | 87% | 84% |

*Total cash benefits and taxable benefits in kind





Analysis is done frequently to ensure compensations and benefits are based on the correct criteria. The gender balance in the upper position groups, as well as the experience of the individual, causes some discrepancies of/in the gender ratio of salary and benefits. Paid out overtime and duty compensation are also causing some discrepancies in the ratio for overall benefits.

The Company fosters an inclusive work environment that encourages the development of skills and experience, promoting a workplace culture that is free from all forms of discrimination and harassment.

Lundins Energy Norway's working environment survey show that 99% of the respondents has not experienced discrimination. There is also an overall experience that the Company actively and systematically works to promote equality and prevent discrimination in the workplace.

Employees on parental leave participate in the Company's compensation and benefit processes and are paid full salary during the period, to ensure parental leave not causing a negative effect on salary development.

| Temporary employees in nr | | Use of parental leave | | Part time | | | |
|---------------------------|-----|---|---|-----------|-----|-------|-----|
| Women | Men | Use of parental leave women (average number of weeks) | Use of parental leave men (average number of weeks) | Women | Men | Women | Men |
| 2 | 5 | 24,9 | 12,9 | 14 | 5 | 0 | 0 |

The Company continues to cooperate with our employee representatives to increase equality and work against discrimination.

EXTERNAL ENVIRONMENT

We are committed to performing exploration, construction and production activities in an economically, socially and environmentally responsible way. The Company aims to operate with the highest environmental standards. To achieve this requires a thorough understanding and respect for the natural environment and the impacts it may have in conducting its activities. The Company is committed to minimise risks to the natural environment. Our environmental policy and strategy combine to include a set of goals and targets to ensure continuously improved environmental performance through continuous emission reductions, energy efficiency measures and improved waste management. The Company had two reportable chemical spills to sea in 2021, and two reportable oil spills. The total volume of oil spilt to sea was less than 200 litres. None of the spills committed in 2021 resulted in any harm to the environment. The other environmental goals and targets were met in 2021, except for recovery rate of non-hazardous waste, which was reduced due to large amounts of cement waste sent to landfill.

Our Company's Decarbonisation Strategy was further strengthened in 2021, confirming our commitment to find and support innovative ways to further reduce our exploration and production related carbon footprint. With the commitment of MUSD 800 to reduce carbon emissions through the electrification of our key assets using power from shore, investments in renewable energy and natural carbon capture projects, we now target carbon neutrality by 2023. A key driver of the Decarbonisation Strategy is the electrification of the Company's main producing assets. With electrification of the Utsira High Area, including the Edvard Grieg and Johan Sverdrup fields by late 2022, over 95 percent of the Company's production will be powered from shore. It is the Groups' strategy to fully replace all net electricity usage for power from shore by end 2023 with further direct investments in renewable energy electricity generation. The Group will also invest in renewable energy projects to replace our net electricity consumption. The Company entered into partnerships with Land Life Company B.V. and EcoPlanet Bamboo, and committed to invest MUSD 50 to plant approximately eight million





trees between 2021 and 2025, capturing 2.6 million tonnes of CO₂, the equivalent of removing more than 100 000 cars off the road permanently.

The Company considers conservation of biodiversity as a key element of sustainable development. It is committed to the conservation of biological diversity, safeguarding ecosystems, species and genetic diversity. Environmental management is an integrated part of the Company's overall management system. As an operator on the Norwegian Continental Shelf, the Company is strictly regulated from an environmental and safety point of view by Norwegian laws and regulations. Evaluation of potential environmental impacts is based on comprehensive knowledge of the affected area, type of activity and accessible technology as well as operational standards. Operational conditions may be imposed upon license awards, including periodical drilling restrictions, special monitoring, oil spill response measures and so forth. The Company does not have any activities or acreage in the International Union for Conservation of Nature protected areas. All of our activities on the NCS with potential for affecting the environment undergo public consultation and authority approval. Furthermore, all acreage is internally assessed with particular attention to areas in proximity of sensitive coastal habits, fish spawning and seabird breeding or feeding grounds, coral reefs, fisheries, etc. The Company conducted all its activities with due considerations to the environment in accordance with established plans.

The Company invested NOK 157,9 million in R&D in 2021, of which, NOK 57,1 million (36 percent of total) has been spent on low carbon and energy efficiency technologies. The main goal for our R&D portfolio is to maximize our value of existing business, preparing for operations in new environments and developing platforms for future business opportunities while minimising our environmental footprint. A portion of the R&D investments have been used to focus on greenhouse gas reduction measures, for example participation in the Low Emission Research Centre and the Norwegian Carbon Capture and Storage (NCCS) project. The Low Emission Research Centre strives to pave the way for zero-emission petroleum production by 2050, improving the competitiveness of the Norwegian oil and gas industry, while the NCCS's objective is to fast-track CCS deployment through industry-driven, science-based innovation.

COUNTRY-BY-COUNTRY REPORTING

Upstream exploration and production companies are required to report payments to authorities. The Group has issued a "Report on Payments to Governments", which is separate from the 2021 group consolidated financial statements and includes payments related to LUNE. The Report on Payments to Governments is available on www.lundin-energy.com.

2021 AND THE OUTLOOK

In 2020 the Company formalized its ambition to produce oil and gas in the most sustainable and efficient manner possible with the new decarbonisation strategy, which targets carbon neutrality from 2023. The 2021 results were record setting, delivering above expectations in terms of high production, total revenues and income before tax. These results were driven by continued strong facilities and reservoir performance from the Company's core producing assets, the Johan Sverdrup field, Edvard Grieg field Area and the Alvheim Area generated production in 2021 that exceeded guidance. Exploration activity will continue to be high with the applications and awards of new licences.

On 21 December 2021, LUNE announced that it had entered into an agreement (the transaction) with Aker BP whereby Aker BP will absorb LUNE's E&P business and become the new ultimate parent company. The business will continue as normal, but within a new group structure.





Licence awards and transactions

In January 2022, the Company was awarded 10 (19) licences in the 2021 APA licensing round, of which five (seven) are as operator. Currently the Company holds 97 licences in Norway, compared to 101 licences at the beginning of 2021.

In February 2021, LENO entered into a sales and purchase agreement with Aker BP involving the acquisition of a six percent working interest in licences PL036E, PL036F, PL102H, PL102F, PL102D and PL102G which includes the Trell and Trine Unit. The transaction included the sale of a five percent working interest in PL869 and a 15 percent working interest in PL1041. In January 2022 LENO entered into a sales and purchase agreement with MOL involving the acquisition of a ten percent working interest in licences PL102F and PL102G, which includes the Trell discovery and Trell Nord prospect, equivalent to 6.84 percent in the Trell and Trine Unit, bringing LENO's total working interest to 12.84 percent in the Unit.

In May 2021 LENO entered into a sales and purchase agreement with One-Dyas involving the divestment of a ten percent working interest in PL976.

In June 2021, LENO was awarded two licences in the 25th licensing round.

In October 2021, LENO entered into a purchase agreement with OMV Norge AS involving the acquisition of an additional 25 percent working interest in licence PL537, which includes the Wisting discovery, bringing LENO's working interest to 35 percent. The transaction, which completed in December 2021, is effective from January 2021 and adds estimated net contingent resources of approximately 131 MMboe for a cash consideration of MUS\$ 320. An additional consideration may become payable contingent upon whether there is a reduction in the project's estimated capital investment as stipulated in the final PDO compared to the current estimated capital investment, thus enabling both parties to share the benefits of further capital investment reductions.

LENO increased its interests in PL917 from 20 percent to 40 percent and acquired a 20 percent interest in PL956 and a 10 percent interest in PL985, through two transactions, one with ConocoPhillips and one with Vår Energi. PL917 contains interesting follow up potential to the King discovery that was made in the neighbouring licence. An exploration well is planned to be drilled on the Ringhorne Ty prospect in 2023 and PL985 contains attractive prospectivity north of the PL956.

Development

Johan Sverdrup Phase 2

The Johan Sverdrup Phase 2 development project involves a second processing platform bridge linked to the Phase 1 field centre, subsea facilities to access the Avaldsnes, Kvitsøy and Geitungen satellite areas of the field, implementation of full field water alternating gas injection (WAG) for enhanced recovery and the drilling of 28 additional wells. The Johan Sverdrup gross field reserves are in the range of 2.2 to 3.2 billion boe and the ambition of the partners in the field, is to achieve a recovery factor of more than 70 percent. In June 2021, the Company announced that the full field gross processing capacity will be increased to 755 Mbopd once Phase 2 comes on stream. The increase is a result of debottlenecking work on the Phase 2 topsides and studies to optimise the full field integrated processing and export capacity. The full field breakeven oil price for Johan Sverdrup, including past investments, is less than USD 15 per boe.

The Phase 2 capital expenditure is estimated at gross NOK 41 billion (nominal), which is unchanged from the Phase 2 PDO estimate in 2019. The three modules that constitute the second processing platform topsides were successfully assembled in May 2021, the Jacket for the second processing platform was successfully installed offshore in June 2021 and the new module on the existing riser platform was successfully installed offshore in July 2021. The operation to install the second processing platform topsides on the jacket is planned for March 2022. The subsea facilities and flowlines installation work is progressing as per schedule and





will be completed early 2022, with drilling operations on the subsea wells having commenced in January 2022. First oil remains on schedule for fourth quarter 2022, with project progress now approximately 70 percent complete.

Greater Edvard Grieg Area tie-back projects

Solveig Phase 1 came on stream in September 2021, on schedule and is the first Edvard Grieg subsea tie-back development. Drilling of the Phase 1 development wells are almost complete, with three production wells and one injection well completed in 2021 and the final water injection well scheduled for completion in the first quarter of 2022. The capital cost for the Phase 1 development is below the PDO estimate of MUSD 810 gross, with a breakeven oil price below USD 20 per boe.

The Rolvsnes EWT project, has been developed through a 3 km subsea tie-back of the existing Rolvsnes horizontal well to the Edvard Grieg platform. The EWT will provide important reservoir data to support a decision on the potential of the Rolvsnes full field development and it holds important information on the general basement potential for the Utsira high. The project has been developed in conjunction with the Solveig project, to take advantage of contracting and implementation synergies. The project achieved first oil, on schedule and below budget, in August 2021 with reservoir performance since start up in line with expectations.

Wisting

The Wisting project is scheduled to be one of the next Barents Sea production hubs and will be a significant contributor to sustaining the Company's long term production profile. With the acquisition of a further 25 percent working interest announced on 28 October 2021, the Company's working interest in the project has increased to 35 percent and will add material pre-development resources in a strategic core area for the Company, with significant surrounding prospectivity. In November 2021, the project development concept was approved by the licence partners, with the project on track for PDO submission by end 2022, allowing the project to benefit from the temporary tax incentives established by the Norwegian Government in June 2020. The Wisting project has strong economics, and the development plan is aligned with LENO's Decarbonisation Plan, with a power from shore solution being matured as part of the PDO. In addition, in December 2021, LENO concluded a cooperation agreement with Equinor for the Wisting development, whereby Equinor will retain operatorship of the Wisting development into the operations phase. The cooperation agreement also gives the Company operatorship in the exploration licences surrounding Wisting (PL1133 and PL1134), including an increase in working interests to 35 percent. The agreement also covers licences applied for in the 2021 APA round. It has also been agreed that employees from the Company will be placed in key technical and operational positions within the Wisting project. This agreement further strengthens the relationship between Equinor and LENO and sets out a strong collaboration for exploration and operations in what will be the next Barents Sea production hub.

