



ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2020 - GENERELL INFORMASJON

Enheten

Organisasjonsnummer: 996 888 177
Organisasjonsform: Aksjeselskap
Foretaksnavn: SVAL ENERGI AS
Forretningsadresse: Building C, 3rd floor
Jåttåvågveien 7
4020 STAVANGER

Regnskapsår

Årsregnskapets periode: 01.01.2020 - 31.12.2020

Konsern

Morselskap i konsern: Ja
Konsernregnskap lagt ved: Nei

Regnskapsregler

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

Årsregnskapet fastsatt av kompetent organ

Bekreftet av representant for selskapet: Sigurd Nikolai Lyngø
Dato for fastsettelse av årsregnskapet: 30.03.2021

Grunnlag for avgivelse

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

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

Brønnøysundregistrene, 24.07.2022



Resultatregnskap

Beløp i: NOK	Note	2020	2019
RESULTATREGNSKAP			
Inntekter			
Salgsinntekt	6,23	4 183 000 000	6 835 000 000
Annen driftsinntekt		18 000 000	
Sum inntekter		4 201 000 000	6 835 000 000
Kostnader			
Varekostnad	7,23	713 000 000	1 638 000 000
Avskrivning	14,15	739 000 000	1 192 000 000
Nedskrivning av varige driftsmidler og immaterielle eiendeler	14,15	268 000 000	374 000 000
Annen driftskostnad	8,9,25	420 000 000	71 000 000
Sum kostnader		2 140 000 000	3 275 000 000
Driftsresultat		2 061 000 000	3 560 000 000
Finansinntekter og finanskostnader			
Annen finansinntekt	10	107 000 000	40 000 000
Sum finansinntekter		107 000 000	40 000 000
Annen finanskostnad	10,25	475 000 000	551 000 000
Sum finanskostnader		475 000 000	551 000 000
Netto finans		-368 000 000	-511 000 000
Ordinært resultat før skattekostnad			
Ordinært resultat før skattekostnad		1 693 000 000	3 049 000 000
Skattekostnad på ordinært resultat	11	1 609 000 000	3 214 000 000
Ordinært resultat etter skattekostnad		84 000 000	-165 000 000
Ekstraordinære poster			177 000 000
Årsresultat		84 000 000	12 000 000
Overføringer og disponeringer			
Overføring til/fra annen egenkapital		84 000 000	12 000 000
Sum overføringer og disponeringer		84 000 000	12 000 000



Balanse

Beløp i: NOK	Note	2020	2019
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Konsesjoner, patenter, lisenser, varemerker o.l.	13	33 000 000	
Sum immaterielle eiendeler		33 000 000	
Varige driftsmidler			
Maskiner og anlegg	14,15, 23	8 466 000 000	7 926 000 000
Driftsløsøre, inventar, verktøy, kontormaskiner	14,15, 23	39 000 000	21 000 000
Sum varige driftsmidler		8 505 000 000	7 947 000 000
Finansielle anleggsmidler			
Investering i datterselskap	24	364 000 000	
Andre fordringer	22	125 000 000	54 000 000
Sum finansielle anleggsmidler		489 000 000	54 000 000
Sum anleggsmidler		9 027 000 000	8 001 000 000
Omløpsmidler			
Varer			
Fordringer			
Andre fordringer	16	739 000 000	684 000 000
Sum fordringer		739 000 000	684 000 000
Bankinnskudd, kontanter og lignende			
Bankinnskudd, kontanter og lignende	17	289 000 000	3 596 000 000
Sum bankinnskudd, kontanter og lignende		289 000 000	3 596 000 000
Sum omløpsmidler		1 028 000 000	4 280 000 000
SUM EIENDELER		10 055 000 000	12 281 000 000



Balanse

Beløp i: NOK	Note	2020	2019
BALANSE - EGENKAPITAL OG GJELD			
Egenkapital			
Innskutt egenkapital			
Aksjekapital	18	2 000 000	1 082 000 000
Annen innskutt egenkapital		3 302 000 000	1 402 000 000
Sum innskutt egenkapital		3 304 000 000	2 484 000 000
Opptjent egenkapital			
Annen egenkapital		-205 000 000	-96 000 000
Sum opptjent egenkapital		-205 000 000	-96 000 000
Sum egenkapital		3 099 000 000	2 388 000 000
Gjeld			
Langsiktig gjeld			
Utsatt skatt	12	2 064 000 000	1 504 000 000
Andre avsetninger for forpliktelser	5,22	219 000 000	74 000 000
Sum avsetninger for forpliktelser		2 283 000 000	1 578 000 000
Annen langsiktig gjeld			
Gjeld til kredittinstitusjoner	5,19,2 7	3 075 000 000	2 977 000 000
Langsiktig konserngjeld	5,25,2 7		261 000 000
Øvrig langsiktig gjeld	5,20,2 7		330 000 000
Sum annen langsiktig gjeld		3 075 000 000	3 568 000 000
Sum langsiktig gjeld		5 358 000 000	5 146 000 000
Kortsiktig gjeld			
Gjeld til kredittinstitusjoner	5,19,2 527	617 000 000	3 120 000 000
Betalbar skatt	12	359 000 000	1 413 000 000
Kortsiktig konserngjeld	5,25,2 7	128 000 000	
Annen kortsiktig gjeld	5,21	494 000 000	214 000 000
Sum kortsiktig gjeld		1 598 000 000	4 747 000 000



Balanse

Beløp i: NOK	Note	2020	2019
Sum gjeld		6 956 000 000	9 893 000 000
SUM EGENKAPITAL OG GJELD		10 055 000 000	12 281 000 000



Skattedirektoratet

Saksbehandler	Deres dato	Vår dato
Torstein Kinden Helleland	20.03.2012	11.04.2012
Telefon	Deres referanse	Vår referanse
22078139	Johan Nicolai Vold	2012/216477

Solveig Gas Norway as
Hospitalsgata 4
4006 STAVANGER

Tillatelse til å utarbeide årsregnskap og årsberetning på engelsk språk

Det vises til deres brev av 20. mars 2012 samt telefonsamtale i sakens anledning. Det søkes om dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk språk for følgende selskaper;

Solveig Gas Holdco AS org. nr. 996 739 929
Solveig Gas Norway AS org. nr. 996 888 177

Skattedirektoratet gir på bakgrunn av en konkret helhetsvurdering de overnevnte selskaper dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk språk, jf. regnskapsloven § 3-4 tredje ledd.

