Annual Report 2023

Sval

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Photo: Minna Suojoki

Board of Director's report 2023

Board of Director's report 2023

Sval Energi AS ("Sval" or "the Company") is a Norwegian energy company with production, development and exploration activities, ranking amongst the largest producers on the Norwegian Continental Shelf ("NCS"). Headquartered in Stavanger and with a branch office in Oslo.

The Company owns a share in a CO_2 storage license in Norway and a share in an operational wind farm in Finland, through a subsidiary.

The Company is a wholly owned subsidiary of Sval Energi Holding AS which is controlled by HitecVision.

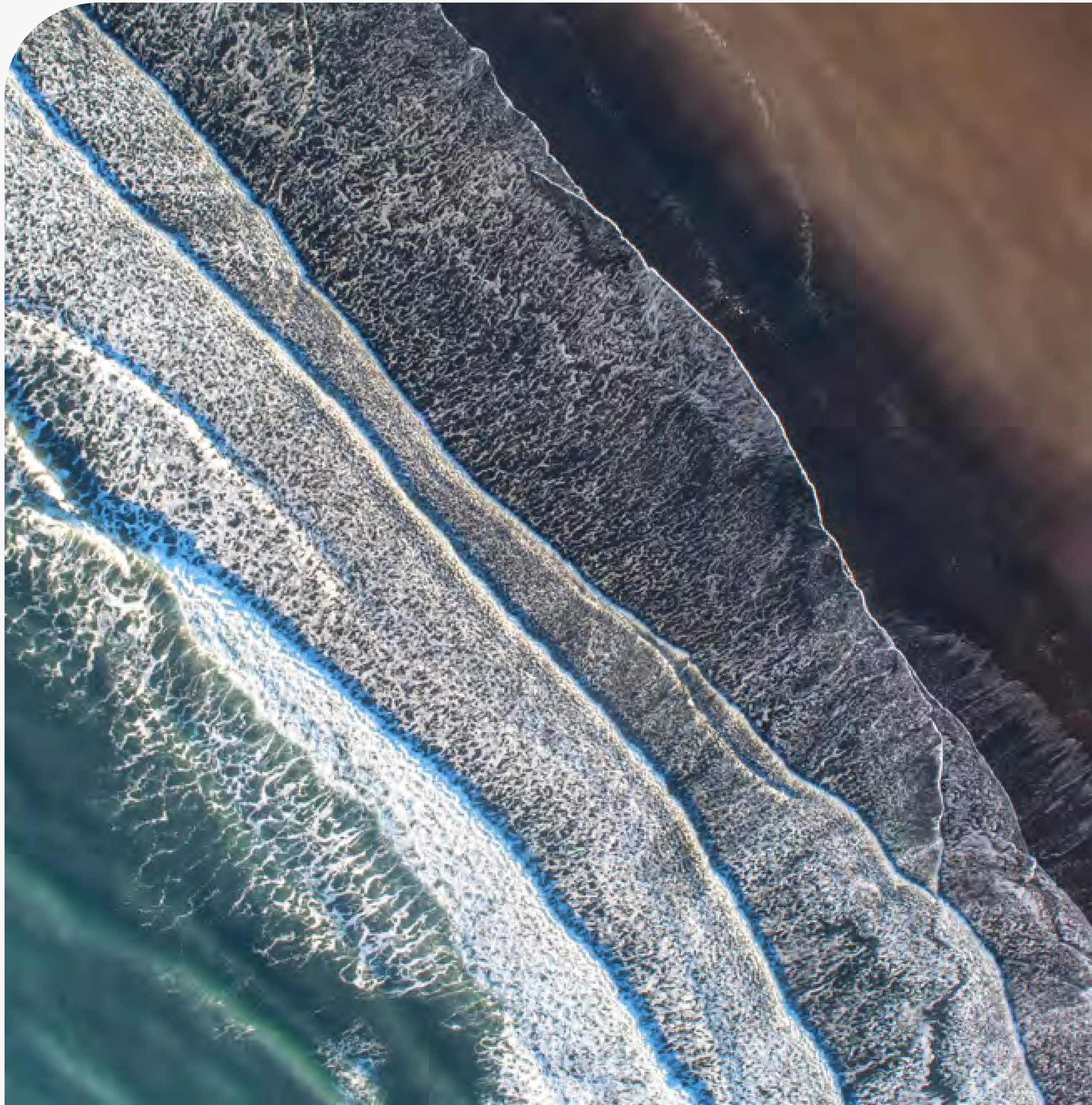
Production assets

Sval had a portfolio of 14 producing fields at the end of 2023. During the year two new fields started production and the Vale field ceased production. To new fields came into production in 2023, Fenja with 17.5% owner share and Dvalin with 10% owner share. Vale ceased production in September 2023 and decommissioning has commenced. Total volumes produced in 2023 were 24 million barrels of oil equivalents ("mmboe"). Oil represented 62% of the production, with gas and NGL (Natural Gas Liquid) making up 38%. On average, the 2023 production was 66,365 boe/d and the three largest producers being Ekofisk, Martin Linge and Kvitebjørn.

Development projects

The Company currently participates in six development projects on the NCS which supports the Company's growth ambitions:

- The development projects Hanz, Halten East and Eldfisk North progressed according to plan in 2023, and production is planned to start in 2024
- The Dvalin North, Maria phase 2 and Symra projecs were approved by the Ministry of Energy in 2023



Exploration activities

Sval is an active explorer in Norway, which is an attractive region with significant opportunities. Sval's exploration activities are focused around the Company's producing hubs where existing infrastructure can be utilised leading to short lead times and attractive economics for discov- eries. Sval's exploration portfolio consisted of 20 licenses at the end of 2023. Sval is actively high grading its exploration portfolio, and was award- ed four new licenses and divested four licenses during 2023. The Company participated in one exploration well on the NCS in 2023, the Sara well near Martin Linge which was dry. Sval is currently planning six exploration wells in 2024 and 2025.

Transition portfolio

Sval's wholly owned subsidiary Sval Renewables AS holds a 50% interest in the Metsälammin-kangas ("MLK") onshore wind farm in Finland. With 24 turbines and an installed capacity of 132 MW, MLK has an estimated gross annual power generation of 400 GW, which is generated from 24 GE turbines with a total installed capacity of 132 MW. The wind farm has an estimated operational life of around 30 years and has been in operation since March 2022.