Kobra East/Gekko (KEG)

In June 2021, the PDO for the joint development of the two discoveries Kobra East and Gekko was submitted to the Norwegian Ministry of Petroleum and Energy and was approved in January 2022. The development will be a subsea tie-back to the Alvheim FPSO and phase one of the development will include four tri-lateral production wells targeting the oil zones of the two discoveries. Phase two of the development consists of a gas production well targeting the gas cap at Gekko, which will be drilled at a later stage once gas processing capacity is available on the Alvheim FPSO. Drilling operations are expected to commence in early 2023, with first oil planned in the first quarter of 2024. Total gross 2P reserves for the project amount to 39 MMboe and the development will provide gross peak production of approximately 28 Mboepd. This project will be developed under the Norwegian temporary tax regime and has a breakeven oil price of less than USD 30 per boe.

Frosk

In September 2021, the PDO for the development of the Frosk discovery was submitted to the Norwegian Ministry of Petroleum and Energy. The development will be a subsea tie back to



the Alvheim FPSO through the existing Bøyla Manifold. The development includes the drilling of two new wells. Drilling operations are expected to commence in 2022, with first oil planned in the first half of 2023. Total gross reserves for the project amount to approximately 9 MMboe and the development will provide gross peak production of approximately 13 Mboepd, with a breakeven oil price of less than USD 25 per boe.

Production

Production was 190 thousand barrels of oil equivalent per day (Mboepd), at the top end of both the original guidance range of 170 to 190 Mboepd, and the updated guidance range of 180 to 195 Mboepd, released in June 2021. Operating costs, net of tariff income, were USD 3.14 per boe for 2021, which was slightly above guidance. The increase was mainly driven by increased environmental taxes and higher electricity prices in the latter half of the year, a stronger NOK and somewhat offset by higher production volumes.

| Production in Mboepd | 2021 | 2020 |
|-------------------------|--------------|-------|
| Norway | | |
| Crude oil | 177.4 | 152.7 |
| Gas | 12.9 | 11.8 |
| Total production | 190.3 | 164.5 |

| Production in Mboepd | WT ¹ | 2021 | 2020 |
|--------------------------------|-----------------|--------------|-------|
| Johan Sverdrup | 20% | 106.3 | 87.6 |
| Edvard Grieg Area ² | 65–80% | 72.9 | 63.6 |
| Ivar Aasen | 1.385% | 0.6 | 0.8 |
| Alvheim Area | 15–35% | 10.5 | 12.5 |
| Quantity in Mboepd | | 190.3 | 164.5 |

¹ Lundin Energy Norway's working interest (WT)

² Consisting – Edvard Grieg, Solveig and Rolvsnes EWT

The Johan Sverdrup field continues to exceed expectations, with high uptime, increased processing capacity, excellent reservoir performance and well productivities. Production from Johan Sverdrup Phase 1 has delivered in line with mid-year guidance with a production efficiency of 97 percent. In May 2021, the Phase 1 processing capacity was increased from 500 to 535 thousand barrels of oil per day (Mbopd), followed by upgrades to the water injection system to support the increased offtake. The Company's 2P reserves at year end 2021 includes for the first time a contribution from eight infill wells (previously contingent resources), extending the plateau production period. The Company recognises that there is upside resource potential in several parts of the field which will be realised through further infill drilling, optimized reservoir management and increased facilities capacity. A total of five wells were drilled and completed in 2021, with results in line with expectations. Johan Sverdrup is being operated with power supplied from shore and is one of the lowest CO₂ emitting offshore fields in the world, with CO₂ emissions of less than 0.1 kg per boe for the year. Operating costs were USD 1.78 per boe.

Edvard Grieg has continued to perform above expectations during 2021, consistently delivering above guidance with a production efficiency of 98 percent. All three infill wells on Edvard Grieg, including the Company's first multi-lateral and fishbone wells, were completed on time and below budget. The first well came on stream in the second quarter, while the last two came on stream in the fourth quarter. The innovative "Fishbones" technology was successfully deployed on two of the wells, resulting in a significant increase in well productivities. The 2021 reservoir performance has also resulted in an increase in the gross 2P reserves of 29 MMboe. The gross ultimate recovery for Edvard Grieg is now 379 MMboe, which is an increase of over 100 percent since the PDO.

First oil from the Solveig Phase 1 tie-back project was achieved in the third quarter of 2021. The drilling program has been progressing as planned with four out of five wells completed



and results are ahead of expectations. The Edvard Grieg hub, including the Solveig and Rolvsnes fields, has an excess of well capacity, and production will be optimized between all three fields to ensure maximum throughput from the hub. During the fourth quarter, Edvard Grieg production was prioritized over Solveig, leading to higher than expected rates from the Edvard Grieg field and lower than expected rates from the Solveig field. Drilling results and early production performance on the Solveig Phase 1 development has resulted in a reserves increase of 11 MMboe gross, representing a 20 percent increase in 2P reserves. The Rolvsnes Extended Well Test (EWT) commenced production in the third quarter and reservoir performance has continued in line with expectations. Overall, the Greater Edvard Grieg Area has a gross ultimate recovery of 450 MMboe with a 97 percent replacement ratio of its production in 2021. Operating costs for the Greater Edvard Grieg Area, net of tariff income, were USD 4.25 per boe.

Power from shore at Edvard Grieg is expected to be completed in late 2022, with the project progressing on schedule. The power cable has been installed on Edvard Grieg and laid on the seabed at Johan Sverdrup, awaiting arrival of the Phase 2 processing platform in 2022. The retirement of the existing gas turbine power generation system on the platform and installation of electric boilers to provide process heat is on schedule and is expected to be operational in late 2022. It is also estimated that the Company will benefit from a 10 percent increase in gas sales from Edvard Grieg compared to current gas sales, due to the removal of the turbine power generation.

Production from the Alvheim Area was slightly ahead of guidance with a production efficiency of 95 percent. Two infill wells came on stream during 2021, with performance ahead of expectations. First oil from the third infill well is expected in February 2022. Operating costs for the Alvheim Area were USD 7.79 per boe.

Exploration and Appraisal

In 2021, NOK 37 million of exploration and appraisal costs were capitalized. Capitalized exploration and appraisal expenses were NOK 7 247 million as at 31 December 2021. The exploration drilling programme involved eight wells targeting the prospects Segment D (oil discovery), Shenzhou (dry), Iving (2 wells, non-commercial oil discovery), Lille Prinsen (oil discovery), Merckx (dry), Dovregubben (dry), Lyderhorn (non-commercial oil discovery) and Melstein (dry) drilled in January 2022.

In March 2021, the Segment D prospect, located north of the Solveig field on the Utsira High in the Norwegian North Sea in PL359, was drilled yielding an oil discovery. A 10 metre oil column was encountered in Triassic reservoir sandstones and the discovery is estimated to hold gross recoverable resources of 3 to 9 MMboe. A development will be evaluated in parallel with a potential future phase development at Solveig.

In July 2021, a two-well appraisal drilling campaign was completed on the Iving discovery located in the Central North Sea close to the Balder and Ringhorne fields. The results were below expectation, and the project has been assessed as non-commercial

In September 2021, the exploration and appraisal program on Lille Prinsen in PL167, located on the Utsira High in the Norwegian part of the North Sea, was successfully completed. The wells confirmed a combined gross resource range of 12 to 60 MMboe. A development solution is currently being matured, aiming for project sanction in 2022.

In 2020, the Norwegian Government introduced temporary tax incentives aiming to increase activity on the Norwegian Continental Shelf, which applies to projects with PDO's submitted before the end of 2022. These tax incentives significantly improve project economics, and the Company has taken steps to accelerate activities for the potential projects, which could benefit from this opportunity. Further projects to be de-risked include Solveig Phase 2 (incorporating the Segment D discovery) and Rolvsnes Full Field, both of which require production experience to mature development solutions. At both Lille Prinsen and Trell and Trine, the field





development and concept select studies are progressing well with an aim to submit the PDO's for both projects before the end of 2022.

FINANCIAL RISK

Liquidity and funding

Risk: Investments and costs overrunning budgets or production underperformance may lead to the Company being unable to fund its financial commitments from cash flow, debt or equity.

Response: The Company has a strong positive cash flow from the fields and considers its liquidity to be satisfactory. In addition, the Company has access to an internal Group credit line. The Company has an intercompany loan agreement with Lundin Energy Holding BV. The intercompany agreement amounts to the corresponding NOK value of USD 3 000 million. The loan agreement secures that the Company has sufficient funding and liquidity headroom to execute plans and budgets.

Market conditions

Risk: Shareholder value is affected by our inability to meet stakeholder expectations and create value, either through current business strategies or due to market conditions. Prolonged volatility in oil and gas prices, the effect of the pandemic or other market uncertainties, could erode the profitability of some of the Company's assets; affect financial earnings, cash flow generation and the overall investment and liquidity position.

Response: Even though the oil and gas sector are used to the highs and lows of economic and price cycles, LENO mitigates the impact of fluctuating oil prices on our financial performance by having robust processes in place such as the Asset Business Plan (long-term liquidity tests) and continuously assessing the assets' debt borrowing capacity, enabling management to forecast ahead of time a potential liquidity shortage. Through regular updates of the Asset Business Plan, the Company stress tests the business for a prolonged period of lower oil prices. The Company's high quality and low-cost assets also make it resilient to oil price volatility. Moreover, the tax regime in Norway reduces the post-tax impact on the Company's financial performance due to the 78 percent marginal tax rate.

Credit

Risk: The Company is exposed to risk that a customer is unable to fulfil their financial obligations.

Response: The Company's sales are made to well recognized and financially robust companies. The likelihood of counterparties not having the financial strength to meet their commitments is regarded as minor.

FINANCIAL INFORMATION/ALLOCATION OF RESULTS

It is the Board's opinion, that the presented Annual Accounts for 2021 correctly represent the Company's assets and liabilities, its financial standing and results.

No events have occurred subsequent to the balance sheet date that may impact the reported financial statements.

The Company's income from the sale of oil, gas and NGL in 2021, was NOK 43 682 million, compared to NOK 21 734 million in 2020. The increased revenue is mainly due to higher price and some higher sales volumes. The average price per boe was NOK 629 in 2021, an increase of NOK 268 compared to 2020. The production in 2021 was 69.5 MMboe, 9.3 MMboe higher than in 2020.