Dispensasjonen forutsetter at opplysningene som vedtaket baserer seg på ikke endres vesentlig.

Bakgrunn

Solveig Gas Holdco AS er et holdingselskap og eier Solveig Gas Norway AS. Selskapene er eid av et internasjonalt konsortium bestående av Allianz Capital Partners, Canada Pension Plan Investment Board og Infinity Investments S.A. som igjen er heleid av Abu Dhabi Investment Authority hjemmehørende i Abu Dhabi. Eierkretsen er således begrenset. Selskapene sine styrever har kun en norsktalende.

Solveig Gas Norway AS har investert i Gassled, som er den formelle eier av infrastrukturen forbundet med gasstransporten fra norsk sokkel, med en andel på 23,48 %. De største aktørene, med eierandel i Gassled, er store internasjonale olje og gasskonserner. I den forbindelse skal det utstedes en obligasjon i UK som skal noteres på London Stock Exchange. Som en følge av noteringen må regnskapene til Solveig Gas Norway AS, Solveig Gas Holdco AS og dets konsernregnskap utarbeides på engelsk. Selskapet opererer i en bransje av sterk internasjonal karakter. Alle sentrale aktører og samarbeidspartnere innen denne bransjen behersker og benytter engelsk. Selskapet benytter også engelsk som arbeidsspråk. En norsk oversettelse vil kun ha til formål å oppfylle regnskapslovens språkkrav.

Skattedirektoratets vurdering

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

Postadresse	Besøksadresse	Sentralbord
Postboks 9200 Grønland 0134 Oslo	Se www.skatteetaten.no Org. nr: 996250318	800 80 000 Telefaks
For elektronisk henvendelse se www.skatteetaten.no		22 17 08 60



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, at det ikke foreligger mulige brukere av regnskapsinformasjon som blir vesentlig berørt negativt ved en eventuell dispensasjon.

Det er særlig hensynet til brukerne av regnskapsinformasjon som skal vurderes ved en dispensasjonssøknad. I denne vurderingen har Skattedirektoratet lagt særlig vekt på at selskapene er heleide datterselskap til et selskap hjemmhørende i Saudi Arabia. Eierkretsen er begrenset. Selskapets arbeidsspråk er engelsk og all kommunikasjon skjer på engelsk. Selskapet driver virksomhet i en internasjonal bransje der alle aktører behersker og benytter engelsk språk. Videre er det vektlagt at selskapet har notert en obligasjon på London Stock Exchange og må i den forbindelse rapportere regnskapene sine på engelsk språk.

Vennligst oppgi vår referanse ved henvendelser i anledning saken.

Med hilsen

Rune Tystad
seniorrådgiver
Rettsavdelingen, foretaksskatt
Skattedirektoratet

Torstein Kinden Helleland



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Ommund Skailand

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To the General Meeting of Sval Energi AS

INDEPENDENT AUDITOR'S REPORT

Report on the Audit of the Financial Statements

Opinion

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

In our opinion, the accompanying financial statements are prepared in accordance with law and regulations and give a true and fair view of the financial position of the Company as at 31 December 2020, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by EU.

Basis for Opinion

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

Other information

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

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

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

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

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

The Board of Directors and the Managing Director (management) are responsible for the preparation in accordance with law and regulations, including a true and fair view of the financial statements in accordance with International Financial Reporting Standards as adopted by the EU, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of

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Sval Energi AS

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Report on Other Legal and Regulatory Requirements

Opinion on the Board of Directors' report

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

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Opinion on Registration and Documentation

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

Stavanger, 24 March 2021
Deloitte AS

Ommund Skailand
State Authorised Public Accountant (Norway)

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Sval Energi AS - Financial Statements YE 31. Dec 2020.pdf

Signers:

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King, John Alexander	BANKID	2021-03-30 15:16 GMT+2

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



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2020 Board of Directors' report

Sval Energi AS (the Company) is owned by Sval Energi Holding AS. The ownership of the Company was transferred to Sval Energi Holding AS in December 2020 through the distribution of all shares in the Company as an extraordinary dividend from Sval Energi Holding II AS.

The Company's former name was Solveig Gas Norway AS, and the name change was registered on 22nd January 2020. The Company's main office is located in Stavanger, Norway.

Key events in 2020

On 28th February 2020, the acquisition of all shares in Capricorn Norge AS (Capricorn) was completed. At the time of completion, Capricorn with 41 employees held a 10% interest in the Nova field in addition to interests in 10 exploration licences. A merger between Capricorn and the Company took place on the 2nd June 2020. The acquisition of Capricorn is in line with the Company's strategy to become a fully integrated oil and gas company with a low carbon footprint. In addition to the upstream assets, the portfolio includes gas infrastructure- and renewable energy assets.

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

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

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

The Company has continued its focus on business development in 2020 and has also strengthened its organisation by merging the activities and staff in its affiliated company Hav Energy into the Company, and a new CEO was appointed starting on 1st December 2020. Concurrently to the transfer of the Company's ownership from Sval Energi Holding II AS to Sval Energi Holding AS in December 2020, the Company undertook a complete refinancing of its external debt.



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On 30th December 2020, the Company signed a Sales and Purchase Agreement with Edison International S.p.A. to acquire 100% of its Norwegian subsidiary, Edison Norge AS. The transaction is expected to be completed during Q1 2021. By this transaction the Company's interest in the Nova field increases from 10% to 25% in addition to obtaining a 10% interest in the Dvalin field and 7 exploration licences. Edison Norge AS have 24 employees and is located in Stavanger.

Review of annual accounts

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

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

Income statement

The Company's turnover for the year of NOK 4 183 million represents an expected reduction compared to 2019 (2019 - NOK 6 835 million) due to the sale of a 10% interest in Gassled to CapeOmega AS in December 2019. As a consequence, the production costs for 2020 was reduced to NOK 613 million (2019 - NOK 1 638 million). Availability of Gassled capacity for export of gas to the European continent and to the UK was 99.64% (99.85%).

