



## ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2020 - GENERELL INFORMASJON

### Enheten

Organisasjonsnummer: 914 515 300  
Organisasjonsform: Aksjeselskap  
Foretaksnavn: EDISON NORGE AS  
Forretningsadresse: Hinna Park  
Troll Building  
Jåttåvågveien 18  
4020 STAVANGER

### Regnskapsår

Årsregnskapets periode: 01.01.2020 - 31.12.2020

### Konsern

Morselskap i konsern: Nei

### Regnskapsregler

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

### Årsregnskapet fastsatt av kompetent organ

Bekreftet av representant for selskapet: Ole Johan Østvedt  
Dato for fastsettelse av årsregnskapet: 31.12.2020

### Grunnlag for avgivelse

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

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

Brønnøysundregistrene, 09.03.2021



## Resultatregnskap

Beløp i: NOK	Note	2020	2019
<b>RESULTATREGNSKAP</b>			
<b>Kostnader</b>			
Lønnskostnad	6	26 744 282	30 710 504
Avskrivning på varige driftsmidler og immaterielle eiendeler	7,11,1 2	44 429 388	100 175 408
Annen driftskostnad	8, 10	53 107 860	27 852 978
Annen driftskostnad	21	-11 028 943	129 163 685
<b>Sum kostnader</b>		<b>113 252 587</b>	<b>287 902 575</b>
<b>Driftsresultat</b>		<b>-113 252 587</b>	<b>-287 902 575</b>
<b>Finansinntekter og finanskostnader</b>			
Annen renteinntekt	22	1 697 578	885 567
Annen finansinntekt	22	2 514 348	1 388 424
<b>Sum finansinntekter</b>		<b>4 211 926</b>	<b>2 273 991</b>
Rentekostnad til foretak i samme konsern	9, 26	46 619 513	45 616 087
Annen rentekostnad	22	-417 820	1 238 784
<b>Sum finanskostnader</b>		<b>46 201 693</b>	<b>46 854 871</b>
<b>Netto finans</b>		<b>-41 989 767</b>	<b>-44 580 880</b>
<b>Ordinært resultat før skattekostnad</b>		<b>-155 242 354</b>	<b>-332 483 455</b>
<b>Ordinært resultat etter skattekostnad</b>		<b>-155 242 354</b>	<b>-332 483 455</b>
<b>Årsresultat</b>		<b>-155 242 354</b>	<b>-332 483 455</b>



## Balanse

Beløp i: NOK	Note	2020	2019
<b>BALANSE - EIENDELER</b>			
<b>Anleggsmidler</b>			
<b>Immaterielle eiendeler</b>			
Konsesjoner, patenter, lisenser, varemerker og lignende rettigheter	12	2 238 245	4 066 075
Utsatt skattefordel	16	105 984 855	640 826 791
<b>Sum immaterielle eiendeler</b>		<b>108 223 100</b>	<b>644 892 866</b>
<b>Varige driftsmidler</b>			
Tomter, bygninger og annen fast eiendom	11	2 315 110 515	1 664 603 872
Driftsløsøre, inventar, verktøy, kontormaskiner og lignende	11	820 933	1 312 845
Leasing assets (IFRS16)	10, 11	2 258 590	5 258 287
<b>Sum varige driftsmidler</b>		<b>2 318 190 038</b>	<b>1 671 175 004</b>
<b>Sum anleggsmidler</b>		<b>2 426 413 138</b>	<b>2 316 067 870</b>
<b>Omløpsmidler</b>			
<b>Varer</b>			
<b>Fordringer</b>			
Andre fordringer	14,16, 26	475 638 355	250 851 467
Andre fordringer	14, 21	123 441 411	129 557 012
Andre fordringer	14, 21	-123 441 411	-129 557 012
<b>Sum fordringer</b>		<b>475 638 355</b>	<b>250 851 467</b>
<b>Bankinnskudd, kontanter og lignende</b>			
Bankinnskudd, kontanter og lignende	15, 26	153 391 990	128 346 407
<b>Sum bankinnskudd, kontanter og lignende</b>		<b>153 391 990</b>	<b>128 346 407</b>
<b>Sum omløpsmidler</b>		<b>629 030 345</b>	<b>379 197 874</b>
<b>SUM EIENDELER</b>		<b>3 055 443 483</b>	<b>2 695 265 744</b>

## BALANSE - EGENKAPITAL OG GJELD



## Balanse

Beløp i: NOK	Note	2020	2019
<b>Egenkapital</b>			
<b>Innskutt egenkapital</b>			
Selskapskapital	23	4 000 000	4 000 000
Overkurs	23	1 319 885 000	1 319 885 000
<b>Sum innskutt egenkapital</b>		<b>1 323 885 000</b>	<b>1 323 885 000</b>
<b>Opptjent egenkapital</b>			
Fond		-365 449 745	-365 449 745
Udekket tap		383 673 714	473 792 415
<b>Sum opptjent egenkapital</b>		<b>-749 123 459</b>	<b>-839 242 160</b>
<b>Sum egenkapital</b>		<b>574 761 541</b>	<b>484 642 840</b>
<b>Gjeld</b>			
<b>Langsiktig gjeld</b>			
<b>Annen langsiktig gjeld</b>			
Other provisions		137 893 870	65 723 553
Other financial liabilities (IFRS16)		0	5 390 243
<b>Sum annen langsiktig gjeld</b>		<b>137 893 870</b>	<b>71 113 796</b>
<b>Sum langsiktig gjeld</b>		<b>137 893 870</b>	<b>71 113 796</b>
<b>Kortsiktig gjeld</b>			
Leverandørgjeld	17, 26	162 557 525	190 427 355
Kortsiktig konserngjeld	9, 26	2 174 397 942	1 943 361 801
Annen kortsiktig gjeld	17, 26	5 832 605	5 719 952
<b>Sum kortsiktig gjeld</b>		<b>2 342 788 072</b>	<b>2 139 509 108</b>
<b>Sum gjeld</b>		<b>2 480 681 942</b>	<b>2 210 622 904</b>
<b>SUM EGENKAPITAL OG GJELD</b>		<b>3 055 443 483</b>	<b>2 695 265 744</b>



Skattedirektoratet

19 JAN 2016

M C

Saksbehandler  
Torstein Kinden Helleland

Deres dato  
14.01.2016

Vår dato  
18.01.2016

Telefon  
22078139

Deres referanse  
Kjell Richard Manskow

Vår referanse  
2016/29981

ADVOKATFIRMAET PRICEWATERHOUSECOOPERS AS  
Postboks 150  
4065 STAVANGER

## Tillatelse til å utarbeide årsregnskap og årsberetning på engelsk språk for Edison Norge AS, org. nr. 914 515 300

Vi viser til deres brev av 14. januar 2016 der det søkes om dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk språk for Edison Norge AS.

Skattedirektoratet gir på bakgrunn av en konkret helhetsvurdering Edison Norge 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

Edison Norge AS er eid av Edison International S.p.A. og inngår i det italiensk baserte Edison-konsernet. Virksomheten som drives av Edison Norge AS ble tidligere drevet av Edison International Norway Branch som var en filial av det italienske selskapet Edison International S.p.A. Filialen har i vedtak (2010/1172640) av 19. november 2011 fått dispensasjon til å utarbeide årsregnskap og årsberetning på engelsk. Virksomheten som ble drevet av den norske filialen ble i sin helhet overført til Edison Norge AS med virkning fra 1. januar 2015. Virksomheten består av petroleumsutvinning på norsk sokkel. Kunder og leverandører vil hovedsakelig være norske og utenlandske oljeselskap, olje- og gasstradingsselskap og oljeserviceselskap som er underleverandører til oljeselskap. 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

Postadresse  
Postboks 9200 Grønland  
0134 Oslo

Besøksadresse:  
Se [www.skatteetaten.no](http://www.skatteetaten.no)  
Org.nr: 996250318  
E-post: [skatteetaten.no/sendepost](mailto:skatteetaten.no/sendepost)

Sentraltbord  
800 80 000  
Telefaks  
22 17 08 60



regnskapslovens formål, jf. pkt. 1.1:

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

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

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

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 eid av et utenlandsk selskap. Eierkretsen er begrenset. Videre er det vektlagt at selskapet driver virksomhet i en internasjonal bransje der alle sentrale aktører og samarbeidspartnere behersker og benytter engelsk.

Vennligst oppgi vår referanse ved henvendelser i saken.

Med hilsen

Runer Tystad  
seniorrådgiver  
Rettsavdelingen, foretaksskatt  
Skattedirektoratet

Torstein Kinden Helleland

*Dokumentet er elektronisk godkjent og har derfor ikke håndskrevne signaturer*



## Edison Norge AS

### Income statement

Amounts in NOK	Note	2020	2019
<b>Operating revenues and expenses</b>			
Payroll and related costs	6	-26,744,282	-30,710,504
Depreciation and amortisation	11,12	-5,435,214	-5,561,109
Amortisation exploration expenses	7,12	-38,994,174	-94,614,299
Other operating expenses	8, 10	-53,107,860	-27,852,978
Other gains/losses	21	11,028,943	-129,163,685
<b>Operating profit (loss)</b>		<b>-113,252,587</b>	<b>-287,902,575</b>
Interest income		1,697,578	885,567
Foreign exchange gain/loss		2,514,348	1,388,424
Other finance costs		417,820	-1,238,784
Interest cost to group companies	9, 26	-46,619,513	-45,616,087
<b>Net financial items</b>	22	<b>-41,989,767</b>	<b>-44,580,880</b>
<b>Profit (loss) before tax</b>		<b>-155,242,354</b>	<b>-332,483,455</b>
Income tax	16	245,361,055	483,112,577
<b>Profit (loss) for the year</b>		<b>90,118,701</b>	<b>150,629,122</b>

### Statement of comprehensive income

Amounts in NOK	Note	2020	2019
<b>Net income (loss)</b>		<b>90,118,701</b>	<b>150,629,122</b>
<b>Other comprehensive income (OCI)</b>		<b>90,118,701</b>	<b>150,629,122</b>
<b>Total comprehensive income (loss) for the year</b>		<b>90,118,701</b>	<b>150,629,122</b>
Attributable to:			
Equity holders of the company		90,118,701	150,629,122
<b>Total profit / loss</b>		<b>90,118,701</b>	<b>150,629,122</b>

Notes 1 to 26 are an integral part of these Financial Statements



## Edison Norge AS

## Balance sheet at 31 December

Amounts in NOK	Note	2020	2019
<b>Assets:</b>			
Intangible assets	12	2,238,245	4,066,075
Deferred tax assets	16	105,984,855	640,826,791
<b>Total intangible assets</b>		<b>108,223,100</b>	<b>644,892,866</b>
Office equipment	11	820,933	1,312,845
Leasing assets	10,11	2,258,590	5,258,287
Assets under construction	11	2,315,110,515	1,664,603,872
<b>Total tangible assets</b>		<b>2,318,190,038</b>	<b>1,671,175,004</b>
<b>Total non-current assets</b>		<b>2,426,413,138</b>	<b>2,316,067,870</b>
Tax receivable from refund exploration cost	16	352,995,035	114,012,462
Other current assets	14,26	122,643,320	136,839,005
Advance payments	14, 21	123,441,411	129,557,012
Provisions for bad and doubtful debts	14, 21	-123,441,411	-129,557,012
Cash and cash equivalents	15,26	153,391,990	128,346,407
<b>Total current assets</b>		<b>629,030,345</b>	<b>379,197,874</b>
<b>Total assets</b>		<b>3,055,443,483</b>	<b>2,695,265,744</b>
<b>Equity and liabilities:</b>			
<b>Equity:</b>			
Retained earnings		-473,792,415	-624,421,537
Profit/Loss for the year		90,118,701	150,629,122
Other reserves		-365,449,745	-365,449,745
Share capital	23	4,000,000	4,000,000
Share premium	23	1,319,885,000	1,319,885,000
<b>Total equity</b>		<b>574,761,541</b>	<b>484,642,840</b>
<b>Liabilities</b>			
Other financial liabilities	18	-	5,390,243
Other provisions	19	137,893,870	65,723,553
<b>Total non-current liabilities</b>		<b>137,893,870</b>	<b>71,113,796</b>
Current liabilities to Group companies	9,26	2,174,397,942	1,943,361,801
Trade and other payables	17,26	162,557,525	190,427,355
Other current liabilities	17,26	5,832,605	5,719,952
<b>Total current liabilities</b>		<b>2,342,788,072</b>	<b>2,139,509,108</b>
<b>Total liabilities</b>		<b>2,480,681,942</b>	<b>2,210,622,904</b>
<b>Total equity and liabilities</b>		<b>3,055,443,483</b>	<b>2,695,265,744</b>