Production expenses including maintenance, tariffs, processing and insurance were NOK 2 281 million.

The Company's exploration expenses of NOK 2 034 million are mainly related to drilling of exploration and appraisal wells.

The operating income in 2021 was NOK 34 610 million as compared to an operating income of NOK 13 940 million in 2020. This year's net financial items were NOK -635 million against NOK -1 069 million for 2020.

In 2021, the Company recorded a tax expense of NOK 26 065 million. In 2020 the tax expense was NOK 9 811 million. Taxes payable at the end of 2021 amounted to NOK 13 879 million, and NOK 3 791 million in 2020.

Net income for the year amounted to NOK 7 910 million against a net income in 2020 of NOK 3 059 million.

Cash used for investment activities in 2021 amounted to NOK 10 950 million, against NOK 8 077 million in 2020. Net cash from operational activities in 2021 was NOK 24 395 million against NOK 15 129 million in 2020. The large increase is mainly due to higher revenues. Cash and cash equivalents per 31 December 2021 were NOK 2 235 million against NOK 414 million per 31 December 2020. The Company is well positioned to finance its own investments through cash flow from operation and access to the loan facility of the Group. The debt to the parent company has decreased from NOK 17 249 million to NOK 11 805 million in 2021. The Company paid dividends of NOK 5 980 million to the parent during 2021.

The Company's equity per 31 December 2021 was NOK 2 329 million against NOK 1 898 million per 31 December 2020. Short-term debt was per 31.12.2021 NOK 18 205 million and NOK 5 710 million in 2020. The main change is increase in income tax liability. Long-term debt inclusive liabilities were NOK 42 515 million per 31 December 2021 against NOK 43 077 million per 31 December 2020 and main change was deferred tax liabilities and debt to the parent company.

Allocation of profit/coverage of loss

The Board's proposal to the Annual General Assembly is that the net profit after tax of NOK 7 910 million to be allocated to other equity. A dividend of NOK 5 980 million has been distributed in 2021. Following the Board's proposal for distribution of this year's profit, the equity constitutes NOK 2 329 million against NOK 1 898 million for the previous year.

Lysaker, March 3rd 2022

Nicholas John Robert Walker
Chairman of the Board

Teitur Nolsøe Poulsen
Board member

Morten Grini
MD and Board member

Daniel Paul Fitzgerald
Board member

Kjersti Engh
Board member

Geir Smaaskjær
Board member

Stian Blom
Board member

10

Transaction 09222115557464280125



Signed DF, NW, TP, MG, KE, GS, SB



Lundin Energy Norway AS

Income statement (in NOK 1,000)

| | Note | 2021 | 2020 |
|---|------|-------------------|-------------------|
| OPERATING REVENUES | | | |
| Operating revenues, oil sales | 3 | 38 929 559 | 20 388 795 |
| Operating revenues, gas and NGL sales | | 4 752 631 | 1 345 099 |
| Tariff revenue | 4 | 185 227 | 218 201 |
| Other income | | 56 966 | 38 833 |
| Total operating revenues | 3 | 43 924 383 | 21 990 929 |
| OPERATING EXPENSES | | | |
| Production and transportation expenses | 4 | 2 281 300 | 1 880 863 |
| Exploration expenses | | 2 034 260 | 1 274 761 |
| Depreciation and amortisation | 8 | 4 848 589 | 4 789 631 |
| Impairment of oil and gas properties | 8 | 59 135 | 23 331 |
| Payroll and payroll related costs | 5 | 24 628 | 13 772 |
| Other operating expenses | 5 | 66 190 | 68 562 |
| Total operating expenses | | 9 314 102 | 8 050 920 |
| OPERATING INCOME | | 34 610 280 | 13 940 009 |
| FINANCIAL ITEMS | | | |
| Financial income | | 10 249 | 4 901 |
| Financial expenses | | 624 686 | 1 261 236 |
| Exchange gains/-losses | | -20 877 | 187 195 |
| Total financial income (expenses) | 6 | -635 315 | -1 069 140 |
| INCOME BEFORE TAX | | 33 974 966 | 12 870 869 |
| Tax expense | 7 | 26 064 500 | 9 811 435 |
| NET INCOME FOR THE PERIOD | | 7 910 465 | 3 059 434 |
| Allocation of net income: | | | |
| Dividends | | 7 480 000 | 3 290 000 |
| Attributable to the equity holders | | 430 465 | -230 566 |
| Total allocation of net income | | 7 910 465 | 3 059 434 |





Lundin Energy Norway AS

Balance sheet (in NOK 1,000)

| Assets | Note | 31.12.2021 | 31.12.2020 |
|--|-------------|-------------------|-------------------|
| NON-CURRENT ASSETS | | | |
| Property, plant and equipment | | | |
| Oil and gas properties | 8 | 52 508 276 | 46 849 553 |
| Furniture, fittings and office machinery | 8 | 42 669 | 28 390 |
| Other investments | 9 | 2 400 | 2 400 |
| Spare parts | 10 | 440 842 | 355 419 |
| Total property, plant and equipment | | 52 994 187 | 47 235 762 |
| Financial assets | | | |
| Other long-term receivables | 11 | 45 817 | 147 303 |
| Total financial assets | | 45 817 | 147 303 |
| TOTAL NON-CURRENT ASSETS | | 53 040 004 | 47 383 065 |
| CURRENT ASSETS | | | |
| Trade receivables | 12 | 4 360 604 | 2 111 079 |
| Interest-bearing receivables, group | 17 | 2 161 251 | - |
| Other short-term receivables | 13 | 1 251 725 | 777 571 |
| Cash and cash equivalents | 14 | 2 235 142 | 413 891 |
| Total current assets | | 10 008 723 | 3 302 541 |
| TOTAL ASSETS | | 63 048 726 | 50 685 606 |





Lundin Energy Norway AS

Balance sheet (in NOK 1,000)

| Total Equity and Liabilities | Note | 31.12.2021 | 31.12.2020 |
|--------------------------------------|------------|-------------------|-------------------|
| SHAREHOLDERS' EQUITY | | | |
| Paid-in capital | | | |
| Share capital | 15 | 493 000 | 493 000 |
| Share premium | 15 | 214 641 | 214 641 |
| Total paid-in capital | | 707 641 | 707 641 |
| Retained earnings | | | |
| Other equity | 15 | 1 621 114 | 1 190 649 |
| Total retained earnings | | 1 621 114 | 1 190 649 |
| Total equity | | 2 328 755 | 1 898 289 |
| LIABILITIES | | | |
| Total non-current liabilities | | | |
| Provision for field restoration | 16 | 5 600 881 | 4 778 114 |
| Deferred tax liabilities | 7 | 25 108 669 | 21 049 255 |
| Interest-bearing debt, group | 17, 18, 19 | 11 805 210 | 17 249 469 |
| Total non-current liabilities | | 42 514 761 | 43 076 839 |
| Current liabilities | | | |
| Trade payables | 12 | 520 742 | 305 760 |
| Income tax liability | 7 | 13 879 415 | 3 791 398 |
| Dividends | 15 | 1 500 000 | - |
| Other current liabilities | 13 | 2 305 052 | 1 613 319 |
| Total current liabilities | | 18 205 210 | 5 710 477 |
| Total liabilities | | 60 719 971 | 48 787 315 |
| TOTAL EQUITY AND LIABILITIES | | 63 048 726 | 50 685 606 |
| Guarantees and commitments | 16 | | |
| Pledged assets and mortgage | 19 | | |

Lysaker, March 3, 2022

Nicholas John Robert Walker
Chairman

Teitur Nolsøe Poulsen
Board member

Daniel Paul Fitzgerald
Board member

Morten Grini
Managing Director & Board member

Geir Smaaskjær
Board member

Kjersti Linnea Mathisen Engh
Board member

Stian Blom
Board member





Lundin Energy Norway AS

Statement of Cash flows (in NOK 1,000)

| | Note | 2021 | 2020 |
|---|--------|--------------------|-------------------|
| Operating activities | | | |
| Net income before tax | | 33 974 966 | 12 870 869 |
| Adjustment for financial items | 6 | 718 885 | 1 209 875 |
| Interest received | 6 | 10 249 | 4 901 |
| Interest paid | | -348 011 | -623 614 |
| Taxes received/-paid | 7 | -11 917 068 | -4 010 262 |
| Depreciation, amortisation and impairment | 8 | 4 907 724 | 4 812 962 |
| Decommissioning payments | 16 | -102 261 | -494 191 |
| Expensed dry wells, capitalised previous periods | 8 | 1 213 835 | 572 552 |
| Change in spare parts | 10 | -85 422 | -51 767 |
| Change in trade receivables | 12 | -594 257 | -86 192 |
| Change in other short-term receivables/liabilities | 12 | -3 383 587 | 924 241 |
| Net cash flow from in operating activities | | 24 395 052 | 15 129 374 |
| Investing activities | | | |
| Investment in assets | 8 | -8 091 895 | -6 973 319 |
| Purchase of assets | 8 | -2 857 796 | -1 103 609 |
| Net cash used in investing activities | | -10 949 691 | -8 076 928 |
| Financial activities | | | |
| Net changes internal credit facilities | 17, 18 | -5 646 542 | -3 416 166 |
| Dividends paid | 15 | -5 980 000 | -3 290 000 |
| Net cash flow used in/(from) financing activities | | -11 626 542 | -6 706 166 |
| Net changes in cash and cash equivalents | | 1 818 818 | 346 279 |
| Cash and cash equivalents at 1 January | | 413 891 | 68 961 |
| Net foreign exchange difference on cash and cash equivalents | | 2 433 | -1 350 |
| Cash and cash equivalents at 31 December | | 2 235 142 | 413 891 |





Lundin Energy Norway AS
Notes to the Financial Statements 2021

Note 1 Significant Accounting Policies

The Financial Statements have been prepared in accordance with the Norwegian Accounting Act and generally accepted accounting principles in Norway. The Statutory Accounts are presented in Norwegian kroner (NOK) and are prepared on an historical cost basis.

Joint operations

Interests in joint operations are recognised by including Lundin Energy Norway's ("the Company") share of assets, liabilities, income and expenses on a line-by-line basis.

As an operator of joint operations, the Company is accounting for indirect operating expenses such as personnel expenses and administration expenses in cost pools, and allocating to licences based on hours incurred. Only Lundin Energy Norway's share of the income statement and balance sheet items related to the joint operations are reflected in the Company's income statement and balance sheet.

Foreign currency

The accounting currency of Lundin Energy Norway is Norwegian kroner (NOK). Transactions in currencies other than the accounting currency are translated into NOK by applying the exchange rates at the transaction date. Foreign exchange gains/losses resulting from the settlement of such transactions are recognised in the income statement under financial items. Monetary items denominated in foreign currencies are translated into NOK at the exchange rates on the balance sheet date. The resulting foreign exchange differences are recognised in the income statement.

