



## ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2021 - GENERELL INFORMASJON

### Enheten

Organisasjonsnummer: 919 603 771  
Organisasjonsform: Aksjeselskap  
Foretaksnavn: SPIRIT ENERGY NORWAY AS  
Forretningsadresse: c/o Advokatfirmaet Schjødt AS  
Kongsgårdbakken 3  
4005 STAVANGER

### Regnskapsår

Årsregnskapets periode: 01.01.2021 - 31.12.2021

### Konsern

Morselskap i konsern: Nei

### Regnskapsregler

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

### Årsregnskapet fastsatt av kompetent organ

Bekreftet av representant for selskapet: Tore Tengedal  
Dato for fastsettelse av årsregnskapet: 05.05.2022

### Grunnlag for avgivelse

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

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

Brønnøysundregistrene, 20.07.2023



## Resultatregnskap

Beløp i: NOK	Note	2021	2020
<b>RESULTATREGNSKAP</b>			
<b>Inntekter</b>			
Revenue	3	11 551 608 000	6 132 981 000
Other income	2	11 795 000	30 834 000
<b>Sum inntekter</b>		<b>11 563 403 000</b>	<b>6 163 815 000</b>
<b>Kostnader</b>			
Production costs		2 123 041 000	2 052 110 000
Payroll expenses	6	163 296 000	177 964 000
Depreciation and amortisation	7, 8	2 408 686 000	3 094 632 000
Nedskrivning av varige driftsmidler og immaterielle eiendeler	7, 8	-935 783 000	1 453 500 000
Other operating expenses	9, 5	190 652 000	170 521 000
Exploration expenses	4	105 105 000	314 957 000
<b>Sum kostnader</b>		<b>4 054 997 000</b>	<b>7 263 684 000</b>
<b>Driftsresultat</b>		<b>7 508 406 000</b>	<b>-1 099 869 000</b>
<b>Finansinntekter og finanskostnader</b>			
Renteinntekt fra foretak i samme konsern	23	8 934 000	
Annen renteinntekt	23	97 000	501 000
Foreign exchange gain	23	130 351 000	151 731 000
<b>Sum finansinntekter</b>		<b>139 382 000</b>	<b>152 232 000</b>
Rentekostnad til foretak i samme konsern	23	8 760 000	23 188 000
Annen rentekostnad	23	460 000	3 345 000
Guarantee charges from related parties	23	54 458 000	62 311 000
Foreign exchange losses	23	126 037 000	75 627 000
Unwind of discount on decommissioning provisions	23		58 177 000
Other financial expenses	23	-107 000	
<b>Sum finanskostnader</b>		<b>189 608 000</b>	<b>222 648 000</b>
<b>Netto finans</b>		<b>-50 226 000</b>	<b>-70 416 000</b>
<b>Ordinært resultat før skattekostnad</b>		<b>7 458 180 000</b>	<b>-1 170 285 000</b>
Income tax (expense) / income	12	5 826 321 000	-1 010 862 000
<b>Ordinært resultat etter skattekostnad</b>		<b>1 631 859 000</b>	<b>-159 423 000</b>



## Resultatregnskap

<b>Beløp i: NOK</b>	<b>Note</b>	<b>2021</b>	<b>2020</b>
Årsresultat		1 631 859 000	-159 423 000
<b>Overføringer og disponeringer</b>			
Ordinært utbytte		3 300 000 000	
Other equity		-1 668 141 000	-159 423 000
<b>Sum overføringer og disponeringer</b>		<b>1 631 859 000</b>	<b>-159 423 000</b>



## Balanse

Beløp i: NOK	Note	2021	2020
<b>BALANSE - EIENDELER</b>			
<b>Anleggsmidler</b>			
<b>Immaterielle eiendeler</b>			
Capitalised exploration cost	7	724 218 000	659 927 000
<b>Sum immaterielle eiendeler</b>		<b>724 218 000</b>	<b>659 927 000</b>
<b>Varige driftsmidler</b>			
Property, plant and equipment	8, 18	13 050 850 000	12 919 191 000
<b>Sum varige driftsmidler</b>		<b>13 050 850 000</b>	<b>12 919 191 000</b>
<b>Finansielle anleggsmidler</b>			
Lån til foretak i samme konsern	17	5 473 576 000	
Other long-term receivables	13	94 538 000	109 590 000
<b>Sum finansielle anleggsmidler</b>		<b>5 568 114 000</b>	<b>109 590 000</b>
<b>Sum anleggsmidler</b>		<b>19 343 182 000</b>	<b>13 688 708 000</b>
<b>Omløpsmidler</b>			
<b>Varer</b>			
Spare parts and supplies	10	292 383 000	305 455 000
<b>Sum varer</b>		<b>292 383 000</b>	<b>305 455 000</b>
<b>Fordringer</b>			
Trade receivables		294 083 000	71 545 000
Other receivables	14	841 337 000	984 536 000
Konsernfordringer	17	1 225 965 000	214 567 000
<b>Sum fordringer</b>		<b>2 361 385 000</b>	<b>1 270 648 000</b>
<b>Bankinnskudd, kontanter og lignende</b>			
Cash and cash equivalents	11	708 410 000	204 448 000
<b>Sum bankinnskudd, kontanter og lignende</b>		<b>708 410 000</b>	<b>204 448 000</b>
<b>Sum omløpsmidler</b>		<b>3 362 178 000</b>	<b>1 780 551 000</b>
<b>SUM EIENDELER</b>		<b>22 705 360 000</b>	<b>15 469 259 000</b>



### Balanse

Beløp i: NOK	Note	2021	2020
<b>BALANSE - EGENKAPITAL OG GJELD</b>			
<b>Egenkapital</b>			
<b>Innskutt egenkapital</b>			
Share capital	16	30 000	30 000
Overkurs	16	9 324 876 000	9 324 876 000
<b>Sum innskutt egenkapital</b>		<b>9 324 906 000</b>	<b>9 324 906 000</b>
<b>Opptjent egenkapital</b>			
Udekket tap		6 432 484 000	4 764 343 000
<b>Sum opptjent egenkapital</b>		<b>-6 432 484 000</b>	<b>-4 764 343 000</b>
<b>Sum egenkapital</b>		<b>2 892 422 000</b>	<b>4 560 563 000</b>
<b>Gjeld</b>			
<b>Langsiktig gjeld</b>			
Utsatt skatt	12	2 876 926 000	1 351 806 000
Provision for decommissioning	18	6 730 718 000	7 073 033 000
Other provisions			346 000
<b>Sum avsetninger for forpliktelser</b>		<b>9 607 644 000</b>	<b>8 425 185 000</b>
<b>Annen langsiktig gjeld</b>			
Langsiktig konserngjeld			145 457 000
<b>Sum annen langsiktig gjeld</b>			<b>145 457 000</b>
<b>Sum langsiktig gjeld</b>		<b>9 607 644 000</b>	<b>8 570 642 000</b>
<b>Kortsiktig gjeld</b>			
Leverandørgjeld		146 836 000	128 634 000
Trade payables	12	4 929 043 000	1 044 860 000
Public duties payable		6 590 000	33 675 000
Utbytte	16	3 300 000 000	
Kortsiktig konserngjeld		22 350 000	36 787 000
Other short term liabilities	15	1 800 475 000	1 094 097 000
<b>Sum kortsiktig gjeld</b>		<b>10 205 294 000</b>	<b>2 338 053 000</b>
<b>Sum gjeld</b>		<b>19 812 938 000</b>	<b>10 908 695 000</b>



## Balanse

<b>Beløp i: NOK</b>	<b>Note</b>	<b>2021</b>	<b>2020</b>
<b>SUM EGENKAPITAL OG GJELD</b>		<b>22 705 360 000</b>	<b>15 469 258 000</b>



# Deloitte.

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To the General Meeting of Spirit Energy Norway AS

## INDEPENDENT AUDITOR'S REPORT

### Opinion

We have audited the financial statements of Spirit Energy Norway AS (the Company), which comprise the balance sheet as at 31 December 2021, the income statement and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion

- the financial statements comply with applicable statutory requirements, and
- the financial statements give a true and fair view of the financial position of the Company as at 31 December 2021, and its financial performance and its cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.

### Basis for Opinion

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

### Other Information

The Board of Directors and the Managing Director (management) are responsible for the information in the Board of Directors' report and the other information accompanying the financial statements. The other information comprises information in the annual report, but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the information in the Board of Directors' report nor the other information accompanying the financial statements.

In connection with our audit of the financial statements, our responsibility is to read the Board of Directors' report and the other information accompanying the financial statements. The purpose is to consider if there is material inconsistency between the Board of Directors' report and the other information accompanying the financial statements and the financial statements or our knowledge obtained in the audit, or whether the Board of Directors' report and the other information accompanying the financial statements otherwise appear to be materially misstated. We are required to report if there is a material misstatement in the Board of Directors' report or the other information accompanying the financial statements. We have nothing to report in this regard.

Based on our knowledge obtained in the audit, it is our opinion that the Board of Directors' report

- is consistent with the financial statements and
- contains the information required by applicable legal requirements.

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Organisasjonsnummer: 990 211 282

Penneo Dokumentnøkkel: OHUSG-3EXJP-E3M85-UCC00-TAELL-7QLU



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Independent Auditor's Report -  
Spirit Energy Norway AS

### *Responsibilities of Management for the Financial Statements*

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern. The financial statements use the going concern basis of accounting insofar as it is not likely that the enterprise will cease operations.

### *Auditor's Responsibilities for the Audit of the Financial Statements*

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

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error. 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 the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Stavanger, 6 May 2022  
Deloitte AS

**Arnstein Antonsen**  
State Authorised Public Accountant

Penneo Dokumentnr: OHUBQ-3EXJP-E3M85-UCC00-TAELL-17Q1U



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## Arnstein Antonsen

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# **Spirit Energy Norway AS**

## **FINANCIAL STATEMENTS 2021**



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## Spirit Energy Norway AS

### Annual Report for 2021

#### Operations and locations

The principal activity of Spirit Energy Norway AS ("the Company"), is the exploration and production of oil and gas on the Norwegian Continental Shelf. The Company was originally founded on 13th September 2017 (named "Inceptum 1036 AS") as a shelf company with no activity. However, on 1st December 2018 all the activity from Spirit Energy NUF was transferred. The head office address is in Stavanger.

Spirit Energy's response to the COVID-19 pandemic remained an area of focus throughout 2021. Pandemic response plans were reviewed throughout the year to align with government guidelines and ensure safe operations both on and offshore.

In 2021 Spirit Energy produced from the Statfjord fields, Kvitebjørn, Oda, Ivar Aasen, Maria, Vega and Vale. The production of oil, NGL and gas in 2021 amounted to net 16.0 million barrels of oil equivalents (mmboe), compared to 20.0mmboe in 2020. The average daily production in 2021 was 50 thousand barrels (2020: 55 thousand barrels).