Notes 1 to 26 are an integral part of these Financial Statements

Stavanger, 11 February 2021

Ole Johan Østved  
Managing director  
Board memberFabio Dubini  
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Board memberNicola Monti  
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<b>Equity:</b>			
Retained earnings		-473,792,415	-624,421,537
Profit/Loss for the year		90,118,701	150,629,122
Other reserves		-365,449,745	-365,449,745
Share capital	23	4,000,000	4,000,000
Share premium	23	1,319,885,000	1,319,885,000
<b>Total equity</b>		<b>574,761,541</b>	<b>484,642,840</b>
<b>Liabilities</b>			
Other financial liabilities	18	-	5,390,243
Other provisions	19	137,893,870	65,723,553
<b>Total non-current liabilities</b>		<b>137,893,870</b>	<b>71,113,796</b>
Current liabilities to Group companies	9,26	2,174,397,942	1,943,361,801
Trade and other payables	17,26	162,557,525	190,427,355
Other current liabilities	17,26	5,832,605	5,719,952
<b>Total current liabilities</b>		<b>2,342,788,072</b>	<b>2,139,509,108</b>
<b>Total liabilities</b>		<b>2,480,681,942</b>	<b>2,210,622,904</b>
<b>Total equity and liabilities</b>		<b>3,055,443,483</b>	<b>2,695,265,744</b>

Notes 1 to 26 are an integral part of these Financial Statements

Stavanger, 11 February 2021

Ole Johan Østvedt  
Managing director  
Board memberFabio Dubini  
Chairman of the  
boardCesare Manfredi  
Board memberNicola Monti  
Board memberRafael Salto Alemany  
Board member



## Edison Norge AS

### Cash Flow Statement

Amounts in NOK	Note	2020	2019
Profit (loss) before tax		-155,242,352	-332,483,455
Adjustments to reconcile profit before tax to net cash flow:			
Depreciation	11,12	45,445,966	101,863,699
Tax refund current year	16	541,220,418	69,334,175
Net interest loss (income)		41,989,766	44,580,880
Change in trade and other payables	17	-30,027,231	19,630,768
Change in other current assets	14	14,195,686	-44,802,465
Change in advance payments	14	-6,115,601	129,557,012
Change in provisions for doubtful debts	14	6,115,601	-129,557,012
Change in other current liabilities	17	112,652	248,786
<b>Net cash flow from operating activities</b>		<b>457,694,905</b>	<b>-141,627,612</b>
Purchases of office equipment and software	11,12	-976,648	-2,849,688
Changes in lease assets		-155,705	-
Exploration investments	7,12	-38,994,174	-94,614,299
Investments in Oil & Gas properties	11	-650,506,644	-723,182,536
<b>Net cash flow from investing activities</b>		<b>-690,633,171</b>	<b>-820,646,523</b>
Share capital	23	-	1,000,000
Share premium	23	-	99,000,000
Change in loans from Group companies	9, 26	231,036,141	876,055,139
Change in other provisions	19	72,170,317	57,483,553
Net interest and financial income received		4,629,747	1,035,207
Interest paid on group loans		-46,619,513	-45,616,087
Repayment of lease liability		-3,232,843	-3,023,128
<b>Net cash flow from financing activities</b>		<b>257,983,849</b>	<b>985,934,684</b>
<b>Net changes in cash and cash equivalents</b>		<b>25,045,583</b>	<b>23,660,549</b>
Cash and cash equivalents at 1 January		128,346,407	104,685,858
<b>Cash and cash equivalents 31 December</b>	15	<b>153,391,990</b>	<b>128,346,407</b>

Notes 1 to 26 are an integral part of these Financial Statements



## Edison Norge AS

### Statement of Changes in Owners Capital

Amounts in NOK.	Note	Total
<b>Total equity at 31.12.2014</b>		<b>452,885,000</b>
Changes to equity contribution		441,000,000
Net profit (loss) 2015		-181,271,966
Other reserves		-361,942,915
<b>Total equity at 31.12.2015</b>		<b>350,670,119</b>
Net profit (loss) 2016		-176,471,278
Changes to other reserves		-2,077,216
<b>Total equity at 31.12.2016</b>		<b>172,121,625</b>
Net profit (loss) 2017		-240,297,528
Changes to other reserves		-
<b>Total equity at 31.12.2017</b>		<b>-68,175,903</b>
Changes to equity contribution		330,000,000
Net profit (loss) 2018		-27,810,379
Changes to other reserves		-
<b>Total equity at 31.12.2018</b>		<b>234,013,718</b>
Changes to equity contribution		100,000,000
Net profit (loss) 2019		150,629,122
Changes to other reserves		-
<b>Total equity at 31.12.2019</b>		<b>484,642,840</b>
Changes to equity contribution		-
Net profit (loss) 2020		90,118,701
Changes to other reserves		-
<b>Total equity at 31.12.2020</b>		<b>574,761,541</b>

Notes 1 to 26 are an integral part of these Financial Statements



## Edison Norge AS

### *Notes to the financial statements*

#### **Note 1 – General information**

These financial statements cover the period from 1 January through 31 December 2020. The financial statements were approved by the board at the date stated in the statement of financial position at December 31.

The objective of Edison Norge is to explore for oil and gas on the Norwegian Continental Shelf (NCS) and to develop discoveries in to producing fields in order to generate value from the company, both through partner roles and as operator. The company's activities in 2020 have been to actively participate to the ongoing development projects, Dvalin and Nova, to mature our exploration licenses towards drilling decisions and to work out proposals to apply for prospective acreage and submit applications to the APA/licensing rounds.

#### **Note 2 – Summary of significant accounting principles**

The most significant accounting policies applied in the preparation of Edison Norge AS financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

##### **2.1 Basis of presentation**

The financial statements of Edison Norge AS have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU) at 31 December, 2020. The financial statements are prepared under the historical cost convention, as modified by the revaluation of financial assets and liabilities at fair value through profit or loss.

In addition, special obligatory requirements by the Norwegian Accounting Act have been applied as mandatory as of 31 December, 2020.

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

##### **2.1.1 Changes in accounting principles and information**

###### **a) New and amended standards and interpretations adopted by the Company:**

Certain new accounting standards and interpretations have been implemented with effective date from 1 January 2020, however these standards have not any material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

###### **b) New and amended standards and interpretations not yet adopted:**

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2020 reporting periods and have not been early adopted by the group. These standards are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Company.

##### **2.2 Interests in joint arrangements**

Edison Norge AS has joint arrangements in licences which are not incorporated entities. All of these are related to licences on the Norwegian continental shelf. The Company has assessed the nature of its joint arrangements and determined them to be joint operations.



## Edison Norge AS

### Notes to the financial statements

The Company account for the assets, liabilities, revenues and expenses relating to its interest in a joint operation in accordance with the IFRSs applicable to the particular assets, liabilities, revenues and expenses.

#### 2.3 Segment reporting

The company's operations have from the start been within a single and the same segment defined as exploration and production of petroleum in Norway.

#### 2.4 Foreign currency translation

Transaction and Balance Sheet Items:

Foreign currency transactions are translated into the functional currency using the foreign exchange rate at the date of the transaction. The Company's functional currency is NOK.

Realised currency gains or losses and conversion of monetary items in foreign currency at the balance sheet rate are recorded in the income statement. If the currency position is regarded as cash flow hedging or hedging of net investments in foreign operations, gains and losses are recorded on the income statement as part of comprehensive income. Currency gains and losses related to loans, cash and cash equivalents are presented (net) as financial income or financial expenses. All other currency gains and losses are presented as other financial (losses) gains.

#### 2.5 Fixed assets

Property, Plant and Equipment are reported at historical cost less depreciation. Acquisition cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation on property, plant and equipment is calculated using the straight-line method to allocate their costs to their residual values over their estimated useful lives, as follows:

- IT-equipment 3 years,
- Fixtures and equipment 3 years,
- Furniture 5 years,
- Leasing assets over the lease period

The assets' residual values and economic lives are assessed, and adjusted if necessary at the end of the financial year.

When the recorded value of an asset is greater than the estimated recoverable amount, the value is written down to its recoverable amount.

Fixed assets under construction represent Construction in Progress. They remain in such an account until the assets are put in service, at which time the costs of the assets are transferred into respective property, plant and equipment accounts and will be depreciated accordingly.

#### 2.6 Assets held for sale

In general terms, assets held for sale are not depreciated, are measured at the lower of carrying amount and fair value less costs to sell, and are presented separately in the statement of affairs. Specific disclosures are also required for discontinued operations and disposals of the assets.

The conditions that an asset should be classified as held-for-sale are as follows:

- The assets must be available for immediate sale in their present condition and its sale must be highly probable,
- The asset must be currently marketed actively at a price that is reasonable in relation to its current fair value
- The sale should be completed, or expected to be so, within a year from the date of the classification, and
- The actions required to complete the planned sale will have been made, and it is unlikely that the plan will be significantly changed or withdrawn.



## Edison Norge AS

### *Notes to the financial statements*

#### **2.7 Intangible assets**

A license acquired during the year is included in the company financial statement from the date of which control is transferred to the company, which normally is at the time when the required governmental approval is obtained.

Intangible assets include only identifiable assets, controlled by the Company, which are able to generate future economic benefits. These assets are accounted at the purchase or production cost including ancillary expenses, with the same criteria described for tangible assets. Also development costs are capitalized provided the cost can be determined reliably and the asset capacity to produce future economic benefits can be proven.

Intangible assets having definite useful life are systematically amortized from the time when the asset is available for use over its estimated useful life. The costs incurred for exploration licenses and activities are recognized among intangible assets. If the exploration is abandoned the residual cost will be immediately charged to the Income Statement.

Capitalised exploration and development costs are not considered to be qualifying assets for capitalization of interest.

#### **Farm - in / Farm out**

A farm-in/farm-out contract involves a situation where the owner of a working interest (the farmor) transfers all or a portion of a licence to another party (the farmee) in return for the farmee performing a portion of work on the licence. For example, the farmee may agree to undertake the exploration in the licence, drill a well or wells, or conduct development. In return, the farmor agrees to transfer all or a portion of its interest in the licence to the farmee.

The company records normal farm-in contracts based on historical cost, as fair value is often difficult to measure.

#### **Exploration expenditures**

Exploration costs and costs for geological explorations, exploration surveys, geological and geophysical prospecting and exploration drilling are presented as intangible assets and are fully amortized in the year when they are incurred. This is in accordance with the principles applied by the Edison group before and after implementation of IFRS. Edison Norge AS applies the same interpretations as the group accounts.

#### **2.8 Impairment of non - financial assets**

Intangible assets with an indefinite useful life are not subject to amortization but are tested annually for impairment. Fixed assets and intangible assets that are subject to amortization are assessed for impairment when circumstances indicate that future earnings cannot substantiate the asset's carrying amount.

The difference between the carrying value and the recoverable amount is recorded in the income statement as an impairment charge. The recoverable amount is the highest of fair value less sales expenditure and value in use. When assessing impairment assets are grouped at the lowest level where there are separate independent cash flows (cash generating units). The possibilities for reversing earlier impairments on non-financial assets are assessed upon each reporting date.