Classification of assets and liabilities

Non-current assets, long-term liabilities and non-current provisions consist of amounts that are expected to be recovered or paid more than twelve months after the balance sheet date. Current assets, current liabilities and current provisions consist solely of amounts that are expected to be recovered or paid within twelve months after the balance sheet date.

Principles of revenue recognition

Revenues associated with the sale and transportation of petroleum products are recognised when risk passes to the customer, which is normally when title passes at the point of delivery of the goods, based on the contractual terms of the agreements.

Revenues from the production of oil and gas properties, in which the Company has an interest with other companies, are recognised on the basis of volumes lifted and sold to customers during the period. Over/under lifting occurs when the Company has extracted and sold more or less hydrocarbons out of the production from a producing field than the Company was entitled to at the time of lifting. Such over/under-lift is recorded in operating cost valued at production cost including depletion. Where the Company has lifted and sold less than the ownership interest, a receivable is recorded for the under-lift. Where the Company has lifted and sold more than the ownership interest, the over-lift is recognised as a liability.

Production expenses

Production expenses are costs which can be directly ascribed to the production of hydrocarbons, such as costs incurred in the operation and maintenance of production facilities and installations. Change in over/underlift is included in production expenses.

Exploration and evaluation expenses

Exploration and evaluation expenses are accounted for in accordance with the "successful efforts method" (SE).

Exploration costs will for example include the costs of topographical and geophysical studies (G&G), costs related to un-developed areas, costs of drilling of exploration/exploration appraisal wells,





Lundin Energy Norway AS
Notes to the Financial Statements 2021

evaluation costs. The main principle according of SE-method of accounting is that these costs are expensed as they incur, with the exception of exploration drilling costs. Costs related to drilling of exploration wells are temporarily capitalised pending the evaluation of the potential existence of oil and gas reserves. If reserves are not found, or if discoveries are assessed not to be commercially recoverable, the drilling costs of exploration wells are expensed as exploration expenses.

Impairment tests are performed annually or when there are facts and circumstances that suggest that the carrying amount of the asset may exceed its recoverable amount. Exploration expenses may remain capitalised under conditions where firm plans exist for future drilling in the licence, or where a development decision is planned for the near future.

At farm-in agreements where for example the Company has agreed to cover a portion of the selling partners' exploration costs, the exploration costs are accounted for by the Company in accordance with the successful efforts method.

Income taxes

The components of tax are current and deferred. Tax is recognised in the income statement, except to the extent that it relates to items recognised in equity. Current tax is tax that is to be paid or received for the year in question and also includes adjustments of current tax attributable to previous periods.

Deferred income tax is a non-cash charge provided, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying values. Temporary differences can occur for example where investment expenditure is capitalised for accounting purposes but the tax deduction is accelerated, or where site restoration costs are provided for in the financial statements but not deductible for tax purposes until they are actually incurred.

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised.

Tax is determined using tax rates that have been enacted or substantively enacted on 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.

Companies engaged in petroleum exploration, development and production as well as pipeline transportation on the Norwegian Continental Shelf are subject to the Norwegian petroleum taxation regime. Under this regime, a Special Petroleum Tax (SPT) on profits is attributable. The special petroleum tax rate is 56% for 2021. The special tax is applied to relevant income in addition to the ordinary offshore income tax, which was levied at 22% for 2021, resulting in a steady 78% marginal tax rate on income subject to petroleum tax.

The basis for computing the special petroleum tax is the same as for income subject to ordinary income tax, except for onshore losses which are not deductible against the special petroleum tax. In addition, a tax-free allowance (uplift), is granted. The uplift allowance was reduced from 30% to 22% as at May 5th 2013, and has been further reduced in line with the increase of the SPT rate. For investments after 1st January 2019, the uplift is 20.8%. The uplift is computed on the basis of the original capitalised cost of offshore production installations. The uplift may be deducted from taxable income for a period of four years (yearly rate from 2019 of 5.2%), starting from the year in which the capital expenditures incurred. Uplift benefit is recorded in the year of investment. Unused uplift may be carried forward indefinitely, with an annual interest addition.

Temporary tax rules were introduced for 2020 and 2021 to stimulate activity and reduce lay offs in the supply industry due to the covid 19 situation. Investments for 2020 and 2021 can therefore be expensed directly against the SPT basis (56%) in year of investment. The uplift allowance for these years has been increased from 20.8% over 4 years to 24% in investment year. For the ordinary offshore income tax basis (22%) investments are still depreciated over 6 years (linear). The temporary tax rules also include investments subject to plans for production and operation (PDO), and significant changes of such, delivered within end of 2022 and sanctioned by end of 2023, up to start of production as detailed in the PDO. The accelerated tax deduction for SPT results in higher tax payments in the future, which is reflected in increased deferred tax.





Lundin Energy Norway AS
Notes to the Financial Statements 2021

Financial expenses related to interest-bearing debts are distributed between onshore and offshore income. The tax allowance is calculated as net financial expenses related to interest-bearing debt multiplied by 50% of the ratio between the tax value of the offshore-assets and average interest-bearing debt. The remaining net financial expenses are allocated to onshore, and if no other onshore income, these are reallocated back to the offshore ordinary tax basis. As a result of the temporary tax rules the formula will be based on the tax values for the SPT basis.

Deferred tax assets relating to petroleum activity on the Norwegian Continental Shelf are not dependent on continued operation of the Company. The tax effect of any unused tax losses carried forward, including interest on the balance, related to the Norwegian Continental Shelf will be refunded to the Company in cash when the offshore activity has ceased. There is no time limit associated with the right to carry forward tax losses in Norway.

Development of oil and gas properties

Exploration expenditure related to oil and gas prospects are transferred to assets under development at the time of sanctioning of the development project. The exploration assets are assessed for impairment before reclassification.

All costs of developing commercial oil and/or gas fields are capitalised, including interest and direct costs. Capitalised development costs are classified as tangible assets.

Pre-operating costs are expensed in the period in which the costs are incurred.

Oil and gas fields in production

When a field commence the production of oil and gas, the capitalised costs for the oil and gas properties, including reclassified exploration costs and all development costs, are depreciated using the unit-of-production method.

Oil and gas properties are assessed for impairment annually and whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Indications of impairment may be a decline in the oil price, technological development, changes in future investments or changes in reserve estimates, or internal factors like the Company's intention for further use, running costs, tear and wear.

For the purposes of assessing impairments, assets are grouped at the lowest levels for which there are separately identifiable cash inflows. Such cash-generating units (CGUs) may consist of one or several oil and gas fields, dependant on ability to separate cash flows from the fields. An impairment loss is the amount by which the carrying amount of the assets exceeds the recoverable amount. The recoverable amount is the higher of the asset's net selling price and its value in use. The value in use is determined by reference to discounted future net cash flows expected to be generated by the asset. Cash flows are discounted using a discount rate that reflects current market assessments of the time-value of money and the risks specific to the asset.

A previously recognised impairment loss is reversed through the income statement only if there has been a change in the estimates used to determine the recoverable amount. An impairment loss reversal is recognised in the income statement as a reversal of previous expensed values. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. After such a reversal, the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value.

Property plant and equipment

Property, plant and equipment include production facilities, assets under construction, spare parts and machinery and equipment. Items of property, plant and equipment are measured at historical cost, less accumulated depreciation and any accumulated impairment charges.





Lundin Energy Norway AS
Notes to the Financial Statements 2021

Cost includes purchase price or construction cost, and any costs directly attributable to bringing the assets to a working condition for their intended use.

The costs of replacing a component of an item of property, plant and equipment, such as repairs or maintenance, are normally expensed during the financial period in which they are incurred. Additional costs to existing assets are included in the assets net book value 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 Company and the cost of the item can be measured reliably. The net book value of any replaced parts is written off.

Gains and losses on disposals are determined by comparing the disposal proceeds with the carrying amounts of the property, plant and equipment. Gains and losses on disposal of property, plant and equipment are recorded in the income statement. Transactions on the Norwegian continental shelf is normally settled on an after-tax basis. Deferred tax related to sale of oil and gas properties is classified together with loss/gain from sale of assets in the Income Statement.

Once production on a field commences, the field is re-classified from development assets to producing assets. Inventories of spare parts and drilling equipment are valued at the lower of purchase cost and net sale value. Spare parts are normally not depreciated prior to reclassification to production facility. The net capitalised costs to the reporting date, including reclassified exploration costs and all development costs, decommissioning and dismantling costs, are depreciated using the unit-of-production method. Depletion of the field area is charged to the income statement once the production commences, based on the year's production in relation to estimated total proved and probable reserves of oil and gas. Proved reserves are those quantities of petroleum which, by analysis of geological and engineering data, can be estimated with reasonable certainty to be commercially recoverable, from a given date forward, from known reservoirs and under current economic conditions, operating methods and governmental regulations. Proved reserves can be categorised as developed or undeveloped. If deterministic methods are used, the term reasonable certainty is intended to express a high degree of confidence that the quantities will be recovered. If probabilistic methods are used, there should be at least a 90 percent probability that the quantities actually recovered will equal or exceed the estimates.

Probable reserves are those unproved reserves which analysis of geological and engineering data suggests are more likely than not to be recoverable. In this context, when probabilistic methods are used, there should be at least a 50 percent probability that the quantities actually recovered will equal or exceed the sum of estimated proved plus probable reserves.

Other property, plant and equipment are stated at cost less accumulated depreciation. Depreciation is based on cost and is calculated on a straight line basis over the estimated economic life. Estimated useful economic life is 3-5 years for machinery and equipment. The Company assesses other property, plant and equipment for impairment at each balance sheet date. Depreciation methods, useful lives, residual values and reserves are reviewed and adjusted if appropriate.

Assets under construction are not depreciated until the asset is in operation.

Farm-in/farm-out agreements

A farm-in/farm-out agreement involves a situation where a licence owner transfers all or a portion of its working interest to another party and the buyer commits to carry a portion of seller's exploration, and/or development costs in return. Typically, the buyer is taking over a licence interest in return for a share of the seller's expenses related to the drilling of a well. The Company accounts for such farm-in agreements on a historical cost basis, as the fair value is often difficult to determine. In accordance with the purchase agreement, there is a pro & contra settlement at the completion date, settling the costs in the period between the effective date and the completion date of the agreement. Normally there are no gains or losses incurring related to the settlement. As a buyer, the Company is recognising the exploration, drilling and development costs as incurred, in accordance with the "Successful efforts method". There are no accruals for future expenditures in farm-in/out agreements in the exploration phase.





Lundin Energy Norway AS
Notes to the Financial Statements 2021

Operating lease payments

Leases in which most of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the income statement on a straight-line basis over the period of the lease.

Trade receivables and other receivables

Trade receivable and other receivables are initially recognised at fair value. In connection with the sale of goods and services fair value will generally coincide with invoiced amount.

Bad debt provisions are recognised when there are objective indications that the Company will not receive settlement in accordance with the original terms.