The decrease in production from 2021 to 2020 was mainly driven by lower performance in Statfjord area (0.5)mmboe, Ivar Aasen (0.4)mmboe, Vega (0.2)mmboe, Oda (2.2)mmboe due to water breakthrough in the B1 well and Kvitebjørn (1.1)mmboe due to issues with infill drilling and production performance. This was partly offset by higher production on Maria 0.5mmboe due to increased production stability in 2021.

Spirit Energy are working with the licence partners to develop economic concepts for Fogelberg, Halten East, Lille Prinsen and Hades Iris.

#### Divestment of business

During the year, the company entered into agreements to sell its full portfolio of Norwegian oil and gas assets and business excluding the Statfjord field to Sval Energi AS ("Sval") and its interests in the Statfjord field to subsidiaries of Equinor ASA ("Equinor"). The transaction has a commercial effective date 1 January 2021 with a headline consideration of USD1,076 million, subject to purchase price adjustments and customary adjustments to working capital, on a debt free, cash free basis, plus a deferred commodity price linked contingent payment. Net consideration will be reduced by cash flows retained from 1 January 2021 to completion, adjusted for any remaining tax payable on the 2021 net cash flows to be paid by the company.

The Sval sale is a disposal of the entire company business excluding the Statfjord field, including the employees. All decommissioning liabilities transfer to the buyers, Sval and Equinor, and the company will only retain the secondary statutory liabilities.

In relation to the sale of the Norway Business, the company has agreed to indemnify, and hold harmless, Sval Energi from and against all any costs, expenses and liabilities related to certain legacy notified tax claims. The amount recognised in the company's balance sheet as at 31 December 2021 in respect of the uncertain tax provision related to such notified tax claims was NOK 1 317 million (note 12). As security for the notified tax claims, the company or Spirit Energy Limited will issue a letter of credit to Sval for an amount of \$200 million, supported by Centrica group entities.

The sale is currently only subject to approval from Norwegian authorities and is expected to complete in the second quarter of 2022.

#### Comments related to the financial statements:

##### Income statement

Revenue excluding other income increased by NOK 5 418 627 thousand, or 88 %, to NOK 11 551 608 thousand (2020: 6 132 981 thousand) principally due to significantly higher commodity prices.

Depreciation in 2021 amounted to NOK 2 408 687 thousand, 22% lower than 2020 (2020: NOK 3 094 632 thousand), driven by the decrease in production of 4.0mmboe. Depreciation per barrel decreased from NOK 155 in 2020 to NOK 150 in 2021.

Write-off / impairment of exploration wells (mainly Iris Hades) for reporting period was NOK 283 352 thousand (2020: NOK 253 800 thousand), while reversal of impairment of assets under construction and producing assets amounted to NOK 1 219 135 thousand (2020: impairment NOK 1 199 700 thousand). The impairment write-back in 2021 on Maria is due to improved commodity prices.



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Total operating cost in Spirit Energy excluding depreciation and impairment reduced from NOK 2 715 551 thousand in 2020 to NOK 2 582 094 thousand in 2021. The reduction is mainly due to lower exploration activity in year reducing the exploration cost by NOK 209 852 thousand, other operating cost have increased by 3%.

Operating profit for the reporting period was NOK 7 508 406 thousand (2020: loss of NOK 1 099 869 thousand).

Profit before tax was NOK 7 458 180 thousand (2020: loss NOK 1 170 285 thousand).

The income tax expense amounted to NOK 5 826 321 thousand (income tax income NOK 1 010 862 thousand in 2020) resulting in a net profit after tax of NOK 1 631 859 thousand (2020: loss of NOK 159 423 thousand).

## Balance

The intangible asset balance amounts to NOK 724 218 thousand at 31 December 2021 mainly related to PL836S Bergknapp NOK 441 892 thousand and PL167 Lille Prinsen NOK 255 921 thousand. Exploration dry well in 2021 amounts to NOK 283 352 thousand.

Tangible assets increased from NOK 12 919 191 thousand at 31 December 2020 to NOK 13 050 850 thousand at 31 December 2021. The increase of NOK 131 659 thousand is driven by the write-back of impairment on Maria of NOK 1 219 135 thousand, additions from producing assets and assets under constructions of NOK 1 660 872 thousand and transfer of balance from exploration to asset under construction of NOK 83 948 thousand, partly offset by depreciation of producing assets of NOK (2 408 687) thousand and reduction in decommission assets estimate of NOK (423 610) thousand.

Total current assets have increasing by NOK 1 581 627 thousand in year mainly driven by receivables from external and related parties increasing NOK 1 233 935 thousand due to the higher commodity prices. The increase in the cash balance of NOK 503 963 thousand is mainly related to the advance payment of USD 50 million received from Sval on signing of the disposal agreement 8 December 2021.

Overall, the non-current provision increased from NOK 8 425 186 thousand in 2020 to NOK 9 607 644 thousand in 2021 mainly due to an increased deferred tax liability of NOK 1 525 120 thousand, partly offset by a decrease in the decommissioning provision of NOK (342 316) thousand.

Net cash from operating activities less cash flow used in investing activities has reduced the long term related parties liability of NOK 145 457 thousand as at 31 December 2020 and created a long term receivable of NOK 5 473 576 thousand as at 31 December 2021.

Overall, the total current liability increased in 2021, from NOK 2 338 053 thousand as at 31 December 2020 to NOK 10 205 294 thousand as at 31 December 2021. NOK 3 884 183 thousand of the increase is related to current tax payable due to a significant pre-tax profit in 2021 compared to a loss in 2020, NOK 3 300 000 thousand is related to dividend accrual and NOK 455 648 thousand is related to the advance payment from Sval of USD 50 million.

Proposed dividend of NOK 3 300 000, partly offset by net profit for the year of NOK 1 631 859 reduced the equity from NOK 4 560 564 thousand as at 31 December 2020 to NOK 2 892 423 thousand as at 31st December 2021. As a result of the dividend, equity ratio decreased from 29 % in 2020 to 13 % in 2021.

## Cash flow and liquidity

The Statement of Cash Flows shows that the Company's operational activities generated a positive cash flow of NOK 8 215 459 thousand in the reporting period (NOK 3 047 413 thousand in 2020). Increased revenues of NOK 5 416 627 thousand due to the higher commodity prices is the main driver for the improved operating cashflow in 2021 compared to 2020.

The Company invested NOK 2 092 463 thousand (2020: 2 257 956 thousand) in intangible and tangible assets in the reporting period.

Cash outflow from financing activities amounted to NOK 5 619 033 thousand (NOK 959 737 thousand in 2020). Net cash from operating activities less cash flow used in investing activities has reduced the long term related parties liability of NOK 145 457 thousand as at 31 December 2020 and created a long term receivable of NOK 5 473 576 thousand as at 31 December 2021. The net increase in the cash balance in the reporting period was NOK 503 963 thousand (decrease of NOK 128 821 thousand in 2020). The increased cash balance is mainly related to advance consideration of USD 50 million received from Sval when signing the disposal agreement in December 2021. The total cash balance was considered satisfactory by the Company.

It is the opinion of the Board that the annual accounts for the reporting period is an accurate reflection of the Company's financial position with respect to assets, liabilities, financial position and results.

The Company has ownership of 44 licences on the Norwegian Continental Shelf as at year-end 2021.



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The Company has licences in the exploration phase, under development and in production. Spirit Energy Norway AS is the operator of two fields in production, Oda and Vale. The Company has recorded NOK 7 706 thousand in research and development costs for operated assets (NOK 7 043 thousand in 2020), in addition to the costs charged from operators through licence contributions in the reporting period.

## Health, Safety and Environment

Our health, safety and environmental principles are a core part of our business. All necessary resources are allocated to preventing incidents that may lead to personal injuries, loss of life, spills, other damage to the environment or financial loss. We are co-operating closely with licence partners, other operators, suppliers and the authorities to learn and contribute towards obtaining the best possible results with respect to health, safety and the environment.

The safety of our employees and our business partners is our highest priority. We are working actively to develop a strong HSE culture among our employees and offer training to ensure a high level of competency. In the reporting period, the Company had no incidents that led to serious personnel injuries, material damage or significant health issues amongst employees.

COVID-19 and subsequent government guidance continued to have a significant impact on the way our workforce carried out business operations in 2021. Whilst challenges existed throughout the year, our teams repeatedly responded with commitment and determination to deliver on Spirit Energy's organisational objectives, introducing increased agility around working hours when having to work from home, and contributing to the design and considerations as we changed our approach to office-based working arrangements. These efforts were a direct result of repeated engagement efforts with our staff and employee-led networks who directly supported the trials of our new hybrid working models.

To strengthen employee engagement in 2021, we focused on Reward Transparency, Personal Growth, COVID-19 response and Health & Wellbeing – Physical, Mental and Financial. In line with our commitment to improve people leadership capability, the first cohort of people leaders started their participation in Spirit Energy's in-house virtual leadership development programme – Spiritwise.

Talent reviews were further embedded in the company to provide an equal opportunity for all employees to openly discuss their career aspirations and receive feedback from management. The output of these reviews was often used to support the internal placement of our people when opportunities arose. We continued to strive for gender balanced candidate slates and interview panels in all recruitment interviews together with extending our reach into diverse external talent pools when searching for external talent.

The Company has a diverse workforce in terms of age, background and experience. Absence from work due to illness was very low (1.2 percent) in 2021. The work environment is perceived as good.

On 31st December 2021, 40 women and 61 men were employed by the Company. The Board is not aware of any activities in the Company which may be in violation of the laws regulating equal rights between the genders. Refer to the appendix to the financial statements "equality and anti-discrimination 2021 report – Spirit Energy Norway" for further information.

Exploration and production of oil and gas has an environmental impact. We are therefore actively working to understand and to minimise the environmental impact of our activities as far as possible. Our operations in the reporting period did not lead to any material environmental pollution in 2021. Information regarding the activities of our non-operated licences and fields are reported by the operator.

The Spirit Energy Group believes that the provision of energy in the face of the climate emergency is one of the biggest challenges confronting the world. Spirit Energy Group recognise the world's demand for action to address climate change and we aim to play our part in helping to sustainably meet energy demand. Our vision is to become a net-zero company for operational emissions by 2050. We also intend to explore how our assets could be repurposed to generate net-zero carbon energy.

## Country to country reporting

Spirit Energy has country to country reporting in accordance with the Norwegian Company Act §3-5. The annual report will be made public in The Brønnøysund Register Centre ([www.brreg.no](http://www.brreg.no)).