#### **2.9 Financial assets**

##### **2.9.1 Classification**

The company classifies its financial assets as loans and receivables. The classification depends on the purpose of the asset. Management classifies financial assets upon acquisition.



## Edison Norge AS

### Notes to the financial statements

#### *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed payments that are not traded in an active market. They are classified as current assets, except for those that fall due more than 12 months after the end of the reporting period. These are classified as non-current assets. The company's loans and receivables are comprised of 'accounts receivable and other receivables' and cash and 'cash equivalents' in the balance sheet.

#### **2.9.2 Recognition and measurement**

Regular purchases and sales of investments are recorded at the agreement date, which is the date on which the company commits to purchase or sell the asset. All financial assets are recorded on the balance sheet initially at fair value plus transaction costs. Investments are derecognized from the balance sheet when the rights to receive cash flows from the investment cease or when these rights have been transferred and the company has mainly transferred all risk and the entire profit potential of ownership.

Financial assets available for sale are measured at fair value after initial recognition. Loans and receivables are measured in subsequent periods at amortised cost using the effective interest method.

Currency differences related to monetary securities are recorded in the income statement, whilst currency differences on other securities are included in the change in value that is recorded in comprehensive income.

#### **2.10 Impairment of financial assets**

##### *Assets recorded at amortised cost.*

The company assesses at each balance sheet date if there are impairment indicators related to a financial asset or a group of financial assets. An impairment loss due to impairment of a financial asset or a company of financial assets is recognized only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows in a way that can be reliably measured.

#### **2.11 Accounts receivable**

Accounts receivable arise from the sale of goods or services which are within the normal operating cycle. If settlement is expected in a year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If this is not the case, they are classified as non-current assets.

Accounts receivable are measured at fair value at initial recognition on the balance sheet. Upon subsequent measurement, accounts receivable are measured at amortised cost using the effective interest rate method, less provision for losses incurred.

#### **2.12 Cash and cash equivalents**

Cash and cash equivalents are comprised of cash and bank deposits.

#### **2.13 Accounts payable**

Accounts payables are obligations to pay for goods or services provided by suppliers in the ordinary operating cycle. Accounts payable are classified as current if they are due within a year or less (or in the ordinary operating cycle if it is longer). If this is not the case, they are classified as non-current.

Accounts payable are measured at fair value on initial recognition on the balance sheet. Upon subsequent measurement, accounts payable are assessed at amortised cost using the effective interest rate method.



## Edison Norge AS

### Notes to the financial statements

#### 2.14 Loans

Inter-company loans are recorded at initial value. Loans are classified as short term unless the company has an unconditional right to defer settlement for at least 12 months after the balance sheet date.

#### 2.15 Leases

International Financial Reporting Standard 16 Leases (IFRS 16) sets out the principles for the recognition, measurement, presentation and disclosures of leases. The standard requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value.

Joint operators leases recognized based on the terms of contractual arrangements, whether the lease have primary responsibility for the obligations towards the third-party lessor, and if there exists a sublease arrangement from the operator to the Joint Operation ("JO") as a lessee.

IFRS 16 was issued in January 2016 and applies to annual reporting periods beginning on or after 1 January 2019.

Leased assets are depreciated over the shorter of the estimated useful life of the asset or the lease term using the depreciation methods described under fixed asset (ref. note 2.5).

#### 2.16 Payable and deferred taxes

Income tax expenses are comprised of taxes payable and deferred tax. Taxes are expensed, except when it relates to items which are recorded as other comprehensive income or directly to equity where the related calculated tax is also recorded to comprehensive income or directly to equity.

Taxes payable for the period is calculated in accordance with enacted or substantially enacted tax laws and regulations at the balance sheet date. Management evaluates the assumptions they have used in the tax returns where applicable tax regulations are subject to interpretation. Based on the assessments by the management, provisions for anticipated tax payments are made where this is deemed necessary. When applying the liability method, deferred income tax is calculated on all temporary differences between the tax basis and the carrying values of assets and liabilities.

Deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting or taxable profit and loss. Deferred tax is determined using tax rates and tax laws that have been enacted or substantially enacted at the balance sheet date, and are assumed to be used when the deferred tax benefit is realised or when the deferred tax is settled.

Deferred income tax assets are recognized, based on the expected result of the company reflected in the medium term plan and the income from its ongoing projects Dvalin and Nova and therefore the company recognized 100% of the existing net deferred tax assets. In the past and prior to the year 2019 Edison Norge recognized 50% of net deferred tax asset in accordance with the Financial Statement principle adopted in 2014 based on a prudent assessment by the Board of Directors.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exist to set off tax assets against tax liabilities, and the deferred tax assets and deferred tax liabilities relate to income tax imposed by the same taxation authority on either the same taxable entity or different taxable entities which intend to settle the liabilities and assets with a payable net tax.

Companies operating on the Norwegian Continental Shelf under the offshore tax regime can claim the tax value of any unused tax losses or other tax credits related to its offshore activities to be paid in cash (including interest) from the tax authorities when the offshore operations cease.



## Edison Norge AS

### Notes to the financial statements

Oil companies that operate on the Norwegian Continental Shelf are subject to the Norwegian oil taxation regime. Under this regime oil companies that are not in a taxable position can claim a 78% reimbursement of their exploration costs, limited to the taxable loss for the current income year. Deferred tax can only be netted within each tax regime.

The six-year linear depreciations are unchanged as far as the ordinary corporate tax at 22% is concerned. An investment in Year 1 of 100 will thus be subject to the following depreciation and uplift profile.

In June 2020, the Norwegian Government announced temporary amendments to the upstream petroleum taxation. The new temporary tax rules provide a basis for optimism with regard to continued high investment activity on the Norwegian Continental Shelf. According to the new rule, the depreciation and uplift rules are amended. The companies can deduct the investment in full in Year 1 with effect for the Special Tax. Additionally, the companies can claim uplift at a rate of 24%. The uplift can be deducted in full in the year of investment. The amendments will be applicable to investment costs incurred in 2020 and 2021. The amended rules will also apply to investment costs incurred in subsequent years to the extent such costs are part of a Plan for Development and Operation (PDO), or a Plan for Installation and Operation (PIO) (or application for exemption from such Plan) submitted by year-end 2022 and approved by the Ministry of Petroleum and Energy by year-end 2023. The amendments will apply only for costs incurred until start of production.

#### 2.17 Provisions

Provisions are recorded when the company has a legal or constructive liability as a result of past events; it is probable that a certain capital requirement is required to settle the liability; and the amount can be reliably measured. No provisions are made for future operating losses.

Where there are several similar liabilities, the likelihood that capital will be needed to settle all the liabilities simultaneously must be assessed by looking at all the liabilities as a whole. A provision is recorded even if the likelihood of settlement related to some of the liabilities in the same class may be small.

#### 2.18 Employee benefits

##### (a) Bonus

Bonuses to the employees are based on decisions made by the board, and by internal evaluation of each employee's work contributions. Bonuses are expensed in the period in which they are earned.

##### (b) Defined contribution pension scheme

Edison Norge pays out the pension contribution on a monthly basis. The defined contribution pension scheme is a pay as you go solution. According to the defined contribution pension scheme all the payments to the insurance company are booked directly to the pension cost.

##### (c) Other benefits

- Disability insurance with maximum pay-outs in line with public sector
- Long-term illness/disability
- Group life death insurance
- Medical disability insurance
- Treatment health insurance
- Travel insurance



## Edison Norge AS

### Notes to the financial statements

## Note 3 – Financial risk management

### 3.1 Financial risk factors

Risk management is performed by the management of the company. The management works actively to limit negative effects of fluctuations in financial markets. Risk management is an integral part of the corporate management activity. The company's functional currency is NOK.

#### (a) Currency risk

The Company is exposed to currency risk on payment flows in currencies other than the functional currency NOK. The Norwegian branch has expenses in different currencies. Currency risk arises when future commercial transactions or recorded assets or liabilities are denominated in a currency that is not the company's functional currency.

Sensitivity analysis calculates only the effect in the unrealized gain/loss recognized by revaluing the liability to the year-end exchange rate, and does not include realized effects during the year caused by differences in exchange rates on transaction dates and payment dates.

#### (b) Price risk

Since the company does not at the moment have production of oil or gas it is not directly exposed to fluctuations in oil prices. When assessing new exploration licences/developments the expected profitability is always considered, and thus the impact of the oil price on profitability is also considered. In the current phase of the company's lifecycle no hedging contracts for the sale of oil produced on the Norwegian Continental Shelf have been entered into.

#### (c) Credit risk

The risk that customers and business partners will not comply with their obligations as above is considered by the company to be very low.

#### (d) Liquidity risk

Management and the finance department monitor rolling forecasts of the company's liquidity requirements in order to assure that the company has sufficient cash supplied internally to meet the operational related liabilities. All capital requirements will be covered by intercompany loans.

At the reporting date the company had liquid assets to the value of NOK 153.39 million as a liquidity buffer to manage the liquidity risk. The due dates for the financial liabilities are set out in note 26.

### 3.2 Capital risk management

For Edison Norge AS, the exposure to the credit risk is related to the rebilling of exploration and development costs connected with joint-venture projects where the Company acts as operator vis-à-vis its partners. In order to control these risks, whose operating management is referred specifically to the Credit Management function, centrally located in the Financing Department of Edison S.p.A.

The company's administration assesses the liquidity situation monthly, and follows up the budgets in order to map out the necessary capital requirements for short and medium term. Edison Norge is financed by Edison S.p.A. both on long term financing and short term capital requirements.

## Note 4 – Use of estimates

The preparation of the financial statements and the related notes required the use of estimates and assumptions both in the measurement of certain assets and liabilities and in the valuation of contingent assets and liabilities. The actual results that arise upon the occurrence of the relevant events will seldom equal the related estimates.

Estimates and assumptions are revised on a regular basis, and the impact of any such revision is immediately accounted. Changes in the accounting related estimates are recorded in the period that the changes occur. If the changes will also apply in future periods the effect is distributed over the current and future periods.



## Edison Norge AS

### Notes to the financial statements

The use of estimates is particularly significant for the following items (ref note 11):

Provisions for risks and charges, bad debt provisions and other write-down provisions, employee benefits and income and deferred taxes; in these cases the best possible estimates were made based on the information currently available.

### Note 5 – Segment information

As at 31.12.2020 Edison Norge AS is organised as one business segment which is involved in oil and gas exploration, as well as development activities on licences. The segment reporting is therefore identical to the figures presented in the company income statement and balance sheet.

### Note 6 – Salary expenses, number of employees

Payroll and related costs consist of:

Amounts in NOK	2020	2019
Salaries	28,046,358	36,634,492
Social security costs	4,141,298	4,356,998
Pension costs, defined benefit	5,137,790	5,253,202
Other personnel expenses	831,464	5,330,006
Salary related costs billed to JVs partners or reclassified as exploration costs	-11,412,628	-20,864,194
<b>Total</b>	<b>26,744,282</b>	<b>30,710,504</b>
Average number of employees (local and expats)	24.6	27.8
Employees at year end (local and expats)	24	25

Edison Norge AS has at 31.12.2020 a contribution (DC) pension plan for all its Norwegian local employees in accordance with regulations in "Lov om obligatorisk tjenstepensjon" (OTP-loven) and "Lov om innskuddspensjon i arbeidsforhold" (innskuddspensjonsloven). Edison Norge at year end 2020 has 24 Norwegian local employees who are members of the pension scheme. The DC pension scheme has been in effect since 01.10.2016.

Payroll expenses include expenses related to the personnel who are formally employed by Edison S.p.A. and seconded to Edison Norge AS by expatriation contract.

No directors' fee has been paid in the year 2020. None of the management team has a loan in the company.

In 2020 MNOK 3.5 paid to Edison Norge director for salaries and other benefits in Norway.