In August 2023, Sval was awarded 40% and operatorship for the Trudvang CO_2 storage licence in the North Sea. The licence has the potential to store nine million tons of CO_2 annually. This corresponds to approximately 20 percent of Norway's annual CO_2 emissions.

The Financial Statements

The Company prepares and presents its ac- counts in accordance with International Finan- cial Reporting Standards ("IFRS"), as adopted by EU and the Norwegian Accounting Act.

The accounting policies applied in the statutory financial statements for 2023 are consistent with the statutory financial statements for the year ended 31 December 2022, except for the following:

- Change of functional and presentation currency from NOK to USD
- Valuation of over-/underlift in the balance sheet from using cost price as measurement in 2022 to use of sales price in 2023
- Applying hedge accounting for all new commodity hedges entered into in 2023 with gain/loss recognised in other comprehensive income ("OCI") upon settlement/closing

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

The Board of Directors believes that the Financial Statements provide a true and fair view of the Company's result for 2023 and the financial position at year-end.

Income Statement

The Company's total income of USD 2 038 467 thousand (2022 - USD 1 859 998 thousand) consist of revenue from contracts with customers of USD 1 986 747 thousand and other operating income of USD 51 720 thousand. The increase in income is explained by higher production offset by lower prices in 2023 compared to 2022.

Total operating expense is USD 914 338 thousand (2022 - USD 741 835 thousand). Of this, production cost is USD 344 928 thousand, exploration expense is USD 21 549 thousand, depreciation is USD 468 501 thousand, loss from liquidation of Sval SENAS USD 32 541 thousand and other operating expenses is USD 46 818 thousand. The increase in operating expense in 2023 reflects the Company's increased activity/ production compared to 2022.

Operating profit for 2023 is USD 1 124 130 thousand, with 24.7 million boe sold compared to an operating profit of USD 1 118 163 thousand in 2022 with 13.2 million boe sold.

Net financial expense is USD 53 991 thousand (2022 - net financial income of USD 26 881 thousand). Of this, other financial income is USD 158 721 thousand and mainly comprises of net foreign exchange gain of USD 90 173 thousand and realised/unrealised gain on forward currency contracts of USD 66 541 thousand. Interest expense amounts to USD 130 107 thousand of which USD 79 726 thousand relates to interest on bank borrowings, USD 28 667 thousand relates to accretion of decommissioning liabilities and USD 32 677 thousand relates to other interest expenses. Other financial expenses of USD 104 568 thousand is mainly related to unrealised and realised losses on currency forward contracts (USD 100 803 thousand).