## Market developments and outlook

During the year, the sale of the interests in the full portfolio of Norwegian oil and gas assets to Sval and Equinor as buyers was agreed. Notwithstanding the sale, Spirit Energy remains focused on the objective to maintain safe production at a low cost in order to generate strong cash flow. The sale is now only pending approval of from the Norwegian authorities and is expected to complete in the second quarter of 2022. Over the last 15 years, Spirit Energy have created an attractive cash-generating business in Norway with producing assets, future developments, and exciting exploration opportunities. This has



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made our business highly attractive to buyers looking for a platform for growth and Sval Energi is acquiring a successful and solid business. Post completion of the sale, there will be no activity left in the company. Sval Energi is acquiring all of Spirit Energy's Norway business, with the exception of Spirit's share in the Statfjord licences. Spirit Energy's Norway staff will be transferred to Sval. Refer to divestment of business section in the annual report.

Russia's invasion of Ukraine in 2022 has sent oil and gas prices soaring, as the eastern European country is a critical supplier of natural gas to Europe and sends oil to the global markets. Spirit Energy's Procurement & Supply Chain are actively monitoring the Ukrainian/Russian conflict, for its impact on global supply chains. Current findings indicate no immediate direct exposure to Russian or Ukrainian supply and consequently no direct risk of dealing with sanctioned entities, or disruption to directly contracted supply.

In January 2022 as part of the APA 2021, Spirit Energy was awarded seven new licences, two as operator.

#### *Nova*

Spirit Energy is a partner in the Nova development in the Norwegian North Sea, which is expected to start production in the second half of 2022. The Nova field was discovered in 2012 and is located in the north-eastern North Sea, approximately 20 kilometres southwest of the Gjøa platform. Principally located in Production Licence (PL) 418, the development is expected to produce around 80 mmbøe, of which the majority is oil.

#### *Fogelberg*

During 2021, studies on the operated asset, Fogelberg, have progressed. In August 2021 the Concept select (DG2) gate was approved internally followed by a formal approval of the licence. The project is now to progress FEED work using the Norway frame agreement set-up with TFMC and Subsea 7 (SPA). Work will also progress further maturing the subsurface and wells definition including further investigation of improved well completion technology. The project is also progressing commercial discussion with the Host as well as technical studies and aim for completing the work by end June 2022. Following corporate and licence governance the current target is to make a DG3/FID by 3rd quarter 2022 and by this ensuring that the project is qualified to be executed under the temporary tax regime on the Norwegian continental shelf.

#### *Halten East*

The Sigrid and Natalia discoveries where Spirit had equity share, has in 2021 become part of the larger Halten East Unit with Equinor as operator and Vår Energi and Petoro as JV partners. Halten East is a clustered development of 6 discoveries and 3 prospects. The development concept is a common tie-back to Åsgard B for processing, and export via the Åsgard Transport System to Kårstø. DG2 was passed in April 2021, FEED studies and commercial negotiations of a tie-in agreement are ongoing, and will continue towards an investment decision in May 2022. Production start is planned first half of 2025.

#### *Lille Prinsen*

The Lille Prinsen development project in the production licences 167, 167 B and 167 C on the Utsira High is progressing towards a DG3/PDO by end of 2022. The plan is to develop the Lille Prinsen as a subsea tie back to Ivar Aasen Field 8 km to the southwest. First oil is expected in 2027. Spirit Energy holds 20% equity, Lundin Energy is the Operator, and Equinor and Aker Bp are the remaining partners.

#### *Bergknapp*

The Bergknapp discovery well was drilled in 2020. In 2021 the well was re-entered to undertake three drill stem tests and to drill an appraisal sidetrack. The operator is currently evaluating the new data from the re-entry operation to decide whether a further appraisal well is needed. If a new appraisal well is drilled and gives a positive result, the operator expects to enter the development phase, starting with DG1/BOK in 2023 and ending with first oil in 2028. The Bergknapp discovery is in PL 836 S and is operated by Wintershall Dea.

#### *Oda*

Oda is currently in finalizing the drilling of one infill well using B1 producer as a donor. Oda is developed as a subsea installation with two production wells tied-back to the Ula field and one water injection well for pressure support. Since the field started production in March 2019, good understanding of the reservoir has been gained. Based on this knowledge, the new infill well will accelerate production from Oda and produce the oil from the field faster.

#### *Vale*

Vale is a sub-sea tie-back to the Heimdal host for processing. In 2020, a freshwater injection- and filtration system was installed on Heimdal, and the salt content of the condensate is reduced. Vale has had stable production in 2021 and due to improved production regularity on Vale lifetime extension until July 2023 was approved by the licence in May 2021. DG3 gate decision for the decommission project is planned in Q3 2022.

### **Financial risk**

The Company's normal operating activities expose it to a variety of financial risk: market risk (including commodity price risk and currency risk), credit risk and liquidity risk. The Company's financial risk strategy is managed by the parent company, which continuously monitors and initiates financial risk instruments. Spirit Energy Group maintains strict policies



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to manage its financial risks as approved by the Group Board of Directors. This includes the use of financial derivative instruments to hedge certain of these exposures.

#### *Commodity price risk management*

The Company is exposed to commodity price risk on its future revenues from crude oil and natural gas. A change in these prices may alter the gross margin of the Company. Accordingly, the parent company may enter into commodity futures and forward contracts to manage fluctuations in prices of anticipated revenues.

#### *Currency risk management*

The Company is exposed to currency fluctuations. Revenue is invoiced in pounds sterling, US dollars or euros. Purchase of materials and services are in Norwegian kroner and foreign currencies (primarily pounds sterling and US dollars). The Company's foreign currency strategy is managed by the parent company, which continuously monitors and initiates financial risk instruments.

#### *Credit risk management*

Credit risk is the risk of loss associated with a counterparty's inability or failure to discharge its obligations under a contract. The Company is exposed to credit risk for gas sales to related parties of the Centrica group, as well as credit exposures to customers in its trading and energy sales activities.

The Company only has a few customers who are financially sound and credit risk is deemed to be very low.

#### *Liquidity risk management*

Liquidity risk is the risk that the Spirit Energy is unable to meet its financial obligations as they fall due. The Company's financing is supplied via a loan agreement with a related party within the Spirit Energy Group. The loan agreement consists of a draw down funding facility. To mitigate this risk, the Spirit Energy Group holds adequate cash and cash equivalents. Spirit Energy Group had cash and cash equivalents of £1,233 million at 31 December 2021 and the liquidity risk is deemed to be very low.

Spirit Energy Norway AS will be less disposed for these risk's if the divestment of business is completed.

#### **Insurance for board members/ and general manager**

Spirit Energy Ltd maintains Directors' and Officers' liability insurance in respect of its Directors and members of the Group's Executive Committee. The insurance also extends to Directors and Officers of its subsidiary companies (owned more than 50%). The insurance covers personal legal liabilities including defense costs arising from a claim. The insurance policy is issued by a reputable insurer with an appropriate rating.

#### **Going concern**

The Board and General Manager confirm that the annual accounts are based on the going concern principle in accordance with the Accounting Act § 3-3a. The uncertain tax provision is based on updated estimates. Proposed dividend of NOK 3 300 000 thousand reduce the equity ratio to 13 %. The equity after the dividend is considered to be sound and sufficient in respect to the Company's activities, size and risk profile.

The Board of Directors recommends a dividend of NOK 3 300 000 thousand and that the Company allocates the 2021 net profit for the year of NOK 1 631 859 thousand to other equity, as presented in the Income Statement.

Stavanger, 5 May 2022

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*Gro Kyllingstad*

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Gro Kyllingstad

General Manager & Chairman of the Board

DocuSigned by:

*Kjersti Wilskow*

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Kjersti Elisabeth Wilskow

Board Member

DocuSigned by:

*Malin Flor Helgesen*

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Malin Flor Helgesen

Board Member

DocuSigned by:

*Dennis Jones*

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Dennis Gareth Jones

Board Member

DocuSigned by:

*Nicola Jane Macleod*

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Nicola Jane Macleod

Board Member

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*Tina Meling*

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Tina Meling

Board Member



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## Spirit Energy Norway AS

### Income Statement

(Amounts in thousand NOK)

	Note	2021	2020
Revenue	3	11 551 608	6 132 981
Other income	2	11 795	30 834
<b>Total revenues and other income</b>		<b>11 563 403</b>	<b>6 163 814</b>
Production costs		2 123 041	2 052 110
Payroll expenses	6	163 296	177 964
Depreciation, amortisation and impairment	7, 8	1 472 904	4 548 132
Other operating expenses	9, 5	190 652	170 521
Exploration expenses	4	105 105	314 957
<b>Total operating costs</b>		<b>4 054 998</b>	<b>7 263 683</b>
<b>Operating profit / (loss)</b>		<b>7 508 406</b>	<b>(1 099 869)</b>
Interest income		9 031	501
Interest expenses		(63 677)	(88 843)
Other financial income		130 351	151 731
Other financial cost		(125 930)	(133 804)
<b>Net financial income and (cost)</b>	23	<b>(50 226)</b>	<b>(70 416)</b>
Profit / (loss) before tax		7 458 180	(1 170 285)
Income tax (expense) / income	12	(5 826 321)	1 010 862
<b>Net profit / (loss) for the year</b>		<b>1 631 859</b>	<b>(159 423)</b>
<b>Net profit or (loss) for the year is allocated as follows:</b>			
Ordinary dividend	16	3 300 000	-
Other equity	16	(1 668 141)	(159 423)
<b>Total allocated</b>		<b>1 631 859</b>	<b>(159 423)</b>



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## Spirit Energy Norway AS

### Balance sheet at 31 December

(Amounts in thousand NOK)

Assets	Note	2021	2020
Capitalised exploration cost	7	724 218	659 927
<b>Total intangible assets</b>		<b>724 218</b>	<b>659 927</b>
Property, plant and equipment	8, 18	13 050 850	12 919 191
<b>Total tangible assets</b>		<b>13 050 850</b>	<b>12 919 191</b>
Other long-term receivables	13	94 538	109 590
Long-term receivable - related parties	17	5 473 576	-
<b>Total financial assets</b>		<b>5 568 114</b>	<b>109 590</b>
Spare parts and supplies	10	292 383	305 455
Trade receivables		294 083	71 545
Receivables - related parties	17	1 225 965	214 567
Other receivables	14	841 337	984 536
Cash and cash equivalents	11	708 410	204 448
<b>Total current assets</b>		<b>3 362 178</b>	<b>1 780 551</b>
<b>Total assets</b>		<b>22 705 360</b>	<b>15 469 260</b>



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## Spirit Energy Norway AS

### Balance sheet at 31 December

(Amounts in thousand NOK)

