



ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2018 - 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: 01.01.2018 - 31.12.2018

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: Pierluigi Nalin
Dato for fastsettelse av årsregnskapet: 31.12.2018

Grunnlag for avgivelse

År 2018: Årsregnskapet er elektronisk innlevert
År 2017: Tall er hentet fra elektronisk innlevert årsregnskap fra 2018

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 | 2018 | 2017 |
|---|-------------|---------------------|---------------------|
| RESULTATREGNSKAP | | | |
| Kostnader | | | |
| Lønnskostnad | 6 | 32 789 250 | 30 292 488 |
| Avskrivning på varige driftsmidler og immaterielle eiendeler | 7,11,1 2 | 41 905 417 | 161 110 271 |
| Nedskrivning av varige driftsmidler og immaterielle eiendeler | 15 | 0 | 248 415 953 |
| Annen driftskostnad | 8,10 | 35 482 469 | 32 434 334 |
| Annen driftskostnad | 20 | -3 319 119 | -14 589 456 |
| Sum kostnader | | 106 858 017 | 457 663 590 |
| Driftsresultat | | -106 858 017 | -457 663 590 |
| Finansinntekter og finanskostnader | | | |
| Annen renteinntekt | 21 | 11 703 511 | 1 651 724 |
| Annen finansinntekt | 21 | -2 010 156 | -13 232 006 |
| Sum finansinntekter | | 9 693 355 | -11 580 282 |
| Rentekostnad til foretak i samme konsern | 21 | 29 389 737 | 36 763 876 |
| Annen rentekostnad | 21 | -80 221 | 164 703 |
| Sum finanskostnader | | 29 309 516 | 36 928 579 |
| Netto finans | | -19 616 161 | -48 508 861 |
| Ordinært resultat før skattekostnad | | -126 474 178 | -506 172 451 |
| Ordinært resultat etter skattekostnad | | -126 474 178 | -506 172 451 |
| Årsresultat | | -126 474 178 | -506 172 451 |



Balanse

| Beløp i: NOK | Note | 2018 | 2017 |
|---|-----------|----------------------|----------------------|
| BALANSE - EIENDELER | | | |
| Anleggsmidler | | | |
| Immaterielle eiendeler | | | |
| Konsesjoner, patenter, lisenser, varemerker og lignende rettigheter | 12 | 5 244 061 | 4 426 165 |
| Utsatt skattefordel | 17 | 271 674 740 | 242 397 052 |
| Sum immaterielle eiendeler | | 276 918 801 | 246 823 217 |
| Varige driftsmidler | | | |
| Tomter, bygninger og annen fast eiendom | 11 | 941 421 336 | 434 054 342 |
| Driftsløsøre, inventar, verktøy, kontormaskiner og lignende | 11 | 1 317 754 | 2 014 508 |
| Sum varige driftsmidler | | 942 739 090 | 436 068 850 |
| Sum anleggsmidler | | 1 219 657 891 | 682 892 067 |
| Omløpsmidler | | | |
| Varer | | | |
| Fordringer | | | |
| Andre fordringer | 14,17, 25 | 161 422 651 | 277 824 521 |
| Andre fordringer | 15 | 0 | 361 958 302 |
| Sum fordringer | | 161 422 651 | 639 782 823 |
| Bankinnskudd, kontanter og lignende | | | |
| Bankinnskudd, kontanter og lignende | 16, 25 | 104 685 858 | 50 460 222 |
| Sum bankinnskudd, kontanter og lignende | | 104 685 858 | 50 460 222 |
| Sum omløpsmidler | | 266 108 509 | 690 243 045 |
| SUM EIENDELER | | 1 485 766 400 | 1 373 135 112 |

BALANSE - EGENKAPITAL OG GJELD

Egenkapital



Balanse

| Beløp i: NOK | Note | 2018 | 2017 |
|-------------------------------------|--------|----------------------|----------------------|
| Innskutt egenkapital | | | |
| Selskapskapital | 22 | 3 000 000 | 2 000 000 |
| Overkurs | 22 | 1 220 885 000 | 891 885 000 |
| Sum innskutt egenkapital | | 1 223 885 000 | 893 885 000 |
| Opptjent egenkapital | | | |
| Fond | | -365 449 745 | -365 449 745 |
| Udekket tap | | 624 421 537 | 596 611 158 |
| Sum opptjent egenkapital | | -989 871 282 | -962 060 903 |
| Sum egenkapital | | 234 013 718 | -68 175 903 |
| Gjeld | | | |
| Langsiktig gjeld | | | |
| Annen langsiktig gjeld | | | |
| Liabilities to group companies-loan | 9, 25 | 0 | 873 750 000 |
| Other provisions | 11-1 | 8 240 000 | 0 |
| Sum annen langsiktig gjeld | | 8 240 000 | 873 750 000 |
| Sum langsiktig gjeld | | 8 240 000 | 873 750 000 |
| Kortsiktig gjeld | | | |
| Leverandørgjeld | 18, 25 | 170 734 855 | 178 073 934 |
| Kortsiktig konserngjeld | 9, 25 | 1 067 306 660 | 383 851 688 |
| Annen kortsiktig gjeld | 18, 25 | 5 471 167 | 5 635 393 |
| Sum kortsiktig gjeld | | 1 243 512 682 | 567 561 015 |
| Sum gjeld | | 1 251 752 682 | 1 441 311 015 |
| SUM EGENKAPITAL OG GJELD | | 1 485 766 400 | 1 373 135 112 |



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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 2018, income statement, statement of comprehensive income, statement of changes in equity, 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 2018, 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 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.

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Registrert i Foretaksregisteret
Medlemmer av Den norske Revisorforening
Organisasjonsnummer: 980 211 282

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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.



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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, 11 February 2019
Deloitte AS

Bjarte M. Jonassen
State Authorised Public Accountant



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

PROTOKOLL FRA

STYREMØTE

I

EDISON NORGE AS

den 11. februar 2019 ved Jattavagen 18 i Stavanger, klokken 14:30 i Edison Norge AS, org. nr. 914 515 300 ("Selskapet").

Til stedet: Pieluigi Nalin, Roberto Maria Cozzi og Ole Johan Ostvedt.

Philippe Antoine og Rafael Salto Alemany hadde mottatt styredokumentene i forkant og deltok på telefon.

Styremedlem Nicola Monti deltok ikke på møtet.

Styreleder fant det betryggende å avholde møtet som beskrevet her.

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

Hamid Soltani, finansdirektør i Selskapet var invitert og til stedet på møtet.

Det fremkom ingen innsigelser mot innkallingen eller dagsorden.

Til behandling forelå følgende saker:

- 1 Godkjenning av årsregnskap og årsberetning for 2018

Daglig leder ga en kort presentasjon av årsregnskapet og årsberetningen for regnskapsåret 2018, vedlagt som Vedlegg 1.

Styret hadde behandlet og enstemmig godkjent årsregnskapet og årsrapporten for 2018 vedlagt her som Vedlegg 2 og 3.

MINUTES

OF THE MEETING FROM THE BOARD OF DIRECTORS

OF

EDISON NORGE AS

held on 11 February 2019 at Jattavagen 18 in Stavanger, at 14:30n Edison Norge AS, org. no. 914 515 300 (the "Company").

Present: Pieluigi Nalin, Roberto Maria Cozzi and Ole Johan Ostvedt.