Over/under-lifting of hydrocarbons

Over-lifting of hydrocarbons is presented as current liabilities, valued at production cost including depletion. Under-lifting of hydrocarbons is presented as current receivables and valued at lowest of production cost included depletion and market value. The change in the over/under-lift position is reflected in the income statement as production cost.

Cash and cash equivalents

Cash and cash equivalents include cash in hand, bank deposits and interest bearing securities with original maturities of three months or less.

Share capital and share premium

Ordinary shares are classified as equity. Costs directly attributable to the issue of new shares are recognised directly in equity.

Pensions

The Company has a contribution based pension scheme under which the Company pays fixed contributions. The Company has no further payment obligations once the contributions have been paid. The contributions are recognised as an expense once they are due.

Provisions

A provision is recognised when the Company has a legal or constructive obligation as a consequence of a past event, and it is more likely than not that an outflow of resources is required to settle the obligation and a reliable estimate can be made of the amount.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a discount rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognized as financial expense.

On fields where the Company is required to contribute to site restoration costs, a provision is recorded to recognize the future commitment. Abandonment provisions are measured at net present value of the anticipated future cost. An asset is created, as part of the oil and gas property, to represent the discounted value of the anticipated site restoration liability and depleted over the life of the fields on a unit of production basis. The corresponding accounting entry to the creation of the asset recognizes the discounted value of the future liability. The discount applied to the anticipated site restoration liability is subsequently released over the life of the field and is charged to financial expenses. Changes in site restoration costs and reserves are treated prospectively and consistent with the treatment applied upon initial recognition.

The discount rate used reflects the current general level of interest rates. Liabilities are recognised when they arise and are adjusted continually in accordance with changes in requirements, price levels, etc.





Lundin Energy Norway AS
Notes to the Financial Statements 2021

Contingent liabilities and assets

Contingent liabilities are defined as:

- possible obligations that arise from past events, whose existence depend on future events
- obligations which have not been recognised because it is not probable that they will result in a payment.
- the amount of the obligation cannot be measured with sufficient reliability.

Specific mention of material contingent liabilities is disclosed, with the exception of contingent liabilities where the probability of the liability is remote.

Contingent assets are not recognised in the financial statements but are disclosed if there is a certain probability that a benefit will accrue to the Company.

Cash flow statement

The cash flow statement is prepared by using the indirect method.

Events after the balance sheet date

All events up to the date when the financial statements were authorised for issue and which have a material effect in the financial statements have been disclosed.

Critical accounting estimates and judgements

The management of Lundin Energy Norway has to make estimates and judgements when preparing the financial statements of the Company. Uncertainties in the estimates and judgements could have an impact on the carrying amount of assets and liabilities and the Company's result. The most important estimates and judgements in relation thereto are:

a) Hydrocarbon reserve and resource estimates

Estimates of oil and gas reserves are used in the calculations for impairment tests and accounting for depletion and site restoration. Standard recognised evaluation techniques are used to estimate the proved and probable reserves. These techniques take into account the future level of development required to produce the reserves. An independent reserves auditor reviews these estimates. Changes in estimates in oil and gas reserves, resulting in different future production profiles, will affect the discounted cash flows used in impairment testing, the anticipated date of site decommissioning and restoration and the depletion charges in accordance with the unit of production method. Changes in estimates in oil and gas reserves could for example result from additional drilling, observation of long-term reservoir performance or changes in economic factors such as oil price and inflation rates.

b) Impairment of oil and gas properties

Lundin Energy carries out impairment tests of individual cash generating units when impairment triggers are identified. Goodwill relating to the acquisition of oil and gas properties is tested for impairment at least annually. No impairment triggers were identified for 2021.

Key assumptions in the impairment models relate to prices and costs that are based on forward curves and the long-term corporate assumptions. The calculation of the impairment requires the use of estimates. For the purpose of determining a potential impairment the assumptions that management uses to estimate the future cash flows to calculate the recoverable amounts are future oil and gas prices and expected production volumes. These assumptions and judgements of management that are based on them are subject to change as new information becomes available. Changes in economic conditions can also affect the rate used to discount future cash flow estimates and the discount rate applied is reviewed throughout the year.

Information about the carrying amounts of the oil and gas properties and impairment of oil and gas properties is presented in Note 8.

c) Provision for future decommissioning and removal expenditures





Lundin Energy Norway AS
Notes to the Financial Statements 2021

Amounts used in recording a provision for site restoration are estimates based on current legal and constructive requirements and current technology and price levels for the removal of facilities and plugging and abandoning of wells. Due to changes in relation to these items, the future actual cash outflows in relation to these items, the future actual cash outflows in relation to the site decommissioning and restoration can be different. To reflect the effects due to changes in legislation, requirements and technology and price levels, the carrying amounts of site restoration provisions are reviewed on a regular basis.

The effects of changes in estimates do not give rise to prior year adjustments and are treated prospectively over the estimated remaining commercial reserves of each field. While the Company uses its best estimates and judgement, actual results could differ from these estimates.

d) Taxes

Uncertainties exist with respect to the interpretation of complex tax regulations and the amount and timing of future taxable income. The calculated taxes are based on judgements and understanding by the Company regarding items allowable for tax deduction, and the view may differ from the Norwegian Authorities' practice in the final settlement of the tax refund.

The Company's information about significant areas of estimation uncertainty is included in the following notes:

- Property, plant and equipment in note 8 and future abandonment provisions in note 16.
- Depreciation of property, plant and equipment (production equipment) in Note 8.





Lundin Energy Norway AS
Notes to the Annual Financial Statements

Note 2 Major transactions during 2021

In January 2021, the Company was awarded 19 licences in the 2020 APA licensing round, of which seven are as operator.

In February 2021, Lundin Energy entered into a sales and purchase agreement with Aker BP involving the acquisition of a six percent working interest in licences PL036E, PL036F, PL102H, PL102F, PL102D and PL102G which includes the Trell and Trine Unit. The transaction included the sale of a five percent working interest in PL869 and a 15 percent working interest in PL1041. In January 2022 Lundin Energy entered into a sales and purchase agreement with MOL involving the acquisition of a ten percent working interest in licences PL102F and PL102G, which includes the Trell Nord prospect, equivalent to 6.84 percent in the Trell and Trine Unit, bringing Lundin Energy's total working interest to 12.84 percent in the Unit.

In May 2021 Lundin Energy entered into a sales and purchase agreement with One-Dyas involving the divestment of a ten percent working interest in PL976.

In June 2021, Lundin Energy was awarded two licences in the 25th licencing round.

In October 2021, Lundin Energy entered into a purchase agreement with OMV Norge AS involving the acquisition of an additional 25 percent working interest in licence PL537, which includes the Wisting discovery, bringing Lundin Energy's working interest to 35 percent. The transaction, which completed in December 2021, is effective from January 2021 and adds estimated net contingent resources of approximately 131 MMboe for a cash consideration of MUS\$ 320. There is a contingency arrangement also in place depending on a reduction in final development capital spend, the benefit of which is shared between the parties.

Lundin Energy increased its interests in PL917 from 20 percent to 40 percent and acquired a 20 percent interest in PL956 and a 10 percent interest in PL985, through two transactions, one with ConocoPhillips and one with Vår Energi. PL917 contains interesting follow up potential to the King discovery that was made in the neighbouring licence. An exploration well is planned to be drilled on the Ringhorn Ty prospect in 2023 and PL985 contains attractive prospectivity north of the PL956.

In January 2022, the Company was awarded 10 licences in the 2020 APA licensing round, of which five are as operator.

Currently the Company holds 97 licences in Norway.

On 21 December 2021, LUNE announced that it had entered into an agreement (the transaction) with Aker BP whereby Aker BP will absorb LUNE's E&P business and become the new ultimate parent company. The business will continue as normal, but within a new group structure.

Transaction 09222115557464260125



Signed DF, NW, TP, MG, KE, GS, SB



Lundin Energy Norway AS
Notes to the Annual Financial Statements

| | 2021 | 2020 |
|---------------------------------|---------------|---------------|
| In NOK 1,000 | | |
| Rent, electricity, cleaning | 57 428 | 55 871 |
| External services | 83 462 | 103 304 |
| Computer expenses | 109 835 | 94 246 |
| Office expenses | 7 150 | 7 159 |
| Travel | 526 | 1 116 |
| Other expenses | 17 515 | 15 935 |
| Recharged to operated licences | (209 727) | (209 068) |
| Other operating expenses | 66 190 | 68 562 |

Remuneration to Executive officers in 2021 (in NOK 1,000)

| | Salary ¹⁾ | Cash bonus | Long term incentive plan |
|-------------------|----------------------|------------|--------------------------|
| Managing director | 3 884 | 2 014 | 6 808 |

¹⁾ Salaries consist in addition of pension NOK 169 and other remuneration NOK 18.

Remuneration to the Board of Directors

NOK 45.000 was paid in remuneration to the Board in 2021. NOK 15.000 to each employees' representative Board Member. No change in remuneration from 2020.

Remuneration to Executive officers in 2020 (in NOK 1,000)

| | Salary ¹⁾ | Cash bonus | Long term incentive plan |
|-------------------|----------------------|------------|--------------------------|
| Managing director | 3 819 | 1 876 | 7 833 |

¹⁾ Salaries consist in addition of pension NOK 167 and other remuneration NOK 17.

Auditor's remuneration

| In NOK 1,000 | 2021 | 2020 |
|-------------------------------------|--------------|--------------|
| Auditor's fee | 3 587 | 2 561 |
| Other assurance services | 0 | 162 |
| Other advisory services | 24 | 52 |
| Total auditor's remuneration | 3 612 | 2 775 |





Lundin Energy Norway AS
Notes to the Annual Financial Statements

Salaries and other remuneration related to participation in licences

Salaries charged to the Company's income statement through licences where the Company has an ownership share but is not an operator, are not classified as salaries but are included in exploration and production expenses or capitalised as part of developments.

Pensions

Lundin Energy Norway AS is subject to the law about mandatory membership in the Norwegian Pension Scheme. All employees in the Company are members of a contribution-based pension scheme. In 2020 and 2021 the contributions made by the Company for pensions and pension insurance amounted to NOK 64.8 million and NOK 68.1 million respectively. The Company's pension commitments are limited to the annual contributions made.

Sharebased payments

No employees have share option agreements in Lundin Energy Norway AS, however some employees have long term incentive plans (LTIP) with the ultimate parent company. The participants are granted a number of "units" annually. The units may subsequently be translated to cash awards. The awards are determined by the ultimate parent company share price and are paid out over a period of 3 years. The amount in cash will be determined at the end of each vesting period, by multiplying the number of "units" with the share price.

The long term incentive plan is valued at market price and is included in salaries in the Income statement. The changes in value of the LTIP are recognised in the Income statement over the 3 year period, so that the accumulated cost over the vesting period corresponds to the value of the LTIP on the maturity date. The Company is liable to social security tax on the gains resulting from the programme, hence an accrual has been made in the Annual financial statements, calculated on basis of the difference between the exercise price and the market price of the shares on 31 December.