Equity and liabilities	Note	2021	2020
Share capital		30	30
Share premium		9 324 876	9 324 876
<b>Total contributed equity</b>		<b>9 324 906</b>	<b>9 324 906</b>
<b>Accumulated deficits</b>			
Loss carried forward		(6 432 484)	(4 764 343)
<b>Total retained earnings</b>		<b>(6 432 484)</b>	<b>(4 764 343)</b>
<b>Total equity</b>	16	<b>2 892 423</b>	<b>4 560 564</b>
Deferred tax liabilities	12	2 876 926	1 351 806
Provision for decommissioning	18	6 730 718	7 073 033
Other provisions		-	346
<b>Total provisions</b>		<b>9 607 644</b>	<b>8 425 186</b>
Long-term debt - related parties	17	-	145 457
<b>Total long term liabilities</b>		<b>-</b>	<b>145 457</b>
Trade payables		146 836	128 634
Payables - related parties	17	22 350	36 787
Current tax payables	12	4 929 043	1 044 860
Public duties payable		6 590	33 675
Other short term-liabilities	15	1 800 475	1 094 097
Dividend accrual	16	3 300 000	0
<b>Total current liabilities</b>		<b>10 205 294</b>	<b>2 338 053</b>
<b>Total liabilities</b>		<b>19 812 937</b>	<b>10 908 696</b>
<b>Total equity and liabilities</b>		<b>22 705 360</b>	<b>15 469 260</b>

Stavanger, 5 May 2022

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Gro Kyllingstad

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Gro Kyllingstad

General Manager & Chairman of the Board

DocuSigned by:

Den Jones

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Dennis Gareth Jones

Board Member

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Kjersti Wilskov

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Kjersti Elisabeth Wilskov

Board Member

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Nicola Macleod

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Nicola Jane Macleod

Board Member

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Tina Meling

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Board Member

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Malin Flor Helgesen

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Malin Flor Helgesen

Board Member



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## Spirit Energy Norway AS

### Statement of Cash flows

(Amounts in thousand NOK)

		2021	2020
	<b>Note</b>		
Profit/(loss) before tax		7 458 181	(1 170 285)
Reversal of gain on sale of licences		-	(26 571)
Tax paid	12	(417 020)	(492 020)
Depreciation and amortisation	7,8	2 408 687	3 094 632
{Reversal of impairment} / impairment	7,8	(935 783)	1 453 500
Decommissioning interest	18	-	58 177
Decommissioning cost paid	18	(18 181)	(113 215)
Decommissioning estimate update	18	99 475	30 215
Change in working capital		(379 900)	212 979
<b>Cash flow provided by operating activities</b>		<b>8 215 459</b>	<b>3 047 413</b>
Capital expenditure	7,8	(2 092 463)	(2 257 956)
Cash from sale of licences		-	41 459
<b>Cash flow used in investing activities</b>		<b>(2 092 463)</b>	<b>(2 216 497)</b>
Payment to long term loan from related parties	17	(145 457)	(959 737)
Payment to long term loan to related parties	17	(5 473 576)	-
<b>Cash flow used in financing activities</b>		<b>(5 619 033)</b>	<b>(959 737)</b>
Net increase/(decrease) in cash and cash equivalents		503 963	(128 821)
Cash and cash equivalents beginning of the period		204 448	333 268
<b>Cash and cash equivalents end of the period</b>		<b>708 410</b>	<b>204 448</b>



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## Note 1 Accounting Principals

The financial statements have been prepared in accordance with Norwegian Accounting Act and generally accepted accounting principals in Norway.

### Classification and valuation of balance sheet items

Assets for long term ownership or use are classified as fixed assets. Other assets are classified as current assets. Receivables to be paid within one year are classified as current assets. Same principles have been applied for classification of short and long term liabilities.

Fixed assets are held at cost less accumulated depreciation and any provisions for impairment.

Current assets are valued at the lower of cost and market value. Short and long term liabilities are included in the balance sheet at nominal amount when established.

### Exploration, evaluation, development and production assets

The Company uses the successful efforts method for accounting for exploration and evaluation expenditure. Exploration and evaluation expenditure associated with an exploration well resulting in a discovery of hydrocarbons, including acquisition costs related to exploration and evaluation activities, are capitalised initially as intangible assets. Certain expenditures, such as geological and geophysical exploration costs, are expensed. If the prospects are subsequently determined to be successful on completion of evaluation, the relevant expenditures including licence acquisition costs are transferred to property, plant and equipment (PP&E) and is subsequently depreciated on a unit of production basis. If the prospects are subsequently determined to be unsuccessful on completion of evaluation, the associated costs are expensed in the period in which that determination is made.

All field development costs are capitalised as PP&E. Such costs relate to the acquisition and installation of production facilities and include development drilling costs, project-related engineering and other technical service costs. PP&E, including rights and concessions related to production activities, are depreciated from the commencement of production in the fields concerned, using the unit of production method, based on all of the 2P reserves of those fields. Changes in these estimates are dealt with on a prospective basis, with the exception of Heimdal area which is depreciated on a straight-line basis using the estimated remaining life of the field.

The net carrying value of the fields in production and development is compared on a field-by-field basis with the likely discounted future net revenues to be derived from the remaining commercial reserves. An impairment loss is recognised where it is considered that recorded amounts are unlikely to be fully recovered from the net present value of future net revenues. Exploration assets are reviewed annually for indicators of impairment and production and development assets are tested annually for impairment. Impairments are reversed if the conditions resulting in the impairment are no longer applicable.

### Participation in joint ventures (JV)

The Company's share in Joint Ventures licences on the Norwegian continental shelf are recognised in the income statement and balance sheet similar to using the gross method (proportionate consolidation) in accordance with underlying rights and obligations.

### Unit arrangements

Where the Group has entered into unit arrangements with partner licences, the share of ownership is reviewed on a regular basis in accordance with the unit agreement based on updated estimates of reserves contributed by each partner in the unit. In the event a review results in a decreased share in the unit, where excess volumes received in the past are redelivered by the partner with the reduced ownership share according to an agreed schedule, these volumes are accounted for at the time of redelivery and not accrued for in advance. Similarly, where the review results in an increased share, the volumes are accounted for at the time of receipt.

### Research & development

Costs are expensed when incurred.

### Decommissioning

Under the terms of the concessions of the licences in which the company participate the Norwegian State has at end of field life, or when the licence expire, the right to take over the permanent installations. If the State does not exercise this right, the Ministry may require the owners to partially and fully remove the installations. The Ministry of Petroleum and Energy decides whether the installations shall be removed.

The Company recognises the discounted cost of decommissioning when the obligation to rectify environmental damage arise. The first time the liability is recognised in the Balance Sheet the provision equals the net present value of the future estimated assets retirement obligation. A corresponding asset is recorded as part of the cost of property, plant and equipment and is subsequently depreciated as part of the capital cost based on the unit of production method. The unwinding of the discount on the decommissioning provision is recognised as finance cost.

Any change in the estimate is reflected as an adjustment in the decommissioning liability and the corresponding asset.

The key area of estimation uncertainty for decommissioning is the cost estimate as it requires a high degree of judgement. The cost is based on the present regulatory framework and technology, adjusted for relevant risk and uncertainty. Removal and abandonment activities will take place in the



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future and may be subject to several changes in regulatory framework, technology and cost level. The expected economic life of field, inflation and nominal discount rate will in also have an impact on the estimate.

#### Recharges to operated licences

Salary and operating costs are allocated to the Company's various activities. As appropriate, costs are recharged to the Company's partners in those licences where Spirit is the operator. Costs which are recharged to the operated licences are presented as a reduction in salary and other operating costs.

#### Receivables

Accounts receivables and other receivables are included in the balance sheet at nominal value less expected losses. Provision for the expected losses are based on an individual assessment of each receivable.

#### Foreign currency

The functional currency and presentation currency is Norwegian Kroner (NOK).

Foreign currency transactions are translated using the average monthly exchange rate. Cash equivalents denominated in foreign currencies are measured at the foreign currency rate at the balance sheet date. Foreign exchange gains and losses are recognised in the income statement.

#### Spare parts and supplies

Stock of spare parts and supplies is valued at the lower of cost using the first in, first out (FIFO) principle and net realisable value. Obsolete spare parts and supplies are written off.

#### Revenue and cost recognition

Revenue is recognised in the profit and loss account when realised. Revenue is realised when ownership is transferred to the customer at the time of delivery. The company sells crude, condensate, gas and natural gas liquids (NGL).

Costs are matched with and expensed in the same period as related income. Costs which cannot be matched directly to income are expensed in the period they are incurred.

#### Over / underlift

Overlift and underlift of hydrocarbons are valued at marked price at balance sheet date (estimated sales value deducted for cost of sales). Changes in overlift balances are accounted for as a decrease or increase in cost of sales. Changes in underlift balances are accounted for as a decrease or increase in revenue.

Overlift is classified as other short term liabilities and underlift is classified as other receivables.

#### Taxes

The Company's income taxes are based on calculations and assumptions that are subject to examination by tax authorities. The Company accrues for uncertain tax provisions when it is more likely than not that the Company's position will not be sustained or based on the latest resolution made by the tax authorities even if appealed by the Company.

#### Pensions

Spirit Energy have a defined contribution pension plan for all employees. The arrangement meet the requirement of mandatory pension arrangement "OTP".

##### *Defined contribution pension plan*

Contributions are charged to the income statement as incurred.

#### Purchase and sale of licence shares

For purchases or sales of licence shares (Farm-in / Farm-out agreements) during the exploration phase, where all or part of the consideration is tied to carry agreements, the cost is booked as incurred according to the appropriate accounting principles. Any consideration paid as part of the transfer is recorded as a reduction of the carrying value. Any consideration in excess of the carrying value is recorded to the income statement. Payment received from the buyer during the settlement period are recorded as a reduction to cost.

Ordinary purchase and sale of licence shares are considered fulfilled when official approval is received and agreement is closed.



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#### **Operation leases**

Operational leases are expensed as incurred.

#### **Statement of cash flow**

The statement of cash flow is presented using the indirect method. Cash and cash equivalents includes cash, bank deposits and other short term liquid investments with maturities of three months or less.

#### **Spirit Energy Norway AS – ownership**

Spirit Energy Norway AS is owned by Spirit Norway Ltd which is owned by Spirit Energy Limited. Spirit Energy Limited is registered in England and Wales. Office address: 1<sup>st</sup> Floor, 20 Kingston Road, Staines-upon-Thames, Surrey TW18 4LG, England.

Spirit Energy Norway AS accounts are included in Spirit Energy Limited group accounts. Spirit Energy Limited Annual Report can be found on the Spirit Energy Limited website: [www.spirit-energy.com](http://www.spirit-energy.com).



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## Note 2 Significant transactions

Spirit Energy Norway AS was originally founded on 13 September 2017 (named Inceptum 1036 AS) as a shelf company with no activity until the transfer from Spirit Energy NUF on the 1 December 2018.

### Disposal of the Norway E&P business

On 8 December 2021 Spirit Energy Group announced that it had agreed to dispose of the Staffjord fields to Equinor and the residual Norwegian portfolio of assets to Sval for a headline consideration of USD 1,076 million. Spirit Energy received USD 50 million in advance of the consideration on signing the agreement with Sval the 8 December. The sale has an effective commercial date of 1 January 2021 and tax effective date 1 January 2022. Completion is expected in the second quarter of 2022.