### Note 7 – Exploration expenses

Amounts in NOK	2020	2019
Seismic, well data, field studies and other sole exploration costs	7,071,993	7,362,291
Own share of exploration cost from participation in licenses	24,714,537	75,182,836
Other salary and operated expenses reclassified as exploration expenses	7,207,644	12,069,172
<b>Total exploration expenses</b>	<b>38,994,174</b>	<b>94,614,299</b>

The decrease in exploration costs is mainly due to less exploration activities in 2020



## Edison Norge AS

### Notes to the financial statements

#### Note 8 – Other operating expenses

Amounts in NOK	2020	2019
Lease costs	43,131	436,488
Consulting services	22,355,150	13,702,129
Maintenance	10,925,932	9,450,983
Other administrative expenses	30,257,926	14,876,478
Other operating costs billed to JVs partners or reclassified as exploration costs	-10,474,279	-10,613,100
<b>Total operating expenses</b>	<b>53,107,860</b>	<b>27,852,978</b>

The increase in consulting services is mainly due to legal support concerning recovery of the fraud (ref. notes 14, 19 and 21). The increase in other administrative expenses is mainly due to Dvalin operational costs of NOK 13.5 million.

The company applied the IFRS16 for the first time for its annual reporting period commencing 1 January 2019. The decrease in 2020 is related to lower leases considered not in scope of IFRS16 (ref. notes 10, 11-1-3, 17 and 18).

Remuneration to the auditor for 2020 is included in other administration expenses and allocated as specified below:

Amounts in NOK	Audit fee	Other services	Total 2020
Remuneration to auditor	506,008	269,594	775,602
<b>Total</b>			

Edison Norge AS signed an engagement letter with Deloitte in June 2020. The engagement letter covers statutory audit, review of interim financial statements and reporting to Deloitte Milan for the years 2020-2022. The agreement is binding for the 2020 audit with an option for Edison Norge to annually renew the engagement for the following years.

#### Note 9 – Related party transactions

Edison Norge AS is a Norwegian company owned 100% by Edison International S.p.A. which is 100% controlled by Edison S.p.A. which is part of Edison group and its parent company Edison S.p.A is part of EDF Group.

Edison S.p.A is supporting Edison Norge AS with long term financing when needed. The actual outstanding loan and credit facility balance on 31 December 2020 were NOK 873.75 million and MOK 1,300.6 million respectively.

The actual repayment of the loans will depend on exploration developments and expansions for Edison Norge AS. Based on the current liabilities for the company, as operator and participant in eleven joint ventures, the company will be in need of long term financing.

Transactions with parent company consist of:

- 1- Technical services performed in Italy based on time sheets of technical personnel. These technical services are performed based on Edison Norge AS request order to the parent company.
- 2- In the past and prior to the year 2020, payroll expenses for expatriates personnel. There was no expatriate in 2020.



## Edison Norge AS

### *Notes to the financial statements*

There is a loan agreement of NOK 873.75 million which was classified as short-term liability in 2019 because maturity date was 22<sup>nd</sup> December 2020. The loan maturity date extended to 20<sup>th</sup> December 2021 and classified as short term loan in 2020 as well. The maturity of the loan is expected to prolong before repayment date as previous years (ref. note 26).

The interest rate for 2020 until 22<sup>nd</sup> December was equal to 3-month NIBOR + a margin, 360 basis equal to 2.00% and the new interest rate after extension will be 3-month NIBOR + a margin, 360 basis equal to 2.40% until 20<sup>th</sup> December 2021.

Edison Norge AS and Edison SpA entered to a credit facility agreement to cover the needs of short-term financing of the Company for NOK 750 million. Edison Norge AS committed to pay interest on the credit balance equal to NIBOR 3M + 2%. If exceeds the maximum balance the rate would be NIBOR 3M + 4.50%. In the event that the NIBOR rate at 3 months would be below 0 (zero)%, the parties agree that 3-month NIBOR rate equal to zero.

The interest rate amended equal to NIBOR 3M + 0.75 from 1<sup>st</sup> January 2017 without a contractual amendment as art. 3.8 of the credit facility agreement gives the right to Edison to change the applicable spreads as well as the applicable interests, by way of a simple communication/notice to Edison Norge.

On 18<sup>th</sup> September 2019 Edison Norge requested a new maximum debt balance of NOK 1.000 million to cover 2019 cash needs with the same terms and conditions. In March 2020, the company sent another request to increase the maximum debt balance to NOK 2.000 million to cover 2020 cash needs. Consequently, the new agreement signed on 27<sup>th</sup> May 2020 and the maximum debt balance increased to NOK 2.000 million.

The credit facility is classified as short term unless the company has an unconditional right to defer settlement for at least 12 months after the balance sheet date.

### **Note 10 – Lease agreements**

The company has applied IFRS16 for annual reporting period from 1 January 2019 (ref. notes 11-1-3, 17 and 18)

The company has lease agreement for rent of office. The agreement is for a period of three years from 1<sup>st</sup> October 2018 until 30<sup>th</sup> September 2021. A bank guarantee of NOK 1.98 million from Societe Generale – Milan Branch dated 31<sup>st</sup> January 2019 in favor of the owner covered the lease period until 30<sup>th</sup> September 2021.

The company has lease agreements for fourteen indoor parkings and eight outdoor parkings for a period of three years from 1<sup>st</sup> October 2018 until 30<sup>th</sup> September 2021.

In addition, the company has lease agreement for rent of thirteen lockers for a period of three years from 1<sup>st</sup> October 2018 until 30<sup>th</sup> September 2021.

There is a lease of the drilling rig West Mira from North Atlantic Norway Ltd, and Wintershall is acting as operator on behalf of PL418 for the assignment of the same rig ("Assignment Agreement"). From the Assignment Agreement, the drilling rig will be utilized on the PL418 Nova license where ENAS has a 15% ownership. The rig will be used to drill six wells as part of the development of the Nova field. Edison has assessed and concluded that the Assignment Agreement does not contain a lease under IFRS 16. Therefore, Edison considers the rig assignment agreement is a drilling service from the operator to the Joint Operation and not a sublease. Therefore, the accounting treatment for Edison is to include the drilling services as an OPEX in the periods which the drilling services are provided.



**Edison Norge AS**  
*Notes to the financial statements*

**Note 11 – Tangible assets**

2020		Office equipment	Assets under construction	Leased assets	Total
<b>Amounts in NOK</b>		11-1-1	11-1-2	11-1-3	
	<b>Note</b>				
Cost at 1 January 2020		11,149,992	1,664,603,872	8,475,105	1,684,228,969
Additions		-	650,506,643	155,705	650,662,348
<b>Cost at 31 December 2020</b>	<b>11-1</b>	<b>11,149,992</b>	<b>2,315,110,515</b>	<b>8,630,810</b>	<b>2,334,891,317</b>
Accumulated depreciation at 1 January 2020		-9,837,147	-	-3,216,817	-13,053,964
Depreciation		-491,912	-	-3,155,403	-3,647,314
<b>Accumulated depreciation at 31 December 2020</b>		<b>-10,329,059</b>	<b>-</b>	<b>-6,372,220</b>	<b>-16,701,278</b>
<b>Balance at 31 December 2020</b>		<b>820,933</b>	<b>2,315,110,515</b>	<b>2,258,590</b>	<b>2,318,190,038</b>
2019		Office equipment	Assets under construction	Leased assets	Total
<b>Amounts in NOK</b>		11-1-1	11-1-2	11-1-3	
	<b>Note</b>				
Cost at 1 January 2019		10,618,603	941,421,336	8,475,104	960,515,043
Additions		531,389	723,182,536	-	723,713,925
<b>Cost at 31 December 2019</b>	<b>11-1</b>	<b>11,149,992</b>	<b>1,664,603,872</b>	<b>8,475,104</b>	<b>1,684,228,968</b>
Accumulated depreciation at 1 January 2019		-9,300,849	-	-	-9,300,849
Depreciation		-536,298	-	-3,216,817	-3,753,115
<b>Accumulated depreciation at 31 December 2019</b>		<b>-9,837,147</b>	<b>-</b>	<b>-3,216,817</b>	<b>-13,053,964</b>
<b>Balance at 31 December 2019</b>		<b>1,312,845</b>	<b>1,664,603,872</b>	<b>5,258,287</b>	<b>1,671,175,004</b>

11-1 Tangible assets are consists of the following:

**11-1-1 Office equipment**

Office equipment are depreciated on a straight-line basis of 5 & 3 years (ref. note 2.5).

**11-1-2 Assets under constructions**

The company assets under developments are Nova project in PL418 and Dvalin in PL435.

In the license PL 435, the PDO for the Dvalin project was submitted for approval on 3<sup>rd</sup> October 2016 to the MPE for approval. In 2016 Edison Norge decreased its participation interest in the Dvalin project from 20% to 10% and acceded the PDO on 2nd Jan. 2017. The PDO was subsequently approved by the MPE on 22<sup>nd</sup> March 2017.

The Dvalin project in PL 435, operated by WinthershallDea proceeded in line with the plans and budget. Main achievements in 2020 have been the completion of the production wells in August 2020 and the production test start-up in December 2020. Dvalin production well cleanup gas analysis and first production from Z1 well showed higher than expected levels of mercury in the Dvalin gas stream.



## Edison Norge AS

### *Notes to the financial statements*

Consequently production test was shut down and the study and implementation of the potential solutions has started. In the short term, discussions are ongoing with Gassco, Nyhamna and Equinor to start producing at a lower rate and even increased in the medium term until removal facilities are in place. In the long term, Dvalin joined the on-going study of a mercury removal facility at Nyhamna that could be operational in 2022.

Total development costs estimated to NOK 10.5 billion, with planned production re-start targeted in 2021 at a lower rate and in 2022 at full rate.

As normal practice within Edison E&P procedures, it is applied a prudent assumption which foresees that decommissioning liabilities are equivalent to a decommissioning project for P&A of wells and removal of infrastructures installed assuming that the Development Project is cancelled at the cut-off date.

For Dvalin decommissioning, it is applied operator calculation taking into consideration the wells P&A and the subsea facilities removal.

With regard to Dvalin project, there are also Heidrun platform modifications consisting in the installation of two main modules and regulated by the tie-in agreement.

Decommissioning activities for Heidrun consists of the removal of the two main modules H25 and M40. Agreements between Heidrun and Dvalin partners foresees that any equipment installed on Heidrun for Dvalin will be dismantled by Heidrun operator through a fixed annual fee in eight installments due from December 2020, when commissioning of such equipment taken place. Modules H25 and M40 have been constructed and installed at the cut-off date.

Therefore necessary decommissioning liability of NOK 73.1 million and NOK 29.2 million calculated and booked for Dvalin and Heidrun respectively. In total MNOK 102.3 million decommissioning liability booked as of 31<sup>st</sup> December 2020. The first installment of Heidrun decommissioning NOK 3.95 million paid in December 2020 and therefore the related liability reduced consequently.

**In the license PL418**, The PDO for the Nova project (PL418) was submitted on 16<sup>th</sup> May 2018 and approved by the Ministry of Petroleum and Energy (MPE) on 27<sup>th</sup> September 2018.

Winthershall Dea is the operator and throughout 2020 the project has proceeding well, completing several important milestones and starting drilling activities. One of the most critical activity in 2020 was to move the water injection module for Nova from the yard and install it on the Gjøa platform. This heavy lift operation was conducted as planned in May. Covid-19 anti-infection measures and reduced POB (Personnel on Board) availabilities will delay some of the activities and first oil is now planned in March 2022 (PDO estimate September 2021).

Total development costs estimated to NOK 10,4 billion. First production is planned to start in the first half of 2022.

As normal practice within Edison E&P procedures, it is applied a prudent assumption which foresees that decommissioning liabilities are equivalent to decommissioning project for P&A of wells and removal of infrastructures installed assuming that the Development Project is cancelled at the cut-off date.