Philippe Antoine and Rafael Salto Alemany had received the board documents in advance and participated by phone.

Board member Nicola Monti did not participate in the meeting.

The chairman of the board found it satisfactory to hold the meeting as described herein.

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

Hamid Soltani, the finance manager of the Company, is invited to the meeting and attending.

There were no objections to the notice or agenda.

The following matters were dealt with:

- 1 Approval of the annual accounts and annual report for 2018

The managing director gave a brief presentation of the annual accounts and annual report for the fiscal year 2018, attached hereto as Appendix 1.

The board of directors had considered and unanimously approved the annual report and annual accounts for 2018, attached hereto as Appendix 2 and 3.

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Årsregnskap og årsrapport skal bli presentert for den ordinære generalforsamlingen sammen med revisors beretning for regnskapsåret 2018.

The annual accounts and the annual report shall be presented to the general meeting together with the auditor's statement for the fiscal year 2018.

Styret besluttet å foreslå at den ordinære generalforsamlingen treffer følgende vedtak vedrørende godkjenning av Selskapets årsregnskap og årsberetning for 2018:

The board of directors resolved to propose that the ordinary general meeting adopts the following resolution regarding approval of the Company's annual accounts and report for 2018:

«Årsregnskapet og årsberetningen for 2018 godkjennes. Det skal ikke utbetales utbytte for 2018. Årsresultatet på NOK -27 810 379 skal overføres til udekket tap.»

"The annual accounts and report for 2018 are approved. No dividends shall be paid for 2018. The annual result of -27 810 379 shall be transferred to uncovered loss."

2 Godkjenning av budsjett for 2019

2 Approval of the budget for 2019

Daglig leder ga en kort presentasjon av budsjettet for 2019, vedlagt som Vedlegg 4.

The managing director gave a brief presentation of the budget 2019, attached hereto as Appendix 4.

Styret hadde gjennomgått budsjettet for 2019 for Selskapet, og godkjente det for fremleggelse for generalforsamlingen.

The board of directors had reviewed the budget for 2019 for the Company and approved it for submission for the general meeting.

Styret foreslår at generalforsamlingen fatter følgende vedtak:

The board propose that the general meeting resolves the following resolution:

«Budsjett for 2019 godkjennes.»

"The 2019 budget are approved."

3 Godkjenning av godtgjørelse til styret

3 Approval of remuneration to the board

Styret besluttet å foreslå at generalforsamlingen fatter følgende vedtak:

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

«Selskapets styremedlemmer skal ikke motta godtgjørelse for 2018.»

"The Company's board of directors shall not receive remuneration for 2018."

4 Godkjenning av godtgjørelse til revisor

4 Approval of remuneration to auditor

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

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

«Det godkjennes at revisor skal motta godtgjørelse i henhold til regning for revisjon av årsregnskapet for 2018.»

"It is approved that the auditor shall receive payment according to invoice for the auditing of the annual accounts for 2018."

5 Nye lisenser etter tildeling i forhåndsdefinerte områder (TFO) for 2018

5 New licenses following awards in predefined areas (APA) for 2018

Selskapet deltok i TFO 2018 og ble 15. januar 2019 tildelt to nye lisenser og to

The Company participated in the APA 2018 and on 15 January 2019 was awarded two

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2 (5)



forlengelser av eksisterende lisenser.

De nye lisensene er PL1002 og PL1023 i Norskehavet og Barentshavet, med Selskapet som operatør med 60 % og 50 % eierskap i de respektive lisensene.

Forlengelse av eksisterende lisenser knytter seg til PL418 og PL796.

Kostnadene knyttet til de ovenfor nevnte lisenstildelingene er allerede inkludert i det godkjente budsjettet for 2019.

Styret tok dette til etterretning og vurderte at det var i Selskapets interesse å samtykke til tildelingen. Deretter godkjente styret enstemmig tildelingen til Selskapet i TFO for 2018.

6 Prospekt Henry - Farm-in mulighet - PL211 i Norskehavet

Daglig leder forklarte at Prospekt Henry, et godt kjent borrhart prospekt, er lokalisert i Norskehavet PL211 og nærliggende Dvalin (PL435).

Dea Norge kjøpte Totals andel og operatørskap i PL211 (med tilbakelevering av Victoria området) med hensikt å oppnå enighet med Davlin partnerskapet før leteborring. Dette vil unngå determinering av kostnadsandeler etter funn, forsikre effektivt utviklingsarrangement som åpner for syngier med pågående Dvalin utvikling (PL435) og optimalisering av produksjon fra begge funnene.

Forslaget er at Selskapet kjøper seg inn med 10 % i PL211.

Totalt letekostnader for brønner er på 3,5 millioner euro (\$/€ vekslings på 2020:1,2), på tørt hull basis (ikke inkludert i MTP) brutto av skatterefusjon (0,8 millioner euro netto). Alle kostnader er allerede forutsett i godkjente budsjettet for 2019.

Henry letebrønn er planlagt for 2020.

Etter presentasjonen av daglig leder vedtok styret, etter å ha vurdert det som en god mulighet for Selskapet, å godkjenne kjøpet av 10 % andel av PL211 (Henry letebrønn) på de vilkår som redegjort for over.

new licenses and two extensions of existing licenses.

The new licenses are PL1022 and PL1023 in the Norwegian Sea and the Barents Sea, with the Company as operator holding 60 % and 50 % share, respectively.

The extension of existing licenses is related to PL 418 and PL 796.

The costs related to the above-mentioned licenses award have already been included in the approved 2019 Budget.

The board took note of the matter and assessed that it was in the Company's best interest to consent to the award. Thereafter the board unanimously approved the awards to the Company in the APA for 2018.

6 Prospect Henry - Farm-in opportunity - PL211 Norwegian Sea

The Managing Director explained that Prospect Henry, a well known drillable prospect, is located in the Norwegian Sea PL211 and adjacent to Dvalin (PL435).

Dea Norge has acquired PL211 Total's equity and operatorship (with relinquishment of Victoria Area) with a view to seek alignment with Dvalin partnership prior to exploration drilling. This will avoid post-discovery equity determination, ensure an efficient development scheme allowing for synergies with the ongoing Dvalin development (PL435) and optimize the production from both discoveries.

The proposal is that the Company acquires the 10% farm-in of PL 211.

Total exploration expected well costs are of 3.5ME (\$/€ exchange rate at 2020:1.2), dry hole basis (not included in the MTP) gross of tax refund (0.8 ME net). All costs have already been foreseen in 2019 approved Budget.

Henry exploration well is planned for 2020.

After the presentation of the Managing Director, the Board of Directors, having considered that it is a good opportunity for the Company, resolved to approve the acquisition of the 10% farm-in of PL211 (Henry exploration well) at the terms

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- 7 Drill or drop beslutning PL880
Styret er bedt om å stadfeste beslutningen om å borre brønnen som anbefalt av operatøren Cain Capricorn på bakgrunn av den tekniske og økonomiske vurderingen gjennomført av avdelingene i Stavanger og Milan. Kostnadene til brønnen er ikke inkludert i det godkjente budsjettet.

Styret besluttet å godkjenne å borre brønnen på PL880.

8 Innkalling til generalforsamling

Styret besluttet videre å innkalle til ordinær generalforsamling som skal avholdes omkring 12. mars 2019.