### Disposal of Kvitebjørn Gas Pipeline capacity upgrade

In July 2020, the group signed a sale and purchase agreement for divestment of their interest in Kvitebjørn Gas Pipeline Capacity upgrade to Gassled for a consideration of NOK 40.0 million, with a profit on disposal of NOK 26.8 million before tax in the 2020 income statement.

## Note 3 Revenues

Revenue relates to the sale of oil, NGL and gas production on Staffjord, Vale, Kvitebjørn, Maria, Vega, Ivar Aasen and Oda, in addition to processing and transport services provided by the Heimdal installation.

(NOK 1000)

	2021	2020
Sale of crude oil	4 833 831	4 048 955
Sale of NGL	549 520	365 813
Sale of gas	5 951 108	1 460 535
Transport and processing services	217 150	257 678
<b>Total</b>	<b>11 551 608</b>	<b>6 132 981</b>

### Revenue split by geographic area (by place of delivery):

(NOK 1000)	2021			
	Crude	NGL	Gas	Total
UK	2 484 531	171 836	5 947 418	8 603 785
Norway	980 126	60 932	3 690	1 044 748
Switzerland	1 053	320 279	-	321 332
Singapore	1 268 959	-	-	1 268 959
<b>Total</b>	<b>4 734 670</b>	<b>553 048</b>	<b>5 951 108</b>	<b>11 238 825</b>
Change in over/underlift	99 161	(3 528)	-	95 633
<b>Total sale including over/underlift</b>	<b>4 833 831</b>	<b>549 520</b>	<b>5 951 108</b>	<b>11 334 458</b>
Other income (transport & processing)				217 150
<b>Total revenues</b>	<b>4 833 831</b>	<b>549 520</b>	<b>5 951 108</b>	<b>11 551 608</b>

(NOK 1000)	2020			
	Crude	NGL	Gas	Total
UK	195 355	46 226	1 450 286	1 691 867
Norway	2 067 838	41 027	10 249	2 119 114
Switzerland	1 480 130	208 654	-	1 688 784
Denmark	(3 047)	-	-	(3 047)
USA	456 249	-	-	456 249
Italy	-	34 282	-	34 282
<b>Total</b>	<b>4 196 525</b>	<b>330 189</b>	<b>1 460 535</b>	<b>5 987 250</b>
Change in over/underlift	(147 570)	35 624	-	(111 946)
<b>Total sale including over/underlift</b>	<b>4 048 955</b>	<b>365 813</b>	<b>1 460 535</b>	<b>5 875 303</b>
Other income (transport & processing)	-	-	-	257 678
<b>Total revenues</b>	<b>4 048 955</b>	<b>365 813</b>	<b>1 460 535</b>	<b>6 132 981</b>



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## Note 4 Exploration expenses

(NOK 1000)

	2021	2020
Geology and geophysics	19 872	31 802
Seismic	18 420	207 866
Special studies	(1 305)	5 319
Other exploration expenses	68 118	69 970
<b>Total</b>	<b>105 105</b>	<b>314 957</b>

## Note 5 Auditors' remuneration

Auditors' remuneration (amounts in NOK)

	2021	2020
Statutory audit	-	91 320
Tax compliance and advice	150 000	121 000
Other compliance services "non-audit related"	-	65 000
<b>Total</b>	<b>150 000</b>	<b>277 320</b>

Audit fees for the group and statutory accounts are invoiced to the parent company in the UK

VAT is excluded from the audit fees disclosed.

## Note 6 Payroll expenses

(NOK 1000)

	2021	2020
Salaries <sup>1)</sup>	192 706	199 470
Social security costs	28 083	29 858
Pension costs	20 288	39 277
Other compensations	1 086	(2 104)
Charges to JV partners	(78 867)	(88 537)
<b>Total</b>	<b>163 296</b>	<b>177 964</b>

<sup>1)</sup> Salaries include bonus, severance packages and expatriate costs in addition to base pay.

	31.12.2021	31.12.2020
Number of employees	101	115

## Remuneration to Director, Norway (NOK 1000) <sup>2)</sup>

	2021	2020
Salary, bonus and pension	2 455	4 995
Other compensations	220	696
<b>Total</b>	<b>2 675</b>	<b>5 691</b>

<sup>2)</sup> Remuneration to Director, Norway for 2020 consists of 8 months for Dag Halvar Omre and 4 months to Gro Kyllingstad due to change in leadership

Up to the end of 2021, the Director, Norway took part in the Spirit Energy's Annual Incentive Plan (AIP) and Long Term Incentive Plan (LTIP). For the AIP, if a bonus is paid this will be split with a portion paid in the April after the performance year and the remainder paid 3 years later, subject to the Director, Norway's continuous employment. For the LTIP, at the end of the three year vesting period the outcome will be considered by the Board to determine the percentage of the award that will vest based on delivery against the Business Plan together with the broader environment and shareholder experience.

Performance Share Plan (PSP) is still in place for the prior director Dag Halvar Omre for the performance period ended on 31 December 2021. The vest value is due to be paid in April 2022, subject to Board approval to release the payment.

No other benefits, including 'golden parachutes', loans or security, has been provided to the Director, Norway or members of the board.

The Company is subject to the requirements of the Mandatory Company Pensions Act, and the Company's pension scheme comply with these requirements.



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## Note 7 Intangible assets

(NOK 1000)

	Capitalised exploration	TOTAL
Cost as at 01.01.2021	2 072 781	2 072 781
Additions <sup>1)</sup>	431 591	431 591
Transfers	(83 948)	(83 948)
<b>Cost as at 31.12.2021</b>	<b>2 420 424</b>	<b>2 420 424</b>
Net accumulated depreciation	-	-
Net accumulated write-off	1 696 206	1 696 206
<b>Book value 31.12.2021</b>	<b>724 218</b>	<b>724 218</b>
Annual depreciation	-	-
Annual write-off <sup>2)</sup>	283 352	283 352

<sup>1)</sup> The capitalised exploration balance of NOK 724 million mainly relates to NOK 442 million PL8365 Bergknapp and NOK 256 million PL167 Lille Prinsen.

<sup>2)</sup> The net annual write-off is mainly related to the dry well PL644 Iris Hades NOK 260 million and PL147 Trym Sør NOK 22 million

## Note 8 Property, plant and equipment

(NOK 1000)

	Assets under development	Producing assets	Fixtures and fittings	Office Equipment	TOTAL
Cost as at 01.01.2021	1 943 984	37 527 288	28 583	70 791	39 570 646
Additions	516 152	1 143 166	-	1 554	1 660 872
Change in estimate for decommissioning assets	0	(423 610)	-	-	(423 610)
Transfer between asset classes	83 948	-	-	-	83 948
<b>Cost as at 31.12.2021</b>	<b>2 544 084</b>	<b>38 246 845</b>	<b>28 583</b>	<b>72 344</b>	<b>40 891 857</b>
Accumulated depreciation 31.12.2021	0	24 913 703	23 968	68 547	25 006 218
Accumulated write-off 31.12.2021	186 476	2 649 645	323	(1 655)	2 834 789
<b>Book value 31.12.2021</b>	<b>2 357 609</b>	<b>10 683 497</b>	<b>4 292</b>	<b>5 452</b>	<b>13 050 850</b>
Annual depreciation <sup>1)</sup>	-	2 400 932	1 348	6 407	2 408 687
Impairment <sup>2)</sup>	-	(1 219 135)	-	-	(1 219 135)

Depreciation method UoP/Straight Line<sup>1)</sup> Straight Line Straight Line  
 Estimated useful lives (years) 5 - 10 years 3 years

<sup>1)</sup> All licences are depreciated according to UoP (Unit of Production) method with the exception of Heimdal which is depreciated on a straight line basis over expected lifetime.

<sup>2)</sup> As at 31 December 2021, the carrying value of the property, plant and equipment was compared to the agreed consideration of the Norway business. This resulted in a reversal of the impairment of Maria of NOK 1 2019 135 thousand pre-tax.

Capitalised interest has not been recognised in 2021 or 2020.



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## Operating leases

The Company only had office locations in Stavanger at the year-end. The rental agreement of the Oslo office was terminated on 30 September 2020.

### Stavanger:

The Company is located in Stavanger (Veritasveien 29) and the rent for 2021 was NOK 20 992 thousand (2020 NOK 20 724 thousand). The office in Stavanger is leased from Rosenberggata 101 AS and the lease agreement expires 10 years from the handover date (March 2015). The Company has the option of extending the contract by 5+5 years. The office lease has been classified as an operating lease and therefore is expensed to the income statement.

### Office lease future minimum lease payments (NOK 1000)

	31.12.2021	31.12.2020
Payable within		
1 year	20 992	20 724
2 to 5 years	45 483	62 229
<b>Total</b>	<b>66 475</b>	<b>82 953</b>

Reference is made to note 19 commitments.

## Note 9 Other operating expenses

(NOK 1000)

	2021	2020
Consultancy	112 101	104 109
Services supplied by related companies <sup>1)</sup>	42 549	69 673
Insurance <sup>1)</sup>	61 383	48 565
Restructuring cost	40 745	38 578
IT including software maintenance	22 875	36 052
Office rental <sup>2)</sup>	20 992	27 833
Travel expenses	302	2 497
Other costs	24 232	27 343
Recharge of services to related parties <sup>1)</sup>	(27 233)	(95 314)
Charges to operated licences	(107 294)	(88 816)
<b>Total</b>	<b>190 652</b>	<b>170 521</b>

<sup>1)</sup> Reference is made to note 24 transactions with related parties.

<sup>2)</sup> Reference is made to note 8 property, plant and equipment.

## Note 10 Spare parts and supplies

(NOK 1000)

	31.12.2021	31.12.2020
Spare parts and supplies	335 288	335 658
Provision for obsolete spare parts	(42 905)	(30 203)
<b>Total</b>	<b>292 383</b>	<b>305 455</b>

Spare parts and supplies balance after provision for obsolete spare parts relates primarily to non-operated licences.

## Note 11 Restricted cash

(NOK 1000)

	31.12.2021	31.12.2020
Advance consideration <sup>1)</sup>	440 543	-
Restricted cash related to JV bank accounts	205 165	138 792
Restricted cash related to taxes withheld from employees wages	9 670	13 922
Other	269	-
<b>Total</b>	<b>655 378</b>	<b>152 714</b>

<sup>1)</sup> Spirit Energy received advance consideration of USD 50 million from Sval when signing the disposal agreement of the Norway business on 8 December 2021.