The increase in administrative expenses from NOK 71 million in 2019 to NOK 104 million in 2020 is explained by the increase in the number of employees in the Company following the merger with Capricorn in June 2020 and the resizing of the Company subsequent to the merger in line with the Company's new strategy.

The overall costs related to the exploration activities for the Company was in 2020 NOK 316 million (2019 - NOK 0). This consist of seismic expenditures, exploration expenses from Joint Venture billings and a dry well write-down in PL889 Grind.

Depreciation at NOK 739 million (2019 - NOK 1 192 million) is NOK 453 million lower than in 2019 due to the impairment write-down taken in 2019 and the sale of a 10% interest in Gassled to CapeOmega AS the same year. The residual value of Gassled is estimated to be NOK 544 million when the licence expires. The depreciation for 2020 includes depreciation of new capital expenditures incurred on the infrastructure assets since acquisition, which are depreciated over the assets' expected operating lives, which in most cases is in line with the expiry of the licence periods.

As in 2019, the Company has assessed the need to make an impairment write down of the carrying value of the Gassled asset at the 2020 yearend (see also Notes 3, 4, 14 and 15). The



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carrying value of the fixed assets has been compared to the future cash flows expected to be generated from these assets discounted at an appropriate weighted cost of capital. As the Company uses straight line depreciation to the end of the license period in 2028 which is not affected by changes in turnover, the Company has seen the need to make an impairment write down in 2020 of NOK 268 million which has an equity effect of NOK 176 million.

Finance income of NOK 106 million (2019 - NOK 40 million) includes interest on bank deposits and a net foreign exchange gain of NOK 89 million. Finance cost of NOK 476 million (2019 - NOK 552 million) is NOK 76 million lower than in 2019.

Income tax expense for the year amounts to NOK 1 609 million (2019 - NOK 3 214 million) of which NOK 784 million is current tax for the year (2019 - NOK 3 743 million). NOK 871 million is a movement in the current year's deferred tax (2019 - NOK -502 million). In addition, the Company has a movement in taxes related to prior years of NOK -46 million.

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

Profit for 2020 is NOK 84 million (2019 - loss of 165 million). Total comprehensive income is NOK 84 million (2019 - NOK 12 million).

Balance sheet

Property plant and equipment of NOK 8 505 million (2019 - NOK 7 947 million) includes additions of NOK 670 million, merger additions of NOK 778 million, impairment write down of NOK 268 million and current year's depreciation of NOK 739 million. Capex includes both project investments as well as operating investments, which because of their non-current nature require to be capitalised for accounting purposes.

Intangible assets of NOK 33 million (2019 - NOK 0) consist mainly of two capitalised exploration wells (NOK 27 million).

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



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Trade and other receivables of NOK 739 million (2019 - NOK 684 million) include tariff receivable at yearend of NOK 339 million (2019 - NOK 584 million).

Restricted cash totals NOK 4 million (2019 - NOK 5 million).

The non-current part of the Company's utilisation on its new revolving loan facility amounts to NOK 3 075 million (2019 - NOK 2 977 million). The new facility is split in two tranches, midstream and upstream, and the midstream tranche has a current part with utilisation of NOK 617 million (2019 - NOK 3 120). The current loan is included under current liabilities in the balance sheet.

The negative MTM of Derivative financial instruments at yearend 2019 of NOK 330 million was settled in December 2020 for an amount of NOK 450 million with a realised loss of NOK 233 million. Interest paid in 2020 under the interest rate swap arrangement amounts to NOK 113 million.

Deferred tax liabilities of NOK 2 064 million (2019 - NOK 1 504 million) include mainly excess tax depreciation over accounting depreciation of NOK 2 148 million.

Trade and other payables of NOK 494 million (2019 - NOK 215 million) include NOK 338 million of balances in Joint Operations.

The reduction in taxes payable from NOK 1 413 million at yearend 2019 to NOK 359 million at yearend 2020 is explained by the temporary changes to the petroleum tax regulations as the Company holds interests in two oil and gas developing assets in addition to the infrastructure assets.

The Company's profit for 2020 was NOK 84 million (2019 - loss of NOK 165 million) and the equity at 31 December 2020 was NOK 3 099 million (2019 - NOK 2 387 million) after payment of a dividend of NOK 178.3 million and a capital increase of NOK 819.3 million.

Staff, members, the environment and community relations

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



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

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

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

Environmental approach

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

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

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



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

Social and Governance approach

The Company is committed to operating in a responsible manner. To this end, the governance system and procedures ensure both that risks are managed and that the Company's standards and expectations are communicated to employees and to business partners. The pinnacle of the Company's governance structure is, however, the strong integration of ESG in the Company's performance management and its priority within the Board of Directors. This ensures that ESG is integrated in all decision-making.

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

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

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

Shareholder matters

The Company is 100% owned by Sval Energi Holding AS, which is in turn owned by Sval Energi Investment II AS (formerly HV VII Invest Uniform IV AS).

Board of Directors

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



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Subsequent events and outlook

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

Subsequent to yearend 2020 the Company has obtained the necessary governmental approvals for the Edison transaction, and the closing of the transaction is planned to take place at end of March 2021.

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

Stavanger, 24 March 2021
The Board of Directors of Sval Energi AS

Gunnar Olsen
Chairman

Anne Strømmen Lycke
Director

Kari Ekelund Thørud
Director

Tim Bushell
Director

Gunnar Halvorsen
Director

John King
Director

Nikolai Lyngø
CEO



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Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2020

NOK millions	Note	2020	2019
Tariff income	6, 23	4 183	6 835
Other income		18	-
Production expenses	7, 23	-713	-1 638
Gross profit		3 488	5 197
Administrative expenses	9, 25	-104	-71
Exploration expenses	8	-316	-
Depreciation, amortisation & impairment	14, 15	-1 007	-1 566
Operating profit		2 061	3 561
Finance income	10	106	40
Finance cost	10, 25	-476	-552
Profit before income tax		1 693	3 049
Income tax expense	11	-1 609	-3 214
Profit/(loss) for the year		84	-165
Other comprehensive income			
<i>Other comprehensive income that may be reclassified to profit or loss in subsequent periods (net of tax)</i>	11	-	177
Total comprehensive income		84	12
Attributable to the owner		84	12

The notes are an integral part of these financial statements.