Følgende saker er på agendaen for den ordinære generalforsamlingen:

1. Åpning av generalforsamlingen;
2. Valg av en person til å medundertegne protokollen sammen med møteleder;
3. Godkjenning av innkalling og dagsorden;
4. Godkjenning av budsjett for 2019;
5. Godkjenning av årsregnskap og årsberetning;
6. Godkjenning av godtgjørelse til styret;
7. Godkjenning av godtgjørelse til revisor; og
8. Valg av styremedlemmer.

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

(Signaturside følger)

described above.

- 7 Drill or drop decision PL880
The board is requested to ratify the decision to drill the well as recommended by the operator Cain Capricorn on the basis of the technical and economical evaluations performed by the teams in Stavanger and Milan. The well costs are not included in the approved budget.

The board resolved to approve to drill the well in PL880.

8 Notice of general meeting

The board resolved to convene an ordinary general meeting to be held on or about 12 March 2019.

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

1. Opening of the general meeting;
2. Election of a person to countersign the minutes together with the chairman of the meeting;
3. Approval of notice and agenda;
4. Approval of the 2019 budget;
5. Approval of annual accounts and report;
6. Approval of remuneration to the board;
7. Approval of remuneration to auditor; and
8. Election of members of the board of directors.

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

(Signature page to follow)

4 (5)

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11 February 2019

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

Philippe Antoine

Pierluigi Nalin

Ole Johan Østvedt

Rafael Salto Alemany

Roberto Maria Cozzi





Edison Norge AS

Income statement

| Amounts in NOK | Note | 2018 | 2017 |
|--|-------|---------------------|---------------------|
| Operating revenues and expenses | | | |
| Payroll and related costs | 6 | -32,789,250 | -30,292,488 |
| Depreciation and amortisation | 11,12 | -3,262,917 | -11,533,746 |
| Amortisation exploration expenses | 7,12 | -38,642,500 | -149,576,525 |
| Other operating expenses | 8, 10 | -35,482,469 | -32,434,334 |
| Impairment of tangible assets | 15 | - | -248,415,953 |
| Other gains/losses | 20 | 3,319,119 | 14,589,456 |
| Operating profit (loss) | | -106,858,017 | -457,663,590 |
| Interest income | | 11,703,511 | 1,651,724 |
| Foreign exchange gain/loss | | -2,010,156 | -13,232,006 |
| Other finance costs | | 80,221 | -164,703 |
| Interest cost to group companies | | -29,389,737 | -36,763,876 |
| Net financial items | 21 | -19,616,161 | -48,508,861 |
| Profit (loss) before tax | | -126,474,178 | -506,172,451 |
| Income tax | 17 | 98,663,799 | 265,874,923 |
| Profit (loss) for the year | | -27,810,379 | -240,297,528 |

Statement of comprehensive income

| Amounts in NOK | Note | 2018 | 2017 |
|---|------|--------------------|---------------------|
| Net income (loss) | | -27,810,379 | -240,297,528 |
| Other comprehensive income (OCI) | | -27,810,379 | -240,297,528 |
| Total comprehensive income (loss) for the year | | -27,810,379 | -240,297,528 |
| Attributable to: | | | |
| Equity holders of the company | | -27,810,379 | -240,297,528 |
| Total profit / loss | | -27,810,379 | -240,297,528 |

Notes 1 to 25 are an integral part of these Financial Statements



Edison Norge AS

Statement of affairs (Balance sheet) at 31 December

| Amounts in NOK | Note | 2018 | 2017 |
|---|-------|----------------------|----------------------|
| Assets: | | | |
| Intangible assets | 12 | 5,244,061 | 4,426,165 |
| Deferred tax assets | 17 | 271,674,740 | 242,397,052 |
| Total intangible assets | | 276,918,801 | 246,823,217 |
| Office equipment | 11 | 1,317,754 | 2,014,508 |
| Assets under construction | 11 | 941,421,336 | 434,054,342 |
| Total tangible assets | | 942,739,090 | 436,068,850 |
| Total non-current assets | | 1,219,657,891 | 682,892,067 |
| Tax receivable from refund exploration cost | 17 | 69,386,111 | 150,175,086 |
| Other current assets | 14,25 | 92,036,540 | 127,649,435 |
| Asset held for sale | 15 | - | 361,958,302 |
| Cash and cash equivalents | 16,25 | 104,685,858 | 50,460,222 |
| Total current assets | | 266,108,509 | 690,243,045 |
| Total assets | | 1,485,766,400 | 1,373,135,112 |
| Equity and liabilities: | | | |
| Equity: | | | |
| Retained earnings | | -596,611,158 | -356,313,630 |
| Profit/Loss for the year | | -27,810,379 | -240,297,528 |
| Other reserves | | -365,449,745 | -365,449,745 |
| Share capital | 22 | 3,000,000 | 2,000,000 |
| Share premium | 22 | 1,220,885,000 | 891,885,000 |
| Total equity | | 234,013,718 | -68,175,903 |
| Liabilities | | | |
| Liability to group companies - loan | 9,25 | - | 873,750,000 |
| Other provisions | 11-1 | 8,240,000 | - |
| Total non-current liabilities | | 8,240,000 | 873,750,000 |
| Current liabilities to Group companies | 9,25 | 1,067,306,660 | 383,851,688 |
| Trade and other payables | 18,25 | 170,734,855 | 178,073,934 |
| Other current liabilities | 18,25 | 5,471,167 | 5,635,393 |
| Total current liabilities | | 1,243,512,682 | 567,561,015 |
| Total liabilities | | 1,251,752,682 | 1,441,311,015 |
| Total equity and liabilities | | 1,485,766,400 | 1,373,135,112 |

Notes 1 to 25 are an integral part of these Financial Statements

Pierluigi Nalin
Managing director
Board memberNicola Monti
Board member

Stavanger, 11 February 2019

Philippe Antoine
Chairman of the boardRafael Salto Alemany
Board memberRoberto Maria Cozzi
Board memberOle Johan Oestvedt
Board member



Edison Norge AS

Cash Flow Statement

| Amounts in NOK | Note | 2018 | 2017 |
|--|-------|---------------------|---------------------|
| Profit (loss) before tax | | -126,474,178 | -506,172,451 |
| Adjustments to reconcile profit before tax to net cash flow: | | | |
| Depreciation | 11,12 | 43,360,100 | 163,863,560 |
| Tax refund current year | 17 | 150,175,086 | 316,637,159 |
| Net interest loss (income) | | 19,616,161 | 48,508,863 |
| Change in trade and other payables | 18 | -7,339,079 | 19,920,400 |
| Change in other current assets | 14 | 35,612,895 | -64,888,080 |
| Change in other current liabilities and etc. | 18 | -164,227 | 320,919 |
| Impairment of tangible assets | 15 | - | 248,415,953 |
| Net cash flow from operating activities | | 114,786,758 | 226,606,323 |
| Purchases of office equipment and software | 11,12 | -4,838,742 | -3,825,183 |
| Exploration investments | 7,12 | -38,642,501 | -149,576,525 |
| Investments in Oil & Gas properties | 11 | -145,408,691 | -295,129,645 |
| Net cash flow from investing activities | | -188,889,934 | -448,531,353 |
| Share capital | 22 | 1,000,000 | - |
| Share premium | 22 | 329,000,000 | - |
| Change in loans from Group companies | 9, 25 | -190,295,027 | 247,336,639 |
| Change in other provisions | 11-1 | 8,240,000 | - |
| Net interest and financial income received | | 9,773,576 | -11,744,986 |
| Interest paid on group loans | | -29,389,737 | -36,763,877 |
| Net cash flow from financing activities | | 128,328,812 | 198,827,776 |
| Net changes in cash and cash equivalents | | 54,225,636 | -23,097,254 |
| Cash and cash equivalents at 1 January | | 50,460,222 | 73,557,476 |
| Cash and cash equivalents 31 December | 16 | 104,685,858 | 50,460,222 |