The evaluation has been performed using the engineering studies and the experience gained for the installation of the relevant equipment which is estimated to be dismantled at current cut-off date. One production template, one water injection template, one Nova-Gjøa umbilical, Nova Module installed on Gjøa in May 2020 and one of the six production drilled in 2020. Since no production or system fill-up has occurred, clean-up activities are assumed negligible.

Therefore necessary decommissioning liability of NOK 39.5 million booked as of 31<sup>st</sup> December 2020.

Oil and Gas development assets are not depreciated and will be transferred to oil and gas producing assets and will be depreciated using UOP method, when the assets are in the state intended by Management.



**Edison Norge AS**  
*Notes to the financial statements*

**11-1-3 Leased assets**

The company has applied IFRS 16 "Leases" for the first time in the annual reporting period commencing 1 January 2019 (ref. notes 10, 17 and 18).

**Note 12 – Intangible assets**

2020	Exploration licences	Software	Total
<b>Amounts in NOK</b>			
Cost at 1 January 2020	2,810,555,637	35,400,226	2,845,955,863
Additions	38,994,174	976,649	39,970,823
<b>Cost at 31 December 2020</b>	<b>2,849,549,811</b>	<b>36,376,875</b>	<b>2,885,926,686</b>
Accumulated depreciation at 1 January 2020	-2,810,555,637	-31,334,152	-2,841,889,789
Depreciation	-38,994,174	-2,804,478	41,798,652
Amortisation of exploration costs			
<b>Accumulated depreciation at 31 December 2020</b>	<b>-2,849,549,811</b>	<b>-34,138,630</b>	<b>-2,883,688,441</b>
<b>Balance at 31 December 2020</b>	<b>-</b>	<b>2,238,245</b>	<b>2,238,245</b>
<b>2019</b>			
	Exploration licences	Software	Total
<b>Amounts in NOK</b>			
Cost at 1 January 2019	2,715,941,338	33,081,929	2,749,023,267
Additions	94,614,299	2,318,297	96,932,596
<b>Cost at 31 December 2019</b>	<b>2,810,555,637</b>	<b>35,400,226</b>	<b>2,845,955,863</b>
Accumulated depreciation at 1 January 2019	-2,715,941,338	-27,837,868	-2,743,779,206
Depreciation		-3,496,284	-3,496,284
Amortisation of exploration costs	-94,614,299		-94,614,299
<b>Accumulated depreciation at 31 December 2019</b>	<b>-2,810,555,637</b>	<b>-31,334,152</b>	<b>-2,841,889,789</b>
<b>Balance at 31 December 2019</b>	<b>-</b>	<b>4,066,075</b>	<b>4,066,075</b>

Total depreciation and amortization billed to JVs or reclassified to exploration costs is NOK 2.8 million out of which cut back value is NOK 1.0 million.

**Note 13 - Information on jointly controlled activities**

The company as of 31<sup>st</sup> Dec. 2020 has participating interests in seven exploration and development licenses:

License number	Ownership	Operator	Concession period
PL 418	15%	Wintershall DEA Norge AS	16/02/2041
PL 435	10%	Wintershall DEA Norge AS	03/10/2041
PL 211	10%	Wintershall DEA Norge AS	02/02/2032
PL 808	20%	MOL Norge AS	05/02/2026
PL 880	40%	Capricorn Norge AS	10/02/2024
PL1002	60%	Edison Norge AS	01/03/2026
PL1023	50%	Edison Norge AS	01/03/2026

In 2020, the company officially relinquished licenses PL 841, PL 796, PL 952, PL 807 and PL 850.



## Edison Norge AS

Notes to the financial statements

### Note 14 – Other current assets

#### Short-term items

Amounts in NOK	2020	2019
Over/under call, Joint Venture	118,799,378	130,302,833
Vat receivable	989,685	1,163,140
Prepayments and other receivables	2,854,257	5,373,032
<b>Total short-term receivables</b>	<b>122,643,320</b>	<b>136,839,005</b>

Over/under call for joint ventures are charged on a monthly basis. The difference between actual costs and called amounts are transferred to the next month for settlement.

#### Short-term items

Amounts in NOK	2020	2019
Advance payments	123,441,411	129,557,012
Provisions for bad and doubtful debts	-123,441,411	-129,557,012
<b>Total short-term receivables</b>	<b>-</b>	<b>-</b>

The company was subject to a financial fraud of the value of NOK 129.56 million in September and October 2019. At the end of 2019, Edison Norge recognized a provision on the total value of the fraud versus operating loss in P&L taking into account a risk of possible recovery in the future (ref. note 21). In 2020, the company recovered NOK 6.12 million from its legal actions against the companies receiving the fraudulent payments and the related allowance reduced to NOK 123.44 million consequently.

### Note 15 – Bank deposits

Edison Norge AS had bank deposit of NOK 153.39 million at 31/12/2020.

There was a balance of NOK 0.0002 million which according to Norwegian rules and regulation should be used only for withholding payroll taxes that shall be paid to Norwegian authorities. Withdrawal from the account is restricted by the Norwegian authorities.

### Note 16 – Income taxes

Specification of income tax credit:

Amounts in NOK	2020	2019
Calculated refund tax value of exploration costs this year	-78,016,130	-114,012,462
Calculated refund tax value – uplift new tax regime	-130,560,101	-
Calculated refund tax value – project investments new tax regime	-571,600,144	-
Change in deferred tax	534,841,936	-369,152,051
Prior year adjustments	-26,616	51,936
<b>Total income tax credit</b>	<b>-245,361,055</b>	<b>-483,112,577</b>

Oil-exploration companies operating on the Norwegian Continental Shelf may claim a 78% refund of their exploration costs limited to taxable losses of the year. The refund is paid out in Nov./Dec. the following year.

Tax rates for 2020 are 22% for taxable income/ loss subject to the ordinary tax regime and 56% for taxable income/ loss subject to the special tax regime.



## Edison Norge AS

### Notes to the financial statements

In June 2020, Norwegian government introduced a temporary amendments to the upstream petroleum taxation. The rules include significant improvements to the Government's original proposal, and provide a basis for optimism with regard to continued high investment activity on the Norwegian Continental Shelf and improve companies' liquidity. According to new temporary tax regime, the companies can deduct the investments in the year of investment (56%) and can claim uplift at a rate of 24% (56%).

According to the new tax incentives the tax value of losses incurred in 2020 and 2021 are refunded in six installments. Three installments in the same year (1<sup>st</sup> August, 1<sup>st</sup> Oct. and 1<sup>st</sup> Dec.) and three installments in the following year (1<sup>st</sup> Feb., 1<sup>st</sup> April and 1<sup>st</sup> June).

In June 2020 and based on the new tax regime, the company reported a budgeted report over 2020 investments, exploration and other related costs to Norwegian tax office. This resulted to negative forward tax in six installments of NOK 142.39 million, however the last three installments changed to NOK 122.77 million based on a new report sent to Norwegian tax authorities on 18<sup>th</sup> December 2020.

Specification of tax effect of temporary differences, tax losses carried forward and deferred tax:

Amounts in NOK	2020	2019
Property, plant and equipment	897,848,106	544,937,089
Other provisions	-2,217,912	-2,106,286
<b>Net temporary differences</b>	<b>895,630,194</b>	<b>542,830,803</b>
Tax losses carried forward, onshore ordinary tax 22%	4,053,088	4,053,088
Tax losses carried forward, offshore ordinary tax 22%	1,353,990,104	1,343,714,394
Tax losses carried forward, offshore special tax 56%	1,031,641,392	1,023,300,943
Uplift carry forward 56%	349,724,121	347,638,291
<b>Deferred tax/deferred tax asset (-)</b>	<b>2020</b>	<b>2019</b>
Non-current assets	-968,275,411	-425,050,929
Current and non-current liabilities	1,926,077	1,642,903
Tax losses carried forward, onshore ordinary tax 22%	891,679	891,679
Tax losses carried forward, offshore 22%	297,877,823	295,617,167
Tax losses carried forward, offshore 56%	577,719,179	573,048,528
Uplift carry forward 56%	195,845,508	194,677,443
<b>Deferred tax asset</b>	<b>105,984,855</b>	<b>640,826,791</b>
Deferred tax asset not recognized	-	-
<b>Deferred tax asset in the balance sheet</b>	<b>105,984,855</b>	<b>640,826,791</b>

Deferred tax is presented net when the group has a legal right to offset deferred tax benefits against deferred tax in the balance sheet and if the deferred tax and the deferred tax benefit are from the same tax authority in the same tax regime for the same taxable entity or various taxable entities, where the purpose is to establish the balances on a net basis. It is expected that deferred tax will reverse later than 12 months from the balance sheet date.

As of 1<sup>st</sup> January 2020, Edison Norge AS had recognized MNOK 640.8 as deferred tax assets. In 2020 there was a reduction of MNOK 489.9 in deferred tax assets mainly due to introduction of the temporary tax regime and therefore deferred tax asset reduced to MNOK 105.9 as of 31<sup>st</sup> December 2020.

Basis for tax receivable refund:

Amounts in NOK	2020	2019
Profit/-loss before tax	-155,242,352	-332,483,455
Finance items (onshore)	41,989,766	44,580,880
Permanent differences	-5,788,731	130,252,536
Change in temporary differences (excl finance items)	-352,429,453	-260,090,573
Offshore expenses, not exploration	371,450,090	271,570,789
<b>Basis for tax refund 78%</b>	<b>-100,020,680</b>	<b>-146,169,823</b>



## Edison Norge AS

### Notes to the financial statements

Basis for refund uplift new tax regime 56%	-233,143,037	-
Basis for refund new tax regime 56%	-858,291,741	-
Basis for refund new tax regime 22%	-413,439,856	-
Tax refund current year	427,181,340	-
Carrying amount tax receivable from refund tax	-352,995,035	-114,012,462

Reconciliation of effective tax rate:

Amounts in NOK	2020	2019
<b>Profit/-loss before tax</b>	<b>-155,242,352</b>	<b>-332,483,456</b>
Expected income tax credit 78%	-121,089,035	-259,337,096
Adjusted for tax effects (22% - 78%) of the following items:		
Change in valuation allowance for deferred tax assets	-1,625,256	-271,383,667
Permanent differences	-4,515,210	101,488,512
Effect of prior year adjustments		-
Current year interest on uplift and loss carry forward	-5,222,249	-11,147,734
The effect of offshore tax regime allocation of financial items ("Petroleumsskatteloven")	18,640,727	15,437,473
Current year uplift	-131,728,166	-57,980,009
Effect changed tax rate	204,750	-190,057
<b>Total income tax credit</b>	<b>-245,361,055</b>	<b>-483,112,577</b>
Effective tax rate	158.03%	145.3%

The company was subject to a financial fraud of the value of NOK 129.56 million in September and October 2019. At the end of 2019, Edison Norge recognized a provision on the total value of the fraud versus operating loss in P&L taking into account a risk of possible recovery in the future. In 2020, the company recovered NOK 6.12 million from its legal actions against the companies receiving the fraudulent payments and the related allowance reduced to NOK 123.44 million consequently (ref. notes 14 and 21).

The tax value of the provision is uncertain and the Company has therefore not recognized a tax benefit related to the expected loss as of 31.12.2020 and therefore no deferred tax assets recognized.

## Note 17 – Accounts payable and other current liabilities

### Trade and other payables

Amounts in NOK	2020	2019
Trade creditors	6,892,162	4,941,139
Other payables	155,665,363	185,486,216
<b>Trade and other payables</b>	<b>162,557,525</b>	<b>190,427,355</b>

Over/under call for joint ventures are charged on a monthly basis. The difference between actual costs and called amounts are transferred to the next month for settlement.

The company applied IFRS 16, 'leases' from 1 January 2019. At the end of 2020, there is NOK 2.51 million in short term leases (ref. notes 2.1.1, 10, 11-1-3 and 18).