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**Note 12 Income taxes**

(NOK 1000)

	<b>2021</b>	<b>2020</b>
<b>Taxes Payable / basis for tax refund</b>		
Net profit / loss before taxes	7 458 180	(1 170 285)
Permanent differences	376 741	374 623
Changes in temporary differences	(1 226 054)	609 920
<b>Basis for company tax before loss carried forward</b>	<b>6 608 867</b>	<b>(185 742)</b>

<b>Basis for company tax</b>	<b>6 608 867</b>	<b>(185 742)</b>
Adjustment accelerated depreciation investments	(1 015 711)	-
Adjustment accelerated depreciation investment 2020	925	-
Financing costs only subject to 22% tax	(12 992)	(73 259)
Uplift	(534 948)	(695 559)
<b>Basis for special tax</b>	<b>5 046 141</b>	<b>(954 559)</b>

Company tax charged through profit and loss accounts (22%)	(1 453 951)	40 863
Special tax charged through profit and loss accounts (56%)	(2 825 839)	534 553
Provision for possible outstanding tax liability in previous years	(12 598)	(20 506)
Adjustment prior year periods	(8 814)	(19 786)
<b>Tax (payable) / receivable recognised to the income statement</b>	<b>(4 301 201)</b>	<b>535 125</b>

	<b>31.12.2021</b>	<b>31.12.2010</b>
Total company tax in balance sheet	1 453 951	(40 863)
Total special tax in balance sheet	2 825 839	(534 553)
Term refunds / (payments)	(698 819)	302 575
Adjustment prior year periods	30 576	12 803
Provision for possible outstanding tax liability in previous years	1 317 496	1 304 898
<b>Tax payable in balance sheet</b>	<b>4 929 043</b>	<b>1 044 860</b>

	<b>Changes</b>	<b>31.12.2021</b>	<b>31.12.2010</b>
<b>Specification of temporary differences - computation of deferred taxes</b>			
Fixed assets	1 638 619	6 845 627	5 207 008
Other fixed assets	(5 498)	9 211	14 709
Decommissioning - net	(394 893)	(5 090 061)	(4 695 168)
Other temporary differences	(12 174)	185 611	197 784
<b>Net temporary differences</b>	<b>1 226 054</b>	<b>1 950 387</b>	<b>724 333</b>
<b>Basis for deferred tax - company tax</b>	<b>1 226 054</b>	<b>1 950 387</b>	<b>724 333</b>
Accelerated depreciation investments special tax		2 420 757	1 405 046
<b>Basis for deferred tax - special tax</b>	<b>1 226 054</b>	<b>4 371 145</b>	<b>2 129 380</b>
<b>Deferred tax in balance sheet</b>		<b>2 876 926</b>	<b>1 351 806</b>

	<b>2021</b>	<b>2020</b>
<b>Income taxes charged to the income statement consist of:</b>		
Tax (payable) / receivable	(4 301 201)	535 125
Changes in deferred taxes	(269 732)	134 182
Changes in deferred taxes - special tax	(1 255 388)	341 555
<b>Total tax income / (expense)</b>	<b>(5 826 321)</b>	<b>1 010 862</b>

	<b>2021</b>	<b>2020</b>
<b>Effective tax rate reconciliation</b>		
Profit / loss before tax	7 458 180	(1 170 285)
Expected tax charge	78 %	(5 817 380)
Permanent differences	(293 858)	(292 206)
Financial items net	7 275	41 025
Uplift	299 571	389 513
Adjustment prior year periods	(21 930)	(40 292)
<b>Total tax (expense) / income</b>	<b>(5 826 321)</b>	<b>1 010 862</b>

The tax rate on company tax from fiscal year 2021 and 2020 is 22%. Deferred tax liability and deferred tax asset has been calculated with a tax rate of 22% for company tax and special tax of 56%.



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**Note 13 Other long term receivables**

The Company is partner in the Vega fields, which has agreed with participants of the neighboring Gjøa field to share capacity in the processing facilities on Gjøa. The Gjøa participants are compensated through a prepayment from the participants. The prepayment is amortised over the expected economic life of field and as of 31 December 2021 Spirit's share of the prepayment was NOK 94 538 thousand (109 590 thousand in 2020).

**Note 14 Other receivables**

(NOK 1000)

	<b>31.12.2021</b>	<b>31.12.2020</b>
Prepaid expenses	14 443	19 693
Line-fill	-	30 739
Underlift producing fields	267 194	171 561
Accrued income	61 665	363 384
Receivables non-operated licences	24 330	21 950
Overcall non-operated licences	452 868	363 156
Other receivables	20 837	14 052
<b>Total</b>	<b>841 337</b>	<b>984 536</b>

**Note 15 Other short term liabilities**

(NOK 1000)

	<b>31.12.2021</b>	<b>31.12.2020</b>
Other licence related liabilities <sup>1)</sup>	862 684	748 394
Prepaid consideration <sup>2)</sup>	455 648	-
Overlift producing fields	122 343	84 268
Overcall operated licences	143 802	72 466
Deferred revenue	116 108	28 521
Salary and bonus accrual	64 960	56 697
Accrual restructuring cost <sup>3)</sup>	7 097	34 565
Other accruals <sup>3)</sup>	27 834	69 186
<b>Total</b>	<b>1 800 475</b>	<b>1 094 097</b>

<sup>1)</sup> Other licence liabilities relate to both operated and not operated licences.

<sup>2)</sup> Spirit Energy received advance consideration of USD 50 million from Sval when signing the disposal agreement of the Norway business on 8 December 2021

<sup>3)</sup> Accrual for severance payment and other restructuring related cost.

<sup>4)</sup> Other accruals include future payments related to tariff costs and other miscellaneous short term liabilities

**Note 16 Equity**

Changes in equity during the year:

(NOK 1000)

	<b>Share capital</b>	<b>Share premium</b>	<b>Loss carried forward</b>	<b>Total</b>
Equity 31.12.2020	30	9 324 876	(4 764 343)	4 560 564
Net profit			1 631 859	1 631 859
Dividend			(3 300 000)	(3 300 000)
<b>Equity 31.12.2021</b>	<b>30</b>	<b>9 324 876</b>	<b>(6 432 484)</b>	<b>2 892 423</b>

Share capital as of 31 December 2021 consists of 30 001 shares with a par value of NOK 1 per share. All shares have equal voting rights

The company is owned 100% by Spirit Norway Ltd, registered in England and Wales, which is ultimately owned 69% by Centrica plc, with Bayerngas Norge's former shareholders, led by Stadtwerke München Group (SWM), owning the remaining 31%.

The board have, based on the annual financial statements for 2021, approved a dividend payment of NOK 3 300 000 thousand to the shareholder Spirit Norway Ltd. The dividend will be paid in the second quarter of 2022.



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**Note 17 Balances with related parties**

(NOK 1000)

Intercompany	Related parties	31.12.2021	31.12.2020
Short term receivable - related parties	British Gas Trading Ltd.	1 210 651	214 567
Short term receivable - related parties	Spirit Production Services Ltd	15 314	-
<b>Total</b>		<b>1 225 965</b>	<b>214 567</b>
Long term loan from related parties	Spirit Energy Treasury Limited <sup>1)</sup>	-	(145 457)
Long term loan to related parties	Spirit Energy Treasury Limited <sup>1)</sup>	5 473 576	-
<b>Total</b>		<b>5 473 576</b>	<b>(145 457)</b>
Short term debt - related parties	Centrica Plc	(2 118)	(1 973)
Short term debt - related parties	Spirit Production Services Ltd	(12 276)	(26 350)
Short term debt - related parties	British Gas Trading Ltd.	(7 956)	(6 627)
Short term debt - related parties	Multiple related parties	-	(1 837)
<b>Total</b>		<b>(22 350)</b>	<b>(36 787)</b>

<sup>1)</sup> The interest rate is supplied by Spirit Energy Treasury Limited, and the interest rate is added to the company loan.

Reference is made to note 24 for transactions with related parties.

**Note 18 Provision for decommissioning**

(NOK 1000)

	2021	2020
Decommissioning obligations at 01.01	(7 073 033)	(5 811 535)
Revision in estimates contra in assets	423 609	(1 286 322)
Revision in estimates contra income statement	(99 475)	(30 215)
Decommissioning cost in balance	18 181	113 215
Interest expenses	-	(58 176)
<b>Decommissioning obligation at 31.12</b>	<b>(6 730 718)</b>	<b>(7 073 033)</b>
Assets related to decommissioning at 01.01	2 374 913	1 540 302
Additional assets/revision in estimates	(423 610)	1 286 322
Depreciation and write-off	(313 599)	(451 711)
<b>Assets related to decommissioning at 31.12</b>	<b>1 637 704</b>	<b>2 374 913</b>

The provision for future decommissioning of offshore installations is recognised at the net present value of the estimated cost at the end of the installation's life of field based on the assumption of present technology and level of cost. Future decommissioning costs are then discounted using index based treasury bonds as the most appropriate risk free interest rate. The interest rate used was 0% for both 2021 and 2020.

Spirit Energy recognised a decommission liability of NOK 134 000 thousand in relation to third party pipelines based on historical throughput up until December 2021. The liability recognised is based on estimate received by the operator, but there is high uncertainty relating to both the estimate and the timing of the decommissioning.

Assets related to decommissioning are also included in note 8 under "Producing assets". The interest expense is classified as finance cost in the income statement.



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## Note 19 Commitments

### Leases

As at December 31 the maturity analyses for the total minimum lease payments under non-cancellable leases were (NOK 1000)

	<u>31.12.2021</u>	<u>31.12.2020</u>
Payable within		
1 year	20 992	20 724
2 to 5 years	45 483	62 229
<b>Total</b>	<b>66 475</b>	<b>82 953</b>

The leasing commitments at year-end 2021 and 2020 was related to office rental.

### Acquisition of property plant and equipment (NOK 1000)

	<u>31.12.2021</u>	<u>31.12.2020</u>
Contractual commitment for acquisition of property, plant and equipment were as follows:	<b>1 884 956</b>	<b>1 032 165</b>

### Other financial commitments

The financial commitments not provided in the financial statement as at 31 December 2021 was NOK 1 261 843 thousand against NOK 1 245 675 thousand as at 31 December 2020, largely in relation to transport capacity charges.

## Note 20 Financial and market risks

The main market risks for Spirit Energy are fluctuations in oil and gas prices, and currency fluctuation between pound (GBP), dollar (USD), euro (EUR) and Norwegian kroner (NOK). The company has not entered into any contracts to reduce such risks.

The Company is financed by Spirit Energy Group, which have a good liquidity and no external loans as at 31 December 2021.

The credit and liquidity risk is low as the company is financed by the Spirit Energy Group that at year-end is self-financed without any external loans. Customer relationships are largely with solid creditworthy participants on the Norway Continental Shelf and related parties.



