Brønnøysundregistrene

ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2019 - GENERELL INFORMASJON

Enheten

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

Regnskapsår

Årsregnskapets periode:	01.01.2019 - 31.12.2019

Konsern

Morselskap i konsern:	Nei

Regnskapsregler

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

Årsregnskapet fastsatt av kompetent organ

Bekreftet av representant for selskapet:	Ole Johan Østvedt
Dato for fastsettelse av årsregnskapet:	31.12.2019

Grunnlag for avgivelse

År 2019: Årsregnskapet er elektronisk innlevert

År 2018: Tall er hentet fra elektronisk innlevert årsregnskap fra 2019

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

Brønnøysundregistrene, 09.03.2021

Resultatregnskap

Beløp i: NOK	Note	2019	2018
RESULTATREGNSKAP			
Kostnader			
Lønnskostnad	6	30 710 504	32 789 250
Avskrivning på varige driftsmidler og immaterielle eiendeler	7,11,12	100 175 408	41 905 417
Annen driftskostnad	8, 10	27 852 978	35 482 469
Annen driftskostnad	21	129 163 685	-3 319 119
Sum kostnader		**287 902 575**	**106 858 017**
Driftsresultat		**-287 902 575**	**-106 858 017**
Finansinntekter og finanskostnader			
Annen renteinntekt	22	885 567	11 703 511
Annen finansinntekt	22	1 388 424	-2 010 156
Sum finansinntekter		**2 273 991**	**9 693 355**
Rentekostnad til foretak i samme konsern	22	45 616 087	29 389 737
Annen rentekostnad	22	1 238 784	-80 221
Sum finanskostnader		**46 854 871**	**29 309 516**
Netto finans		**-44 580 880**	**-19 616 161**
Ordinært resultat før skattekostnad		**-332 483 455**	**-126 474 178**
Ordinært resultat etter skattekostnad		**-332 483 455**	**-126 474 178**
Årsresultat		**-332 483 455**	**-126 474 178**

Balanse

Beløp i: NOK	Note	2019	2018
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Konsesjoner, patenter, lisenser, varemerker og lignende rettigheter	12	4 066 075	5 244 061
Utsatt skattefordel	16	640 826 791	271 674 740
Sum immaterielle eiendeler		**644 892 866**	**276 918 801**
Varige driftsmidler			
Tomter, bygninger og annen fast eiendom	11	1 664 603 872	941 421 336
Driftsløsøre, inventar, verktøy, kontormaskiner og lignende	11	1 312 845	1 317 754
Leasing assets (IFRS16)	10, 11	5 258 287	
Sum varige driftsmidler		**1 671 175 004**	**942 739 090**
Sum anleggsmidler		**2 316 067 870**	**1 219 657 891**
Omløpsmidler			
Varer			
Fordringer			
Andre fordringer	14,16, 26	250 851 467	161 422 651
Advance payments	14, 21	129 557 012	
Provisions for bad and doubtful debt	14, 21	-129 557 012	
Sum fordringer		**250 851 467**	**161 422 651**
Bankinnskudd, kontanter og lignende			
Bankinnskudd, kontanter og lignende	15, 26	128 346 407	104 685 858
Sum bankinnskudd, kontanter og lignende		**128 346 407**	**104 685 858**
Sum omløpsmidler		**379 197 874**	**266 108 509**
SUM EIENDELER		**2 695 265 744**	**1 485 766 400**
BALANSE - EGENKAPITAL OG GJELD			

Balanse

Beløp i: NOK	Note	2019	2018
Egenkapital			
Innskutt egenkapital			
Selskapskapital	23	4 000 000	3 000 000
Overkurs	23	1 319 885 000	1 220 885 000
Sum innskutt egenkapital		**1 323 885 000**	**1 223 885 000**
Opptjent egenkapital			
Fond		-365 449 745	-365 449 745
Udekket tap		473 792 415	624 421 537
Sum opptjent egenkapital		**-839 242 160**	**-989 871 282**
Sum egenkapital		**484 642 840**	**234 013 718**
Gjeld			
Langsiktig gjeld			
Annen langsiktig gjeld			
Other provisions	19	65 723 553	8 240 000
Other financial liabilities (IFRS16)	18	5 390 243	
Sum annen langsiktig gjeld		**71 113 796**	**8 240 000**
Sum langsiktig gjeld		**71 113 796**	**8 240 000**
Kortsiktig gjeld			
Leverandørgjeld	17. 26	190 427 355	170 734 855
Kortsiktig konserngjeld	9, 26	1 943 361 801	1 067 306 660
Annen kortsiktig gjeld	17, 26	5 719 952	5 471 167
Sum kortsiktig gjeld		**2 139 509 108**	**1 243 512 682**
Sum gjeld		**2 210 622 904**	**1 251 752 682**
SUM EGENKAPITAL OG GJELD		**2 695 265 744**	**1 485 766 400**

2019

Special report on payments linked to activities in the extractive industries (Article L.225-102-3 of the French Commercial Code)

EDF GROUP - EDISON

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1 Introduction

History - activity

The purpose of this report is to present the Exploration and Production ("E&P") activities of EDF and its subsidiaries ("EDF Group").

The EDF Group is present on the entire electricity market: nuclear power, renewable and fossil fuel production, transmission, distribution, marketing, etc. It is the main operator on the French electricity market and benefits from strong positions in Europe and the rest of the world.

The EDF Group exploits hydrocarbons through the companies of the Edison Group (hereinafter referred to as "Edison"), which hold licenses for the exploration and production of natural gas and crude oil mainly in Italy and Europe.

Edison is active in several countries around the world and counts more than 5,000 employees in two main business sectors: electric power and hydrocarbons E&P (natural gas and crude oil).

E&P activities are carried out by various legal entities of the Edison Group, which are listed in section 5 of this report, specifying the country in which operations are located. No other legal entity of the EDF Group carries out E&P activities.

On July 4, 2019, Edison S.p.A. entered into an agreement with Energean Oil & Gas Plc for the sale of the entire share capital of Edison Exploration and Production S.p.A., a company which, as of July 1, 2018, holds all the E&P assets within the Edison group (directly or through its various wholly-owned subsidiaries). The parties, following an objection of the Algerian authorities to the proposed change in control, have agreed to exclude from the perimeter of the transaction the Algerian asset (an 11.25% participating interest in the "Contrat pour la recherche, l'appreciation et l'exploitation d'hydrocarbures sur le perimeter Reggane Nord dated July 10,2002" which is a gas field currently under production). The transaction with such new perimeter is still subject to the approval of the regulatory competent authorities of certain jurisdictions.

Legal framework

This report is published in compliance with Directive n.34/2013/EU of the European Parliament, which has been transposed into French law[1]. The aim of this publication is to ensure greater transparency of payments for the benefit of governments.

Article 42 of the Directive 34/2013/EU states that "*Member States shall require large undertakings and all public-interest entities active in the extractive industry or the logging of primary forests to prepare and make public a report on payments made to governments on an annual basis*".

It concerns companies with more than 5,000 employees and the obligations are set out in Article L. 225-102-3 of the French Commercial Code.

In groups of companies, the obligation to publish the report is based on the parent company required to publish consolidated financial statements (i.e. EDF S.A. for Edison's E&P activities).

More information on Edison is available on the official website: www.edison.it.

[1] Law no. 2014-1662 of December 30, 2014

2 Reporting principles

Scope and validity

EDF Group has prepared a consolidated report on payments to governments, for activities related to exploration, prospecting, discovery, development, and extraction of minerals, oil, natural gas deposits or other materials (**"extractive activities"**). In this report, it is only disclosed payments to governments for legal entities involved in extractive activities, or payments made on behalf of such group entities, as illustrated below. The relevant payment types are described later in this section.

Government

In this report the term "government" means any local, regional and national authority of a country, included departments, agencies or corporation controlled by that authority.

Reporting period

This report covers the payments made in the following period: January 1st – December 31st, 2019.

Basis for preparation

This report has been prepared consistently with the provisions of the Directive n. 34/2013/EU, on a cash basis, and includes direct payments to governments from subsidiaries and joint ventures, regardless of whether Edison is the operator or not. Significant payment within the scope of this report, such as taxes and royalties, are mostly made directly by Edison to governments. In some case, however, certain payments to governments may be made by the operator on behalf of the joint venture members. This is often the case for area fees. In such cases, Edison will report the payment made by the operator on Edison behalf.

Perimeter

Edison defined the perimeter of the payments to governments to be disclosed in accordance with the legal framework in force. Particularly Edison considered payments to governments made by consolidated subsidiaries active in the businesses listed by the Directive n. 34/2013/EU. Payments made by non-consolidated entities are not disclosed in this report, regardless the amount paid.

Project definition

A project is defined as the operational activities under an individual contract, license, lease, concession or similar legal agreement. Moreover, in certain cases, it is considered as an individual project also operational activities under several agreements "substantially interconnected" (e.g. unitization and unit operating agreement).

Payments that are not directly linked to a specific project but have been made at entity level (e.g. corporate taxes), are reported at the level for which the payment is made even if the overall payment could partially refer to activities out of the scope of this report.

Materiality

Payments made in the reporting period, as a single or a series of related payments, for an amount below Euro 100.000 are not included in this report according to the Directive 34/2013/EU, article 46. If no payments under the Directive 34/2013/EU as implemented in Italy (e.g. Algeria) or only payments below this threshold were paid in a specific country, such country is not displayed in Section 4 of this report.

Report Currency

When preparing the report, amounts in currencies other than Euro have been translated based on the average annual foreign exchange rate.