## Edison Norge AS

### Notes to the financial statements

#### Other current liabilities

Amounts in NOK	2020	2019
Social security payable	446,689	446,562
Holiday payment	3,168,004	3,167,105
Other accruals	2,217,912	2,106,285
<b>Other current liabilities</b>	<b>5,832,605</b>	<b>5,519,952</b>

#### Note 18 – Other financial liabilities

The company has applied IFRS16 for the first time for its annual reporting period commencing 1 January 2019. The leasing liability reclassified from long term liabilities to short term liabilities in 2020 because the period of leases terminate within 30<sup>th</sup> September 2021. (ref. notes 8, 10, 11-1-3 and 17).

#### Note 19 – Other provisions

There is a total of NOK 137.89 million decommissioning liabilities related to Dvalin project in the license PL435 and Nova project in the license PL418 (ref. 11-1-2).

#### Note 20 – Contingent liabilities and other commitments

In 2021, there is a drilling commitment in the license PL211 to drill an exploratory well on the Dvalin Nord prospect (Edison share 10%) with firm budget of NOK 27.8 million.

The Company also has drilling obligation to drill exploratory well on PL880 of NOK 63.8 million as per the contingent budget however a renewed interpretation of the Duncan drilling target in 2020 led to a negative economic evaluation. As a consequence, the partnership has applied for an exemption to the drilling commitment and to relinquish the license and awaiting approval from the MPE.

The company has no seismic obligations in 2021 neither the following years.

The company has obligation for its share of interest to Nova for the years 2021-2022. The operator's estimate of the expected Edison share of Capex and Operating costs are the following: 2021 NOK 506 million and 2022 NOK 201 million.

The company has obligation for its share of interest to Dvalin for the years 2021-2022. The operator's estimate of the expected Edison share of Capex and Operating costs are the following: 2021 NOK 70 million and 2022 MNOK 57 million.

The company has non-cancellable operating lease commitments for the years 2020-2021 (ref. note 10).

Edison Norge AS has no more deposits and guarantee obligations as of 31 December 2020.

#### Note 21 – Other gains/losses

There is an income of NOK 4.9 million resulting from 2019 asset adjustments in 2020. The correspondent adjustment in 2019 was NOK 0.4 million.



## Edison Norge AS

### *Notes to the financial statements*

The company was subject to a financial fraud of the value of NOK 129.56 million in September and October 2019. As soon as the fraud was detected the company alerted the Norwegian and Hong Kong police, and through co-operation with international police was able to arrest several persons involved in the scammers. The initial checks carried out by the competent authorities have excluded any liability for the employees of the Edison group, highlighting, on the contrary, that they have been unaware victims of the deception and have also actively collaborated both with the local authorities, to encourage the successful outcome of the investigations, both with the Company in internal and external initiatives undertaken following the fraudulent events.

Edison has also activated all the appropriate resources to collaborate with the competent authorities in order to support investigative activities and to facilitate the possible recovery of the stolen sums. In this sense, Edison has given a mandate to its lawyers to take actions against the companies receiving the fraudulent payments and the financial intermediaries that have allowed them, as well as against the scam authors.

In addition, Edison has activated a number of internal initiatives aimed at further strengthening the existing safety protocols and the internal control procedures of all the operating units of the group companies.

At the end of 2019, Edison Norge recognized a provision on the total value of the fraud versus operating loss in P&L taking into account a risk of possible recovery in the future. In 2020, the company recovered NOK 6.12 million from its legal actions against the companies receiving the fraudulent payments and the related allowance reduced to NOK 123.44 million consequently (ref. note 14).

### **Note 22 – Financial income and expenses**

The company has recorded currency losses of NOK 0.5 million and gains of NOK 3.0 million in 2020. Currency losses and gains recorded in 2019 were NOK 54.4 million and NOK 55.7 million respectively. The difference between exchange gains and losses is mainly related to timing difference of postings of cash calls and billings related to other currencies. The currency gains and losses are included in financial items.

A total of NOK 46.6 million has been charged on the inter-company financing as interests in 2020. The correspondence figure recorded in 2019 was NOK 45.6 million.

### **Note 23 – Equity**

Edison Norge AS established in November 2014, with the share capital of NOK 60,000 divided into 60,000 shares, each with a face value of NOK 1. In December 2014, Edison Norge AS subscribed for 940,000 new shares each with a nominal value of NOK 1. At the end of 2014 Edison Norge AS had a share capital of NOK 1,000,000 divided into 1,000,000 shares with a face value of NOK 1.

In August 2015, the share capital increased from NOK 1,000,000 by NOK 1,000,000 to NOK 2,000,000 by increasing the nominal value of the shares in the company from NOK 1 with NOK 1 to NOK 2.

At the end of 2014 Edison Norge had a share premium of NOK 451,885,000. In August 2015 there was a new share premium contribution of NOK 440,000,000 resulted NOK 891,885,000 at the end of the year 2015.

In February 2018, The share capital increased from NOK 2,000,000 to NOK 3,000,000 by increasing the nominal value of the shares in the company from NOK 2 per share, with NOK 1 per share, to NOK 3 per share. In addition the subscriber paid a premium of NOK 229 per share, in total of NOK 329,000,000 resulted NOK 1,220,885,000 as of December 2018.



## Edison Norge AS

### *Notes to the financial statements*

In December 2019, The share capital increased from NOK 3,000,000 to NOK 4,000,000 by increasing the nominal value of the shares in the company from NOK 3 per share, with NOK 1 per share, to NOK 4 per share. In addition the subscriber paid a premium of NOK 99 per share, in total of NOK 99,000,000 resulted NOK 1,319,885,000 as of December 2019.

There is no equity change in 2020.

Edison International S.p.A. is the sole shareholder of Edison Norge AS.

### **Note 24 – Subsequent events**

On 19<sup>th</sup> of January, the authorities (MPE) offered the company two new awards as a result of APA 2020 application round.

The new licenses are PL1085 and PL1103, both located in North Sea and Edison is partner with 20% and 10% respectively.

Fourth installment of 2020 related to new tax regime NOK 122.77 million received on 1<sup>st</sup> February 2021 (ref. note 16).

#### **Impact of Covid-19 for Edison Norge activities:**

The Covid-19 and the following measures set out by the Norwegian government has had a significant effect on the daily life and the working environment of most businesses in Norway.

The Norwegian Oil and gas association (NOROG) prepared measures in an early phase of the infection to prevent spreading of the virus and in particular to protect the oil and gas production to maintain supply of energy. Edison Norge ,with support by the employee representatives, implemented the recommended measures into the organization at an early stage of the pandemic. Edison Norge does not presently have any operated activities, the work is primarily related to geological studies and other office work conducted on PC's. After the work from home requirement was introduced, the employees moved their office equipment home and have continued working from home. The IT systems were up-graded to handle the increase in network links to the central servers and databases. Communication within the organisation is currently conducted through the IT network and web meetings is worked without any significant problems.

After summer the measures were released and we moved staff back into the office. This was restricted in the last part of 2020 and has continued into 2021. We have now established good routines for limited personnel in the office and to work from home office, so do not see any significant risk in business continuity for the 2021.

The effects of the Covid pandemic has caused delay of the the construction work for the facilities for Dvalin and Nova. For Dvalin the delay was from October to late November 2020.

For Nova the operator expects a six months delay from September 2021 to March 2022, Following Covid-19 spreading, offshore manning at the Gjoa host platform has been reduced impacting off-shore works progress. Some activities and inspections have been more challenging and less efficient to follow-up. In addition, the project received some variations orders by contractors by reasons of Force Majore and it also implemented test regime at yards and quarantine regime for contractors coming from abroad.

#### **Impact of oil and gas prices**

The reduced prices and uncertain outlook for the oil and gas industry was the main driver for the Parliament to sanction temporary improved tax regulations, the most important being the tax refund to include all taxable costs, also CAPEX. The refund is made as direct payments in 6 installments. This has significantly reduced the need for intercompany loans and improved the cash flow for Edison Norge. The outlook for hydrocarbon prices in 2021 and 2022 have improved with the vaccines for Covid-19 now in place.



## Edison Norge AS

### Notes to the financial statements

There has been no events of such materiality which should be reported either as adjustments or as disclosures after the balance sheet date beyond what disclosed in this note.

### Note 25 – Hydrocarbon resources (not audited)

At the beginning of 2020 Edison Norge AS had participating interests in twelve licenses, out of which, five licenses as operator. During the year 2020 five licenses officially relinquished. In January 2020, the authorities (MPE) offered the company one license extension as a result of APA 2019. Therefore at the end of December 2020 Edison Norge AS had participating interests in seven licenses, out of which, two licenses as operator.

Other than in PL435 and PL418, the other licenses are still in a pre-drilling evaluation phase, where the license operators, together with the license participants are performing subsurface technical and economical evaluations to assess whether hydrocarbon resources may exist as a precondition to determine whether to drill exploration wells. Prior to drilling of these exploration wells, it is not possible to prove the existence of hydrocarbon reserves.

In PL435, in which Edison Norge has a 10% interest, an exploration well (Zidane 1) was drilled in August 2010 and successfully discovered hydrocarbons. In Q1 2012 a second exploratory well (Zidane 2) was drilled in a nearby structure, resulting with another interesting gas discovery. The comprehensive reserves evaluations of the Zidane 1 and 2 wells gas discoveries have been finalized and the PDO was submitted to Norwegian authorities in October 2016. The PDO base case recoverable volumes are estimated to 18.2 BSmc of gas and 0.4 MSmc of condensate.

In PL418 (Edison 15%) the exploratory well Skarfjell 1 was drilled in Q1 2012 and the well proved light oil in Jurassic reservoirs and was classified as an oil discovery. During 2013 the appraisal wells 35/9-8, 35/9-10A and 35/9-10S were drilled to delineate the oil discovery. The PDO was submitted to Norwegian authorities in May 2018. The PDO base case economically recoverable volumes are estimated to 96.3 MMboe, mainly oil with some associated gas and NGL.

### Note 26 – Financial instruments

#### Fair value and carrying amounts

Below is a comparison made between the book value and market value of the group's financial instruments. The estimated values are determined by the group using appropriate market information and best estimate of the fair value. The carrying value of bank deposits, other receivables and short term debt is a best estimate of their fair value.

Value of financial assets and liabilities

	Carrying value		Fair value	
	2020	2019	2020	2019
<b>Financial assets</b>				
Other receivables	122,643,320	136,839,005	122,643,320	136,839,005
Tax receivable from refund	352,995,035	114,012,462	352,995,035	114,012,462
Bank deposits	153,391,990	128,346,407	153,391,990	128,346,407
<b>Financial liabilities</b>				
Current loans to group companies	-2,174,397,942	-1,943,361,801	-2,174,397,942	-1,943,361,801
Trade and other payables	-162,557,525	-190,427,356	-162,557,525	-190,427,356
Other current liabilities	-5,832,605	-5,719,953	-5,832,605	-5,719,953
<b>Net value</b>	<b>-1,713,757,727</b>	<b>-1,760,311,326</b>	<b>-1,713,757,727</b>	<b>-1,760,311,326</b>



## Edison Norge AS

### Notes to the financial statements

#### Liquidity risk

The table shows a maturity analysis for the different financial items.

	Carrying amount	Cash flow	< 1 year
Current loans to group companies	-2,174,397,942	-2,174,397,942	-2,174,397,942
Trade and other payables	-162,557,525	-162,557,525	-162,557,525
Other current liabilities	-5,382,605	-5,382,605	-5,382,605
Financial assets	475,638,355	475,638,355	475,638,355
<b>Net liquidity risk</b>	<b>-1,867,149,717</b>	<b>-1,867,149,717</b>	<b>-1,867,149,717</b>

Edison Norge AS and Edison SpA entered to a loan agreement of NOK 873.75 million and a credit facility agreement to cover the needs of short-term financing of the Company for MNOK 2.000 (ref. to interest risk).

The loan is expected to be refinanced or repaid several years ahead depending on the result from the exploration joint ventures. In accordance with the requirements in IAS 32/39 the loan has been classified as current liability.