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## Note 21 Licence ownership

The company has per December 31, 2021 following status in terms of share in licences:

Licence number	Share in %	Operator	Expiration of licence
PL036	50.00 %	Spirit Energy Norway AS	Jun - 2023
PL249	50.00 %	Spirit Energy Norway AS	Jun - 2023
PL405	40.00 %	Spirit Energy Norway AS	Dec - 2036
PL433	60.82 %	Spirit Energy Norway AS	Feb - 2042
PL528	40.00 %	Spirit Energy Norway AS	May - 2047
PL528 B	40.00 %	Spirit Energy Norway AS	May - 2047
PL036 BS	28.80 %	Equinor Energy AS	Jun - 2021
PL037	23.13 %	Equinor Energy AS	Aug - 2026
PL090 HS	25.00 %	Equinor Energy AS	Feb - 2024
PL193	19.00 %	Equinor Energy AS	Sep - 2031
PL193 C	19.00 %	Equinor Energy AS	Sep - 2031
PL263	30.00 %	Equinor Energy AS	May - 2037
PL263 B	30.00 %	Equinor Energy AS	May - 2037
PL1012	25.00 %	Equinor Energy AS	Mar - 2027
PL1040	30.00 %	Equinor Energy AS	Feb - 2027
PL1049	20.00 %	Equinor Energy AS	Feb - 2025
PL1049B	20.00 %	Equinor Energy AS	Feb - 2025
PL090 C	25.00 %	Wintershall Dea Norge AS	Mar - 2024
PL418	20.00 %	Wintershall Dea Norge AS	Feb - 2041
PL418 B	20.00 %	Wintershall Dea Norge AS	Feb - 2041
PL 475 BS	20.00 %	Wintershall Dea Norge AS	Feb - 2036
PL 475 CS	20.00 %	Wintershall Dea Norge AS	Aug - 2036
PL 836 S	30.00 %	Wintershall Dea Norge AS	Feb - 2025
PL836 BS	30.00 %	Wintershall Dea Norge AS	Feb - 2025
PL001 B	15.00 %	Aker BP ASA	Dec - 2036
PL028 B	15.00 %	Aker BP ASA	Dec - 2036
PL242	15.00 %	Aker BP ASA	Dec - 2036
PL914 S	12.32 %	Aker BP ASA	Mar - 2022
PL915	15.00 %	Aker BP ASA	Mar - 2025
PL167	20.00 %	Lundin Energy Norway AS	Mar - 2030
PL167 B	20.00 %	Lundin Energy Norway AS	Mar - 2030
PL167 C	20.00 %	Lundin Energy Norway AS	Mar - 2024
PL886	20.00 %	Lundin Energy Norway AS	Feb - 2025
PL886 B	20.00 %	Lundin Energy Norway AS	Feb - 2025
PL1029	20.00 %	Lundin Energy Norway AS	Mar - 2026
PL1082	50.00 %	Lundin Energy Norway AS	Feb - 2028
PL644	10.00 %	OMV (Norge) AS	Dec - 2023
PL644 B	10.00 %	OMV (Norge) AS	Dec - 2023
PL644 C	10.00 %	OMV (Norge) AS	Dec - 2023
PL018 ES	15.00 %	A/S Norske Shell	Dec - 2028
PL969	15.00 %	A/S Norske Shell	Mar - 2026
PL1112	20.00 %	A/S Norske Shell	Feb - 2027
PL147	50.00 %	DNO Norge AS	July - 2027
P1007	20.00 %	DNO Norge AS	Mar - 2026



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**Note 22 Foreign exchange rates used at year end**

Foreign exchange rates applied at year end are group provided exchange rates.

	<u>31.12.2021</u>	<u>31.12.2020</u>
Pounds (GBP)	11.9273	11.7177
Dollars (USD)	8.81085	8.5775
Euro (EUR)	10.0241	10.4885

**Note 23 Financial items**

(NOK 1000)

	<u>2021</u>	<u>2020</u>
Interest income	97	501
Intercompany interest income	8 934	-
<b>Interest income</b>	<b>9 031</b>	<b>501</b>
Foreign exchange gain	130 351	151 731
<b>Other financial income</b>	<b>130 351</b>	<b>151 731</b>
<b>Finance income</b>	<b>139 382</b>	<b>152 232</b>
Interest expenses	460	3 345
Interest expenses on loan from related parties	8 760	23 188
Guarantee charges from related parties	54 457	62 310
<b>Interest expenses</b>	<b>63 677</b>	<b>88 843</b>
Foreign exchange losses	126 037	75 627
Unwind of discount on decommissioning provisions	-	58 177
Other financial expenses	(107)	-
<b>Other financial expenses</b>	<b>125 930</b>	<b>133 804</b>
<b>Finance cost</b>	<b>189 607</b>	<b>222 647</b>
<b>Net financial items</b>	<b>(50 226)</b>	<b>(70 416)</b>



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**Note 24 Transactions with related parties**

**Transaction with related parties (NOK 1000):**

	<b>Intercompany</b>	<b>2021</b>	<b>2020</b>
<b>a) Sales of products and services</b>			
Sale of Dry Gas	British Gas Trading	5 932 146	1 437 232
Sale/ recharge of services	Spirit Energy Resources Limited	10 769	15 314
Sale/ recharge of services	Spirit Energy Petroleum Danmark AS 1)	-	(988)
Sale/ recharge of services	Spirit Energy Danmark Aps 1)	-	(1 693)
Sale/ recharge of services	Spirit Production (Services) Limited	42 609	73 445
Sale/ recharge of services	Spirit Norway Holding AS	279	4 402
Sale/ recharge of services	Spirit Energy North Sea Gas Limited	828	3 045
Sale/ recharge of services	Multiple related parties	1 088	1 789
Interest income on loan to related parties	Spirit Energy Treasury Limited	8 934	-
<b>b) Purchase of products and services</b>			
Purchase of services from related parties	British Gas Trading	100 640	89 309
Purchase of services from related parties	Spirit Production (Services) Limited	73 209	89 613
Purchase of services from related parties	Spirit Energy Nederland BV	2 052	-
Interest expenses on loan from related parties	Spirit Energy Treasury Limited	8 761	23 188
Guarantee charges from related parties	Spirit Production (Services) Limited	54 457	62 310

The purchase of services from Spirit Production Services Ltd mainly relates to management fee and corporate charges.

For remuneration to management, see note 6. For intercompany balances see note 17.

In addition, 2021 insurance charges of NOK 61 383 thousand (2020 NOK 48 565 thousand) has been recharged from Spirit Production (Services) Limited.

**Note 25 Reserves (not audited by external auditor)**

Reserves are based on numbers from the fields' respective operator. The reserves quantities are imprecise and change over time as new information become available.

Million barrels of oil and gas equivalent:

	<b>2021</b>	<b>2020</b>
<b>Remaining reserves 01.01</b>	<b>131.4</b>	<b>142.3</b>
Produced	-16.3	-19.7
Increase in reserves of exploration fields	-0.8	-1.2
Increase in reserves in producing fields	-5,9	10.1
<b>Remaining reserves 31.12.</b>	<b>108,3</b>	<b>131.4</b>

**Note 26 Subsequent events**

In January 2022 as part of the APA 2021 Spirit was awarded seven new licences, two as operator

Exploration well on Melstein started drilling 3 January 2022 and was concluded as a dry well. Exploration balance on Melstein at 31 December 2021 was NOK 7.3 million.

Spirit Energy's Procurement & Supply Chain are actively monitoring the Ukrainian/Russian conflict, for its impact on global supply chains. Current findings indicate no immediate direct exposure to Russian or Ukrainian supply and consequently no direct risk of dealing with sanctioned entities, or disruption to directly contracted supply. However, there may be lower tier/sub-supply risk – which is being investigated and action will be taken as necessary following the discovery of any red flags. The risk of disruption to supply, considered medium-high at the current time, is being investigated through key suppliers and may change as the situation evolves. The risk of cost escalation is also considered medium-high at the current time, based on commodity and service-related increases already being experienced. The extent and impact of this is being reviewed in detail to enable a more comprehensive assessment and allow actions to be taken to mitigate and lower the risk exposure to Spirit Energy.

No other subsequent events have been identified which impact the financial information as at 31 December 2021



## Country by country report 2021

Spirit Energy's country by country reporting has been developed to comply with requirements in the Norwegian Accounting Act §3-3d and the Norwegian Security Trading Act §5-5a, valid from 2014.

The reporting requirement applies to Spirit Energy with exploration and extractive activities in Norway. According to the Norwegian Accounting Act the companies are required to annually disclose payments above 800 000 NOK to governments per country and project. Spirit Energy have defined "project" as licence in the report.

Spirit Energy operates only in the exploration and extractive industry in Norway.

### Spirit Energy has the following payments above 800 000 NOK to the Norwegian government:

Regulation § 2 nr 5 defines the various types of payments covered by the reporting requirements. In the following only payments that are appropriate for Spirit Energy will be described.

#### Area Fee

Area fees per licence paid as operator to the Norwegian authorities on behalf of the joint ventures (100% figures):

Amounts in NOK:

Licence	100 %	Interest
PL405 Oda	1 224 000 NOK	40,0 %
PL528 Hades-Iris	5 967 000 NOK	40,0 %
PL433 Fogelberg	12 240 000 NOK	51,7 %

#### NOx

Spirit Energy is a member of the NOx fund and all payments is to the fund and not directly to the authorities.

#### Corporate tax

The income tax is calculated and paid at company level and are therefore not reported per licence.

Amounts in NOK thousand

Tax paid in 2021	417 020
Interest received	(291)
<b>Totalt</b>	<b>416 729</b>

### Other reporting requirements:

When an entity is required to report the payments as noted above, it is also mandatory to report investment, sales revenue, production volume and purchase of goods and services assigned to the individual countries where the company operates in the extractive industries.

Spirit Energy operates only on the Norwegian shelf. This reporting requirement is considered thus being fulfilled by the accounts as specified in the following paragraphs:

**Investments:**

Total paid investments in 2021 amounted to NOK 2 092 463 thousand with reference to the cash flows statement.

The investment is mainly related to:

- Producing assets:
  - o PL037 Statfjord Area, PL475 Maria, PL001B Ivar Aasen, PL193 Kvitebjørn, PL405 Oda and PL248 Vega
- Assets under development:
  - o PL418 Nova, PL028B Hanz and PL433 Fogelberg
- Exploration assets:
  - o PL836S Bergknapp and PL167 Lille Prinsen

**Revenues and production:**

Revenues from production of hydrocarbons amounted to NOK 11 551 608 thousand (2020 NOK 6 132 981 thousand), with reference to note 3 revenues in Spirit Energy Norway AS' financial statement.

Production of oil, NGL and gas for 2021 amounted to 16.0 million barrels of oil equivalents (20.0 mboe in 2020).

**Intercompany interest**

Interest expenses to affiliated companies located in UK was in 2021 NOK 8 760 thousand, with reference to note 23 financial items and note 24 transactions with related parties. Essentially, all the interest was paid in 2021.

**Purchase of goods and services**

For information reference is made to the income statement and accompanying notes.

This report will be made public in the Brønnøysund Register Center.