Payment types disclosed at project or legal entity level

According to EU legislation as implemented in Italy, the following payment types shall be disclosed for legal entities involved in extractive activities:

a. **Taxes** levied on the income, production or profits of companies. Taxes levied on consumption, such as a value added taxes, personal income taxes, sales taxes, withholding taxes, property taxes and environmental taxes, are out of scope;
b. **Royalties** are usage-based payments for the right to the on-going use of an asset;
c. **Signature, discovery and production bonuses** are money to be paid when signing an oil and gas lease, when discovering natural resources and/or when production has started;
d. License **fees** are typically paid on the right to the on-going use of an asset;
e. **Dividends** include payments to governments instead of production entitlements or royalties. In this context, dividends do not include payments to governments when a government is a shareholder of the company, as long as the dividend is paid to the government under the same terms and conditions as applicable to other shareholders;
f. Payments for **infrastructure improvements**. Such payments are disclosed if Edison is contractually committed to finance public services and utilities;
g. **Host government entitlements** are the host government's share of production after oil production has been allocated to cover costs and expenses under production sharing agreements.

Further information about environmental subjects and community investment is available in Edison Sustainability Report.

3 Consolidated overview

The consolidated overview discloses the sum of Edison's payments to governments in each country and per payment type. The overview is based on the location of the receiving government.

Edison did not transfer any ownership rights or pay any dividends in lieu of production rights, entitlements or royalties in 2019.

Payments per country

(In euro million)	Taxes	Royalties	Dividends	Fees	Bonuses	Infrastructure Improvements	Host government entitlements	Total
Croatia	0,73	-	-	-	-	-	-	0,73
Egypt	79,64	-	-	-	0,26	-	-	79,90
Italy	40,47	5,10	-	0,82	-	-	-	46,39
Malta	-	-	-	0,33	-	-	-	0,33
United Kingdom	-	-	-	0,63	-	-	-	0,63
Total	**120,84**	**5,10**	**-**	**1,78**	**0,26**	**-**	**-**	**127,98**

4 Focus by country

Croatia

Edison International holds certain rights under a Production Sharing Agreement in respect of the Izabella field located in the North Adriatic Sea and which is currently in the production phase. Operations are managed by an operating company.

The exhibits below disclose payments per projects and governments made in the country:

Payments per project

(In euro million)	Taxes	Royalties	Dividends	Fees	Bonuses	Infrastructure Improvements	Host government entitlements	Total
Izabella Concession	0,73	-	-	-	-	-	-	0,73
Total	**0,73**	**-**	**-**	**-**	**-**	**-**	**-**	**0,73**

Payments per government

(In euro million)	Taxes	Royalties	Dividends	Fees	Bonuses	Infrastructure Improvements	Host government entitlements	Total
Ministry of Finance Tax Administration - Division big Company	0,73	-	-	-	-	-	-	0,73
Total	**0,73**	**-**	**-**	**-**	**-**	**-**	**-**	**0,73**

Egypt

In Egypt, the main asset is represented by Edison's 100% operated participating interest in the Abu Qir Concession Agreement in the Nile Delta offshore, together with a 100% operating interest in North El Amriya and North Idku Concession Agreements acquired in 2017. Moreover, Edison holds participating interests in other Concession Agreements which are in the exploration stage.

The exhibits below disclose payments per projects and governments made in the country:

Payments per project

(In euro million)	Taxes	Royalties	Dividends	Fees	Bonuses	Infrastructure Imrpovements	Host government entitlements	Total
ABU QIR	79,64	-	-	-	-	-	-	79,64
NORTH THEKAH	-	-	-	-	0,13	-	-	0,13
SOUTH IDKU	-	-	-	-	0,13	-	-	0,13
Total	**79,64**	**-**	**-**	**-**	**0,26**	**-**	**-**	**79,90**

Payments per government

(In euro million)	Taxes	Royalties	Dividends	Fees	Bonuses	Infrastructure Imrpovements	Host government entitlements	Total
Egyptian Tax Authority	79,64	-	-	-	-	-	-	79,64
EGAS	-	-	-	-	0,26	-	-	0,26
Total	**79,64**	**-**	**-**	**-**	**0,26**	**-**	**-**	**79,90**

Italy

Since the early 50s Edison has always played a leading role in the Italian energy sector with discoveries of major importance. The Italian activities are managed by the two districts of Pescara (Adriatic offshore and Northern Italy) and Siracusa (Sicily). In 2019 Edison produced in Italy roughly 3,8 MBOE of which 338 Msmc of gas and 1.7 MMbbl of oil. The majority of the gas production came from the major gas fields of Calipso and Clara, both operated by Eni, whilst the oil production came from the operated offshore fields of Vega, in Sicily, Rospo and Sarago Mare, in the Adriatic Sea, and Tresauro in Sicily but operated by Eni.

The exhibits below disclose payments per projects and governments made in the country:

Payments per project

(In euro million)	Taxes	Royalties	Dividends	Fees	Bonuses	Infrastructure Imrpovements	Host government entitlements	Total
Clara Est Nord Concession	-	1,13	-	-	-	-	-	1,13
Clara Ovest Calipso Concession	-	0,23	-	-	-	-	-	0,23
Rospo Concession	-	1,36	-	0,35	-	-	-	1,71
Sarago Concession	-	0,24	-	0,13	-	-	-	0,36
Vega Concession	-	0,48	-	0,23	-	-	-	0,71
S.Anna Concession	-	1,52	-	-	-	-	-	1,52
Comiso Concession	-	0,14	-	-	-	-	-	0,14
Montignano	-	-	-	0,12	-	-	-	0,12
Corporate	40,47	-	-	-	-	-	-	40,47
Total	**40,47**	**5,10**	**-**	**0,82**	**-**	**-**	**-**	**46,39**

Payments per government

(In euro million)	Taxes	Royalties	Dividends	Fees	Bonuses	Infrastructure Imrpovements	Host government entitlements	Total
Abruzzo Region	-	0,11	-	-	-	-	-	0,11
Marche Region	-	0,11	-	-	-	-	-	0,11
Molise Region	-	0,32	-	-	-	-	-	0,32
Sicily Region	-	0,66	-	-	-	-	-	0,66
Municipality of Ragusa	-	1,16	-	-	-	-	-	1,16
Italian Tax Authority ("Agenzia delle Entrate")	40,47	-	-	-	-	-	-	40,47
Sviluppo Economico Ministry via Italian Central Bank - Treasury Department	-	2,74	-	0,82	-	-	-	3,56
Total	**40,47**	**5,10**	**-**	**0,82**	**-**	**-**	**-**	**46,39**

"Corporate" line includes tax payments made by three different Edison subsidiaries: Edison Stoccaggio SpA, Edison E&P SpA and Edison Idrocarburi Sicilia Srl. For the first entity, active in several businesses, since taxes are paid at entity level, we disclosed the overall taxes paid, regardless the business they refer to.

As far as the payments per government table is concerned, the excel cell "taxes paid to Italian Tax Authority ("Agenzia delle Entrate")" includes payments directly made for 1,49 million. The remaining share was paid via Transalpina di Energia Srl, the company which consolidates Edison Italian entities for tax purposes.

Malta

Edison International SpA, on June 18th, 2019, has entered into an Exploration Study Agreement (ESA) with the Government of Malta for the purpose of receiving certain geological and geophysical data, to perform certain studies and to eventually acquire (at Edison's option, in the second phase of the Agreement) new seismic data in the area regulated by the Agreement.

The exhibits below disclose payments per projects and governments made in the country:

Payments per project

(In euro million)	Taxes	Royalties	Dividends	Fees	Bonuses	Infrastructure Imrpovements	Host government entitlements	Total
Exploration Study Agreement	-	-	-	0,33	-	-	-	0,33
Total	**-**	**-**	**-**	**0,33**	**-**	**-**	**-**	**0,33**

Payments per government

(In euro million)	Taxes	Royalties	Dividends	Fees	Bonuses	Infrastructure Imrpovements	Host government entitlements	Total
Government of Malta	-	-	-	0,33	-	-	-	0,33
Total	**-**	**-**	**-**	**0,33**	**-**	**-**	**-**	**0,33**

United Kingdom

Edison E&P UK Ltd owns participating interests in three producing offshore gas fields (Kilmar, Garrow and Wenlock, collectively known as Tors and Wenlock with a non-operated equity stake of 68% and 80% respectively) and two offshore oil fields (Scott and Telford, with a non-operated stake of 10.47% and 15.65% respectively). Euroil Exploration Ltd owns a number of exploration licences on the United Kingdom Continental Shelf and a minor participating interest in the producing field of Markham.

The exhibits below disclose payments per projects and governments made in the country:

Payments per project

(In euro million)	Taxes	Royalties	Dividends	Fees	Bonuses	Infrastructure Imrpovements	Host government entitlements	Total
Tors	-	-	-	0,63	-	-	-	0,63
Total	**-**	**-**	**-**	**0,63**	**-**	**-**	**-**	**0,63**

Payments per government

(In euro million)	Taxes	Royalties	Dividends	Fees	Bonuses	Infrastructure Imrpovements	Host government entitlements	Total
Licence fees billed by Operator (Alpha Petroleum)	-	-	-	0,63	-	-	-	0,63
Total	**-**	**-**	**-**	**0,63**	**-**	**-**	**-**	**0,63**

5 Contextual Information

The contextual information disclosed in this section provides a broader picture of Edison's E&P overall economic impact in the country where we have business activities and considered in this report.

Some of our subsidiaries have also several branches registered in the country where operations take place. To enhance organizational transparency, we have included both country of operation and country of incorporation/registration in the overview of subsidiaries.

The contextual information reported is based on data collected mainly for the purpose of financial reporting. For this reason, information disclosed in this section (investments, revenues, purchases of goods and services) is reported in accordance with the principles for financial reporting (accruals basis) and not on a cash basis.

Investments(1), revenues, purchases of goods and services and production volumes

(in Euro million)	Investments	Revenues	Purchase of goods and services	Production volume (mmboe)
Croatia	0,5	4,5	(4,9)	0,2
Egypt	35,4	232,8	(52,4)	11,0
Italy	19,1	149,3	(111,1)	3,8
Norway	77,4	-	(18,8)	3,8
Malta	-	-	(0,3)	-
United Kingdom	22,4	58,0	(41,9)	0,9
Total	**154,8**	**444,6**	(229,4)	**19,7**

(1) Investments include Exploration activities

List of Subsidiaries

The table below provides an overview of all subsidiaries in the Edison Group E&P and their country of incorporation and operation.