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Statement of Financial Position

NOK millions	Note	31 December 2020	31 December 2019
ASSETS			
Intangible assets	13	33	-
Property, plant and equipment	14, 15, 23	8 505	7 947
Right-of-use assets		25	-
Investment in subsidiary	24	364	-
Decommissioning receivables	22	101	54
Non-current assets		9 027	8 001
Trade and other receivables	16	739	684
Cash and cash equivalents	17	289	3 596
Current assets		1 028	4 280
Total assets		10 055	12 281
EQUITY AND LIABILITIES			
Share capital	18	2	1 082
Other reserves		3 302	1 402
Retained earnings		-204	-97
Total equity		3 099	2 386
Bank borrowings	5, 19, 27	3 075	2 977
Borrowings from shareholders and related parties	5, 25, 27	-	261
Derivative financial instruments	5, 20, 27	-	330
Decommissioning liabilities	5, 22	219	74
Deferred tax liabilities	12	2 064	1 504
Non-current liabilities		5 358	5 146
Current bank borrowings	5, 19, 27	617	3 120
Borrowings from shareholders and related parties	5, 25, 27	128	-
Trade and other payables	5, 21	494	216
Taxes payable	12	359	1 413
Current liabilities		1 598	4 748
Total liabilities		6 956	9 895
Total equity and liabilities		10 055	12 281



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Statement of Changes in Equity

NOK millions	Share capital	Other reserves	Hedging reserves	Retained earnings	Total equity
Balance at 1 January 2019	1 082	1 402	-177	432	2 739
Profit/(loss) for the year	-	-	-	-165	-165
Other comprehensive income (net of tax)	-	-	177	-	177
Total comprehensive income for the period	-	-	177	-165	12
Dividend	-	-	-	-364	-364
Balance at 31 December 2019	1 082	1402	-	-97	2 387

NOK millions	Share capital	Other reserves	Hedging reserves	Retained earnings	Total equity
Balance at 1 January 2020	1 082	1 402	-	-97	2 387
Profit/(loss) for the year	-	-	-	83	83
Total comprehensive income for the period	-	-	-	83	83
Merger effect on equity	-	-	-	1	1
Group contribution	-	-	-	-13	-13
Dividend	-	-	-	-178	-178
Capital reduction	-1 080	1 079	-	-	-
Capital increase	-	819	-	-	819
Balance at 31 December 2020	2	3 300	-	-204	3 099



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Statement of Cash Flows

Cash generated from operating activities	Note	2020	2019
Profit before income tax		1 693	3 049
Adjusted for:			
Finance costs, net	10	458	511
Depreciation	14	739	1 192
Impairment	14, 15	268	374
Exploration well write-off	8, 13	74	
Loss on sale of assets	7	-	309
Other external finance costs paid		-	-
Tax paid on operating activities	12	-1 546	-2 116
Foreign exchange losses/gains in operating activities	10	-89	6
Change in working capital:			
Changes in trade and other receivables	16	-93	-37
Changes in trade and other payables	21	279	24
Net cash generated from operating activities		1 783	3 312
Cash flows from investing activities			
Liquidation payment/Dividends received		-	-
Purchase of property plant and equipment	14	-1 632	-1 325
Investment in exploration wells and other intangible assets	13	-59	-
Sale of property plant and equipment	14	-	2 146
Cash obtained through merger with subsidiary		13	-
Interests received	10	16	27
Net cash used in / generated from investing activities		-1 662	848
Cash flows from financing activities			
Repayments of bank borrowings	19, 27	-6 376	-4 941
Repayments of shareholder loan	25, 27	-261	-1 230
New bank borrowings		3 781	4 973
Capital increase		455	-
Dividend paid	25	-178	-364
Group contribution paid		-13	-
Interests paid	10, 25	-272	-321
Settlement of derivatives		-450	-
Other finance cost paid		-113	263
Net cash used in financing activities		-3 427	-1 620
Net decrease / increase in cash and cash equivalents		-3 306	2 540
Cash, cash equivalents and bank overdrafts at start of the period		3 596	413
Reclassified from restricted to unrestricted cash		-	643
Cash and cash equivalents at end of the period	17	289	3 596



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Stavanger, 24 March 2021
The Board of Directors of Sval Energi AS

Gunnar Olsen
Chairman

Anne Strømmen Lycke
Director

Kari Ekelund Thørud
Director

Tim Bushell
Director

Gunnar Halvorsen
Director

John King
Director

Nikolai Lyngø
CEO



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Notes

1. General information

Sval Energi AS (the Company or Sval) was established in April 2011 and since 2019 has been a wholly owned subsidiary of the HitecVision controlled Sval Energi Holding AS. The Sval Energi Holding Group was established in 2019 with the aim of building a Norwegian E&P company with significant infrastructure interests. Sval Energi AS was formerly known as Solveig Gas Norway AS. Sval holds interests in Gassled, the world's largest offshore gas transmission system, as well as in the Polarled pipeline, and the Company is building a portfolio of upstream oil & gas assets.

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

The financial statements were authorised for issue by the Annual General Meeting on 16th April 2021.

2. Basis of presentation

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

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

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



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3. Significant accounting policies

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

3.1 Changes in accounting policies and disclosures

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

Amendments to IFRS 3: Definition of a Business

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

Amendments to IAS 1 and IAS 8: Definition of Material

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

3.2 Significant accounting policies

Current versus non-current classification

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

An asset is current when it is:

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



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

All other assets are classified as non-current.

A liability is current when:

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

The Company classifies all other liabilities as non-current.

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

Foreign currencies

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

Investments in Joint arrangements

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

A joint operation is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities relating to the arrangement. The Company has evaluated its joint arrangement investments in infrastructure assets, and it is the Company's assessment that no individual partner has control over the assets alone. It has also been assessed that no parties have joint control because several combinations of participants could achieve majority voting and the investment is out of scope for IFRS 11.