Notes 1 to 25 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 |
| Other reserves | | -2,077,216 |
| Total equity at 31.12.2016 | | 172,121,625 |
| Net profit (loss) 2017 | | -240,297,528 |
| Other reserves | | - |
| Total equity at 31.12.2017 | | -68,175,903 |
| Changes to equity contribution | 22 | 330,000,000 |
| Net profit (loss) 2018 | | -27,810,379 |
| Other reserves | | - |
| Total equity at 31.12.2018 | | 234,013,718 |

Notes 1 to 25 are an integral part of these Financial Statements



Edison Norge AS

Notes to the financial statements

Note 1 – General information

These financial statements cover the period from 1 January through 31 December 2018. 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 fully controlled by Edison International S.p.A. and is located in Stavanger. Edison S.p.A. which owns Edison International S.p.A. was founded in 1884. Edison is Europe's oldest energy company. Today, Edison is one of Italy's leading operators in the procurement, production and marketing of electric power, natural gas and crude oil. Edison S.p.A. is part of EDF Group.

Edison S.p.A. has transferred effective 1 July 2018 to Edison Exploration & Production SpA, 100% owned by Edison SpA, a business unit that includes all the Exploration & Production activities of the Edison Group, in Italy and abroad including the entire stake held in Edison International SpA, sole shareholder of Edison Norge. The transfer is part of a program to rationalize and optimize the Group's Exploration & Production business, aimed at ensuring the necessary continuity of investments in the hydrocarbon sector, in the general context of the Group's new strategies.

The objective of the company is exploring for oil and gas and developing discoveries on the Norwegian Continental Shelf (NCS), also in partnership with other companies and both as the role of operator and partner. By the end of the year the Company had participating interest in ten exploration licenses. All the activity of Edison in Norway is included in Edison Norge AS. The office address is at Jättåvågveien 18, N-4020 Stavanger.

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, 2018. 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, 2018.

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

2.1.1 Changes in accounting principles and information

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



Edison Norge AS

Notes to the financial statements

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 January 2018, and have been applied in preparing the financial statement. The following new standards is assessed to could have impact on the financial statements of the Company:

IFRS 9, 'Financial instruments', addresses the classification, measurement and recognition of financial assets and financial liabilities. The complete version of IFRS 9 was issued in July 2014. It replaced the guidance in IAS 39 that relates to the classification and measurement of financial instruments. IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through OCI and fair value through P&L. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in OCI not recycling. There is now a new expected credit losses model that replaces the incurred loss impairment model used in IAS 39. For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss. IFRS 9 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the 'hedged ratio' to be the same as the one management actually use for risk management purposes. Contemporaneous documentation is still required but is different to that previously prepared under IAS 39.

The company has reviewed its financial assets and liabilities and whether the standard affect the classification and measurement of the financial assets held by the company. There is no impact on the company's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss and the company does not have any such liabilities. The derecognition rules have been transferred from IAS 39 Financial Instruments: Recognition and Measurement and have not been changed.

The new impairment model requires the recognition of impairment provisions based on expected credit losses (ECL) rather than only incurred credit losses as was the case under IAS 39. It applies to financial assets classified at amortised cost, debt instruments measured at FVOCI, contract assets under IFRS 15 Revenue from Contracts with Customers, lease receivables, loan commitments and certain financial guarantee contracts. Based on the assessments undertaken to date, the company has not increased the loss allowance for trade creditors.

The new standard also introduces expanded disclosure requirements and changes in presentation which is applied in the relevant notes.

IFRS 15, 'Revenue from contracts with customers' deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaced IAS 18 'Revenue' and IAS 11 'Construction contracts' and related interpretations.

The Company has assessed the new standard and have not identified any implementation effects from the new standard.

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

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 January 2019, and have not been applied in preparing the financial statement. None of these is expected to have a significant effect on the financial statements of the Company, except the following set out below:



Edison Norge AS

Notes to the financial statements

IFRS 16, 'Leases' specifies how an IFRS reporter recognises, measures, presents and discloses leases. The Standard provides a single lessee accounting model, 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. The Standard includes application guidance on a number of topics such as optional scope exemptions; and identifying a lease. The standard is effective for annual periods beginning on or after 1 January 2019 and earlier application is permitted, but has not been applied by the Company. The company intends to apply the simplified transition approach and will not restate comparative amounts for the year prior to first adoption. All right-of-use assets will be measured at the amount of the lease liability on adoption (adjusted for any prepaid or accrued lease expenses).

The Company has set up a project team which has reviewed all of the company's leasing arrangements over the last year in light of the new lease accounting rules in IFRS 16. The standard will affect primarily the accounting for the company's operating leases. As at the reporting date, the company has non-cancellable operating lease commitments of NOK 9.2 million, see note 10. The company estimates that approximately NOK 0.4 million of these relate to payments for short-term and low value leases and leases considered not in scope for IFRS 16, which will be recognised on a straight-line basis as an expense in profit or loss.

For the remaining lease commitments the company expects to recognise right-of-use assets and lease liabilities of approximately NOK 8.3 million on 1 January 2019 and deferred tax assets of NOK 0. Overall net current assets will be NOK 3.2 million lower due to the presentation of a portion of the liability as a current liability.

The company expects that net profit after tax will decrease by approximately NOK 2.8 million for 2019 as a result of adopting the new rules. Operating cash flows will increase and financing cash flows decrease by approximately NOK 2.8 million as repayment of the principal portion of the lease liabilities will be classified as cash flows from financing activities.

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.

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.



Edison Norge AS

Notes to the financial statements

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,

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.

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.



Edison Norge AS

Notes to the financial statements

Farm - in / Farm out

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

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

Exploration expenditures

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

2.8 Impairment of non - financial assets

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

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

2.9 Financial assets

2.9.1 Classification

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

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.



Edison Norge AS

Notes to the financial statements

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

2.10 Impairment of financial assets

Assets recorded at amortised cost.

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

2.11 Accounts receivable

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

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

2.12 Cash and cash equivalents

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

2.13 Accounts payable

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

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

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

Leases in terms of which the company assumes substantially all the risks and rewards of the ownership are reflected as finance leases within property, plant and equipment and financial liabilities. All other leases are classified as operating leases and the costs are charged to income on a straight line basis over the lease term, unless another basis is more representative of the benefits of the lease to the company.

Finance lease assets are reflected at an amount equal to the lower of fair value and the present value of the minimum lease payments at inception of the lease, and subsequently reduced by accumulated depreciation and impairment losses, if any. When an asset leased by a jointly controlled asset in which the company participates qualifies as a finance lease, the company reflects its proportionate share of the leased asset and related obligations in the balance sheet as property, plant and equipment and financial liabilities, respectively.



Edison Norge AS

Notes to the financial statements

Capitalised 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 property, plant and equipment.

2.16 Payable and deferred taxes

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

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

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

Deferred income tax assets are recognized based on a prudent assessment made by the Board of Directors to recognize only 50% of the existing deferred tax assets and no changes has been made in the policy by the company.