Income tax expense was USD 917 567 thousand (2022 - tax expense of USD 822 268 thousand). Tax payable was USD 734 180 thousand (2022 - USD 1 395 773 thousand).

Profit for the year was USD 152 572 thousand (2022 - USD 322 776 thousand), in addition to Other comprehensive income net after tax from hedge accounting of USD 9 101. Total comprehensive income was therefore USD 161 673 thousand in 2023 (2022 - USD 322 776 thousand).

Statement of Financial Position

The Company's Financial Position has improved during the year, but due to liquidation of subsidiary Sval SENAS AS and less cash and cash equivalents, the Company's total assets decreased compared to 2022. Total assets amount to USD 4 466 142 thousand at year-end 2023 compared to USD 5 234 974 thousand in 2022.

Total non-current assets are USD 3 602 287 thousand on 31 December 2023, a decrease from USD 4 001 473 thousand at year-end 2022. The main decrease in non-current assets is Investment in subsidiary due to the liquidation of Sval SENAS AS as mentioned above.

Total current assets are USD 863 854 thousand on 31 December 2023, and this is a net decrease of USD 369 648 thousand from year-end 2022. The decrease in current assets is mainly within cash and cash equivalents.

Total equity on 31 December 2023 is USD 276 335 thousand, a small increase from year-end 2022 when total equity was USD 264 662 thousand. This corresponds to an equity ratio of 6.2% compared to 5.1% in 2022. In addition to the profit and other comprehensive income for the year, the change in equity is due to a dividend payment to Sval Energi Holding AS in November 2023 of USD 150 000 thousand.

Non-current liabilities at year end 2023 are USD 2 622 886 thousand compared to USD 2 696 497 thousand in 2022. The increase in deferred tax to USD 979 215 thousand (2022 - USD 870 834 thousand) and decommissioning liability non-current to USD 817 004 thousand (2022 - USD 753 019 thousand) is offset with decrease in the bank borrowing non-current to USD 792 139 thousand (2022 - USD 1 027 699 thousand).

Current liabilities are USD 1 566 921 thousand compared to USD 2 273 816 thousand in 2022. The main driver for the decrease is a significant lower tax payable (USD 734 180 thousand in 2023 and USD 1 395 773 thousand in 2022) in addition to settlement of the borrowings from Sval SENAS as part of the liquidation of Sval SENAS AS (USD 302 108 thousand). The decrease is partly offset by increase in other liabilities current (USD 747 161 thousand in 2023 and USD 460 897 thousand in 2022).

Cash Flow and Liquidity

Cash flow from operating activities was USD 566 564 thousand compared to USD 1 335 413 thousand in 2022. The significant decrease is mainly due to taxes paid in 2023 of USD 1 402 572 thousand compared to USD 286 884 thousand in 2022.

Net cash used in investment activities was USD 431 923 thousand compared to net investment of USD 1 154 651 thousand in 2022. The significant use of cash for investment activities in 2022 was related to acquisition of Spirit Energy Norway AS, Suncor Energy Norge AS, and Martin Linge/Ekofisk totalling USD 955 615 thousand.

Net cash used in financing activities was USD 494 695 thousand compared to net cash from financing activities of USD 211 672 thousand in 2022. Cash used in financing activities in 2023 was mainly related to net repayment of bank borrowings including interests of USD 339 227 thousand in addition to dividend paid of USD 150 000 thousand. Net cash from financing activities in 2022 was mainly related to net proceeds from bank borrowings (deducted with interest paid) of USD 872 159 thousand and capital increase of USD 235 836 thousand, partly offset by dividend of USD 775 329 thousand.

Cash and cash equivalents 31 December 2023 were USD 162 198 thousand compared to USD 524 823 thousand in 2022.

Dividend
Sval paid a total dividend of USD 150 000 thousand in October 2023 (USD 753 000 thousand in December 2022).

The Company's sustainability approach

Environmental, Social and Governance ("ESG") aspects are an integral part of the Company's business strategy and ESG assessments are integrated into business activities and decisions to add value and future-proof the business. In 2023, Sval revised its ESG materiality assessment to reflect the approaching regulatory requirements introduced by the new EU Corporate Sustainability Reporting Directive ("CSRD"), which applies to Sval from the financial year 2025. The double materiality assessment sets the foundation for development of the ESG strategy and the reporting scope. The selected ESG topics are sorted under the key overarching environmental, social and governance themes.