The "units" granted are conditional upon the employee's employment with the Company on the date of the cash settlement.

Performance Based Incentive Plan

A selected group of participants at executive and senior management level is members of the Incentive Plan. Each participant receives whole shares after 3 years subject to continued employment and performance. Performance is measured by relative Total Shareholder Return (TSR) against a peer group of other oil companies.

Transaction 09222115557464260125



Signed DF, NW, TP, MG, KE, GS, SB

Lundin Energy Norway AS
Notes to the Annual Financial Statements

| Note 6 Financial items | 2021 | 2020 |
|---|-----------------|-------------------|
| In NOK 1,000 | | |
| Financial income | | |
| Interest income | 10 249 | 4 901 |
| Other financial income | 0 | 0 |
| Total financial income | 10 249 | 4 901 |
| Financial expenses | | |
| Interest expense | -368 732 | -936 951 |
| Other interest expense | -50 478 | -85 069 |
| Other financial expenses | -26 635 | -58 956 |
| Interest accretion on decommissioning liability | -178 841 | -180 260 |
| Total financial expenses | -624 686 | -1 261 236 |
| Foreign Exchange gain/-loss | | |
| Realised foreign exchange gain | 503 978 | 517 875 |
| Realised foreign exchange loss | -515 476 | -443 469 |
| Unrealised foreign exchange gain/-loss | -9 379 | 112 788 |
| Net foreign exchange gain/-loss | -20 877 | 187 195 |
| Total financial items | -635 315 | -1 069 140 |

Transaction 0922211557464260125



Signed DF, NW, TP, MG, KE, GS, SB



Lundin Energy Norway AS
Notes to the Annual Financial Statements

Note 7 Tax

| | 2021 | 2020 |
|--|-------------------|-------------------|
| a) Tax expense for the period | | |
| in NOK 1,000 | | |
| Current tax | 21 983 553 | 4 829 398 |
| Current tax previous years | 21 533 | -21 404 |
| Changes in deferred tax | 4 059 414 | 5 003 442 |
| Tax expense for the period | 26 064 500 | 9 811 435 |
| Current tax liability at 1 January | 3 791 398 | 2 993 667 |
| Current tax paid | -11 917 068 | -4 010 262 |
| Current year tax in income statement | 22 005 086 | 4 807 993 |
| Current tax liability at 31 Dec | 13 879 415 | 3 791 398 |
| b) Effective tax rate | | |
| in NOK 1,000 | | |
| Income before tax | 33 974 966 | 12 870 869 |
| Company tax | 7 474 492 | 2 831 591 |
| Special petroleum tax | 19 025 981 | 7 207 687 |
| Tax effect of uplift | -817 704 | -789 759 |
| Net financial revenue/expense onshore | 259 814 | 398 775 |
| Tax effect of permanent differences | 100 384 | 184 545 |
| Adjustment prior years | 21 533 | -21 404 |
| Total tax expense for the period | 26 064 500 | 9 811 435 |
| Effective tax rate (incl. change in deferred tax) | 76,7 % | 76,2 % |
| c) Deferred tax | | |
| The tax effect of temporary differences: | | |
| in NOK 1,000 | | |
| Fixed assets | 29 562 295 | 25 030 380 |
| Future uplift | -169 214 | -486 607 |
| Other long-term items (receivables, decommissioning, etc.) | -4 519 081 | -3 702 244 |
| Other short-term items | 234 669 | 207 726 |
| Total deferred tax | 25 108 669 | 21 049 255 |





Lundin Energy Norway AS
Notes to the Annual Financial Statements

Note 8 Property, plant and equipment

| In NOK 1,000 | Capitalised | | | | Total | |
|--|--------------------------------------|--------------------|--------------------|--------------------------|-------------------|--------------------------------|
| | exploration costs and licence rights | Development assets | Production assets | Oil and gas fields Total | | Machinery and office equipment |
| Acquisition cost at 31 Dec 2020 | 6 398 809 | 9 751 673 | 60 745 379 | 76 895 861 | 224 320 | 77 120 181 |
| Additions | 1 773 086 | 3 640 424 | 3 491 396 | 8 904 907 | 31 862 | 8 936 769 |
| Purchase | 2 857 796 | | | 2 857 796 | | 2 857 796 |
| Expensed capitalised wells previous periods | -1 213 835 | | | -1 213 835 | | -1 213 835 |
| Reclassified to production assets and development assets | | -8 194 297 | 8 194 297 | 0 | | 0 |
| Reclassified to development assets | -1 736 170 | 1 736 170 | | -0 | | -0 |
| Acquisition cost at 31 Dec 2021 | 8 079 685 | 6 933 970 | 72 431 073 | 87 444 728 | 256 182 | 87 700 910 |
| Accumulated depreciation at 31 Dec 2020 | - | - | 23 442 846 | 23 442 846 | 195 930 | 23 638 775 |
| Depreciation | | | 4 831 007 | 4 831 007 | 17 582 | 4 848 589 |
| Accumulated depreciation at 31 Dec 2021 | - | - | 28 273 853 | 28 273 853 | 213 512 | 28 487 365 |
| Accumulated Impairment at 31 Dec 2020 | 832 490 | - | 5 770 972 | 6 603 462 | - | 6 603 462 |
| Impairment | | | 59 135 | 59 135 | | 59 135 |
| Accumulated Impairment at 31 Dec 2021 | 832 490 | - | 5 830 107 | 6 662 597 | - | 6 662 597 |
| Net book value at 31 Dec 2020 | 7 247 195 | 6 933 970 | 38 327 112 | 52 508 276 | 42 669 | 52 550 946 |
| Depreciation plan: | | | Unit of production | | Linear, 3-5 years | |

Impairment:
Lundin Energy Norway carries out impairment tests of individual cash-generating units when impairment triggers are identified. No impairment triggers were identified for 2021.

Due to increased future removal estimates for Gaupe, the Company has written off NOK 59.1 million in 2021 (NOK 23.3 million).





Lundin Energy Norway AS
Notes to the Annual Financial Statements

| In NOK 1,000 | Capitalised | | | | | Total |
|--|--------------------------------------|--------------------|--------------------|--------------------------|--------------------------------|-------------------|
| | exploration costs and licence rights | Development assets | Production assets | Oil and gas fields Total | Machinery and office equipment | |
| Acquisition cost at 31 Dec 2019 | 5 130 170 | 5 035 220 | 59 175 950 | 69 341 340 | 205 246 | 69 546 586 |
| Additions | 737 581 | 4 716 453 | 1 569 430 | 7 023 463 | 19 074 | 7 042 537 |
| Purchase | 1 103 609 | - | 1 103 609 | 1 103 609 | - | 1 103 609 |
| Expensed capitalised wells previous periods | -572 552 | - | -572 552 | -572 552 | - | -572 552 |
| Disposal | - | - | - | - | - | - |
| Reclassified to production assets and development assets | - | - | - | - | - | - |
| Acquisition cost at 31 Dec 2020 | 6 398 809 | 9 751 673 | 60 745 379 | 76 895 861 | 224 320 | 77 120 181 |
| Accumulated depreciation at 31 Dec 2019 | - | - | 18 674 979 | 18 674 979 | 174 165 | 18 849 144 |
| Depreciation | - | - | 4 767 866 | 4 767 866 | 21 765 | 4 789 631 |
| Accumulated depreciation at 31 Dec 2020 | - | - | 23 442 846 | 23 442 846 | 195 930 | 23 638 775 |
| Accumulated impairment at 31 Dec 2019 | 832 490 | - | 5 747 641 | 6 580 131 | - | 6 580 131 |
| Impairment | - | - | 23 331 | 23 331 | - | - |
| Accumulated impairment at 31 Dec 2020 | 832 490 | - | 5 770 972 | 6 603 462 | - | 6 603 462 |
| Net book value at 31 Dec 2020 | 5 566 319 | 9 751 673 | 31 531 561 | 46 849 553 | 28 390 | 46 877 943 |
| Depreciation plan: | | | Unit of production | | Linear, 3-5 years | |
| Note 9 Other investments | | | | | | |
| Company | | Book value in NOK | Ownership interest | | | |
| Alvheim AS | | 0 | 15 % | | | |
| Johan Sverdrup Eiendom DA | | 2 400 | 20 % | | | |





Lundin Energy Norway AS
Notes to the Annual Financial Statements

| Note 10 Spare parts | | |
|------------------------------------|-------------|-------------|
| In NOK 1,000 | 2021 | 2020 |
| Spare parts and drilling equipment | 440 842 | 355 419 |

Note 11 Other long-term receivables

Non-current trade and other receivables relates to prepayments with a long-term nature.

Note 12 Trade receivables and Trade payables

| Current Assets | | |
|--------------------------------|------------------|------------------|
| In NOK 1,000 | 2021 | 2020 |
| Trade receivables | 842 473 | 248 216 |
| Trade receivables intercompany | 3 518 132 | 1 862 863 |
| Total trade receivables | 4 360 604 | 2 111 079 |

| Current liabilities | | |
|-----------------------------|----------------|----------------|
| In NOK 1,000 | 2021 | 2020 |
| Trade payables | 470 350 | 249 865 |
| Trade payables intercompany | 50 393 | 55 895 |
| Total trade payables | 520 742 | 305 760 |



Transaction 09222115557464260125

Signed DF, NW, TP, MG, KE, GS, SB

Lundin Energy Norway AS
Notes to the Annual Financial Statements**Note 13 Short-term receivables and other current liabilities**

| Other short-term receivables | 2021 | 2020 |
|---|------------------|----------------|
| in NOK 1,000 | | |
| Receivables, joint ventures | 570 963 | 339 177 |
| Joint venture overcall | 315 064 | 197 548 |
| Underlift | 165 380 | 39 877 |
| Crude storage | 40 505 | 41 700 |
| VAT receivable | 40 826 | 28 337 |
| Prepayments | 63 923 | 40 377 |
| Prepayments, joint ventures | 55 064 | 90 555 |
| Total other short-term receivables | 1 251 725 | 777 571 |

| Other current liabilities | 2021 | 2020 |
|--|------------------|------------------|
| in NOK 1,000 | | |
| Other taxes and social security costs | 112 573 | 100 078 |
| Overlift | 177 232 | 12 559 |
| Accruals | 198 200 | 179 914 |
| Accruals, joint ventures | 1 589 356 | 1 147 729 |
| Prepayments | 26 990 | 0 |
| Other current liabilities | 66 700 | 36 238 |
| Abandonment | 134 000 | 136 800 |
| Total other current liabilities | 2 305 052 | 1 613 319 |

Note 14 Cash and cash equivalents

| in NOK 1,000 | 2021 | 2020 |
|---|------------------|----------------|
| Cash and cash equivalents, non-restricted | 2 161 320 | 347 138 |
| Tax withholding balance, restricted cash | 73 822 | 66 753 |
| Total cash and cash equivalents | 2 235 142 | 413 891 |





Lundin Energy Norway AS
Notes to the Annual Financial Statements

Note 15 Shareholders equity

Changes in equity

| in NOK 1,000 | Share capital | Share premium reserve | Other equity | Total |
|------------------------------|----------------|-----------------------|------------------|------------------|
| Equity at 1 Jan 2020 | 493 000 | 214 641 | 1 421 214 | 2 128 855 |
| Dividend | | | -3 290 000 | -3 290 000 |
| Result for the year | | | 3 059 434 | 3 059 434 |
| Equity at 31 Dec 2020 | 493 000 | 214 641 | 1 190 648 | 1 898 290 |
| Equity at 1 Jan 2021 | 493 000 | 214 641 | 1 190 648 | 1 898 290 |
| Dividend | | | -7 480 000 | -7 480 000 |
| Result for the year | | | 7 910 465 | 7 910 465 |
| Equity at 31 Dec 2021 | 493 000 | 214 641 | 1 621 113 | 2 328 755 |

Share capital at 31 Dec:

| | 2021 | 2020 |
|------------------------------|-----------|-----------|
| Share capital, in NOK 1,000 | 493 000 | 493 000 |
| No. of shares issued | 4 930 000 | 4 930 000 |
| Face value per share, in NOK | 100 | 100 |

Lundin Energy Norway AS was founded on 24 Oct. 2003 and is part of the Lundin Group. 100% of the shares in Lundin Energy Norway AS are owned by Lundin Energy Holding BV, Amaliestraat 3-5, 2514 JC Haag, Netherlands. The Group 2020 Annual financial statements are available on the Group web site: www.lundin-energy.com.