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.



Edison Norge AS

Notes to the financial statements

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.

(a) Currency risk

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

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

(b) Price risk

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

(c) Credit risk

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



Edison Norge AS

Notes to the financial statements

(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 104.68 million as a liquidity buffer to manage the liquidity risk. The due dates for the financial liabilities are set out in note 25.

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.

Note 5 – Segment information

As at 31.12.2018 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.

**Edison Norge AS***Notes to the financial statements***Note 6 – Salary expenses, number of employees**

Payroll and related costs consist of:

| Amounts in NOK | 2018 | 2017 |
|--|-------------------|-------------------|
| Salaries | 34,957,233 | 38,284,754 |
| Social security costs | 3,930,828 | 3,887,950 |
| Pension costs, defined benefit | 5,192,145 | 4,999,736 |
| Other personnel expenses | 4,315,989 | 7,360,087 |
| Salary related costs billed to JVs partners or reclassified as exploration costs | -15,606,945 | -24,240,029 |
| Total | 32,789,250 | 30,292,488 |
| Average number of employees (local and expats) | 28.8 | 32.9 |
| Employees at year end (local and expats) | 28 | 31 |

Edison Norge AS has at 31.12.2018 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 2018 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 2018 MNOK 4.8 paid to Edison Norge managing director for his salary and other benefits in Norway.

No directors' fee has been paid in the year 2018.

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

Note 7 – Exploration expenses

| Amounts in NOK | 2018 | 2017 |
|---|-------------------|--------------------|
| Seismic, well data, field studies and other exploration costs | 14,059,405 | 49,427,104 |
| Own share of exploration cost from participation in licenses | 17,248,427 | 86,817,185 |
| Other salary and operated expenses reclassified as exploration expenses | 7,334,668 | 13,332,236 |
| Total exploration expenses | 38,642,500 | 149,576,525 |

**Edison Norge AS***Notes to the financial statements***Note 8 – Other operating expenses**

| Amounts in NOK | 2018 | 2017 |
|---|-------------------|-------------------|
| Lease cost | 3,840,198 | 4,558,636 |
| Consulting services | 20,373,846 | 20,659,654 |
| Maintenance | 7,672,538 | 7,993,691 |
| Other administrative expenses | 11,606,417 | 10,526,203 |
| Other operating costs billed to JVs partners or reclassified as exploration costs | -8,010,530 | -11,303,850 |
| Total operating expenses | 35,482,469 | 32,434,334 |

Remuneration to the auditor for 2018 is included in other administration expenses and allocated as specified below:

| 2018 amounts in NOK | Audit fee | Other services | Total 2018 |
|-------------------------|-----------|----------------|------------|
| Remuneration to auditor | 515,506 | 106,800 | 622,306 |
| Total | | | |

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.

Note 9 – Related party transactions

Edison Norge AS is a Norwegian company fully controlled by Edison International S.p.A which is part of Edison group. 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 2018 were NOK 873.75 million and MOK 193.55 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 of NOK 873.75 million which was classified as long-term liability in 2017 because of maturity extension to 22nd 2019. The loan classified as a short term loan in 2018 because the maturity date is less than 12 months after the balance sheet date. The maturity of the loan is expected to prolong before repayment date as previous years (ref. note 25).

There is an interest rate equal to 3-month NIBOR + a margin, 360 basis equal to 2.20%.



Edison Norge AS

Notes to the financial statements

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

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.

Note 10 – Lease agreements

Annual lease expenses consist of ordinary lease payments as specified below (ref note 8),

| Amounts in NOK | 2018 | 2017 |
|-----------------------------|------------------|------------------|
| Office rent | 3,237,704 | 3,197,040 |
| Leasing cars | 273,626 | 469,652 |
| Other rentals | 328,868 | 891,944 |
| Total lease expenses | 3,840,198 | 4,558,636 |

The company has operating lease agreement for rent of office. The agreement is for a period of three years from 1st October 2018 until 30th September 2021.

The company has three leasing cars for managing director and expatriates on 3 years' operating leases. The leasing cars expire on 30/11/2019, 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.

As at the reporting date, the company has non-cancellable operating lease commitments of MNOK 9.2 for the years 2019-2021:

| Amounts in NOK | 31/12/2018 |
|--|------------------|
| Office rent | 7,925,946 |
| Other leases | 845,594 |
| Short term, low value and leases outside scope of IFRS16 | 385,608 |
| Total lease commitments | 9,157,148 |



Edison Norge AS
Notes to the financial statements

Note 11 – Tangible assets

2018

| | | Assets under construction | Furniture & office equipment | Total |
|---|-------------|------------------------------|------------------------------------|--------------------|
| Amounts in NOK | Note | | | |
| Cost at 1 January 2018 | | 434,054,342 | 10,101,621 | 444,155,963 |
| Additions | 11-1 | 507,366,994 | 516,982 | 507,883,976 |
| Cost at 31 December 2018 | | 941,421,336 | 10,618,603 | 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 | | 941,421,336 | 1,317,754 | 942,739,090 |

2017

| | | Assets under construction | Furniture & office equipment | Total |
|---|-------------|------------------------------|------------------------------------|--------------------|
| Amounts in NOK | Note | | | |
| Cost at 1 January 2017 | | 713,534,105 | 9,981,621 | 723,515,726 |
| Additions | 11-1 | 297,171,322 | 120,000 | 297,291,322 |
| Deductions | 15 | -576,651,085 | - | -576,651,085 |
| Cost at 31 December 2017 | | 434,054,342 | 10,101,621 | 444,155,963 |
| Accumulated depreciation at 1 January 2017 | | - | -6,747,685 | -6,747,685 |
| Depreciation | | - | -1,339,428 | -1,339,428 |
| Accumulated depreciation at 31 December 2017 | | - | -8,087,113 | -8,087,113 |
| Balance at 31 December 2017 | | 434,054,342 | 2,014,508 | 436,068,850 |

Furniture and office equipment are depreciated on a straight-line basis of 5 & 3 years respectively.

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.

The company assets under developments are Nova project (Skarvfjell) in PL418 and Dvalin (Zidane) in PL435.

11-1 Assets under development:

In the license PL 435, the Plan for Development and Operation (PDO) was submitted for approval on 3rd October 2016 to the Ministry of Petroleum and Energy 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. Project construction activities are proceeding in line with the plans and budget.

First production is planned to start in the second half of 2020.

Total development costs estimated to NOK 10 billion, with planned production start in the second half of 2020.

Decommissioning activities for Dvalin mainly consist of removal of some subsea structures (template, manifold and XMTs) and plugging of wells. The installation of these structures is foreseen between mid-2018 and mid-2020.



Edison Norge AS

Notes to the financial statements

In 2018, only the template installed and therefore necessary decommissioning liability of MNOK 7.90 calculated and booked.

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 will consist of the removal of the two main modules. A fixed annual fee of NOK 3.6 million (Edison share) covering the removal of these modules and payable every year from 2020 to 2027 has been agreed with Heidrun in the tie-in agreement.

In 2018, only one module has been installed and therefore necessary decommissioning liability of NOK 0.34 million calculated and booked.

In total MNOK 8.24 decommissioning liability booked as of 31st December 2018.