#### Exposure to currency risk

Reference assessment of currency risk in note 3.1

#### Interest risk

There is a loan agreement of NOK 873.75 million which was approved by Edison board on 22<sup>nd</sup> December 2014 in order to meet the long term and structural financial needs of Edison Norge. The loan new repayment date agreed on 22<sup>nd</sup> December 2020 with an interest rate equal to 3-month NIBOR + a margin, 360 basis equal to 2.40% and maturity date of the loan extended to 20<sup>th</sup> December 2021. The maturity of the loan is expected to be extended again before repayment date as previous years (ref. note 9).

In order to meet the requirements from the Norwegian authorities for Edison to hold licenses on the NCS, Edison International SpA has issued a parent company guarantee and therefore Edison SpA has always supported its activities in Norway both with capital injections and loans.

Edison Norge AS and Edison SpA entered to a credit facility agreement to cover the needs of short-term financing of the Company for NOK 750 million. Edison Norge AS committed to pay interest on the credit balance equal to NIBOR 3M + 2%. If exceeds the maximum balance the rate would be NIBOR 3M + 4.50%. In the event that the NIBOR rate at 3 months would be below 0 (zero)%, the parties agree that 3-month NIBOR rate equal to zero.

The interest rate amended equal to NIBOR 3M + 0.75 from 1<sup>st</sup> January 2017 without a contractual amendment as art. 3.8 of the credit facility agreement gives the right to Edison to change the applicable spreads as well as the applicable interests, by way of a simple communication/notice to Edison Norge.

On 18<sup>th</sup> September 2019 Edison Norge requested a new maximum debt balance of NOK 1.000 million to cover 2019 cash needs with the same terms and conditions. In March 2020, the company sent another request to increase the maximum debt balance to NOK 2.000 million to cover 2020 cash needs. Consequently, the new agreement signed on 27<sup>th</sup> May 2020 and the maximum debt balance increased to NOK 2.000 million.



## Edison Norge AS

### Notes to the financial statements

Intercompany loans	Loan	Credit facility	Total – short term loans
<b>Balance at 31/12/2019</b>	<b>873,750,000</b>	<b>1,069,611,801</b>	<b>1,943,361,801</b>
Other increase of the year	-	346,036,141	346,036,141
Decrease of the year	-	-115,000,000	-115,000,000
<b>Balance at 31/12/2020</b>	<b>873,750,000</b>	<b>1,300,647,942</b>	<b>2,174,397,942</b>

In 2020, NOK 46.6 million interest cost has been charged on the inter-company financing.

#### **Classification of financial instruments**

The loans and receivables are classified as outgoing loans and receivables or financial liabilities classified measured at amortized cost.





## Edison Norge AS

### Annual report 2020

#### Area of operations

Edison Norge AS is a Norwegian company owned 100% by Edison International S.p.A. which is 100% controlled by Edison S.p.A.

On July 4<sup>th</sup> 2019, Edison S.p.A. entered into a conditional sale and purchase agreement with Energean Capital Ltd for the sale of the entire share capital of Edison E&P subject inter alia to the relevant government approvals. In June 2020, Edison and Energean entered into an amendment to the SPA in which Edison Norge AS was agreed to be excluded from the said transaction with Energean Capital Limited.

Following a demerger project approved on February 19, 2020, Edison International S.p.A. has entered into a deed of demerger on August 6, 2020, according to which the shares of Edison Norge AS were supposed to be transferred to Edison International E&P S.p.A. The demerger became effective on October 9, 2020.

On October 2, 2020, Edison International E&P Sp.A. has entered into an agreement to sale back the shares of Edison Norge AS to Edison International S.p.A. The transaction was approved by the Norwegian Ministry of Oil and Energy on the 24th September 2020 and became effective on October 9, 2020. On the same date, 9 October 2020, Edison International SpA has been assigned by Edison E&P S.p.a. to Edison S.p.a.

As a result of the above transactions Edison Norge AS has remained fully controlled by Edison International S.p.A, entity that is directly and wholly controlled by Edison S.p.A.

On December 30<sup>th</sup> 2020, Edison International S.p.A. entered into a Share Sale Agreement with Sval Energi AS for the sale of 100% of all outstanding shares in Edison Norge AS. The agreement is determined on the basis of an enterprise value of USD 300 million at 1<sup>st</sup> January 2020. The closing of the transaction is expected within the first half of 2021 and is subject to the necessary approvals by the Norwegian authorities.

At the end of the year 2020 the company had participation interest in seven exploration and development licenses of which two as operator.

License number	Ownership	Operator	Concession period
PL 418/418B	15%	Wintershall DEA Norge AS	16/02/2041
PL 435	10%	Wintershall DEA Norge AS	03/10/2041
PL 211	10%	Wintershall DEA Norge AS	02/02/2032
PL 808	20%	MOL Norge AS	05/02/2026
PL 880	40%	Capricorn Norge AS	10/02/2024
PL1002/1002B	60%	Edison Norge AS	01/03/2026
PL1023	50%	Edison Norge AS	01/03/2026

During 2020, the company officially relinquished the following licenses; PL 841, PL 796, PL 952, PL 807 and PL 850.



## Edison Norge AS

### *Annual report 2020*

#### **APA and licensing rounds:**

In 2020, the authorities (MPE) offered one conditional award and one license extension as a result of APA 2019 application round as follows:

- 1- PL1002B (extension to PL1002) with the same terms and work program as PI 1002.
- 2- PL1061 located in Norwegian Sea proposing a 20% share for Edison

The PL1061 was made conditional on the completion of the transaction between Energean and Neptune in order to satisfy the request for a license partner with HPHT competence. The license was not awarded because the sales agreement between Energean and Neptune was cancelled in May 2020.

Edison participated in several AMI's in the APA 2020, both as participant and as operator, and prepared several application opportunities for approval by head office.

Three applications were submitted and on 19<sup>th</sup> of January, the authorities (MPE) offered the company two new awards as a result of APA 2020 application round.

The new licenses are PL1085 and PL1103, both located in North Sea and Edison is partner with 20% and 10% respectively. The third application was awarded to Sval, which applied for the same area.

#### **Farm in/out/swap:**

There was no farm-in/out and/or swap during 2020.

#### **Continuing operations**

The main exploration activities during 2020 were;

PL841 located in the Norwegian Sea was decided to be relinquished after the negative result of well 6608/6-1, (Vågar prospect), drilled in the adjacent license, PL762. This well tested similar reservoir targets as the main prospect in PL841. The license was relinquished in February 2020.

PL796 located in Norwegian Sea was relinquished in February 2020 as a result of the dry exploration well, 6407/3-2, drilled in 2019 with Equinor as operator. The additional prospectivity was limited and not considered economical for further exploration.

In PL952 located in Barents Sea, the operator recommended not to proceed with a well and the license partners agreed to relinquish due to high exploration risk. The license was relinquished in March 2020.

Edison as operator of PL807, located in the North Sea, recommended to apply for an extension of the drill/drop decision. However, the partner OMV did not approve the application and recommended to drop the license. Edison could not continue alone and the license was relinquished in May 2020. Edison decided to re-apply for the area and received award in the 2020 APA,



## Edison Norge AS

### Annual report 2020

Edison operated PL850 located in Barents Sea, decided jointly with partners not to proceed with a well due to high exploration risk and high threshold for commerciality. The license was unanimously relinquished in May 2020.

In PL880 The Duncan well was planned to be spudded late March 2020. Due to COVID-19 measures the drilling was postponed as the operator was uncertain about the ability to keep operations running during the drilling period. The new spud date was initially indicated to be Q3-Q4 2020, but later the operator argued for drilling in Q2-Q3 2021 due to the need to re-apply for consents and re-start the drilling project after the acquisition of Capricorn by Sval Energy. A revised interpretation of the Duncan drilling target led to a negative economic evaluation. As a consequence of the foregoing, the partnership has applied for an exemption to the drilling commitment and to relinquish the license.

The Dvalin North prospect in PL 211, was matured for drilling during 2020. The license committed to a well slot with the rig Deep Sea Aberdeen in September 2020 with the plan to spudd in Q1 2021. New seismic data was also purchased in 2020 to have uniform and new data coverage over Dvalin and Dvalin North.

In PL1002/PL1002B, the main activity has been re-processing of the seismic data. The reprocessing was delayed and Edison recommended to apply for a one year extension of the drill/drop decision in order to complete the evaluations. Neptune as a partner under the relevant JOA did not support Edison's proposal to apply for extension and wants to withdraw from the JV. Edison and Neptune are working jointly to find a new party to take over the shares of Neptune. Two companies are interested and a transaction is expected to take place within the next few weeks. Once an agreement is in place the parties will support an application for extension of the drill/drop decision that is required to secure the continuation of the license.

Edison as operator of PL1023, presented the status of the license with a drop recommendation to the partner Lundin that approved the recommendation on the 18<sup>th</sup> December. An application to relinquish the license has been submitted with a drop date of 1<sup>st</sup> March 2021.

In PL808, the operator MOL has reprocessed the seismic data. The results were presented late in 2020, however, with little improvement in the quality. MOL has recommended to apply for an additional extension of the DoD to re-do the processing. Edison has decided not to support the application, but rather relinquish the license. It is now up to MOL to find a new partner or drop. The official drill or drop is 5<sup>th</sup> March 2021.

The other licenses are being matured for drill/drop decisions in accordance with the work program.

#### Development operations in 2020:

The Nova development project, operated by Wintershall-Dea, is an oil and gas field developed as a subsea tie-in the Gjøa field. Several important milestones were completed during 2020. One of the most critical activity in 2020 was to move the water injection module for Nova from the yard and install it on the Gjøa platform. This heavy lift operation was conducted as planned in May. Drilling operations started in late 2021 and have progressed well. However, Covid-19 anti-infection measures and reduced POB (Personnel on Board) availabilities have delayed the installation activities on the Gjøa host platform and first oil is now planned in March 2022 (six months delay compared to PDO estimate of September 2021).



## Edison Norge AS

### *Annual report 2020*

The Dvalin project in PL 435, operated by Wintershall Dea proceeded in line with the plans and budget. Main achievements in 2020 have been the completion of the production wells in August 2020, followed by the test production in November 2020. Dvalin production well cleanup gas analysis and first test production from Z1 well showed higher than expected levels of mercury in the Dvalin gas stream. Consequently test production was shut down and the study and implementation of the potential solutions has started. Discussions are ongoing with Gassco (Nyhamna operator) and Equinor (operator on Heidrun) to start producing at a lower rate until facilities to remove the mercury are in place.

The Dvalin license joined the on-going study of a mercury removal facility at Nyhamna, planned to be ready in mid 2021.

#### **Working environment**

The work environment has been good despite a challenging situation related to the sale process.

There were been no serious accidents or injuries during 2020 that were caused by the working environment. However the sick leave did increase from previous years low levels due to a few long-term absences.

#### **Equal opportunities and equal status**

The company has an objective to be a work place with equality of opportunity and treatment of women and men. At end 2020 the company had 13 female employees and 11 male employees all in full position.

#### **Environmental pollution**

There are environmental impacts by the oil and gas exploration and production at both local and global levels. Norwegian authorities have a strong HSE focus and the industry operating in Norway is continuously challenged to be in the lead for safety and environmental impact. This has brought the NCS to be among the safest and cleanest producers in the world. The Norwegian Oil industry is also taking measures to be prepared for the increased environmental challenges by establishing joint industry co-operations and forums to exchange experience and information and do scientific research for entering new exploration areas. Edison is an active member of relevant industry co-operations in the areas we operate. In late 2020 we decided to be an associated member of OFFB and NOFO as we do not have any operated drilling operations in sight for the short-mid term.

#### **Statement of the annual accounts**

The annual statement for 2020 shows a profit of NOK 90.1 million after total depreciations of NOK 42.4 million (the depreciations of capitalised exploration of NOK 38.9 million). The corresponding result for 2019 was a profit of NOK 150.6 million with total depreciations of NOK 100.2 million (the depreciation of capitalised exploration costs of NOK 94.6 million).