Note 16 Guarantees and commitments

a) Provision for site restoration

Per 31 Dec 2021 the Company has recorded a provision for future decommissioning and removal cost of NOK 6,392.1 million (2020, NOK 5,469.9 mill). In calculating the present value of the provision, a pre-tax discount rate of 3.5% (2020, 3.5%) was used, which is based on long-term risk-free interest rate projections adjusted for Lundin Energy credit risk. The change in net present value of NOK 178.8 million in 2021 is expensed under financial items (2020, NOK 180.3 million). The effect of changes in estimates are capitalised under oil and gas assets. The provision is based on the Company's own evaluations and operators' estimate.





Lundin Energy Norway AS
Notes to the Annual Financial Statements

| In NOK million | 2021 | 2020 |
|--|----------------|----------------|
| Accrued at 1 January | 4 914,9 | 5 012,3 |
| Accrued for the year | 726 | 169,7 |
| Changes in estimates | 17 | 46,9 |
| Used | (102,3) | -494,2 |
| Unwinding | 178,8 | 180,3 |
| Total site restoration at 31 December | 5 734,9 | 4 914,9 |
| Non-current | 5 600,9 | 4 778,1 |
| Current | 134,0 | 136,8 |
| Total | 5 734,9 | 4 914,9 |

b) Contractual commitments/ commitments to future investments

Through its ownership interests in oil and gas-fields the Company has the following commitments:

| In NOK thousands | 2021 | 2022 | 2023 |
|--------------------------|------------------|----------------|----------|
| Rig and vessel contracts | 1 157 298 | 215 969 | - |
| Total | 1 157 298 | 215 969 | - |

c) Leasing commitments

The Company has no financial leasing obligations, nor any leasing obligations through partner operated oil and gasfields. The Company has 2 operating lease agreements for office property. The rent amounted to NOK 54.6 million in 2021 (2020, NOK 54.4 million). The rent agreements for the current office location for the Lysaker office in Strandveien 4-8 started in August 2015 and the rent period is 12 years. The rent agreement for the Company's office in Harstad expires in March 2023, with an option to extend for 3 years at a time.

d) Liability for damage and pollution / insurance coverage

As a licence holder on the Norwegian Continental Shelf, the Company has unlimited liability for damage, including environmental damage. The Company has insurance coverage for its pro rata liability, in line with the industry practice for the Norwegian Continental Shelf.

e) Legal disputes

The Company is not involved in any material legal disputes.





Lundin Energy Norway AS
Notes to the Annual Financial Statements

Note 17 Interest-bearing receivables

| In NOK 1,000 | 2021 | 2020 |
|---|------------------|----------|
| Short term interest-bearing loan, group ¹⁾ | 2 161 251 | 0 |
| Net Group receivables/(-payables) | 2 161 251 | 0 |

1) In June 2021 the Company entered into intercompany deposit agreement with Lundin Energy Holding BV.

Note 18 Interest-bearing debt

| In NOK 1,000 | 2021 | 2020 |
|--|--------------------|--------------------|
| Long-term interest-bearing debt, group ¹⁾ | -11 906 190 | -17 458 694 |
| Capitalised loan fees ²⁾ | 100 980 | 209 225 |
| Net Group receivables/(-payables) | -11 805 210 | -17 249 469 |

1) In December 2020 the Company entered into intercompany loan agreement with Lundin Energy Holding BV of 3,300 MUSD. In November 2021 the Company cancelled 300 MUSD of this loan agreement. The intercompany agreement amount to the corresponding NOK value of USD 3,000 billion.

| | |
|-----------------------------|--------------------|
| Intercompany loan agreement | Maturity < 5 years |
| | 6 835 035 |

2) Capitalized loan fees from the previous internal loan agreement has been expensed and fees for the new facility capitalized.

Note 19 Pledged assets and joint mortgage security

The Company's participating interests in licenses related to the Edvard Grieg Field and the Johan Sverdrup field are pledged as security of debt. In addition, the Company's shares are pledged as security for the Group's loan facility, see Note 15.
Lundin Energy Norway AS and the other Group companies are under the terms of the loan facility jointly responsible for the covenants attached to the loan facility.
Bank accounts for receivables from the hydrocarbon sales are pledged.

Note 20 Financial instruments and risk management

The Company is amongst other exposed to the risk of oil and gas price changes and to changes in exchange rates.

Transaction 09222115557464260125



Signed DF, NW, TP, MG, KE, GS, SB



Lundin Energy Norway AS
Notes to the Annual Financial Statements

Note 21 Transactions with related parties

NOK 1.000

In 2021, the Company has been invoiced NOK 185.4 million from the parent Lundin Energy Holding BV for recharges and services (2020, NOK 224.9 million), and have invoiced Lundin Energy Marketing SA NOK 39 662 million (2020, NOK 19 694 million) for sale of oil.
The interest charged for intercompany loans amounted to NOK 297.8 million in 2021 (2020, NOK 538.7 million).
The Company also received NOK 4.4 million in 2021 on the intercompany deposit agreement (2020, NOK 0 million).

Note 22 Investments in joint operations

| License | Field/Discovery | WJ ¹ | |
|---------|------------------|------------------|------------------|
| | | 31 December 2021 | 31 December 2020 |
| PL036C | | 15 | 15 |
| PL036E | Trell & Trine | 6 | - |
| PL036F | Trell & Trine | 6 | - |
| PL0888S | | 15 | 15 |
| PL102D | Trell & Trine | 6 | - |
| PL102F | Trell & Trine | 6 | - |
| PL102G | Trell & Trine | 6 | - |
| PL102H | Trell & Trine | 6 | - |
| PL148 | Brynhild | 51 | 51 |
| PL150 | Volund | 35 | 35 |
| PL167 | | 40 | 20 (40) |
| PL167B | Lille Prinsen | 40 | 20 (40) |
| PL167C | | 40 | 20 (40) |
| PL203 | | 15 | 15 |
| PL229E | Alvheim | 50 | 50 |
| PL229G | | 50 | - |
| PL265 | | 7.384 | 7.384 |
| PL292 | Johan Sverdrup 2 | 40 | 40 |
| PL292B | Gaupe | 40 | 40 |
| PL338 | Edvard Grieg | 65 | 65 |
| PL338BS | | 50 | 50 |
| PL338 C | Rolvsnæs | 80 | 80 |
| PL338DS | | 65 | 65 |
| PL338E | | 80 | 80 |
| PL340 | Bøyla & Frosk | 15 | 15 |
| PL340BS | | 15 | 15 |
| PL359 | Solveig | 65 | 65 |





Lundin Energy Norway AS
Notes to the Annual Financial Statements

| | | | | |
|---------|------------------|--------|--------|---------|
| PL492 | Gotha | 40 | 40 | 40 |
| PL501 | Johan Sverdrup 2 | 37.384 | 37.384 | 37.384 |
| PL501B | | 37.384 | 37.384 | 37.384 |
| PL533 | | 40 | 40 | 40 |
| PL533B | | 40 | 40 | 40 |
| PL537 | Wisting | 35 | 35 | 10 |
| PL537B | | 35 | 35 | 10 |
| PL609 | Alta | 55 | 55 | 55 |
| PL609B | | 55 | 55 | 55 |
| PL609C | | - | - | 55 |
| PL609D | | 55 | 55 | 55 |
| PL695 | | - | - | 40 |
| PL722 | | - | - | 20 |
| PL815 | | 60 | 60 | 60 |
| PL820S | | 41 | 41 | 40 (41) |
| PL820SB | | 41 | 41 | - |
| PL830 | | 40 | 40 | 40 |
| PL851 | | - | - | 55 |
| PL860 | | - | - | 40 |
| PL869 | | 15 | 15 | 20 |
| PL886 | | 60 | 60 | 60 |
| PL886B | | 60 | 60 | 60 |
| PL894 | | 10 | 10 | 10 |
| PL896 | | 30 | 30 | 30 |
| PL902 | | - | - | 40 |
| PL902B | | - | - | 40 |
| PL904 | | - | - | 20 |
| PL914S | | 1.385 | 1.385 | 1.385 |
| PL917 | | 20 | 20 | 20 |
| PL917B | | 20 | 20 | 20 |
| PL919 | | 15 | 15 | 15 |
| PL924 | | 15 | 15 | 15 |
| PL926 | | - | - | 10 |
| PL929 | | 10 | 10 | 10 |
| PL934 | | - | - | 40 |
| PL935 | | 20 | 20 | 20 |
| PL936 | | - | - | 30 |
| PL954 | | - | - | 40 |
| PL960 | | 20 | 20 | 20 |
| PL962 | | - | - | 20 |





Lundin Energy Norway AS
Notes to the Annual Financial Statements

| | | |
|---------|----|----|
| PL965 | - | 60 |
| PL976 | 40 | 50 |
| PL981 | 60 | 60 |
| PL987 | - | 20 |
| PL987B | - | 20 |
| PL988 | - | 40 |
| PL989 | 30 | 30 |
| PL991 | - | 40 |
| PL998 | - | 30 |
| PL1023 | - | 50 |
| PL1027 | 40 | 40 |
| PL1029 | 40 | 40 |
| PL1032 | 40 | 40 |
| PL1041 | 15 | 30 |
| PL1045 | 15 | 15 |
| PL1045B | 15 | - |
| PL1048 | 50 | 50 |
| PL1051 | 40 | 40 |
| PL1057 | 60 | 60 |
| PL1069 | 50 | 50 |
| PL1082 | 50 | 50 |
| PL1083 | 40 | 40 |
| PL1084 | 60 | - |
| PL1087 | 50 | - |
| PL1089 | 50 | - |
| PL1090 | 30 | - |
| PL1091 | 40 | - |
| PL1092 | 50 | - |
| PL1094 | 60 | - |
| PL1095 | 50 | - |
| PL1097 | 30 | - |
| PL1099 | 30 | - |
| PL1102 | 60 | - |
| PL1104 | 40 | - |
| PL1106 | 20 | - |
| PL1126 | 30 | - |





Lundin Energy Norway AS
Notes to the Annual Financial Statements

| | | |
|--------|----|---|
| PL1129 | 30 | - |
| PL1131 | 20 | - |
| PL1133 | 20 | - |
| PL1134 | 30 | - |

- 1) Lundin Energy Norway's working interest (%) with changes awaiting government approval per year end mentioned between brackets.
2) Lundin Energy Norway's working interest (%) in the Johan Sverdrup field amounts to 20 percent.