In the license PL418, following DG2 decision on 31st January 2017 based on Gjoa platform tie-back concept, the license have submitted the Plan for Development and Operation (PDO) for approval on 16th May 2018 to the Norwegian Ministry of Petroleum and Energy (MPE). All the partners subsequently acceded to the PDO and the PDO has been approved by the MPE on 27th September 2018.

All the main construction and drilling contracts have already been awarded and project construction activities are proceeding in line with the plans and budget.

First production is planned to start in the second half of 2021.

Note 12 – Intangible assets

| 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 |
| 2017 | | | |
| | Exploration licences | Software | Total |
| Amounts in NOK | | | |
| Cost at 1 January 2017 | 2,527,722,313 | 25,054,988 | 2,552,777,301 |
| Additions | 149,576,525 | 3,705,182 | 153,281,707 |
| Cost at 31 December 2017 | 2,677,298,838 | 28,760,170 | 2,706,059,008 |
| Accumulated depreciation at 1 January 2017 | -2,527,722,313 | -19,621,552 | -2,547,343,865 |
| Depreciation | - | -4,712,453 | -4,712,453 |
| Amortisation of exploration costs | -149,576,525 | - | -149,576,525 |
| Accumulated depreciation at 31 December 2017 | -2,677,298,838 | -24,334,005 | -2,701,632,843 |
| Balance at 31 December 2017 | - | 4,426,165 | 4,426,165 |

Total depreciation and amortization billed to JVs or reclassified to exploration costs is NOK 4.7 million out of which cut back value is NOK 1.5 million.



Edison Norge AS

Notes to the financial statements

Note 13 - Information on jointly controlled activities

Edison Norge AS as of 31st Dec. 2018 has participating interests in ten exploration and development licenses:

| License number | Ownership | Operator | Concession period |
|----------------|-----------|----------------------|-------------------|
| PL 418 | 15% | Wintershall Norge AS | 16/02/2041 |
| PL 435 | 10% | DEA Norge AS | 03/10/2041 |
| PL 808 | 20% | MOL Norge AS | 05/02/2023 |
| PL 796 | 20% | Equinor Energy AS | 06/02/2022 |
| PL 697 | 20% | Vår Energi AS | 08/02/2020 |
| PL 880 | 40% | Capricorn Norge AS | 10/02/2024 |
| PL 952 | 10% | Lundin Norway AS | 02/03/2025 |
| PL 807 | 55% | Edison Norge AS | 05/08/2024 |
| PL 850 | 30% | Edison Norge AS | 05/02/2024 |
| PL 841 | 40% | Edison Norge AS | 05/02/2023 |

Note 14 – Other current assets

Short-term items

| Amounts in NOK | 2018 | 2017 |
|-------------------------------------|-------------------|--------------------|
| Over/under call, Joint Venture | 82,958,750 | 121,327,104 |
| Vat receivable | 2,345,495 | 1,188,562 |
| Prepayments and other receivables | 6,732,295 | 5,133,769 |
| Total short-term receivables | 92,036,540 | 127,649,435 |

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.

Note 15 – Asset held for sale

Edison Norge and CapeOmega have signed an agreement on 13/11/2017 for the acquisition by CapeOmega of Edison Norge participating interest in Polarled equal to 2,396% and in Nyhamna equal to 1,105%. Effective date for the sale transaction was 1 January 2017 and the Completion of the agreement is subject to and conditional upon the fulfilment of the conditions structured in the agreement. The final approval from ministries received 21 December and consequently the notification sent to the buyer on 27 December 2017. Therefore, according to the terms of the agreement the completion date was 31 January 2018.

An impairment loss recognised as an expense of NOK 248.4 million in 2017 financial statements in order to align the financial statements figures to the disposal values based on the price of Polarled established in the signed SPA, which was in accordance with IAS 36 and group policy and the remaining balance of the asset classified as asset held for sale at the end of the year 2017.

The transaction completed between CapeOmega and Edison Norge on 31 January 2018.

In 2018, NOK 9.2 million loss resulted from completion of the sale of Polarled/Nyhamna.



Edison Norge AS

Notes to the financial statements

Note 16 – Bank deposits

Edison Norge AS had bank deposit of NOK 104.68 million at 31/12/2018.

There was a balance of NOK 0.014 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 17 – Income taxes

Specification of income tax credit:

| Amounts in NOK | 2018 | 2017 |
|--|--------------------|---------------------|
| Calculated refund tax value of exploration costs this year | -69,386,111 | -150,175,086 |
| Change in deferred tax | -29,277,688 | -115,699,837 |
| Total income tax credit | -98,663,799 | -265,874,923 |

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 December the following year.

Tax rates for 2018 are 23% for taxable income/ loss subject to the onshore and offshore ordinary tax regime and 55% for taxable income/ loss subject to the offshore special tax regime.

As of 1st January 2019 the ordinary tax rate is 22%, and the special tax rate to 56%. Deferred taxes in the balance sheet are recognised to tax rates in force as of 1st January 2019.

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

| Amounts in NOK | 2018 | 2017 |
|---|--------------------|--------------------|
| Property, plant and equipment | 285,057,479 | 102,267,631 |
| -where of related to asset held for sale | | 26,749,528 |
| Other provisions | -1,962,520 | -2,036,685 |
| Net temporary differences | 283,094,959 | 128,980,474 |
| Tax losses carried forward, onshore ordinary tax 22% (23%) | 4,053,088 | 4,053,088 |
| Tax losses carried forward, offshore ordinary tax 22% (23%) | 1,010,732,235 | 810,477,340 |
| Tax losses carried forward, offshore special tax 56% (55%) | 721,790,248 | 539,819,178 |
| Uplift carry forward 56% (55%) | 244,121,853 | 183,920,597 |
| Deferred tax/deferred tax asset (-) | | |
| Non-current assets | -222,344,834 | -79,768,752 |
| - Where of related to asset held for sale | - | -22,424,632 |
| Current and non-current liabilities | 1,530,766 | 1,588,614 |
| Tax losses carried forward, onshore ordinary tax 22% (23%) | 891,679 | 932,210 |
| Tax losses carried forward, offshore 56% (55%) | 222,361,092 | 186,409,788 |
| Tax losses carried forward, offshore 78% | 404,202,539 | 296,900,548 |
| Uplift carry forward 55% (56%) | 136,708,238 | 101,156,328 |
| Deferred tax asset | 543,349,480 | 484,794,104 |
| Deferred tax asset not recognised | -271,674,740 | -242,397,052 |
| Deferred tax asset in the balance sheet | 271,674,740 | 242,397,052 |

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

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 2018, Edison Norge AS had MNOK 242.4 recognized as deferred tax assets. MNOK 29.3 deferred tax assets was recognized in 2018. Edison Norge recognized 50% of net deferred tax asset as of 31st December 2018 in accordance with the Financial Statement principle adopted in 2014 based on assessment of the recoverability in foreseeable future.