Subsidiaries	Country of incorporation	Country of operation
Edison E&P SpA	Italy	Italy
Edison Stoccaggio SpA	Italy	Italy
Edison Idrocarburi Sicilia Srl	Italy	Italy
Edison International SpA	Italy	Algeria
Edison International SpA	Italy	Denmark
Edison International SpA	Italy	Malta
Edison International SpA	Italy	Falkland Islands
Edison International SpA - Croatia Branch	Italy *	Croatia
Edison International SpA - Israel Branch	Italy *	Israel
Edison International SpA - Ivory Coast Branch - winding up	Italy *	Ivory Coast
Edison International SpA - Egypt Branch	Italy *	Egypt
Edison International SpA - Iran Branch	Italy *	Iran
Edison International SpA - Greece Branch	Italy *	Greece
Edison Egypt Energy Service Jsc	Egypt	Egypt
Edison Norge AS	Norway	Norway
Edison E&P UK Ltd	UK	UK
Edison North Sea Ltd	UK	UK
Euroil Exploration Ltd	UK	UK

(*) Edison International SpA is operating in this country through a registered branch

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To the General Meeting of Edison Norge AS

INDEPENDENT AUDITOR'S REPORT

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Edison Norge AS, which comprise the balance sheet as at 31 December 2019, the income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements are prepared in accordance with law and regulations and give a true and fair view of the financial position of the Company as at 31 December 2019, and its financial performance and its cash flows for the year then ended in accordance with simplified application of international accounting standards according to section 3-9 of the Norwegian Accounting Act.

Basis for Opinion

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

Other information

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

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

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

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

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

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

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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 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 fair presentation.

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

Deloitte.

Report on Other Legal and Regulatory Requirements

Opinion on the Board of Directors' report

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

Opinion on Registration and Documentation

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

Stavanger, 25 June 2020
Deloitte AS

Bjarte M. Jonassen
State Authorised Public Accountant (Norway)

Edison Norge AS

Annual report 2019

Area of operations

Edison Norge AS is a Norwegian company owned 100% by Edison International S.p.A. which is 100% controlled by Exploration and Production S.p.A. (Edison E&P) which is part of Edison group and its parent company Edison S.p.A is part of EDF Group.

The objective of Edison Norge is to explore for oil and gas on the Norwegian Continental Shelf (NCS) and to develop discoveries in to producing fields in order to generate value from the company, both through partner roles and as operator. The company's activities in 2019 have been to actively participate to the ongoing development projects, Dvalin and Nova, to mature our exploration licenses towards drilling decisions and to work out proposals to apply for prospective acreage and submit applications to the APA/licensing rounds.

On July 4th 2019, Edison S.p.A. entered into a conditional sales and purchase agreement with Energean Oil & Gas for the sale of the entire capital of Edison E&P subject to relevant government approval. Energean is a London-based Independent E&P company listed at the stock exchange in London and Tel Aviv, with main activities in Greece and Israel mostly focused on developing resources in the Mediterranean.
The sale will be closed once all the involved jurisdictions have given their consent to the transaction of the relevant assets and all conditions precedent have been fulfilled.

At the end of the year 2019 the company had participation interest in twelve exploration and development licenses of which five as operator.

License number	Ownership	Operator	Concession period
PL 418	15%	Wintershall DEA Norge AS	16/02/2041
PL 435	10%	Wintershall DEA Norge AS	03/10/2041
PL 211	10%	Wintershall DEA Norge AS	02/02/2032
PL 808	20%	MOL Norge AS	05/02/2026
PL 796	20%	Equinor Energy AS	06/02/2022
PL 880	40%	Capricorn Norge AS	10/02/2024
PL 952	10%	Lundin Norway AS	02/03/2025
PL 841	40%	Edison Norge AS	05/02/2023
PL 807	55%	Edison Norge AS	05/05/2025
PL 850	30%	Edison Norge AS	05/05/2025
PL1002	60%	Edison Norge AS	01/03/2026
PL1023	50%	Edison Norge AS	01/03/2026

In 2019, the company officially relinquished license PL697 and sent notice of relinquishment for PL841 to MPE and NPD on December 17th 2019. Confirmation from Norwegian Ministry of Petroleum and Energy concerning relinquishment of PL841 received on 07/02/2020.

Edison Norge AS

Annual report 2019

APA and licensing rounds:

In 2019, the authorities (MPE) offered the company two new awards as a result of APA 2018 application round as follows:

1- PL1002 located in Norwegian Sea and Edison is operator with 60% share.
2- PL1023 located in Barents Sea and Edison is operator with 50% share.

Edison Norge has been looking at potential selective projects leading to a participation in the 2019 APA. Edison participated in several AMI's both as participant and as operator, and prepared several applications.

On 14th of January 2020, the authorities (MPE) announced that they will offer the company two new award as a result of APA 2019 application round. The new awards were PL 1002B, an extension area of PL 1002 with Edison as operator with 60% share, and PL1061 located in Norwegian Sea with Edison as partner with 20% share. The PL 1061 was made conditional on the transaction with Neptune in order to satisfy the request for a license partner with HPHT competence. It is expected that the license will not be awarded to the remaining companies in the application group, but made available for the coming APA 2020.

Farm in/out/swap:

There was farm-in of 10% participation interest in exploration license PL211.
The agreement of the farm-in signed in February 2019 and approval received in April 2019, with the effective date 1st January 2019. The transaction was completed 30 April 2019.

There was no farm-out and/or swap during 2019.

Continuing operations

The main exploration activities in 2019 have been the followings:

Edison participated in one exploration well, 6407/3-2 in PL796, operated by Equinor. The well was dry and additional prospectivity was limited. The license was relinquished in February 2020.

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

During 2019, G&G studies were completed for PL 850 and drilling decision has been approved extended from 5th November 2019 to 5th may 2020. In 2020, partners decided to relinquish the license due to high exploration risk. Relinquishment has been approved and final report submitted for partners approval.

Edison Norge AS

Annual report 2019

License PL 952 had a drill or drop deadline in February 2020. The operator recommended in January not to proceed with a well and the JV agreed to relinquish due to high exploration risk. The authorities approved the relinquishment decision on 25 March 2020 with effective date 2 March 2020.

In PL 880 site survey was acquired over the Duncan/Teraco prosect during Q2 2019, and well planning was started including approval for long lead items. The Duncan well was planned to be spudded in late March 2020 but the drilling has been postponed due to COVID19 measures that could impact the operator and suppliers ability to keep operations running throughout the drilling period. The initial spud was indicated to be Q3-Q4 2020, but recently the operator has argued for drilling in Q2-Q3 2021 due to a need to re-apply for consents and re-start the drilling project as Capricorn has been acquired by Sval Energy on 1 June 2020.

In PL 211, site survey was completed over the Dvalin North (Henry) during 2019. The license has a firm well commitment, originally planned for in 2020, but has been extended to early 2021.

In PL 807, Edison as operator has recommended to apply for seven months extension from the drilling or drop deadline on 5 May 2020 due to the dramatic fall in oil prices and general postponement of commitments within the industry. Our partner OMV did not approve the application for extension and recommended to drop the license. Edison Norge has informed the MPE that we are willing to continue the license for another year committing to drill a well, contingent on re-establishing the partnership. The MPE has not concluded on our proposal.

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

Development operations in 2019:

The PDO for the Nova project (PL 418) was submitted on 16th May 2018 and approved by the Ministry of Petroleum and Energy (MPE) on 27th September 2018. Winthershall Dea is the operator and throughout 2019 the project hass proceeding well, completing several important milestones; installation of subsea template structure, all production lines, gas lift and water injection lines and umbilical were installed. Gjøa modification work started early 2019. G&G work is ongoing to finalise well locations, planned and completed 1Q 2020.

One of the most critical activity in 2020 was to move the water injection module for Nova from the yard and install it on the Gjøa platform. This heavy lift operation was conducted as planned in May. The next critical activity is the shut down planned in august to perform off-shore works for connecting the Nova equipment to the Gjøa production facilities. Codiv-19 anti-infection measures have delayed some of the offshore works and first oil could be delayed of few months vs. PDO estimate (September 2021). Operator is preparing an updated project schedule that will take it into account and it will be available in September 2020.

The Dvalin project in PL 435, operated by Winthershall Dea is proceeding in line with the plans and budget. Main achievements in 2019 was the successful completion of the M40 gas processing module including the heavy lift on the Heidrun platform, which was a time critical activity. Subsea production systems have been installed in accordance with schedule. Production drilling started mid 2019, and three wells have now been successfully completed. The clean-up test production rates of the first well on Dvalin West were lower than expected and the next well is now being modified for a horizontal path to penetrate the high permeability layers. The drilling is expected to be completed by June/ July 2020.

Edison Norge AS

Annual report 2019

Because of Covid-19 anti infection measures, the offshore work on Heidrun host platform has been reduced causing some delays to project execution. First gas is expected within second Q4 2020.
Edison Norge has started preparations to sell the gas and liquid products from Dvalin through a tender process with initial four companies. There are now two final candidates that have offered to handle all our production at the entry to the Heidrun platform. This is the best solution for the company, as we will be released for daily nominations and handling sales and lifting of products. A final agreement is planned to be ready for approval by the Board in mid July, pending the final negotiations.

Working environment

The work environment has been good despite a challenging situation. Firstly the sales process itself and uncertainty of new ownership, then the timing and consequences related to integrating with another organization. There has been no accidents and injuries and no major sick leave during 2019.

Equal opportunities and equal status

The company has an objective to be a work place with equality of opportunity and treatment of women and men. At end 2019 the company had 13 female employees and 12 male employees all in full position.