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



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**Acquisition of interests in joint arrangements**

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

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

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

Sale of interests in joint arrangements

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

Property, plant, and equipment

Property, plant, and equipment are stated at historical cost less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. Depreciation is recognised rateably over the useful lives of the assets. Repairs and maintenance cost are charged to the income statement during the financial reporting period in which they are incurred.

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

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



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its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

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

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

Impairment

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

Decommissioning liabilities

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

Decommissioning assets

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



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receivable are recognised net with the changes in decommissioning expenses as operating expenses in the statement of profit and loss.

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

Financial assets

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

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

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

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

Financial assets at amortised cost

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

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

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



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Derecognition of financial assets

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

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

Impairment of financial assets

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

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

For trade and other receivables, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

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



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

Capitalised spare parts

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

Trade receivables

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

Cash and cash equivalents

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

Share capital

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

Borrowings

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

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

Borrowing costs

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



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

Financial liabilities

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

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

Loans, borrowings and payables

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

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

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

Derecognition of financial liabilities

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

Trade payables

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

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



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Revenue from contracts with customers

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

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

Finance income and costs

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

Current and deferred income tax

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

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

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

The Company is subject to the provisions of the Petroleum Taxation Act. Revenues from activities on the Norwegian Continental Shelf are subject to ordinary tax at 22 percent and special tax at 56 percent. The Company is granted a special allowance against the special tax base called Uplift, which is calculated as 24% on existing qualifying offshore assets (2019: 20.8%). Uplift related to



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2020 investments is used fully in 2020 while uplift from previous years' investments is allocated on a linear basis against the special tax base over 4 years.

Dividend distribution

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

Cash flow statement

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

Events after the reporting period

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

3.3 Standards issued but not yet effective

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

4. Significant accounting judgements, estimates and assumptions

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

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

a) Infrastructure assets

Impairment

The Company assesses each asset or cash generating unit (CGU) in each reporting period to determine whether any indication of impairment exists. Where an indicator of impairment exists, a formal estimate of the recoverable amount is made, which is considered to be the higher of the fair



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value less costs of disposal and value in use. The assessments require the use of estimates and assumptions such as future level of tariff income, licence periods, discount rates, operating costs, future capital requirements, decommissioning costs etc. These estimates and assumptions are subject to risk and uncertainty. Therefore, there is a possibility that changes in circumstances will impact these projections, which may impact the recoverable amount of assets and/or CGUs.

At the balance sheet date, the Company made an impairment of NOK 268 million (2019: NOK 374 million), on its investment in Gassled, see note 15.

Depreciation

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

Infrastructure assets are depreciated on a straight-line basis over the period until the end of the license period as it currently has been agreed, taking into account any expected residual value. The license agreement may or may not be extended beyond this period. Residual values are based on the expected amounts to be received at the end of the license period if the assets are taken over by the State at the end of the license period. Capitalised expenditures are depreciated over the expected useful life of the assets acquired. Any changes to the expected remaining useful life of the assets, for example as a consequence of a license extension, would significantly affect depreciation.

b) Decommissioning liability and related decommissioning asset

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

Further, for the infrastructure assets, the Company recognises a decommissioning receivable based on its assessment of the extent to which the Company will be able to recover all decommissioning costs from the shippers. In addition to the above-mentioned uncertainties for the



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decommissioning liability, factors such as the right to reclaim the decommissioning costs from the shippers and the credit risk of the shippers impact the assessment on the infrastructure assets. For upstream assets where the decommissioning cost will be covered by the Company based on its interests in the underlying assets, a decommissioning asset is recognised concurrently to the liability recognition. Such assets are classified together with the underlying asset and is depreciated accordingly.

Therefore, significant estimates and assumptions are made in determining the provision for decommissioning liabilities and assets. As a result, there could be significant adjustments to the provisions established which would affect future financial results. The provision at the reporting date represents the Company's best estimate of the present value of the future decommissioning costs required.

5. Financial risks and risk management

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

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

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

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

Overriding principles

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

a) Liquidity risk and cash management

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



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

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

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

NOK millions	Less than 3 months	Between 3 months and 1 year	Between 1 year and 2 years	Between 2 and 5 years	Over 5 years	Total
Bank borrowings	-	729	426	2 977	-	4 131
Borrowings from shareholders	-	128	-	-	-	128
Trade and other payables	357	138	-	-	-	494
Decommissioning liabilities	-	-	66	31	122	219
Derivatives held for trading	-	-	-	-	-	-
Total at 31 December 2020	357	994	492	3 008	122	4 973

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

NOK millions	Less than 3 months	Between 3 months and 1 year	Between 1 year and 2 years	Between 2 and 5 years	Over 5 years	Total
Bank borrowings	59	3 277	440	2 722	-	6 498
Borrowings from shareholders	6	17	23	69	399	514
Trade and other payables	216	-	-	-	-	216
Decommissioning liabilities	-	-	-	-	74	74
Derivatives held for trading	20	58	66	160	63	367
Total at 31 December 2019	300	3 352	529	2 950	536	7 668

b) Market risk: Interest rate risk

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



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c) Market risk: Exchange rate risk

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

At the balance sheet date, the Company's non-current financing is in NOK and USD, with the NOK denominated part being related to infrastructure assets and the USD denominated part being related to E&P assets where future revenues are expected to be largely USD denominated.

d) Credit risk

Credit risk is the risk of potential loss arising when a counterparty is unable to fulfil its obligations. The Company has assessed that it is exposed to credit risk in relation to:

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

The Company will monitor credit risk by periodic assessments of the credit worthiness of its counterparties and consider adequate corrective actions in case of negative developments in credit worthiness.