Basis for tax receivable refund:

| Amounts in NOK | 2018 | 2017 |
|--|--------------|--------------|
| Profit/-loss before tax | -126,474,178 | -506,172,451 |
| Finance items (onshore) | 19,616,161 | 48,542,568 |
| Permanent differences | 4,190,930 | 30,607,648 |
| Change in temporary differences (excl finance items) | -154,114,484 | 158,802,034 |
| Onshore expenses | - | 175,730 |
| Offshore expenses, not exploration | 167,825,018 | 75,512,309 |
| Basis for tax refund 78% | -88,956,553 | -192,532,162 |
| Carrying amount tax receivable from refund tax | -69,386,111 | -150,175,086 |

Reconciliation of effective tax rate:

| Amounts in NOK | 2018 | 2017 |
|---|--------------|--------------|
| Profit/-loss before tax | -126,474,178 | -506,175,451 |
| Expected income tax credit 78% | -98,649,859 | -394,814,512 |
| Adjusted for tax effects (27% - 78%) of the following items: | | |
| Change in valuation allowance for deferred tax assets | 282,106,343 | 80,889,148 |
| Asset held for sale – not included in deferred tax asset | - | 22,424,632 |
| Permanent differences | -248,964,029 | 23,871,845 |
| Effect of prior year adjustments | 17 | 4,245 |
| Current year interest on uplift and loss carry forward | -6,812,171 | -2,099,974 |
| The effect of offshore tax regime allocation of financial items ("Petroleumsskatteloven") | 5,014,869 | 20,083,688 |
| The effect of onshore cost | - | 94,894 |
| -Current year uplift | -31,847,701 | -17,236,796 |
| Effect changed tax rate | 488,732 | 907,907 |
| Total income tax credit | -98,663,799 | -265,874,923 |
| Effective tax rate | 78.0% | 52.5% |



Edison Norge AS

Notes to the financial statements

Note 18 – Accounts payable and other current liabilities

Trade and other payables

| Amounts in NOK | 2018 | 2017 |
|---------------------------------|--------------------|--------------------|
| Trade creditors | 627,929 | 8,461,537 |
| Other payables | 170,106,926 | 169,612,397 |
| Trade and other payables | 170,734,855 | 178,073,934 |

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.

IFRS 16, 'leases' will be effective for annual period beginning after 1 January 2019 and therefore, at the reporting date 31/12/2018, the company has non-cancellable operating lease commitments for the years 2019-2021 (ref. note 10).

Other current liabilities

| Amounts in NOK | 2018 | 2017 |
|----------------------------------|------------------|------------------|
| Withholding payroll tax | | |
| Social security payable | 429,185 | 436,051 |
| Holiday payment | 3,043,867 | 3,092,560 |
| Other accruals | 1,998,115 | 2,106,782 |
| Other current liabilities | 5,471,167 | 5,635,393 |

Note 19 – Contingent liabilities and other commitments

In 2019 the Company has drilling obligation to drill exploratory well on PL796 of NOK 34 million (Edison share) and no seismic obligations, neither the following years.

The company has obligation for its share of interest to Nova for the years 2019-2021. The operator's estimate of the expected Edison share of capex and operating costs are the following: 2019 NOK 398 million, 2020 NOK 688 million and 2021 NOK 232 million.

The company has obligation for its share of interest to Dvalin for the years 2019-2021. The operator's estimate of the expected Edison share of capex and operating costs are the following: 2019 NOK 311 million, 2020 NOK 230 million and 2021 MNOK 1 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 2018.



Edison Norge AS

Notes to the financial statements

Note 20 – Other gains/losses

There is an income of NOK 12.5 million resulting from 2018 asset adjustments. The correspondence figure in 2017 was NOK 3.8 million.

There is a loss from sale of Polarled/Nyhamna asset due to completion of the sale in January 2018 (ref. note 15).

In 2017, the company had MNOK 10.8 tariff income from Nyhamna gas treatment plant and no more tariff income in 2018 due to sale of the asset.

Note 21 – Financial income and expenses

The company has recorded currency losses of NOK 5.3 million and gains of NOK 3.3 million in 2018. Currency losses and gains recorded in 2017 were NOK 32.6 million and NOK 19.4 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 29.4 million has been charged on the inter-company financing as interests in 2018. The correspondence figure recorded in 2017 was NOK 36.8 million.

Note 22 – 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 and in August 2015 there was a new share premium contribution of NOK 440,000,000 resulted NOK 891,885,000 at the end of the year 2015.

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

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

Note 23 – Subsequent events

On 15th of January, the authorities (MPE) offered the company two new awards as a result of APA 2018 application round and two license extensions. The new licenses are PL1002 and PL1023 located in Norwegian Sea and Barents Sea and Edison is Operator with 60% and 50% share respectively. The extensions are related to the licenses PL418 and PL796.

There has been no events of such materiality so far which should be reported either as adjustments or as disclosures after the balance sheet date.



Edison Norge AS

Notes to the financial statements

Note 24 – Hydrocarbon resources (not audited)

At the beginning of 2018 Edison Norge AS had participating interests in seventeen licenses, out of which, six licenses as operator. During the year 2018 some of the production licenses were relinquished and there was a swap of 10% in PL850 for 10% in the license PL952, and therefore at the end of 2018 Edison Norge AS had participating interests in ten licenses, out of which, three licenses as operator.

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

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

In PL418 (Edison 15%) the exploratory well Skarjell 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 12.2 MSmc of oil equivalent, mainly gas with some associated gas and NGL.

Note 25 – 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 | |
|----------------------------------|----------------|--------------|----------------|--------------|
| | 2018 | 2017 | 2018 | 2017 |
| Financial assets | | | | |
| Other receivables | 92,036,540 | 489,607,736 | 92,036,540 | 489,607,736 |
| Tax receivable from refund | 69,386,111 | 150,175,086 | 69,386,111 | 150,175,086 |
| Bank deposits | 104,685,858 | 50,460,222 | 104,685,858 | 50,460,222 |
| Financial liabilities | | | | |
| Current loans to group companies | -1,067,306,662 | -383,851,688 | -1,067,306,662 | -383,851,688 |
| Trade and other payables | -170,734,855 | -178,073,934 | -170,734,855 | -178,073,934 |
| Other current liabilities | -5,471,167 | -5,635,393 | -5,471,167 | -5,635,393 |
| Net value | -977,404,175 | 122,682,028 | -977,404,175 | 122,682,028 |



Edison Norge AS

Notes to the financial statements

Liquidity risk

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

| | Carrying amount | Cash flow | < 1 year | 2-5 years |
|----------------------------------|-----------------------|-----------------------|-----------------------|-----------|
| Current loans to group companies | -1,067,306,662 | -1,067,306,662 | -1,067,306,662 | |
| Trade and other payables | -170,734,855 | -170,734,855 | -170,734,855 | |
| Other current liabilities | -5,471,167 | -5,471,167 | -5,471,167 | |
| Financial assets | 161,422,651 | 161,422,651 | 161,422,651 | |
| Net liquidity risk | -1,082,090,033 | -1,082,090,033 | -1,082,090,033 | |

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

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.

The loan will 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 2017 with an interest rate equal to 3-month NIBOR + a margin, 360 basis equal to 2.20% and maturity date of the loan extended to 22nd December 2019. 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.



Edison Norge AS
Notes to the financial statements

| | Intercompany loans | Non-current liability | Current liability | Total |
|------------------------------------|--------------------|-----------------------|----------------------|----------------------|
| Balance at 31/12/2017 | | 873,750,000 | 383,851,688 | 1,257,601,688 |
| Other increase of the year | | - | 439,704,973 | 439,704,973 |
| Decrease of the year | | - | -630,000,000 | -630,000,000 |
| Increase/decrease between IC loans | | -873,750,000 | 873,750,000 | - |
| Balance at 31/12/2018 | | - | 1,067,306,661 | 1,067,306,661 |

Decrease of the year in current liability is mainly due to money transfer to Edison HQ from sale of asset in January 2018 (ref. note 15) and capital contribution in cash made in February 2018 (ref. note 22).