Environmental pollution

There are environmental impacts by the oil and gas exploration and production at both local and global levels. Norwegian authorities have a strong HSE focus and the industry operating in Norway is continuously challenged to be in the lead for safety and environmental impact. This has brought the NCS to be among the safest and cleanest producers in the world. The Norwegian Oil industry is also taking measures to be prepared for the increased environmental challenges by establishing joint industry co-operations and forums to exchange experience and information and do scientific research for entering new exploration areas. Edison is an active member of relevant industry co-operations in the areas we operate, such as BASEC, OFFB, NOFO and actively participates and the relevant committees and work groups organized by NOROG.

Statement of the annual accounts

The annual statement for 2019 shows a profit of NOK 150.6 million after total depreciations of NOK 100.2 million (the depreciations of capitalised exploration of NOK 94.6 million). The corresponding result for 2018 was a loss of NOK 27.8 million with total depreciations of NOK 41.9 million (the depreciation of capitalised exploration costs of NOK 38.6 million). Profit in 2019 resulted from recognition of 100% deferred tax assets of NOK 369.2 million in 2019 (the corresponding figure in 2018 was NOK 29.3 million).

Edison Norge AS

Annual report 2019

Edison Norge recognised 100% of net deferred tax assets at the end of the year 2019 of NOK 640.8 with regard to better view from its mid-term plan and the income from its ongoing projects Dvalin and Nova. Prior to 2019 and according to the principle used in continuity with the past transaction and evaluation, Edison Norge had recognized 50% of net DTA until end of 2018 of NOK 271.67 million.

It is the opinion of the management that the annual accounts and statement gives a satisfactory understanding of the company's position at the end of the year 2019.

Operating costs for 2019 were NOK 287.9 million, with an increase of NOK 181 million from NOK 106.9 million in 2018.

Net financial items have been changed from a loss of NOK 19.6 million in 2018 to a loss of NOK 44.9 million in 2019. The change to the net financial items is mainly due to interest costs paid to group companies for the financing of Edison Norge AS.

In December 2019, the company increased share capital contribution in cash of NOK 100 million to cover the share capital increase in Edison Norge from NOK 3 million to NOK 4 million by increasing the nominal value of the shares in the company from NOK 3 to NOK 4, and an increase in the share premium from NOK 1.220.88 million to NOK 1.319,88 million in order to recapitalise the company according to company's acts sections § 3-4 and § 3-5.

The company was subject to a financial fraud of the value of NOK 129.56 million in September and October 2019. As soon as the fraud was detected the company alerted the Norwegian and Hong Kong police, and through co-operation with international police several persons involved in the scammers were arrested. The initial checks carried out by the competent authorities have excluded any liability for the employees of the Edison group, highlighting, on the contrary, that they have been unaware victims of the deception and have also actively collaborated both with the local authorities, to encourage the successful outcome of the investigations, and with the Company in internal and external initiatives undertaken following the fraudulent events.
Edison has also activated all the appropriate resources to collaborate with the competent authorities in order to support investigative activities and to facilitate the possible recovery of the stolen sums. In this sense, Edison has given a mandate to its lawyers to take actions against the companies receiving the fraudulent payments and the financial intermediaries that have allowed them, as well as against the scam authors.
In addition, Edison has activated a number of internal initiatives aimed at further strengthening the existing safety protocols and the internal control procedures of all the operating units of the group companies.
At the end of 2019, Edison Norge recognized a provision on the total value of the fraud versus operating loss in P&L taking into account a risk of possible recovery in the future.

Statement of future operations and development

The company intends to continue the work to achieve attractive exploration licenses in licensing rounds, perform farm-ins and acquisitions to further optimize the license portfolio.

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

Edison Norge AS

Annual report 2019

Impact of Covid-19 for Edison Norge activities

The Covid-19 and the following measures set out by the Norwegian government has had a significant effect on the daily life and the working environment of most businesses in Norway.
The Norwegian Oil and gas association (NOROG) prepared measures in an early phase of the infection to prevent spreading of the virus and in particular to protect the oil and gas production to maintain supply of energy. Edison Norge ,with support by the employee representatives, implemented the recommended measures into the organization at an early stage of the pandemic. Edison Norge does not presently have any operated activities, the work is primarily related to geological studies and other office work conducted on PC's. After the work from home requirement was introduced, the employees moved their office equipment home and have continued working from home. The IT systems were up-graded to handle the increase in network links to the central servers and databases. Communication within the organisation is currently conducted through the IT network and web meetings is worked without any significant problems. We expect to continue this arrangement for some time and do not see any significant risk in business continuity for the 2020.
The preventive measures have impact on the progress of our ongoing development projects in varying degrees.

The Dvalin gas field planned for start-up in October 2020 may be delayed due to reduced offshore manning at the Heidrun host platform. We expect activity to increase as businesses progressively resume to more normal operation mode.

The Nova project, which is an oil and gas field developed as a subsea tie-in the Gjøa field. The planned start up is late 2021, but due to measures for Covid-19 the offshore activities have been reduced. This can cause a delay in the completion the offshore facilities at the Gjøa platform, and the operator is presently updating the project schedule to include the possible impact.

Impact of reduced oil and gas prices

Edison Norge does not have any production presently.

The first field to come on production will be the Dvalin gas field. The project will start regardless of the price levels and we are presently preparing the practical arrangement for sale of our equity gas. European gas prices are low as an effect of the shut-down of most European economies due to the Covid-19 pandemic measures and access gas from other sources. Oil and Gas prices are changing continuously. Gas prices have seasonal variations and we expect an increase in the winter season as the economies restart again and due to increased consumption during cold weather.

The Nova project is in the late construction and implantation phase. The project is not expected to be impacted by low oil prices, but rather slowed down due to reduced activity levels offshore caused by Covid-19 preventive measures.

Place and Date: Stavanger 18/06/2020

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Chairman of the board

Ole Johan Østvedt
Managing director/Board member

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Edison Norge AS

Income statement

Amounts in NOK	Note	2019	2018
Operating revenues and expenses			
Payroll and related costs	6	-30,710,504	-32,789,250
Depreciation and amortisation	11,12	-5,561,109	-3,262,917
Amortisation exploration expenses	7,12	-94,614,299	-38,642,500
Other operating expenses	8, 10	-27,852,978	-35,482,469
Other gains/losses	21	-129,163,685	3,319,119
Operating profit (loss)		**-287,902,575**	**-106,858,017**
Interest income		885,567	11,703,511
Foreign exchange gain/loss		1,388,424	-2,010,156
Other finance costs		-1,238,784	80,221
Interest cost to group companies		-45,616,087	-29,389,737
Net financial items	22	**-44,580,880**	**-19,616,161**
Profit (loss) before tax		**-332,483,455**	**-126,474,178**
Income tax	16	483,112,577	98,663,799
Profit (loss) for the year		**150,629,122**	**-27,810,379**

Statement of comprehensive income

Amounts in NOK	Note	2019	2018
Net income (loss)		**150,629,122**	**-27,810,379**
Other comprehensive income (OCI)		**150,629,122**	**-27,810,379**
Total comprehensive income (loss) for the year		**150,629,122**	**-27,810,379**
Attributable to:			
Equity holders of the company		150,629,122	-27,810,379
Total profit / loss		**150,629,122**	**-27,810,379**

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

Edison Norge AS

Balance sheet at 31 December

Amounts in NOK	Note	2019	2018
Assets:			
Intangible assets	12	4,066,075	5,244,061
Deferred tax assets	16	640,826,791	271,674,740
Total intangible assets		**644,892,866**	**276,918,801**
Office equipment	11	1,312,845	1,317,754
Leasing assets	10,11	5,258,287	-
Assets under construction	11	1,664,603,872	941,421,336
Total tangible assets		**1,671,175,004**	**942,739,090**
Total non-current assets		**2,316,067,870**	**1,219,657,891**
Tax receivable from refund exploration cost	16	114,012,462	69,386,111
Other current assets	14,26	136,839,005	92,036,540
Advance payments	14, 21	129,557,012	-
Provisions for bad and doubtful debts	14, 21	-129,557,012	-
Cash and cash equivalents	15,26	128,346,407	104,685,858
Total current assets		**379,197,874**	**266,108,509**
Total assets		**2,695,265,744**	**1,485,766,400**
Equity and liabilities:			
Equity:			
Retained earnings		-624,421,537	-596,611,158
Profit/Loss for the year		150,629,122	-27,810,379
Other reserves		-365,449,745	-365,449,745
Share capital	23	4,000,000	3,000,000
Share premium	23	1,319,885,000	1,220,885,000
Total equity		**484,642,840**	**234,013,718**
Liabilities			
Other financial liabilities	18	5,390,243	-
Other provisions	19	65,723,553	8,240,000
Total non-current liabilities		**71,113,796**	**8,240,000**
Current liabilities to Group companies	9,26	1,943,361,801	1,067,306,660
Trade and other payables	17,26	190,427,355	170,734,855
Other current liabilities	17,26	5,719,952	5,471,167
Total current liabilities		**2,139,509,108**	**1,243,512,682**
Total liabilities		**2,210,622,904**	**1,251,752,682**
Total equity and liabilities		**2,695,265,744**	**1,485,766,400**

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

Stavanger, 18 June 2020

Ole Johan Østvedt Managing director Board member	Roberto Maria Cozzi Chairman of the board	Pierluigi Nalin Board member
Nicola Monti Board member	Rafael Salto Alemany Board member	