It is the opinion of the management that the annual accounts and statement gives a satisfactory understanding of the company's position at the end of the year 2020.

Operating costs for 2020 were NOK 113.3 million, with a decrease of NOK 174.6 million from NOK 287.9 million in 2019.



## Edison Norge AS

### *Annual report 2020*

Net financial items have been changed from a loss of NOK 44.5 million in 2019 to a loss of NOK 41.9 million in 2020.

The company was subject to a financial fraud of the value of NOK 129.56 million in September and October 2019. At the end of 2019, Edison Norge recognized a provision on the total value of the fraud versus operating loss in P&L taking into account a possible recovery in the future.

During 2020, the company recovered NOK 6.12 million from its legal actions against the companies receiving the fraudulent payments and the related allowance reduced to NOK 123.44 million consequently.

Other gains/losses decreased in 2020 mainly due to the effect of the fraud and the amount recovered in 2020. The company is still working on the possible recovery in the future.

#### **Statement of future operations and development**

The divestment of Edison Norge AS to Sval Energy AS, subject to the approval of the competent authorities, is expected to close in late March 2021, followed by a transfer of the assets and employees to Sval Energi AS and a subsequent liquidation of Edison Norge AS.

#### **Impact of Covid-19 for Edison Norge activities**

The Covid-19 and the following measures set out by the Norwegian government has had a significant effect on the daily life and the working environment of most businesses in Norway.

The Norwegian Oil and gas association (NOROG) prepared measures in an early phase of the infection to prevent spreading of the virus and in particular to protect the oil and gas production to maintain supply of energy. Edison Norge, with support by the employee representatives, implemented the recommended measures into the organization at an early stage of the pandemic. Edison Norge does not presently have any operated activities and, the work is primarily related to geological studies and other office work conducted on PC's. After the work from home requirement was introduced, the employees moved their office equipment home and have continued working from home. The IT systems were up-graded to handle the increase in network links to the central servers and databases. Communication within the organisation is currently conducted through the IT network and web meetings is worked without any significant problems.

After summer the measures were released and we moved staff back into the office. This was restricted in the last part of 2020 and has continued into 2021. We have now established good routines for limited personnel in the office and to work from home office, so do not see any significant risk in business continuity for the 2021.

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## Edison Norge AS

### *Annual report 2020*

#### **Impact of oil and gas prices**

The reduced prices and uncertain outlook for the oil and gas industry was the main driver for the Parliament to sanction temporary improved tax regulations, the most important being the tax refund to include all taxable costs, also CAPEX. The refund is made as direct payments in 6 installments. This has significantly reduced the need for intercompany loans and improved the cash flow for Edison Norge. The outlook for hydrocarbon prices in 2021 and 2022 have improved with the vaccines for Covid-19 now in place.

Place and Date: Stavanger 11/02/2021

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Fabio Dubini  
Chairman of the board

  
\_\_\_\_\_  
Ole Johan Østvedt  
Managing director/Board member

\_\_\_\_\_  
Cesare Manfredi  
Board member

\_\_\_\_\_  
Rafael Salto Alemany  
Board member

\_\_\_\_\_  
Nicola Monti  
Board member



## Edison Norge AS

### *Annual report 2020*

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Board member

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Nicola Monti  
Board member

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Ole Johan Østved  
Managing director/Board member



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Rafael Saito Alemany  
Board member



## Edison Norge AS

### Annual report 2020

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Board member

Rafael Salto Alemany  
Board member



## Edison Norge AS

### Annual report 2020

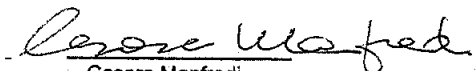
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Board member

\_\_\_\_\_  
Rafael Salto Alemany  
Board member

\_\_\_\_\_  
Nicola Monti  
Board member



(Unofficial translation. The official language of these minutes is Norwegian. In the event of any discrepancies between the Norwegian and English text, the Norwegian text shall precede.)

SKRIFTLIG BESLUTNING AV STYRET

I

EDISON NORGE AS

Den 11. februar 2021 i Edison Norge AS, org. nr. 914 515 300 ("Selskapet").

Følgende styremedlemmer var til stede: Styreleder Fabio Dubini og medlemmene Cesare Manfredi, Ole Johan Ostvedt, Rafael Salto Alemany og Nicola Monti. Møtet ble avholdt ved sirkulasjon av denne skriftlige protokollen og styrets leder fant dette betryggende.

Styret var således beslutningsdyktig, jf. aksjeloven § 6-24.

Det fremkom ingen innsigelser mot innkallingen eller dagsorden.

Til behandling forelå følgende saker:

- 1 Godkjenning av årsregnskap og årsberetning for 2020

Styret hadde behandlet og enstemmig godkjent årsregnskapet og årsrapporten for 2020 vedlagt her som Vedlegg 2 og 3.

Årsregnskap og årsrapport skal bli presentert for den ordinære generalforsamlingen sammen med revisors beretning for regnskapsåret 2020.

Styret besluttet å godkjenne årsregnskap og årsberetning for 2020, samt å foreslå at den ordinære generalforsamlingen treffer følgende vedtak vedrørende godkjenning av Selskapets årsregnskap og årsberetning for 2020:

«Årsregnskapet og årsberetningen for 2020 godkjennes. [Det skal ikke utbetales utbytte for 2020. Årsresultatet på NOK 90 118 701 skal overføres til dekning av tidligere udekket tap].»

WRITTEN RESOLUTION  
OF THE BOARD OF DIRECTORS  
OF

EDISON NORGE AS

On 11 February 2021 in Edison Norge AS, org. no. 914 515 300 (the "Company").

The following members of the Board of Directors participated to the meeting: Chairman Fabio Dubini, and directors Cesare Manfredi, Ole Johan Ostvedt, Rafael Salto Alemany and Nicola Monti. The meeting was held by written resolutions circulation among the board members and the chairman found this to be adequate.

Thus, the board represented a quorum, cf. section 6-24 of the Private Limited Liability Companies Act.

There were no objections to the notice or agenda.

The following matters were dealt with:

- 1 Approval of the annual accounts and annual report for 2020

The board of directors had reviewed and unanimously approved the annual report and annual accounts for 2020, attached hereto as Appendix 2 and 3.

The annual accounts and the annual report shall be presented to the general meeting together with the auditor's statement for the fiscal year 2020.

The board of directors resolved to approve the annual accounts and the annual report for 2020, and to propose that the ordinary general meeting adopts the following resolution regarding approval of the Company's annual accounts and report for 2020:

"The annual accounts and report for 2020 are approved. No dividends shall be paid for 2020. The annual result of 90,118,701 shall be transferred to cover previous uncovered loss."

#9657081 / 19657081/4



**2 Godkjenning av godtgjørelse til styret**

Styret besluttet å foreslå at generalforsamlingen fatter følgende vedtak:

*«Selskapets styremedlemmer skal ikke motta godtgjørelse for 2020.»*

**3 Valg av revisor**

Styret besluttet å foreslå at den ordinære generalforsamlingen treffer følgende vedtak om valg av revisor:

*«Deloitte AS velges som Selskapets revisor for 2020.»*

**4 Godkjenning av godtgjørelse til revisor**

Styret besluttet å foreslå at den ordinære generalforsamlingen treffer følgende vedtak om godtgjørelse til revisor:

*«Det godkjennes at revisor skal motta godtgjørelse i henhold til regning for revisjon av årsregnskapet for 2020.»*

**5 Innkalling til generalforsamling**

Styret besluttet videre å innkalle til ordinær generalforsamling som skal avholdes omkring 25. februar 2021.

Følgende saker er på agendaen for den ordinære generalforsamlingen:

1. Åpning av generalforsamlingen;
2. Godkjenning av innkalling og dagsorden;
3. Godkjenning av årsregnskap og årsberetning;
4. Godkjenning av godtgjørelse til styret;
5. Godkjenning av godtgjørelse til revisor;
6. Valg av revisor for 2021; og
7. Valg av styremedlemmer.

**2 Approval of remuneration to the board**

The board resolved to propose that the general meeting adopts the following resolution:

*“The Company’s board of directors shall not receive remuneration for 2020.”*

**3 Appointment of auditor**

The board resolved to propose that the general meeting adopts the following resolution regarding appointment of the auditor:

*“Deloitte AS is appointed as the Company’s auditor for 2021.”*

**4 Approval of remuneration to auditor**

The board resolved to propose that the general meeting adopts the following resolution regarding remuneration to the auditor:

*“It is approved that the auditor shall receive payment according to invoice for the auditing of the annual accounts for 2020.”*

**5 Notice of general meeting**

The board resolved to convene an ordinary general meeting to be held on or about 25 February 2021.

The following items are on the agenda of the ordinary general meeting:

1. Opening of the general meeting;
2. Approval of notice and agenda;
3. Approval of annual accounts and report;
4. Approval of remuneration to the board;
5. Approval of the remuneration to the auditor;
6. Approval of appointment of the auditor for 2021; and
7. Election of members of the board of directors.



Alle beslutningene var enstemmige. Det forelå ikke flere saker til behandling og møtet ble avsluttet.

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*(Signatureside følger)*

All the resolutions were unanimous. No further items were on the agenda and the meeting was adjourned.

\*\*\*

*(Signature page to follow)*

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3 (4)




11 February 2021

*Styret i Edison Norge AS/  
The board of directors of Edison Norge AS*

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Fabio Dubini



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Ole Johan Østved

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Cesare Manfredi

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Rafael Salto Alemany

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Nicola Monti



\_\_\_ February 2021

*Styret i Edison Norge AS/  
The board of directors of Edison Norge AS*

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Fabio Dubini

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Ole Johan Østvedt

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Cesare Manfredi

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Rafael Salto Alemany

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Nicola Monti



*M* February 2021

*Styret i Edison Norge AS/  
The board of directors of Edison Norge AS*

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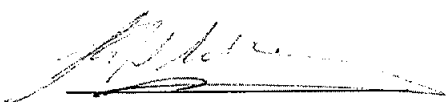
Fabio Dubini

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Ole Johan Østvedt

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Cesare Manfredi



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Rafael Salto Alemany

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Nicola Monti



\_\_\_ February 2021

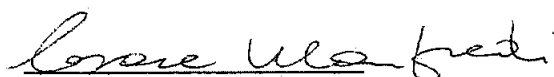
*Styret i Edison Norge AS/  
The board of directors of Edison Norge AS*

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Fabio Dubini

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Ole Johan Østvedt



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Cesare Manfredi

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Rafael Salto Alemany

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Nicola Monti



# Deloitte.

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To the General Meeting of Edison Norge AS

INDEPENDENT AUDITOR'S REPORT

## Report on the Audit of the Financial Statements

### Opinion

We have audited the financial statements of Edison Norge AS, which comprise the balance sheet as at 31 December 2020, the income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements are prepared in accordance with law and regulations and give a true and fair view of the financial position of the Company as at 31 December 2020, and its financial performance and its cash flows for the year then ended in accordance with simplified application of international accounting standards according to section 3-9 of the Norwegian Accounting Act.

### Basis for Opinion

We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company as required by laws and regulations, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Other information

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

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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

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

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

The Board of Directors and the Managing Director (management) are responsible for the preparation and a true and fair view of the financial statements in accordance with simplified application of International Accounting Standards according to the Norwegian Accounting Act section 3-9, 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 going concern basis of

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Organisasjonsnummer: 980 211 282



**Deloitte.**

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Independent Auditor's Report -  
Edison Norge AS

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 laws, regulations, and auditing standards and practices generally accepted in Norway, including ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error. We design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's 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 a true and fair view.

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

#### **Report on Other Legal and Regulatory Requirements**

##### ***Opinion on the Board of Directors' report***

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

##### ***Opinion on Registration and Documentation***

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



**Deloitte.**

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Edison Norge AS

Stavanger, 15 February 2021  
Deloitte AS

Bjarte M. Jonassen  
State Authorised Public Accountant (Norway)