Note 23 Subsequent events

In January 2022, drilling was completed on the Melstein prospect in PL886 in the Northern Sea. The well was dry and will be expensed in 2022.

Note 24 Oil and gas reserves (not audited by EY)

The table below shows Lundin Norway AS' estimated proved and probable oil and gas reserves (2P) and change in such estimates during 2021. The reserves have been audited by ERCE, an independent qualified reserves auditor. Proved and probable reserves are to be interpreted as defined by the SPE PRMS guidelines of the Society of Petroleum Engineers (SPE), WPC, AAPG and SPEE. Evaluation of reserves is associated with a degree of uncertainty and estimates may change over time as new information becomes available.

| Proved and probable reserves | Oil equivalents million barrels (mmbœ) |
|--|---|
| Total calculated proved and probable reserves at 31 December 2020 | 670,9 |
| Revisions, incl discoveries and extensions | 39,3 |
| Acquisitions and sales of reserves | 0,0 |
| Production of saleable quantities in 2021 | -71,0 |
| Total calculated proved and probable reserves at 31 December 2021 | 639,1 |
| The proved and probable reserves are attributable to the following fields: | |
| Johan Sverdrup | 462,1 |
| Edvard Grieg | 105,1 |
| Solveig | 44,3 |
| Rolvnes EWT | 1,9 |
| Alvheim | 19,2 |
| Volund | 2,7 |
| Bøyla/ Frosk test producer | 3,0 |
| Ivar Aasen unit | 1,0 |
| Total | 639,1 |





Lundin Energy Norway AS
Notes to the Annual Financial Statements

The Company has ownership interests in the following licences with PDO approval:

| Fields | Ownership share | Maturity |
|-----------------------|------------------------|-----------------|
| Johan Sverdrup Unit | 20,0% | 2037 |
| Alvheim (PL 203) | 15 % | 2032 |
| Volund (PL 150) | 35 % | 2032 |
| Edvard Grieg (PL 338) | 65 % | 2029 |
| Solveig (PL 359) | 65 % | 2036 |
| Ivar Aasen unit | 1,385% | 2036 |
| Bøyla (PL 340) | 15 % | 2029 |

Transaction 0922211557464260125



Signed DF, NW, TP, MG, KE, GS, SB



Verification

Transaction 09222115557464280125

Document

LENO - Financial Statement 2021 v1.4 incl directors report
Main document
39 pages
Initiated on 2022-03-03 15:52:45 CET (+0100) by Jan Nagell (JN)
Finalised on 2022-03-03 17:43:18 CET (+0100)

Initiator

Jan Nagell (JN)
Lundin Energy Norway
Company reg. no. 986209409
jan.nagell@lundin-energy.com
+4799497271

Signing parties

Daniel Fitzgerald (DF)
Lundin Energy
daniel.fitzgerald@lundin-energy.com
Signed 2022-03-03 16:14:52 CET (+0100)

Nick Walker (NW)
Lundin Energy
Nick.Walker@lundin-energy.com
Signed 2022-03-03 16:17:37 CET (+0100)

Teitur Poulsen (TP)
Lundin Energy
Teitur.Poulsen@lundin-energy.com
Signed 2022-03-03 16:05:53 CET (+0100)

Morten Grini (MG)
Lundin Energy Norway
morten.grini@lundin-energy.com
Signed 2022-03-03 17:43:18 CET (+0100)

Kjersti Engh (KE)
Lundin Energy Norway
kjersti.engh@lundin-energy.com
Signed 2022-03-03 16:16:16 CET (+0100)

Geir Smaaskjar (GS)
Lundin Energy Norway
geir.smaaskjar@lundin-energy.com
Signed 2022-03-03 17:00:50 CET (+0100)

Stian Blom (SB)
Lundin Energy Norway
stian.blom@lundin-energy.com
Signed 2022-03-03 16:15:08 CET (+0100)

This verification was issued by Scrive. Information in italics has been safely verified by Scrive. For more information/evidence about this document see the concealed attachments. Use a PDF-reader such as Adobe Reader that can show concealed attachments to view the attachments. Please observe that if the





Verification

Transaction 09222115557464280125

document is printed, the integrity of such printed copy cannot be verified as per the below and that a basic print-out lacks the contents of the concealed attachments. The digital signature (electronic seal) ensures that the integrity of this document, including the concealed attachments, can be proven mathematically and independently of Scrive. For your convenience Scrive also provides a service that enables you to automatically verify the document's integrity at: <https://scrive.com/verify>





Statsautoriserte revisorer
Ernst & Young AS

Dronning Eufemias gate 6a, 0191 Oslo
Postboks 1156 Sentrum, 0107 Oslo

Foretaksregisteret: NO 976 389 387 MVA
Tlf: +47 24 00 24 00

www.ey.no
Medlemmer av Den norske Revisorforening

INDEPENDENT AUDITOR'S REPORT

To the Annual Shareholders' Meeting of Lundin Energy Norway AS

Opinion

We have audited the financial statements of Lundin Energy Norway AS (the Company), which comprise the balance sheet as at 31 December 2021, the income statement 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 comply with applicable legal requirements and give a true and fair view of the financial position of the Company as at 31 December 2021 and its financial performance and cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.

Basis for opinion

We conducted our audit in accordance with 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 in accordance with the requirements of the relevant laws and regulations in Norway and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* (IESBA Code), 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

Other information consists of the information included in the annual report other than the financial statements and our auditor's report thereon. The Board of Directors and Chief Executive Officer (management) are responsible for the other information. Our opinion on the financial statements does not cover the other information, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information, and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard, and in our opinion, the board of directors' report is consistent with the financial statements and contains the information required by applicable legal requirements.

Responsibilities of management for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, 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 ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the



Building a better
working world

going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance 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 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 the 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 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, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Oslo, 9 March 2022
ERNST & YOUNG AS

The auditor's report is signed electronically

Erik Søreng
State Authorised Public Accountant (Norway)

Independent auditor's report - Lundin Energy Norway AS 2021

A member firm of Ernst & Young Global Limited

Pennco document key: OV244-02ETC-KVCFF-KFP48-FIUE3-TAE3B



PENNEO

The signatures in this document are legally binding. The document is signed using Penneo™ secure digital signature. The identity of the signers has been recorded, and are listed below.

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

Erik Søreng

State Authorised Public Accountant (Norway)

On behalf of: Ernst & Young AS

Serial number: 9578-5999-4-1529830

IP: 213.52.xxx.xxx

2022-03-09 08:18:43 UTC



Penneo document key: QV244-02ETC-KVCTFF-KFP48-FIUE3-TAE3B

This document is digitally signed using Penneo.com. The digital signature data within the document is secured and validated by the computed hash value of the original document. The document is locked and timestamped with a certificate from a trusted third party. All cryptographic evidence is embedded within this PDF, for future validation if necessary.

How to verify the originality of this document

This document is protected by an Adobe CDS certificate. When you open the

document in Adobe Reader, you should see, that the document is certified by **Penneo e-signature service <penneo@penneo.com>**. This guarantees that the contents of the document have not been changed.

You can verify the cryptographic evidence within this document using the Penneo validator, which can be found at **<https://penneo.com/validate>**



Skattedirektoratet

| | | |
|--|-------------------------------|-----------------------------|
| Saksbehandler Torstein Kinden Helleland | Deres dato 02.02.2015 | Vår dato 09.02.2015 |
| Telefon 22078139 | Deres referanse Jan Nagell | Vår referanse 2015/86890 |

LUNDIN NORWAY AS
Postboks 247
1326 LYSAKER

Tillatelse til å utarbeide årsregnskap og årsberetning på engelsk språk for Lundin Norway AS, org. nr. 986 209 409

Vi viser til deres brev av 2. februar 2015 der det søkes om dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk språk for Lundin Norway AS.

Skattedirektoratet gir på bakgrunn av en konkret helhetsvurdering Lundin Norway AS dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk språk, jf. regnskapsloven § 3-4 tredje ledd. Dispensasjonen forutsetter at opplysningene som vedtaket baserer seg på ikke endres vesentlig.

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

Bakgrunn

Lundin Norway AS er 100 % eiet av Lundin Petroleum B.V., et selskap hjemmehørende i Nederland. Det ultimate holdingselskapet er Lundin Petroleum AB, som er et svensk børsnotert foretak. Lundin Norway AS inngår i konsernregnskapet til Lundin Petroleum AB. Lundin Petroleum sitt hovedkontor befinner seg i Genève. Selskapet opererer innen oljebransjen. Arbeidsspråket er engelsk. Styret har flere engelskspråklige styremedlemmer. Selskapet opererer i en internasjonal bransje. Alle sentrale aktører og samarbeidspartnere innen denne bransjen behersker og benytter engelsk. En norsk oversettelse vil kun ha til formål å oppfylle regnskapslovens språkkrav.

Skattedirektoratets vurdering

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

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

Postadresse
Postboks 9200 Grønland
0134 Oslo

Besøksadresse:
Se www.skatteetaten.no
Org.nr: 996250318
E-post: skatteetaten.no/sendepost

Sentralbord
800 80 000
Telefaks
22 17 08 60



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

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

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

Det er særlig hensynet til brukerne av regnskapsinformasjon som skal vurderes ved en dispensasjonssøknad. I denne vurderingen har Skattedirektoratet lagt særlig vekt på at selskapet er datterselskap til et utenlandsk selskap. Eierkretsen er begrenset. Arbeidsspråket er engelsk. Styret har flere engelskspråklige styremedlemmer. Videre er det vektlagt at selskapet driver virksomhet i en bransje der alle sentrale aktører behersker og benytter engelsk språk.

Vennligst oppgi vår referanse ved henvendelser i saken.

Med hilsen

Rune Tystad
seniorrådgiver
Rettsavdelingen, foretaksskatt
Skattedirektoratet

Torstein Kinden Helleland

Dokumentet er elektronisk godkjent og har derfor ikke håndskrevne signaturer