Edison Norge AS

Cash Flow Statement

Amounts in NOK	Note	2019	2018
Profit (loss) before tax		-332,483,455	-126,474,178
Adjustments to reconcile profit before tax to net cash flow:			
Depreciation	11,12	101,863,699	43,360,100
Tax refund current year	16	69,334,175	150,175,086
Net interest loss (income)		44,580,880	19,616,161
Change in trade and other payables	17	19,630,768	-7,339,079
Change in other current assets	14	-44,802,465	35,612,895
Change in advance payments	14	129,557,012	-
Change in provisions for doubtful debts	14	-129,557,012	-
Change in other current liabilities	17	248,786	-164,227
Net cash flow from operating activities		**-141,627,613**	**114,786,758**
Purchases of office equipment and software	11,12	-2,849,687	-4,838,742
Exploration investments	7,12	-94,614,299	-38,642,501
Investments in Oil & Gas properties	11	-723,182,536	-145,408,691
Net cash flow from investing activities		**-820,646,522**	**-188,889,934**
Share capital	23	1,000,000	1,000,000
Share premium	23	99,000,000	329,000,000
Change in loans from Group companies	9, 26	876,055,139	-190,295,027
Change in other provisions	19	57,483,553	8,240,000
Net interest and financial income received		1,035,207	9,773,576
Interest paid on group loans		-45,616,087	-29,389,737
Repayment of lease liability		-3,023,128	-
Net cash flow from financing activities		**985,934,684**	**128,328,812**
Net changes in cash and cash equivalents		**23,660,549**	**54,225,636**
Cash and cash equivalents at 1 January		104,685,858	50,460,222
Cash and cash equivalents 31 December	15	**128,346,407**	**104,685,858**

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

Edison Norge AS

Statement of Changes in Owners Capital

Amounts in NOK	Note	Total
Total equity at 31.12.2014		**452,885,000**
Changes to equity contribution		441,000,000
Net profit (loss) 2015		-181,271,966
Other reserves		-361,942,915
Total equity at 31.12.2015		**350,670,119**
Net profit (loss) 2016		-176,471,278
Changes to other reserves		-2,077,216
Total equity at 31.12.2016		**172,121,625**
Net profit (loss) 2017		-240,297,528
Changes to other reserves		-
Total equity at 31.12.2017		**-68,175,903**
Changes to equity contribution		330,000,000
Net profit (loss) 2018		-27,810,379
Changes to other reserves		-
Total equity at 31.12.2018		**234,013,718**
Changes to equity contribution	23	100,000,000
Net profit (loss) 2019		150,629,122
Changes to other reserves		-
Total equity at 31.12.2019		**484,642,840**

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

Edison Norge AS

Balance sheet at 31 December

Amounts in NOK	Note	2019	2018
Assets:			
Intangible assets	12	4,066,075	5,244,061
Deferred tax assets	16	640,826,791	271,674,740
Total intangible assets		**644,892,866**	**276,918,801**
Office equipment	11	1,312,845	1,317,754
Leasing assets	10,11	5,258,287	-
Assets under construction	11	1,664,603,872	941,421,336
Total tangible assets		**1,671,175,004**	**942,739,090**
Total non-current assets		**2,316,067,870**	**1,219,657,891**
Tax receivable from refund exploration cost	16	114,012,462	69,386,111
Other current assets	14,26	136,839,005	92,036,540
Advance payments	14, 21	129,557,012	-
Provisions for bad and doubtful debts	14, 21	-129,557,012	-
Cash and cash equivalents	15,26	128,346,407	104,685,858
Total current assets		**379,197,874**	**266,108,509**
Total assets		**2,695,265,744**	**1,485,766,400**
Equity and liabilities:			
Equity:			
Retained earnings		-624,421,537	-596,611,158
Profit/Loss for the year		150,629,122	-27,810,379
Other reserves		-365,449,745	-365,449,745
Share capital	23	4,000,000	3,000,000
Share premium	23	1,319,885,000	1,220,885,000
Total equity		**484,642,840**	**234,013,718**
Liabilities			
Other financial liabilities	18	5,390,243	-
Other provisions	19	65,723,553	8,240,000
Total non-current liabilities		**71,113,796**	**8,240,000**
Current liabilities to Group companies	9,26	1,943,361,801	1,067,306,660
Trade and other payables	17,26	190,427,355	170,734,855
Other current liabilities	17,26	5,719,952	5,471,167
Total current liabilities		**2,139,509,108**	**1,243,512,682**
Total liabilities		**2,210,622,904**	**1,251,752,682**
Total equity and liabilities		**2,695,265,744**	**1,485,766,400**

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

Stavanger, 18 June 2020

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Board member

Roberto Maria Cozzi
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Stavanger, 18 June 2020

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Edison Norge AS

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Edison Norge AS

Notes to the financial statements

Note 1 – General information

These financial statements cover the period from 1 January through 31 December 2019. The financial statements were approved by the board at the date stated in the statement of financial position at December 31.

Edison Norge AS is a Norwegian company owned 100% by Edison International S.p.A. which is 100% controlled by Exploration and Production S.p.A. (Edison E&P) which is part of Edison group and its parent company Edison S.p.A is part of EDF Group.

The objective of Edison Norge is to explore for oil and gas on the Norwegian Continental Shelf (NCS) and to develop discoveries in to producing fields in order to generate value from the company, both through partner roles and as operator. The company's activities in 2019 have been to actively participate to the ongoing development projects, Dvalin and Nova, to mature our exploration licenses towards drilling decisions and to work out proposals to apply for prospective acreage and submit applications to the APA/licensing rounds.

On July 4th 2019, Edison S.p.A. entered into a conditional sales and purchase agreement with Energean Oil & Gas for the sale of the entire capital of Edison E&P subject to relevant government approval. Energean is a London-based Independent E&P company listed at the stock exchange in London and Tel Aviv, with main activities in Greece and Israel mostly focused on developing resources in the Mediterranean.
The sale will be closed once all the involved jurisdictions have given their consent to the transaction of the relevant assets and all conditions precedent have been fulfilled.

Note 2 – Summary of significant accounting principles

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

2.1 Basis of presentation

The financial statements of Edison Norge AS have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU) at 31 December, 2019. The financial statements are prepared under the historical cost convention, as modified by the revaluation of financial assets and liabilities at fair value through profit or loss.

In addition, special obligatory requirements by the Norwegian Accounting Act have been applied as mandatory as of 31 December, 2019.

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

Edison Norge AS

Notes to the financial statements

2.1.1 Changes in accounting principles and information

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

The group has applied the following standard and amendment for the first time for their annual reporting period commencing 1 January 2019:

IFRS 16 'Leases' replaces IAS 17 'Leases' along with three Interpretations (IFRIC 4 'Determining whether an Arrangement contains a Lease', SIC 15 'Operating Leases-Incentives' and SIC 27 'Evaluating the Substance of Transactions Involving the Legal Form of a Lease').

The adoption of this new Standard has resulted in the Group recognising a right-of-use asset and related lease liability in connection with all former operating leases except for those identified as low-value or having a remaining lease term of less than 12 months from the date of initial application.
The new Standard has been applied using the simplified retrospective approach, with the cumulative effect of adopting IFRS 16 being recognised in equity as an adjustment to the opening balance of retained earnings for the current period. Prior periods have not been restated.
For contracts in place at the date of initial application, the Group has elected to apply the definition of a lease from IAS 17 and IFRIC 4 and has not applied IFRS 16 to arrangements that were previously not identified as lease under IAS 17 and IFRIC 4
On transition, for leases previously accounted for as operating leases with a remaining lease term of less than 12 months and for leases of low-value assets the Group has applied the optional exemptions to not recognise right-of-use assets but to account for the lease expense on a straight line basis over the remaining lease term.
For those leases previously classified as finance leases, the right-of-use asset and lease liability are measured at the date of initial application at the same amounts as under IAS 17 immediately before the date of initial application

At the reporting date, the company had non-cancellable operating lease commitments of NOK 5.3 million. NOK 0.4 million of these relate to payments for short-term leases and low value leases. The company recognized the right-of-use assets and lease liabilities to be of approximately NOK 8.5 million and deferred tax liabilities of NOK 0.06. (ref. notes 2.1.1, 8, 10, 11-1-3, 17 and 18).

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

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2019 reporting periods and have not been early adopted by the group. These standards are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

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

2.2 Interests in joint arrangements

Edison Norge AS has joint arrangements in licences which are not incorporated entities. All of these are related to licences on the Norwegian continental shelf. The Company has assessed the nature of its joint arrangements and determined them to be joint operations. The Company account for the assets, liabilities, revenues and expenses relating to its interest in a joint operation in accordance with the IFRSs applicable to the particular assets, liabilities, revenues and expenses.

2.3 Segment reporting

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

Edison Norge AS

Notes to the financial statements

2.4 Foreign currency translation

Transaction and Balance Sheet Items:
Foreign currency transactions are translated into the functional currency using the foreign exchange rate at the date of the transaction. The Company's functional currency is NOK.
Realised currency gains or losses and conversion of monetary items in foreign currency at the balance sheet rate are recorded in the income statement. If the currency position is regarded as cash flow hedging or hedging of net investments in foreign operations, gains and losses are recorded on the income statement as part of comprehensive income. Currency gains and losses related to loans, cash and cash equivalents are presented (net) as financial income or financial expenses. All other currency gains and losses are presented as other financial (losses) gains.

2.5 Fixed assets

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

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

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

The assets' residual values and economic lives are assessed, and adjusted if necessary at the end of the financial year.
When the recorded value of an asset is greater than the estimated recoverable amount, the value is written down to its recoverable amount.

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

2.6 Assets held for sale

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

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

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

Edison Norge AS

Notes to the financial statements

2.7 Intangible assets

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

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

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

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

Farm - in / Farm out

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

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

Exploration expenditures

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

2.8 Impairment of non - financial assets

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

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

Edison Norge AS

Notes to the financial statements

2.9 Financial assets

2.9.1 Classification

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

Loans and receivables

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

2.9.2 Recognition and measurement

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

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

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

2.10 Impairment of financial assets

Assets recorded at amortised cost.

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

2.11 Accounts receivable

Accounts receivable arise from the sale of goods or services which are within the normal operating cycle. If settlement is expected in a year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If this is not the case, they are classified as non-current assets.
Accounts receivable are measured at fair value at initial recognition on the balance sheet. Upon subsequent measurement, accounts receivable are measured at amortised cost using the effective interest rate method, less provision for losses incurred.

2.12 Cash and cash equivalents

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

Edison Norge AS

Notes to the financial statements

2.13 Accounts payable

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

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

2.14 Loans

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

2.15 Leases

IFRS16 specifies how recognise, measure, present and disclose leases. The standard requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value.