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e) Fair value estimation

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

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

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

6. Segment information

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

7. Operating expenses

Specification of operating expense

NOK millions	2020	2019
Operating expenses – Joint operations	591	1 143
General and administrative charges – Joint operations	82	139
Insurance	40	47
Loss on sale of an interest in Gassled	-	309
Total operating expenses	713	1 638

8. Exploration expenses

Specification of exploration expenses

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



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9. Employee benefit expense and auditor's fees

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

Employee benefit expense

Specification of employee benefit expenses	2020	2019
NOK thousand		
Payroll expense	70 202	38 313
Social security contribution	10 797	5 421
Pensions	5 045	2 961
Other personnel expenses	796	227
Total employee benefit expense	86 840	46 922

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

Pensions

The Company has a defined contribution pension plan for its employees, which satisfies the statutory requirements in Norwegian law on required occupational pension ("Lov om obligatorisk tjenestepensjon"). See Note 25 for information about management remuneration and remuneration to the board of directors.

Auditor's fees

Specification of auditor's fees	2020	2019
NOK thousand (excl. VAT)		
Statutory audit	932	323
Other services	541	683
Tax advisory services	591	793
Total auditor remuneration	2 064	1 798

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

Administrative expenses

Specification of administrative expenses	2020	2019
NOK thousand		
Total employee benefit expense	86 840	46 922
Total auditor remuneration	2 064	1 798
Total other cost	14 965	22 149
Total administrative expenses	103 869	70 869



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10. Finance income and cost

NOK millions	2020	2019
Finance income		
Interest income on current bank deposits	13	25
Net foreign exchange gain	89	-
Other finance income	4	15
Finance income	106	40
Finance cost		
Change in fair value of derivatives	-233	-
Interest expense on external borrowings	-150	-274
Interest expense on related party borrowings (note 25)	-12	-109
Net foreign exchange loss	-	-33
Amortised finance cost	-66	-60
Other finance cost	-15	-76
Finance cost	-476	-552

11. Income tax

Income tax recognised in the Statement of Profit or Loss and Other Comprehensive Income

NOK millions	2020	2019
Current taxes for the year	-784	-3743
Deferred tax liabilities/(benefit) recognised in the period	-871	502
Current taxes for prior year	46	258
Deferred tax liabilities/(benefit) recognised in prior year	-	-232
Income tax expense	-1 609	-3 214

Income tax recognised in other comprehensive income/(loss)

NOK millions	2020	2019
Other comprehensive income	-	276
Tax effect	-	-100
Other comprehensive income (net of tax)	-	177



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The income tax expense recognised in the Statement of Profit or Loss and Other

Comprehensive Income can be reconciled as follows:

NOK millions	2020	2019
Profit before income tax	1 693	3 049
Tax calculated at the domestic rate (22%)	372	671
Tax calculated at the petroleum rate (56%)	948	1 708
<i>Tax effects of:</i>		
Expenses not deductible for tax purposes	6	1
Permanent differences due to PPA	370	597
Permanent differences sale Gassled	-	93
Financial items	209	245
Onshore items	-142	-46
Uplift	-116	-28
Over/under accrual prior years	-38	-26
Income tax expense	1 609	3 214
Profit before income tax	1 693	3 049
Effective income tax rate	95%	105%

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

12. Current and deferred tax balances

Specification of deferred tax liabilities/(asset)		
NOK millions	31 December 2020	31 December 2019
Property, plant and equipment	2 148	1 584
Capitalised borrowing cost	17	20
Decommissioning receivable/payable	-93	-15
Borrowings and swap contracts - hedged	-	-73
Lease liability	-19	-
Amortised finance cost	21	15
Other receivable/payable	1	-7
Uplift relating to acquired assets	-11	-19
Total deferred tax liabilities/(assets)¹⁾	2 064	1 504



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

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

Specification of taxes payable

NOK millions	31 December 2020	31 December 2019
Taxes payable 1 January	1 413	1 523
Current taxes for the year	538	3 743
Current taxes relating to sold asset	-	-1 389
Current taxes relating to acquisitions, booked as part of capital additions	-	-90
Taxes paid in the period	-1 546	-2 116
Prior year adjustments	-46	-258
Total taxes payable	359	1 413

13. Intangible assets

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



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14. Property, plant and equipment

NOK millions	Infrastructure		Oil and gas	Other	Total
	Infrastructure assets	assets under development	assets under development		
Cost					
Cost at 1 January 2019	20 737	57	-	33	20 828
Capital additions during the year	781	-	435	5	1 220
Transferred from development	57	-57	-	-	-
Disposals during the year	-8 236	-	-	-16	-8 252
Cost at 31 December 2019	13 339	-	435	22	13 795
Depreciation and impairment					
Accumulated at 1 January 2019	7 814	-	-	3	7 817
Depreciation for the year	1 191	-	-	-	1 192
Disposals during the year	-3 532	-	-	-2	-3 534
Impairment (note 15)	374	-	-	-	374
Accumulated at 31 December 2019	5 847	-	-	1	5 848
Book value at 31 December 2019	7 492	-	435	21	7 947

NOK millions	Infrastructure		Oil and gas	Other	Total
	Infrastructure assets	assets under development	assets under development		
Cost					
Cost 1 January 2020	13 339	-	435	22	13 795
Capital additions during the year	304	-	362	3	670
Change in ARO estimate	-	-	117	-	117
Transferred from development	-	-	-	-	-
Merger during the year	-	-	777	1	778
Disposals during the year	-	-	-	-	-
Cost at 31 December 2020	13 643	-	1 691	26	15 360
Depreciation and impairment					
Accumulated at 1 January 2020	5 847	-	-	1	5 849
Depreciation for the year	752	-	-	-13	738
Disposals during the year	-	-	-	-	-
Impairment (note 15)	268	-	-	-	268
Accumulated at 31 December 2020	6 867	-	-	-12	6 855
Book value at 31 December 2020	6 777	-	1 691	39	8 505



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Office equipment (useful life):	3 years
Onshore additions (remaining useful life is the license period; license period expires in 2028):	8 years
Offshore additions (remaining useful life is the license period; license period expires in 2028):	8 years
Acquired Infrastructure assets Gassled (remaining useful life is the license period; license period expires in 2028):	8 years

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

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

15. Impairment

The Company reviews periodically whether its non-financial assets have suffered any impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An asset is written down to its recoverable amount when the recoverable amount is lower than the carrying value of the asset. The recoverable amounts of the non-financial assets have been determined based on the highest of fair value less cost to sell and value-in-use calculations. The recoverable amount calculations are based on contractual cash flows and estimates of future cash flows over the useful lives of the assets. The recoverable amount is the present value of the future cash flows expected to be derived from an asset or cash-generating unit. Calculation of the recoverable amount requires use of estimates. No impairment triggers were identified for the oil and gas assets under development.