In 2018, NOK 30.3 million interest cost and NOK 0.9 million interest income has been charged on the inter-company financing.

Classification of financial instruments

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



Edison Norge AS

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Area of operations

Edison Norge AS is a Norwegian company fully 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. has transferred effective 1 July 2018 to Edison Exploration & Production SpA, 100% owned by Edison SpA, a business unit that includes all the Exploration & Production activities of the Edison Group, in Italy and abroad including the entire stake held in Edison International SpA, sole shareholder of Edison Norge. The transfer is part of a program to rationalize and optimize the Group's Exploration & Production business, aimed at ensuring the necessary continuity of investments in the hydrocarbon sector, in the general context of the Group's new strategies.

The objective of the company is exploring for oil and gas and developing discoveries on the Norwegian Continental Shelf (NCS), also in partnership with other companies with both the roles of operator and partner. The company's activities in 2018 have been: to prepare for offshore operations, to work out proposals to apply for prospective acreage and submit applications to the APA round, to consolidate a competent organisation.

At the end of the year 2018 the company had participation interest in ten exploration and development licenses three as operator.

| License number | Ownership | Operator | Concession period |
|----------------|-----------|----------------------|-------------------|
| PL 418 | 15% | Wintershall Norge AS | 16/02/2041 |
| PL 435 | 10% | DEA Norge AS | 03/10/2041 |
| PL 808 | 20% | MOL Norge AS | 05/02/2023 |
| PL 796 | 20% | Equinor Energy AS | 06/02/2022 |
| PL 697 | 20% | Vår Energi AS | 08/02/2020 |
| PL 880 | 40% | Capricorn Norge AS | 10/02/2024 |
| PL 952 | 10% | Lundin Norway AS | 02/03/2025 |
| PL 807 | 55% | Edison Norge AS | 05/08/2024 |
| PL 850 | 30% | Edison Norge AS | 05/02/2024 |
| PL 841 | 40% | Edison Norge AS | 05/02/2023 |

APA and licensing rounds:

No applications submitted in the APA 2017 round and therefore there was no license award in 2018 .

Edison Norge has been looking at potential selective projects leading to a participation in the 2018 APA and therefore two applications have been submitted by the company:

- 1- Barents Sea with a preferred role as operator
- 2- Norwegian Sea with a preferred role as operator

Edison Norge was also partner in three applications for licenses' extension area.



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On 15th of January, the authorities (MPE) offered the company two new awards as a result of APA 2018 application round and two license extensions. The new licenses are PL1002 and PL1023 located in Norwegian Sea and Barents Sea and Edison is Operator with 60% and 50% share respectively. The extensions are related to the licenses PL418 and PL796.

Farm in/out/swap:

There was no farm-in during 2018.

There was farm-out of 5% participation interest in exploration license PL807. The agreement of the farm-out was signed in December 2017 and application for approval of the transaction was sent to the Ministry of Petroleum and Energy 1st Feb. 2018. Approval from MPE received 14th April 2018, with the effective date 1st January 2018. The transaction completed 31st May 2018.

In 2018, there was swap of 10% in PL850 for 10% in the adjacent license PL952 with effective date 01/01/2018 between Edison Norge and Lundin. The agreement was signed July 17, 2018 and the final approval from MPE received in October 2018.

Continuing operations

The main operations in 2018 have been the followings:

Sale of participation interests of Polarled (2,396%) and Nyhamna (1,105%) to CapeOmega completed on 31st January 2018.

In 2018, two exploration licenses relinquished and five license extensions awarded in licenses PL697, PL796, PL807, PL808 and PL841.

During 2018 purchase of common seismic data for PL952, PL807, for farm-in opportunity in PL211 and 3D seismic data relevant to the application containing the Malaga prospect filed with the APA 2018 round have been completed.

During 2018 purchase of Seismic PSDM reprocessing for PL807 and PL952 have been completed.

In the license PL418, following DG2 decision on 31st January 2017 based on Gjoa platform tie-back concept, the license have submitted on 16th May 2018 the Plan for Development and Operation (PDO) to the Norwegian Ministry of Petroleum and Energy (MPE for approval). All the partners subsequently acceded to the PDO and the PDO has been approved by the MPE on 27th September 2018.

All the main construction and drilling contracts have already been awarded and project construction activities are proceeding in line with the plans and budget.

First production is planned to start in the second half of 2021.

In the license PL 435, the Plan for Development and Operation (PDO) was submitted for approval on 3rd October 2016 to the Ministry of Petroleum and Energy 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.

Project construction activities are proceeding in line with the plans and budget.

First production is planned to start in the second half of 2020.



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Working environment

The work environment has been very good and the sick leave has been close to zero. There have been no accidents and injuries.

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 2018 the company had 13 female employees and 15 male employees all in full position.

Environmental pollution

The company makes no environmental contamination.

Statement of the annual accounts

The annual statement for 2018 shows a loss of NOK 27.8 million after total depreciations of NOK 41.9 million (the depreciations of capitalised exploration of NOK 38.6 million). The corresponding result for 2017 was a loss of NOK 240.3 million with total depreciations of NOK 161.1 million (the depreciation of capitalised exploration costs of NOK 149.6 million).

According to principle used in continuity with the past transaction and evaluation, Edison Norge has recognized 50% of net DTA of NOK 29.3 million in 2018 (MOK 115.7 million deferred tax assets was recognized in 2017).

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 2018. Operating costs for 2018 were NOK 106.9 million, with a decrease of NOK 350.9 million from NOK 457.7 million in 2017.

Net financial items have been changed from a loss of NOK 48.5 million in 2017 to a loss of NOK 19.6 million in 2018. The loss is mainly due to interest costs paid to group companies for the financing of Edison Norge AS.

In February 2018, the company increased share capital contribution in cash of NOK 330 million to cover the share capital increase in Edison Norge from NOK 2 million to NOK 3 million by increasing the nominal value of the shares in the company from NOK 2 to NOK 3, and an increase in the share premium from NOK 891.88 million to NOK 1.220,88 million in order to recapitalise the company according to company's acts sections § 3-4 and § 3-5.



Edison Norge AS

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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 licence 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.

Phillippe Antoine
Chairman of the board

Pierluigi Nalin
Managing director/Board member

Roberto Maria Cozzi
Board member

Rafael Saito Alemany
Board member

Ole Johan Oestvedt
Board member

Nicola Monti
Board member



Skattedirektoratet

19 JAN 2016
M C

Saksbehandler
Torstein Kinden Helleland

Deres dato
14.01.2016

Vår dato
18.01.2016

Telefon
22078139

Deres referanse
Kjell Richard Manskow

Vår referanse
2016/29981

ADVOKATFIRMAET PRICEWATERHOUSECOOPERS AS
Postboks 150
4065 STAVANGER

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

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

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

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

Bakgrunn

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

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

Sentraltbord
800 80 000
Telefaks
22 17 08 60



regnskapslovens formål, jf. pkt. 1.1:

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

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

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

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

Vennligst oppgi vår referanse ved henvendelser i saken.

Med hilsen

Runer Tystad
seniorrådgiver
Rettsavdelingen, foretaksskatt
Skattedirektoratet

Torstein Kinden Helleland

Dokumentet er elektronisk godkjent og har derfor ikke håndskrevne signaturer