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

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

2.16 Payable and deferred taxes

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

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

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

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

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

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

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

2.17 Provisions

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

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

2.18 Employee benefits

(a) Bonus

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

(b) Defined contribution pension scheme

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

(C) Other benefits

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

Note 3 – Financial risk management

3.1 Financial risk factors

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

Edison Norge AS

Notes to the financial statements

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

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

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

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

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

At the reporting date the company had liquid assets to the value of NOK 128.35 million as a liquidity buffer to manage the liquidity risk. The due dates for the financial liabilities are set out in note 26.

3.2 Capital risk management

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

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

Note 4 – Use of estimates

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

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

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

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

Edison Norge AS

Notes to the financial statements

Note 5 – Segment information

As at 31.12.2019 Edison Norge AS is organised as one business segment which is involved in oil and gas exploration, as well as development activities on licences. The segment reporting is therefore identical to the figures presented in the company income statement and balance sheet.

Note 6 – Salary expenses, number of employees

Payroll and related costs consist of:

Amounts in NOK	2019	2018
Salaries	36,634,492	34,552,896
Social security costs	4,356,998	4,335,165
Pension costs, defined benefit	5,253,202	5,192,145
Other personnel expenses	5,330,006	4,315,989
Salary related costs billed to JVs partners or reclassified as exploration costs	-20,864,194	-15,606,945
Total	**30,710,504**	**32,789,250**
Average number of employees (local and expats)	27.8	28.8
Employees at year end (local and expats)	25	28

Edison Norge AS has at 31.12.2019 a contribution (DC) pension plan for all its Norwegian local employees in accordance with regulations in "Lov om obligatorisk tjenestepensjon" (OTP-loven) and "Lov om innskuddspensjon i arbeidsforhold" (innskuddspensjonsloven). Edison Norge at year end 2019 has 25 Norwegian local employees who are members of the pension scheme. The DC pension scheme has been in effect since 01.10.2016.
Payroll expenses include expenses related to the personnel who are formally employed by Edison S.p.A. and seconded to Edison Norge AS by expatriation contract.

In 2019 MNOK 8.5 paid to Edison Norge directors for their salaries and other benefits in Norway.

No directors' fee has been paid in the year 2019.

None of the management team has a loan in the company.

Note 7 – Exploration expenses

Amounts in NOK	2019	2018
Seismic, well data, field studies and other sole exploration costs	7,362,291	14,059,405
Own share of exploration cost from participation in licenses	75,182,836	17,248,427
Other salary and operated expenses reclassified as exploration expenses	12,069,172	7,334,668
Total exploration expenses	**94,614,299**	**38,642,500**

The increase in exploration costs in 2019 is mainly due to one exploration drilling while there was no exploration drilling in 2018.

Edison Norge AS

Notes to the financial statements

Note 8 – Other operating expenses

Amounts in NOK	2019	2018
Lease costs	436,488	3,840,198
Consulting services	13,702,129	20,373,846
Maintenance	9,450,983	7,672,538
Other administrative expenses	14,876,478	11,606,416
Other operating costs billed to JVs partners or reclassified as exploration costs	-10,613,100	-8,010,529
Total operating expenses	**27,852,978**	**35,482,469**

The decrease in consulting services is mainly due to less exploration activity concerning new ventures related to regional works and licensing rounds.

The company applied the IFRS16 for the first time for its annual reporting period commencing 1 January 2019. Therefore the decrease in 2019 is for adopting the IFRS16 standard and the costs reported in 2019 are related to low value leases and leases considered not in scope of IFRS16 (ref. notes 2.1.1, 10, 11-1-3, 17 and18).

Remuneration to the auditor for 2019 is included in other administration expenses and allocated as specified below:

2019 amounts in NOK	Audit fee	Other services	Total 2019
Remuneration to auditor	701,000	81,400	**782,400**
Total	**701,000**	**81,400**	**782,400**

On April 7th 2011 Deloitte was appointed as auditor of Edison International S.p.A. and consequently Edison Norge AS signed an engagement letter with Deloitte in January 2015. The engagement letter covers statutory audit, review of interim financial statements and reporting to Deloitte Milan for the years 2015-2019.

Note 9 – Related party transactions

Edison Norge AS is a Norwegian company owned 100% by Edison Exploration and Production S.p.A, (Edison E&P) which is 100% controlled by Edison International S.p.A. which is part of Edison group and its parent company Edison S.p.A is part of EDF Group.

Edison S.p.A is supporting Edison Norge AS with long term financing as needed. The actual outstanding loan and credit facility balance on 31 December 2019 were NOK 873.75 million and MOK 1,069.6 million respectively.

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

Transactions with parent company consist of:

1- Technical services performed in Italy based on time sheets of technical personnel. These technical services are performed based on Edison Norge AS request order to the parent company.
2- Payroll expenses for expatriates personnel. Expatriates have direct employment contract with Edison S.p.A. and are moved to Edison Norge AS based on seconded contracts by Edison International S.p.A

There is a loan agreement of NOK 873.75 million which was classified as short-term liability in 2018 because maturity date was 22nd December 2019. The loan maturity date extended to 21st December 2020 and classified as short term loan in 2019 as well. The maturity of the loan is expected to prolong before repayment date as previous years (ref. note 26).

The interest rate for 2019 until 22nd December was equal to 3-month NIBOR + a margin, 360 basis equal to 2.20% and the new interest rate after extension will be 3-month NIBOR + a margin, 360 basis equal to 2.00% until 21st December 2020.

Edison Norge AS and Edison SpA entered to a credit facility agreement to cover the needs of short-term financing of the Company for NOK 750 million.

Edison Norge AS commits to pay interest on the credit balance equal to NIBOR 3M + 2%. If exceeds the maximum balance the rate would be NIBOR 3M + 4.50%. In the event that the NIBOR rate at 3 months would be below 0 (zero)%, the parties agree that 3-month NIBOR rate equal to zero.
The credit facility is classified as short term unless the company has an unconditional right to defer settlement for at least 12 months after the balance sheet date.

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

Note 10 – Lease agreements

The company has applied IFRS16 for annual reporting period from 1 January 2019 (ref. notes 2.1.1, 11-1-3, 17 and 18)

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

The company has two leasing cars for expatriates on 3 years' leases. The leasing cars expire on 27/04/2020 and 30/04/2020 respectively.

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

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

Edison Norge AS

Notes to the financial statements

Note 11 – Tangible assets

2019

Amounts in NOK	Note	Office equipment 11-1-1	Assets under construction 11-1-2	Leased assets 11-1-3	Total
Cost at 1 January 2019		10,618,603	941,421,336	8,475,104	960,515,043
Additions		531,389	723,182,536	-	723,713,925
Cost at 31 December 2019	**11-1**	**11,149,992**	**1,664,603,872**	**8,475,104**	**1,684,228,968**
Accumulated depreciation at 1 January 2019		-9,300,849	-	-	-9,300,849
Depreciation		-536,298	-	-3,216,817	-3,753,115
Accumulated depreciation at 31 December 2019		**-9,837,147**	**-**	**-3,216,817**	**-13,053,964**
Balance at 31 December 2019		**1,312,845**	**1,664,603,872**	**5,258,287**	**1,671,175,004**

2018

Amounts in NOK	Note	Office equipment	Assets under construction	Leased assets	Total
Cost at 1 January 2018		10,101,621	434,054,342	-	444,155,963
Additions		516,982	507,366,994	-	507,883,976
Cost at 31 December 2018		**10,618,603**	**941,421,336**	**-**	**952,039,939**
Accumulated depreciation at 1 January 2018		-8,087,113	-	-	-8,087,113
Depreciation		-1,213,736	-	-	-1,213,736
Accumulated depreciation at 31 December 2018		**-9,300,849**	**-**	**-**	**-9,300,849**
Balance at 31 December 2018		**1,317,754**	**941,421,336**	**-**	**942,739,090**

11-1 Tangible assets are consiste of the following:

11-1-1 Office equipment

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

11-1-2 Assets under constructions

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

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

Edison Norge AS

Notes to the financial statements

Project construction activities are proceeding in line with the plans and budget. Main achievements in 2019 was the successful completion of the M40 gas processing module including the heavy lift on the Heidrun platform, which was a time critical activity. Subsea production systems have been installed in accordance with schedule. Production drilling started in August 2019, planned to be completed by August 2020.

Total development costs estimated to NOK 10.7 billion, with planned production start in the second half of 2020.

As normal practice within Edison E&P procedures, it is applied a prudent assumption which foresees that decommissioning liabilities are equivalent to a decommissioning project for P&A of wells and removal of infrastructures installed assuming that the Development Project is cancelled at the cut-off date.
For Dvalin decommissioning, it is applied operator calculation taking into consideration the wells P&A and the subsea facilities removal.
With regard to Dvalin project, there are also Heidrun platform modifications consisting in the installation of two main modules and regulated by the tie-in agreement.
Decommissioning activities for Heidrun consists of the removal of the two main modules H25 and M40. A fixed annual fee of NOK 35.8 million (Edison share, NOK 3.6 million) through eight installments due from December 2020, when commissioning of such equipment taken place. Modules H25 and M40 have been constructed and installed at the cut-off date so, it is assumed that the tie-in agreement apply as well.

Therefore necessary decommissioning liability of NOK 31.1 million and NOK 28 million calculated and booked for Dvalin and Heidrun respectively. In total MNOK 59.1 million decommissioning liability booked as of 31st December 2019.

In the license PL418, The PDO for the Nova project (PL418) was submitted on 16th May 2018 and approved by the Ministry of Petroleum and Energy (MPE) on 27th September 2018. During 2019 several important milestones were completed; installation of subsea template structure, all production lines, gas lift and water injection lines and umbilical were installed. Gjøa modification work started early 2019.

Planned production start-up is 2nd half 2021. Critical activities in 2020 are the Heavy lift for the Nova module and shut down for installation of Nova modules in Q2 and early Q3. Production drilling will start by September 2020.

Total development costs estimated to NOK 10 billion. First production is planned to start in the second half of 2021.