For the Gassled cash-generating unit (CGU), the Company uses straight line depreciation to the end of the license period in 2028 which is not affected by changes in turnover and was therefore tested for impairment. For the purpose of the impairment testing, the CGU is defined as Gassled, including Zeepipe and Dunkerque. The carrying value of the CGU is measured as the PP&E acquisition cost less accumulated depreciation.

Calculating the recoverable amount of the CGU is based on estimated discounted cash flows. The future cash flows were discounted to their present values using a post-tax discount rate of 3.16% (2019: 3.8%) which was converted to a pre-tax rate in line with IAS 36. The recoverable amount of the CGU as of 31 December 2020 is NOK 6 239 million (2019: NOK 6 945 million). An impairment loss of NOK 268 million was recognised in 2020 (2019: NOK 374 million).

The calculation of value in use for the CGU is most sensitive to the following assumptions:

- Tariff revenue
- Operating expenses
- Discount rates

The cash inflows consist of future tariff revenue, and the tariff revenues are assumed to be at a level in accordance with current legislation.



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The cash flow horizon is consistent with the license period for the investment. Cash outflows relate to operating expenses, which are estimated based on Gassco's (Operator) budgets and the Company's Board approved management model.

Discount rates represent the current market assessment of the risks specific to the CGU, taking into consideration the time value of money and individual risks of the underlying assets that have not been incorporated in the cash flow estimates. The discount rate calculation is derived from the Company's weighted average cost of capital (WACC), with appropriate adjustments made to reflect the risks specific to the CGU and to determine the pre-tax rate. The WACC takes into account both debt and equity. The cost of equity is derived from the expected return on investment by the Company's investors. The cost of debt is based on the interest-bearing borrowings the Company is obliged to service.

16. Trade and other receivables

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

NOK millions	31 December 2020	31 December 2019
Accrued tariff income	339	584
Share of other current receivables in joint operations	263	81
Other receivables	137	19
Trade and other receivables	739	684

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

17. Cash and cash equivalents

	31 December 2020	31 December 2019
Cash and cash equivalents:		
Restricted bank deposits	4	5
Bank deposit (NOK)	285	3 591
Cash and cash equivalents	289	3 596

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



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18. Share capital and other reserves

Capital management

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

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

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

The Company has 21 637 312 ordinary shares at 31 December 2020 with a nominal value of NOK 0.1 per share. The two share classes were merged in October 2020.

Shareholders as of 31 December 2020	Ordinary shares	Ownership
Sval Energi Holding AS	21 637 312	100%
Total	21 637 312	100%

Issued capital and reserves

	2020	2019
	Thousand	Thousand
Authorised		
A-shares of NOK 50 each	-	21 636
B-shares of NOK 50 each	-	1
Ordinary shares of NOK 0.1 each	21 637	-
Ordinary shares		
Issued and fully paid		
At 1 January	21 637	21 637
Issued	-	-
At 31 December	21 637	21 637

Share capital in NOK'000	A-shares	B-shares	Ordinary shares	Share capital
Issued and fully paid				
At 1 January 2019	1 081 816	50		1 081 866
At 31 December 2019	1 081 816	50		1 081 866
At 31 December 2020			2 164	2 164



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19. External borrowings

Sval Energi has undertaken a complete refinancing of its external debt and shareholder loans during 2020. As of 31 December 2020, the external debt consists of one bank facility in USD:

Facility	Type	Limit (USD million)
Revolving facility	Bank facility	700
Total		700

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

Loan	Currency	Nominal amount (million)		Maturity
		2020	2019	
Term loan	NOK	-	2 440	30 June 2022
Revolving facility	NOK	-	803	30 June 2022
Bridge facility	NOK	-	2 915	30 June 2020
Revolving facility – midstream tranche	NOK	2 955	-	31 December 2025
Revolving facility – upstream tranche	NOK	821	-	31 December 2025

The new facility carry a floating NIBOR or LIBOR interest rate on the outstanding amounts plus a margin of 2.25% for the midstream tranche, and a floating NIBOR or LIBOR interest rate on the outstanding amounts plus a margin of 3.5% for the upstream tranche. A commitment fee is calculated as a percentage on the undrawn, non-cancelled amount of commitments under the Revolving facility. All borrowings under the agreements are secured by the Company's assets.

The new Revolving Credit Facility Agreement contains the following financial covenants:

Net debt to EBITDAX ratio	3.0 and above
12 months liquidity	Below 0

These ratios are required to be reported half-yearly and for the first time for yearend 2020. Any additional financial indebtedness must comply with the requirements in the financing agreements.

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



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NOK millions	Book value 31 December 2020	Book value 31 December 2019
Bank borrowings		
Bank borrowings principal amount unamortised	3 776	6 158
Financing fees and establishment costs	-84	-61
Current bank borrowings	-617	-3 120
Total non-current bank borrowings	3 075	2 977
Current bank borrowings	617	3 120

The Company has the following undrawn borrowing facilities, which expire beyond one year:

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

20. Derivative financial instruments

At the balance sheet date, the Company no longer holds interest rate swaps (IRS) that are accounted for at fair value through profit and loss.

Fixed rate interest rate swaps	NOK millions
Fair Value at 01. January 2020	-330
Interest paid in the period	113
Change in Fair Value in the period	-233
Settlement in December 2020	450
Fair Value at 31. December 2020	-

21. Trade and other payables

NOK millions	31 December 2020	31 December 2019
Trade payables	132	4
Trade payables, related parties (note 25)	-	12
Share of other current liabilities in joint operations (note 23)	338	174
Accrued expenses	24	26
Total	494	216

After the due date (approximately 30 days) most suppliers charge interest on the outstanding balance at various interest rates. The Company has financial risk management policies in place to ensure that all payables are paid within the agreed terms of payment and prior to the due date.