Skatteetaten

Vår dato  
20.03.2019

Din/Deres dato  
27.12.2018

Saksbehandler  
Henning Stokke

800 80 000  
Skatteetaten.no

Din/Deres referanse  
Kari Holm

Telefon  
800 80 000

Org.nr  
974761076

Vår referanse  
2019/5205256

Postadresse  
Postboks 9200 Grønland  
0134 OSLO

SPIRIT ENERGY NORWAY AS  
Postboks 520  
4007 STAVANGER

## Tillatelse til å utarbeide årsberetning og årsregnskap på engelsk språk Spirit Energy Norway AS, org.nr. 919 603 771

Vi viser til deres brev av 27. desember 2018 der det søkes om dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk språk for Spirit Energy Norway AS.

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

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

### Bakgrunn

Fra søknaden gjengis:

*- Eiere / investorer*

*Spirit Energy Norway AS er et 100 % eiet datterselskap av Spirit Energy Limited, som igjen eies 69% av Centrica PLC og 31% av Stadtwerke MUnchen GmbH / Bayerngas GmbH. Årsregnskap og årsberetning må utarbeides på engelsk for at investorer og eiere skal ha nytte, samt mulighet til å forstå regnskapet.*

*- Bransje*

*Spirit Energy Norway AS bransje er petroleumsvirksomhet hvor bransjespråket i all hovedsak er engelsk.*

*- Kunder og leverandører*

*Som det fremgår av punktet over er engelsk bransjespråket og korrespondanse foregår i all hovedsak på engelsk både til kunder og leverandører.*

*- Ansatte*

*Arbeidspråket for de ansatte er engelsk.*

*- Långivere*

*Selskapet har ingen eksterne lånegivere.*



## Skattedirektoratets vurdering

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

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

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

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

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

Som nevnt ovenfor er det er særlig hensynet til brukerne av regnskapsinformasjon som skal vurderes ved en dispensasjonssøknad. I denne vurderingen har Skattedirektoratet lagt vekt på at selskapet er heleid av et utenlandsk selskap. Eierkretsen er begrenset. I tillegg opererer selskapet i en internasjonal bransje. Videre er det vektlagt at alle sentrale aktører og samarbeidspartnere innen denne bransjen behersker og benytter engelsk.

Vennligst oppgi vår referanse ved henvendelse i saken.

Med hilsen

Inger Helene Iversen  
seniorrådgiver  
Juridisk avdeling  
Skattedirektoratet

Henning Stokke

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



## EQUALITY AND ANTI-DISCRIMINATION 2021 REPORT – SPIRIT ENERGY NORWAY

### Employees and organization

#### Part 1 Diversity and gender balance

At the end of year 2021, Spirit Energy Norway AS had 101 employees.

The number of women employed in Spirit Energy year end was 40, and 61 men. 4 of the 6 members of the Company's Board of Directors were women. Women held 6 of 13 of the executive management team positions (including SVP Norway).

No men or women were employed in part time positions throughout 2021.  
4 summer interns were temporary engaged in 2021, all 4 were men.

Average weeks of parental leave distributed between women/men who were eligible for parental leave was 48 weeks for women and 15 weeks for men.

#### Gender distribution on different job levels/pay groups

Job Level//Pay Group	Women in %	Pay Gap on Base pay (%)	Pay Gap on Base Pay (NOK)	Pay Gap on Bonus (%)	Pay Gap on bonus (NOK)
Total	39%				
L4	67%				
L5	26%	99.4%	-9,273.00	100.4%	1485.00
L6	38%	93.2%	-85,310.00	99.3%	-1125.00
L7	64%	95.5%	-34,958.00	91.5%	-5662.00
L8	100%				

\*Table above shows numbers/percentage where there are at least 5 or more men and women within one Job Level/Pay Group

Statistisk sentralbyrå (SSB): "Average monthly base pay for women are 89,5% of men".  
"Age and occupation have influence on gender pay gap".

In Spirit men and women with the same jobs, with equal professional experience who perform equally well, shall receive the same pay. The complexity of the job, discipline area and work experience affect the pay level of individual employees. Traditionally, oil and gas are a male-dominated industry. So, we recognise that achieving gender balance will take time, but it is also necessary.

Overall, in the company, we have a 39% share of women. In our management level, 67% are female. In the lower management level, 26% are female, and the pay on this level are quite balanced with female having 99,4% of the base pay of the males, whilst on the bonus payments, female receive 100,4% of the bonus compared to men.

On the L6 level, which is a larger group – females are 38% of the population, receiving 93,2% of the salary of men, whilst on the bonus, it is more balanced with 99,3% of the bonus received by men. The next level has a higher representation of females, with 64% of the population. Here the base pay is on average 95,5% that of men in the same level, and the bonus is 91,5% of that of men.

As a summary, we see that the lower level, with the highest population of females, also have the highest gap, whilst as the seniority level increase, the pay gap decreases. Hence, we need to continue to watch closely why this is, one explanation



being the lower level has a lot of support staff, traditionally having more females, and actively monitor each role within these roles to ensure equal pay.

## Part 2 What does Spirit Energy do for equality and anti-discrimination

### Examples on principals, procedures, and standards - Equal opportunities

Spirit Energy is committed to maintain a working environment with equal opportunities for all based on qualifications, irrespective of gender, ethnicity, sexual orientation, or disability.

Spirit Energy's diversity and inclusion commitment are embedded in our core Values, our business strategy and directive. The strategy focus area with "Diversity, Respect & Inclusion Policy" and our Vision and Mission started in 2019 and has developed through clear targets and plans for action, e.g., through Employment Engagement Surveys.

Spirit Energy incorporated directions to prevent discrimination, bullying, violence, or harassment in "Spirit Energy Speak Up Policy and Procedures" in 2019.

### How do we incorporate diversity and inclusion in our daily work?

We undertake to practice and advance diversity and inclusion by;

- Promoting diversity and inclusion within our own teams
- Considering diversity and inclusion in our hiring and purchasing practices
- Encouraging and partnering with our law firms to adopt best practices in diversity and inclusion
- Promoting diversity initiatives at all levels in the legal and business community

### Who is involved in working on diversity and inclusion?

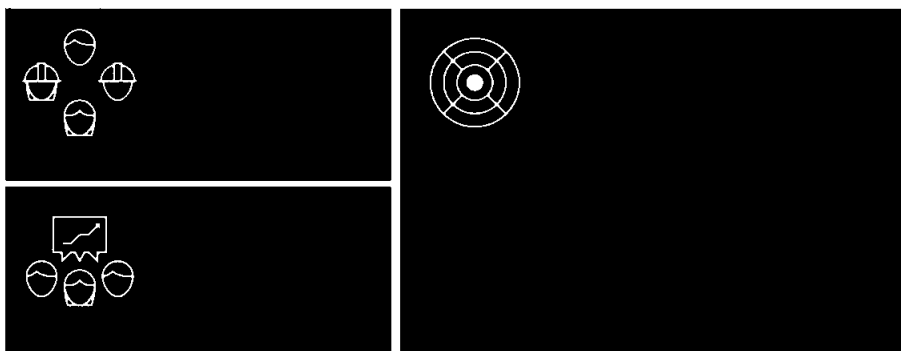


**THE NETWORK**

**DIVERSE VOICES. ONE SPIRIT.**

The Network is one example of an internal Spirit Energy's employee-led organisation set up to support and raise awareness of diversity and inclusion issues and opportunities, with ExCom involvement and sponsorship.

Their vision is to support Spirit Energy in its move to a more diverse and inclusive business through education, inspiration, and development opportunities.



There are several focus groups within The Network, e.g. Gender Balance, Developing Professionals and Wellbeing.

"Free Spirit" established in 2019 is another internal coordinated network of over 80 representatives across Spirit Energy.



After feedback from our Free Spirits, the Spirit Hub for Improvement, Education, Learning and Development (SHIELD) was launched in 2020.

#### **Cooperation with safety delegates and employee representatives**

Spirit Energy practice regular Work Environment Committee (AMU) meetings per quarter/4 times a year, with extraordinary meetings as required.



Norway has also been member of PWN Norway - an external Professional Women's Network. PWN is a global movement of people working towards gender balanced leadership through professional development and international, cross-industry, online and in-person networking.

#### **How to describe the work to investigate risks and hindrance for diversity and inclusion?**

Our **Diversity, Respect and Inclusion Policy** is applicable to all Spirit Energy employees and contractors.

We want to promote equality of opportunity, diversity, respect, and inclusion in the workplace, and to eliminate unfair or unlawful discrimination.

This applies to our policies and practices, including:

- Recruitment and selection
- Pay and reward / terms and conditions of employment
- Promotion and career progression
- Training and development
- Our working environment
- Opportunity to balance work and family-life

#### **Recruitment and selection**

In recruitment and selection processes Spirit Energy aim to achieve a gender diverse interview panel and candidate slate, with an equal number on of male and female candidates with the skills and competences required by the role.

#### **Use of permanent and temporary resources**

Annual statistics is presented on annual basis in WEC regarding use of «Permanent and temporary appointment» (recruitment and contingent workers), ref. to WEA section 14-9.

#### **Pay and reward / terms and condition of employment**

The Reward Framework, and Personal Growth was part of Spirit focus areas introduced late 2020 regarding ARR-Salary & bonus, promotion and progression, pension & benefits, and wellbeing.

Further transparency continued in 2021 by providing a more straightforward explanation of the reward framework with managers responsible for informing individuals in their team where they are positioned towards benchmarking of salary against the broader exploration and production (E&P) market.

The grading system and career ladders was launched to make it easier for our employees to understand and determine what skills and capabilities needed to progress.

**Annual salary review Norway** – Negotiations regarding annual pay settlement for 2021 were held in accordance with tariff agreement (Hovedavtalen mellom NHO & Tekna).



#### **Promotion and career progression – Training and Development**

The Learning & Development team provide Professional business training and development programs to enable Spirit's people to increase their skills and capabilities. The following has been embedded:

- Leadership Expectations and Spiritwise Leadership Programme
- Leadership Library on SHIELD with "Manager 101" as a practical toolkit for managers covering Compliance, Onboarding, Workday, Managing Teams, Career Planning and Influencing others.
- Further education opportunities have been shared on Yammer

The **Performance Review** and **Personal Development Process** are tools to support the individual opportunity to grow personally and professionally.

#### **Our working environment**

During COVID-19 virtual Townhalls and informal Coffee sessions have been held to give employees a continued line of communication with management, as well as highlighting progress towards KPIs. In addition, information regarding performance and updates were made easily accessible through Pipeline.

Regular meetings with Work Environment Committee (AMU), safety delegates and employee representatives are held to monitor different processes and procedures, also to identify risks for discrimination and hindrance of equal opportunities.

The 2<sup>nd</sup> Peakon Survey an **Employment Engagement Survey** with 90% participation in Norway, was held beginning of 2021.

In dialogue with our employee representatives, Spirit have noted the necessity of higher engagement in results and improvement areas from surveys to be shared with rest of the organisation.

#### **Opportunity to balance work and family-life**

COVID-19 had a significant impact on the way our employees have worked throughout 2020 and 2021, although this has made it easier for employees to work more flexible and from home office. Managers have been asked to accommodate for employees work life balance.

Actions for 2022 to be addressed.