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

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

Therefore necessary decommissioning liability of NOK 6.6 million booked as of 31st December 2019.

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

11-1-3 Leased assets

The company has applied IFRS 16 "Leases" for the first time in the annual reporting period commencing 1 January 2019 (ref. notes 2.1.1, 10, 17 and 18).

Edison Norge AS

Notes to the financial statements

Note 12 – Intangible assets

2019

	Exploration licences	Software	Total
Amounts in NOK			
Cost at 1 January 2019	2,715,941,338	33,081,929	2,749,023,267
Additions	94,614,299	2,318,297	96,932,596
Cost at 31 December 2019	**2,810,555,637**	**35,400,226**	**2,845,955,863**
Accumulated depreciation at 1 January 2019	-2,715,941,338	-27,837,868	2,743,779,206
Depreciation		-3,496,284	-3,496,284
Amortisation of exploration costs	-94,614,299		-94,614,299
Accumulated depreciation at 31 December 2019	**-2,810,555,637**	**-31,334,152**	**-2,841,889,789**
Balance at 31 December 2019	**-**	**4,066,075**	**4,066,075**

2018

	Exploration licences	Software	Total
Amounts in NOK			
Cost at 1 January 2018	2,677,298,838	28,760,171	2,706,059,009
Additions	38,642,500	4,321,758	42,964,258
Cost at 31 December 2018	**2,715,941,338**	**33,081,929**	**2,749,023,267**
Accumulated depreciation at 1 January 2018	-2,677,298,838	-24,334,005	-2,701,632,843
Depreciation	-	-3,503,863	-3,503,863
Amortisation of exploration costs	-38,642,500	-	-38,642,500
Accumulated depreciation at 31 December 2018	**-2,715,941,338**	**-27,837,868**	**2,743,779,206**
Balance at 31 December 2018	**-**	**5,244,061**	**5,244,061**

Total depreciation and amortization billed to JVs or reclassified to exploration costs is NOK 3.5 million out of which cut back value is NOK 1.7 million.

Note 13 - Information on jointly controlled activities

The company as of 31st Dec. 2019 has participating interests in twelve exploration and development licenses:

License number	Ownership	Operator	Concession period
PL 418	15%	Wintershall DEA Norge AS	16/02/2041
PL 435	10%	Wintershall DEA Norge AS	03/10/2041
PL 211	10%	Wintershall DEA Norge AS	02/02/2032
PL 808	20%	MOL Norge AS	05/02/2026
PL 796	20%	Equinor Energy AS	06/02/2022
PL 880	40%	Capricorn Norge AS	10/02/2024
PL 952	10%	Lundin Norway AS	02/03/2025
PL 841	40%	Edison Norge AS	05/02/2023
PL 807	55%	Edison Norge AS	05/05/2025
PL 850	30%	Edison Norge AS	05/05/2025
PL1002	60%	Edison Norge AS	01/03/2026
PL1023	50%	Edison Norge AS	01/03/2026

In 2019, the company officially relinquished license PL697 and sent notice of relinquishment for PL841 to MPE and NPD on December 17th 2019. Confirmation from Norwegian Ministry of Petroleum and Energy concerning relinquishment of PL841 received on 07/02/2020.

Edison Norge AS

Notes to the financial statements

Note 14 – Other current assets

Short-term items

Amounts in NOK	2019	2018
Over/under call, Joint Venture	130,302,833	82,958,750
Vat receivable	1,163,140	2,345,495
Prepayments and other receivables	5,373,032	6,732,295
Total short-term receivables	**136,839,005**	**92,036,540**

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

Short-term items

Amounts in NOK	2019	2018
Advance payments	129,557,012	-
Provisions for bad and doubtful debts	-129,557,012	-
Total short-term receivables	**-**	**-**

The company was subject to a financial fraud of the value of NOK 129.56 million in September and November 2019. At the end of 2019, Edison Norge recognized a provision on the total value of the fraud versus operating loss in P&L taking into account a risk of possible recovery in the future (ref. note 21).

Note 15 – Bank deposits

Edison Norge AS had bank deposit of NOK 128.35 million at 31/12/2019.
There was a balance of NOK 0.02 million which according to Norwegian rules and regulation should be used only for withholding payroll taxes that shall be paid to Norwegian authorities. Withdrawal from the account is restricted by the Norwegian authorities.

Note 16 – Income taxes

Specification of income tax credit:

Amounts in NOK	2019	2018
Calculated refund tax value of exploration costs this year	-114,012,462	-69,386,111
Change in deferred tax	-369,152,051	-29,277,688
Prior year adjustments	51,936	-
Total income tax credit	**-483,112,577**	**-98,663,799**

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

Tax rates for 2019 are 22% for taxable income/ loss subject to the ordinary tax regime and 56% for taxable income/ loss subject to the special tax regime.

Edison Norge AS

Notes to the financial statements

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

Amounts in NOK	**2019**	**2018**
Property, plant and equipment	544,937,089	285,057,479
Other provisions	-2,106,286	-1,962,520
Net temporary differences	**542,830,803**	**283,094,959**
Tax losses carried forward, onshore ordinary tax 22%	4,053,088	4,053,088
Tax losses carried forward, offshore ordinary tax 22%	1,343,714,394	1,010,732,235
Tax losses carried forward, offshore special tax 56%	1,023,300,943	721,790,248
Uplift carry forward 56%	347,638,291	244,121,853

Deferred tax/deferred tax asset (-)		
	2019	**2018**
Non-current assets	-425,050,929	-222,344,833
Current and non-current liabilities	1,642,903	1,530,766
Tax losses carried forward, onshore ordinary tax 22%	891,679	891,679
Tax losses carried forward, offshore 22%	295,617,167	222,361,092
Tax losses carried forward, offshore 56%	573,048,528	404,202,539
Uplift carry forward 54%	194,677,443	136,708,238
Deferred tax asset	**640,826,791**	**543,349,480**
Deferred tax asset not recognized	0	-271,674,740
Deferred tax asset in the balance sheet	**640,826,791**	**271,674,740**

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

As of 1st January 2019, Edison Norge AS had recognized MNOK 271.7 as deferred tax assets. In 2019 MNOK 369.2 deferred tax assets was recognized and therefore deferred tax asset increased to MNOK 640.8 as of 31st December 2019.
As of 31st December 2018, Edison Norge recognized 50% of net deferred tax asset. This was in accordance with a Financial Statement principle adopted in 2014 based on assessment of the recoverability in foreseeable future. This estimate was changed in 2019, when the full net deferred tax asset was recognized due to a renewed assessment of this recoverability.

Basis for tax receivable refund:

Amounts in NOK	**2019**	**2018**
Profit/-loss before tax	-332,483,455	-126,474,178
Finance items (onshore)	44,580,880	19,616,161
Permanent differences	130,252,536	4,190,930
Change in temporary differences (excl finance items)	-260,090,573	-154,114,484
Offshore expenses, not exploration	271,570,789	167,825,018
Basis for tax refund 78%	**-146,469,824**	**-88,956,553**
Carrying amount tax receivable from refund tax	**-114,012,462**	**-69,386,111**

Edison Norge AS

Notes to the financial statements

Reconciliation of effective tax rate:

Amounts in NOK	2019	2018
Profit/-loss before tax	-332,483,456	-126,474,178
Expected income tax credit 78%	-259,337,096	-98,649,859
Adjusted for tax effects (22% - 78%) of the following items:		
Change in valuation allowance for deferred tax assets	-271,383,667	282,106,343
Permanent differences	101,488,512	-248,964,029
Effect of prior year adjustments	0	17
Current year interest on uplift and loss carry forward	-11,147,734	-6,812,171
The effect of offshore tax regime allocation of financial items ("Petroleumsskatteloven")	15,437,473	5,014,869
Current year uplift	-57,980,009	-31,847,701
Effect changed tax rate	-190,057	488,732
Total income tax credit	**-483,112,577**	**-98,663,799**
Effective tax rate	145.3%	78.01%

The company was subject to a financial fraud of the value of NOK 129.56 million in September and October 2019. At the end of 2019, Edison Norge recognized a provision on the total value of the fraud versus operating loss in P&L taking into account a risk of possible recovery in the future (ref. note 21). The tax value of the provision is uncertain and the Company has therefore not recognized a tax benefit related to the expected loss as of 31.12.2019 and therefore no deferred tax assets recognized.

Note 17 – Accounts payable and other current liabilities

Trade and other payables

Amounts in NOK	2019	2018
Trade creditors	4,941,139	627,929
Other payables	185,486,216	170,106,926
Trade and other payables	**190,427,355**	**170,734,855**

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

The company applied IFRS 16, 'leases' from 1 January 2019. At the end of 2019, there is NOK 0.06 in short term liabilities as a result of short term leases (ref. notes 2.1.1, 10, 11-1-3 and 18)

Other current liabilities

Amounts in NOK	2019	2018
Witholding payroll tax		
Social security payable	446,562	429,185
Holiday payment	3,167,105	3,043,867
Other accruals	2,106,285	1,998,115
Other current liabilities	**5,519,952**	**5,471,167**

Edison Norge AS

Notes to the financial statements

Note 18 – Other financial liabilities

The company has applied IFRS16 for the first time for its annual reporting period commencing 1 January 2019. There is a long term liability of NOK 5.4 million for long-term leases related to IFRS16 (ref. notes 2.1.1, 8, 10, 11-1-3 and 17).

Note 19 – Other provisions

There is a total of NOK 65.7 million decommissioning liabilities related to Dvalin project in the license PL435 and Nova project in the license PL418 (ref. 11-1-2).

Note 20 – Contingent liabilities and other commitments

In 2020, the Company has drilling obligation to drill exploratory well on PL880 of NOK 69 million (Edison share). There is a drilling commitment in the license PL211 to drill an exploratory well on the Dvalin Nord prospect (Edison share 10%) in 2020, however, this well has now been delayed to 2021 with no firm budget.

The company has no seismic obligations in 2020 neither the following years.