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22. Decommissioning

The decommissioning liability related to infrastructure assets is the net present value of the expected costs of decommissioning the relevant gas grid assets, taking into consideration the probability that the Norwegian State might take over the decommissioning liability at the expiry of the current license period or that the decommissioning might happen later than 2028 due to an extension of the license period. The Company has also recognised an asset that represents the Company's future claims on Shippers related to their respective shares of the liability for future decommissioning. The amount receivable from each Shipper is discounted with an interest rate taking into consideration the relevant credit spread of each Shipper.

The decommissioning liability related to oil and gas assets is the net present value of the expected costs of decommissioning the relevant assets. The corresponding decommissioning assets are recognised as a part of the underlying oil and gas assets in Property, Plant and Equipment (note 14), and will be depreciated accordingly.

Yearend balances

NOK millions	31 December 2020	31 December 2019
Decommissioning receivable, non-current	101	54
Decommissioning asset, non-current ¹⁾	117	-
Decommissioning receivable, current	-	-
Decommissioning asset, current	-	-
Total decommissioning asset	218	54
Asset retirement obligation, non-current	-219	-74
Asset retirement obligation, current	-	-
Total provision, asset retirement obligation	-219	-74

¹⁾Included in note 14 as PP&E

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

NOK million	Decommissioning liability	Decommissioning receivable	Decommissioning asset
At 1 January 2019	-112	83	-
Expense/income	48	-35	-
Estimate change of provision	-	-	-
Interest adjustment	-10	6	-
At 31 December 2019	-74	54	-



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NOK million	Decommissioning liability	Decommissioning receivable	Decommissioning asset
At 1 January 2020	-74	54	-
Expense/income	2	-	-
Estimate change of provision	-141	46	117
Interest adjustment	-6	1	-
At 31 December 2020	-219	101	117

23. Interests in joint operations

The Company has the following ownership in joint operations:

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



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24. Investments in subsidiaries

The Company's investment in Sval Renewables AS amounts to NOK 364 million. The ownership was transferred from Sval Energi Holding AS through a non-cash capital increase in December 2020. Sval Renewables holds a 50% interest in a wind farm project under construction in Finland through its fully owned subsidiary Sval Wind Farm Oy. The project is expected to enter the production phase in January 2022.

NOK millions	Country of incorporation	Number of shares owned	Ownership	Net book value of investment	Equity as at 31.12	Profit/ (loss) for the period ending 31.12
Sval Renewables AS	Norway	30	100 %	364	360	-12

25. Related parties and key management remuneration

Related parties

Related parties' transactions were as follows:

Related party	Type of transaction	Transaction during 2020	Transaction during 2019
Sval Energi Holding II AS	Dividend	-178	-364
Sval Energi Holding II AS	Loan repayments	-261	-1 230
Sval Energi Holding II AS	Interest expense, cash payment	-12	-36
Total		-451	-1 630

Shareholder loans at the balance sheet date:

Loan	Nominal amount 31.12.2020	Nominal amount 31.12.2019	Maturity	Category
Shareholder loan	-	261	31 December 2030	Amortised cost
Total	-	261		

Non-current related party debt

NOK millions	Type	31 December 2020	31 December 2019
	Shareholder loan at		
Sval Energi Holding II AS	amortised cost	-	261
Total non-current related party debt		-	261



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Current related party debt

NOK millions	Type	31 December 2020	31 December 2019
Sval Energi Holding AS	Current liabilities	128	-
Sval Energi Holding II AS	Trade payables	-	4
Total current related party debt		128	4
Total outstanding related party debt		128	265

Key management remuneration

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

NOK thousand	Salary and bonus	Pension contribution	Other remuneration	Total 2019
Key management remuneration 2019	9 701	175	210	10 086
Total	9 701	175	210	10 086

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

Policy statement concerning salaries and other remuneration of senior employees

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

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

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

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



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CEO remuneration and compensation to Board of Directors are included in Administrative expenses.

Compensation to Board of Directors

The Board received the following remuneration:

Name (amounts in NOK thousand)	Role	Director's	Director's
		fee 2020	fee 2019
Gunnar Kristoffer Hviding Olsen	Chairman	375	63
Anne Strømmen Lycke	Board member	200	-
Gunnar Halvorsen	Board member	-	-
John Alexander King	Board member	225	38
Kari Ekelund Thørud	Board member	200	-
Timothy Paul Bushell	Board member	225	153
Jan Harald Solstad	Previous Board member	-	-
Ole Ertvaag	Previous Board member	-	-
Pål Magnus Reed	Previous Board member	-	-
Thomas Bjørge	Previous Board member	-	115
Total		1 225	369

Compensation to the Board of directors in 2019 before the change of ownership in the Company amounted to NOK 284 thousand.

26. Commitments and contingencies

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

Committed future obligations

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



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Planned investments

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

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

27. Changes in liabilities arising from financing activities

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

	01.01.2019	Cash flow	Non-cash changes			31.12.2019
			Foreign exchange movement	Fair value changes	Other	
Current interest-bearing borrowings	1 024	-1 024	-	-	3 120	3 120
Non-current interest-bearing borrowings	6 670	-752	179	-	-3 120	2 977
Borrowings from shareholder	1 290	-1 230	-	-	201	261
Derivatives	431	-	-	-101	-	330
Total liabilities from financing operations	9 415	-3 006	179	-101	201	6 688

	01.01.2020	Cash flow	Non-cash changes			31.12.2020
			Foreign exchange movement	Fair value changes	Other	
Current interest-bearing borrowings	3 120	-2 863	-	-	360	617
Non-current interest-bearing borrowings	2 977	266	-4	-	-164	3 075
Borrowings from shareholder	261	-133	-	-	-	128
Derivatives	330	-563	-	233	-	-
Total liabilities from financing operations	6 688	-3 293	-4	233	196	3 820

28. Subsequent events

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

Subsequent to yearend 2020 the Company has obtained the necessary governmental approvals for the Edison transaction, and the closing of the transaction is planned to take place at end of March 2021.



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Vedrørende konsernregnskap

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