The company has obligation for its share of interest to Nova for the years 2020-2021. The operator's estimate of the expected Edison share of capex and operating costs are the following: 2020 NOK 415 million and 2021 NOK 535 million.

The company has obligation for its share of interest to Dvalin for the years 2020-2021. The operator's estimate of the expected Edison share of capex and operating costs are the following: 2020 NOK 237 million and 2021 MNOK 54 million.

The company has non-cancellable operating lease commitments for the years 2019-2021 (ref. note 10).

Edison Norge AS has no more deposits and guarantee obligations as of 31 December 2019.

Note 21 – Other gains/losses

There is an income of NOK 0.39 million resulting from 2018 asset adjustments in 2019. The correspondent adjustment in 2018 was NOK 3.3 million.

The company was subject to a financial fraud of the value of NOK 129.56 million in September and October 2019. As soon as the fraud was detected the company alerted the Norwegian and Hong Kong police, and through co-operation with international police was able to arrest several persons involved in the scammers. The initial checks carried out by the competent authorities have excluded any liability for the employees of the Edison group, highlighting, on the contrary, that they have been unaware victims of the deception and have also actively collaborated both with the local authorities, to encourage the successful outcome of the investigations, both with the Company in internal and external initiatives undertaken following the fraudulent events.
Edison has also activated all the appropriate resources to collaborate with the competent authorities in order to support investigative activities and to facilitate the possible recovery of the stolen sums. In this sense, Edison has given a mandate to its lawyers to take actions against the companies receiving the fraudulent payments and the financial intermediaries that have allowed them, as well as against the scam authors.

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Notes to the financial statements

In addition, Edison has activated a number of internal initiatives aimed at further strengthening the existing safety protocols and the internal control procedures of all the operating units of the group companies.
At the end of 2019, Edison Norge recognized a provision on the total value of the fraud versus operating loss in P&L taking into account a risk of possible recovery in the future (ref. note 14).

Note 22 – Financial income and expenses

The company has recorded currency losses of NOK 52.4 million and gains of NOK 53.8 million in 2019. Currency losses and gains recorded in 2018 were NOK 5.3 million and NOK 3.3 million respectively. The difference between exchange gains and losses is mainly related to timing difference of postings of cash calls and billings related to other currencies.
The currency gains and losses are included in financial items.

A total of NOK 45.6 million has been charged on the inter-company financing as interests in 2019. The correspondence figure recorded in 2018 was NOK 29.4 million.

Note 23 – Equity

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

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

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

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

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

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

Note 24 – Subsequent events

On 14th of January, the authorities (MPE) offered the company one new award as a result of APA 2019 application round (PL1061) and one license extensions related to the license PL1002 (PL1002B).

The new license was PL1061 located in Norwegian Sea and Edison was partner with 20%. The PL1061 was made conditional on the transaction with Neptune in order to satisfy the request for a license partner with HPHT competence. It is expected that the license will not be awarded to the remaining companies in the application group, but made available for the coming APA 2020.

Edison Norge AS

Notes to the financial statements

Impact of Covid-19 for Edison Norge activities:

The Covid-19 and the following measures set out by the Norwegian government has had a significant effect on the daily life and the working environment of most businesses in Norway.
The Norwegain Oil and gas association (NOROG) prepared measures in an early phase of the infection to prevent spreading of the virus and in particular to protect the oil and gas production to maintain supply of energy. Edison Norge ,with support by the employee representatives, implemented the recommended measures into the organization at an early stage of the pandemic. Communication within the organisation is currently conducted mostly through the IT network and web meetings is worked without any significant problems. We expect to continue this arrangement for some time and do not see any significant risk in business continuity for the 2020.

The Nova project, which is an oil and gas field developed as a subsea tie-in the Gjøa field. The planned start up is late 2021, but due to measures for Covid-19 the offshore activities have been reduced. This can cause a delay in the completion the offshore facilities at the Gjøa platform, and the operator is presently updating the project schedule to include the possible impact. Possible delay of the project can cause 6-9 months delay in production start-up to 3Q 2021 and increased total costs. A delay in the project execution will also trigger postponing the planned start of production drilling from 2Q 2020 to second half 2021.

The Dvalin gas field planned for start-up in October 2020 maybe delayed because of Covid-19 and due to reduced offshore manning at the Heidrun host platform. We expect activity to increase as businesses progressively resume to more normal operation mode and still possible to reach target start-up date in 1 October 2020.

Impact of reduced oil and gas prices:

Edison Norge does not have any production presently. The first field to come on production will be the Dvalin gas field. The project will start regardless of the price levels and we are presently preparing the practical arrangement for sale of our equity gas. European gas prices are low as an effect of the shut-down of most European economies due to the Covid-19 pandemic measures and access gas from other sources. Oil and Gas prices are changing continuously. Gas prices have seasonal variations and we expect an increase in the winter season as the economies restart again and due to increased consumption during cold weather.
The Nova project is in the late construction and implantation phase. The project is not expected to be impacted by low oil prices, but rather slowed down due to reduced activity levels offshore caused by Covid-19 preventive measures.

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

Note 25 – Hydrocarbon resources (not audited)

At the beginning of 2019 Edison Norge AS had participating interests in ten licenses, out of which, three licenses as operator. During the year 2019 one license officially relinquished and there was a farm-in of 10% in the license PL211. The authorities (MPE) offered the company two new awards as a result of APA 2018. Therefore at the end of December 2019 Edison Norge AS had participating interests in twelve licenses, out of which, five licenses as operator.

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

Edison Norge AS

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

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

Note 26 – Financial instruments

Fair value and carrying amounts

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

Value of financial assets and liabilities

	Carrying value		Fair value	
	2019	2018	2019	2018
Financial assets				
Other receivables	136,839,005	92,036,540	136,839,005	92,036,540
Tax receivable from refund	114,012,462	69,386,111	114,012,462	69,386,111
Bank deposits	128,346,407	104,685,858	128,346,407	104,685,858
Financial liabilities				
Current loans to group companies	-1,943,361,801	-1,067,306,662	-1,943,361,801	-1,067,306,662
Trade and other payables	-190,427,356	-170,734,855	-190,427,356	-170,734,855
Other current liabilities	-5,719,953	-5,471,167	-5,719,953	-5,471,167
Net value	**-1,760,311,326**	**-977,404,175**	**-1,760,311,326**	**-977,404,175**

Liquidity risk

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

	Carrying amount	Cash flow	< 1 year	2-5 years
Current loans to group companies	-1,943,361,801	-1,943,361,801	-1,943,361,801	
Trade and other payables	-190,427,356	-190,427,356	-190,427,356	
Other current liabilities	-5,719,953	-5,719,953	-5,719,953	
Financial assets	250,851,467	250,851,467	250,851,467	
Net liquidity risk	**-1,888,657,643**	**-1,888,657,643**	**-1,888,657,643**	

Edison Norge AS

Notes to the financial statements

Edison Norge AS and Edison SpA entered to a loan agreement of NOK 873.75 million and a credit facility agreement to cover the needs of short-term financing of the Company for MNOK 1.000 (ref. to interest risk).

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

Exposure to currency risk

Reference assessment of currency risk in note 3.1

Interest risk

There is a loan agreement of NOK 873.75 million with the interest rate of NIBOR 3M + 2.5%, which was approved by Edison board on 22nd December 2014 in order to meet the long term and structural financial needs of Edison Norge with maturity date of 22nd December 2015. The loan new repayment date agreed on 22nd December 2019 with an interest rate equal to 3-month NIBOR + a margin, 360 basis equal to 2.00% and maturity date of the loan extended to 21st December 2020. The maturity of the loan is expected to be extended again before repayment date as previous years.

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

Edison Norge AS and Edison SpA entered to a credit facility agreement to cover the needs of short-term financing of the Company for NOK 750 million.

Edison Norge AS commits to pay interest on the credit balance equal to NIBOR 3M + 2%. If exceeds the maximum balance the rate would be NIBOR 3M + 4.50%. In the event that the NIBOR rate at 3 months would be below 0 (zero)%, the parties agree that 3-month NIBOR rate equal to zero.
The credit facility is classified as short term unless the company has an unconditional right to defer settlement for at least 12 months after the balance sheet date.

On 18th September 2019 Edison Norge asked for a new maximum debt balance of NOK 1.000 million to cover 2019 cash needs with the same terms and conditions. In March 2020, the company sent another request to increase the maximum debt balance to NOK 2.000 million to cover 2020 cash needs as well. The new agreement signed on 27 May 2020 and the maximum debt balance increased to NOK 2.000 million.

Intercompany loans	Loan	Credit facility	Total – short term loans
Balance at 31/12/2018	**873,750,000**	**193,556,661**	**1,067,306,661**
Other increase of the year	-	876,254,310	876,254,310
Decrease of the year	-	-199,170	-199,170
Balance at 31/12/2019	**873,750,000**	**1,069,611,801**	**1,943,361,801**

In 2019, NOK 45.6 million interest cost has been charged on the inter-company financing.

Classification of financial instruments

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

Skattedirektoratet

19 JAN

Saksbehandler	Deres dato	Vår dato
Torstein Kinden Helleland	14.01.2016	18.01.2016
Telefon	Deres referanse	Vår referanse
22078139	Kjell Richard Manskow	2016/29981

ADVOKATFIRMAET PRICEWATERHOUSECOOPERS AS
Postboks 150
4065 STAVANGER

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

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

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

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

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

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

I Ot. prp. nr. 42 (1997-1998) Om lov om årsregnskap m.v., er det uttalt følgende om

Postadresse
Postboks 9200 Grønland
0134 Oslo

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

Sentralbord
800 80 000
Telefaks
22 17 08 60

regnskapslovens formål, jf. pkt. 1.1:

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

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

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

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

Vennligst oppgi vår referanse ved henvendelser i saken.

Med hilsen

Runer Tystad
seniorrådgiver
Rettsavdelingen, foretaksskatt
Skattedirektoratet

Torstein Kinden Helleland

Dokumentet er elektronisk godkjent og har derfor ikke håndskrevne signaturer