Sval is committed to report with reference to the Global Reporting Initiative ("GRI") and the recommendations of the Taskforce on Climate related Financial risk Disclosure ("TCFD") while transitioning towards the new EU CSRD framework. For further information on our work relating to material sustainability topics, we refer to the annual Sustainability Report, the Equality and Anti-Discrimination Report and the Transparency Act report all of which are published on our website.

Environment

Sval acknowledges the climate challenge and the need for decarbonisation in line with the Paris Agreement, as well as national and industry targets. The impact from the oil and gas industry is material. Decarbonisation of our oil and gas activities is therefore a priority. Sval's commitment to minimise the negative impact of its activities is captured in the ESG and Health, Safety and Environment ("HSE") Policies.

Sval works closely with our license partners and through industry fora to decarbonise the activities on the NCS. The most material measure in Sval's portfolio during 2023 was electrification of the Ivar Aasen field fully operational. This nearly eliminates the Greenhouse Gas ("GHG") emissions from the field. This will also enable low carbon operations for the ongoing field developments of Hanz and Symra. By the end of 2023, the electrification projects for Njord and Draugen received regulatory approval, which will facilitate electrification of our Fenja tie-in field in 2027.

Environmental responsibility is considered part of our licence to operate, and in our 2023 Sustainability Report we also discuss our impacts and actions relating to pollution, biodiversity and ecosystems, and waste management.

Social responsibility

Safety is the number one priority in Sval and the HSE policy defines clear targets and Key Performance Indicators (KPIs) aiming for zero harm to people. In 2023, Sval commenced the decommissioning of Vale involving marine operations and activities on the Heimdal platform, and we also completed a vessel based maintenance campaign on the Oda field, both without any safety incidents. Sval systematically audits the HSE and emergency preparedness established by the operator of each asset the Company holds an interest in.

Absence from work due to illness remained low (2.7%) in 2023.

Following a period of significant growth including multiple mergers and acquisitions, Sval reorganized in Q1 2023 to better adapt the organisation to the business' needs. At year-end 2023, the Company had 144 employees across the Stavanger and Oslo offices, of which 36% were women and 64% were men, and 19 different nationalities were represented. The Company continues to focus on gender equality and recruiting a workforce from diverse age groups and backgrounds. In 2023 we introduced a new reporting tool to improve our analysis and thereby target measures towards areas of concern. Sval undertook a salary harmonisation project, and diversity and inclusion training were provided across the organisation.

Sval also conducted a Working Environment Survey in collaboration with a third-party provider and with active involvement of our employee representatives. The survey allowed us to identify elements of the working environment which are working well and also highlighted areas for improvement, with employees expressing a desire for increased focus on personal and career development, improved communication, and greater involvement.

In 2023, Sval has continued the work on human rights and decent working conditions to safeguard workers in the value chain. In response to the Norwegian Transparency Act we refer to the Transparency Act report published on our website.

Governance

Governance activities and ethical business conduct remain priority areas for Sval and are high on the agenda for our Board and management team. The company is committed to responsible corporate governance, adherence to laws and fostering a culture of ethics and compliance throughout the organisation. There have been no reported cases of non-compliance with laws and regulations in the fiscal year of 2023.

Sval has continued the work to improve its security and resilience against cyber threats. In 2023, the Company has further enhanced the Information Security Management System, benchmarking against ISO27001 standards and ensuring alignment with evolving cyber regulations.

Reporting of payments to governments

The Company has prepared a report on government payments in accordance with the Norwegian Accounting Act section 3-3 d). It states that companies engaged in activities within the extractive industries shall annually prepare and publish a report containing information about payments to governments at country and project level. The report is available on the Company's website.

Norwegian Equality and Anti-Discrimination Act

In accordance with the Norwegian Equality and Anti-Discrimination Act § 26, Sval provides a statement of the actual status in terms of gender equality in the Company and what is being done to fulfil the activity obligation according to the legislation. Sval's statement is available on the Company's website.

Financial risk

Liquidity risk and cash management
The Company ensures access to sufficient liquidity to meet anticipated cash needs, through detailed liquidity forecasts and utilisation of available free-cash resources, or available credit line headroom, with an acceptable liquidity margin.

Commodity price risk
Fluctuation in oil and gas prices is a key financial risk to which the Company is exposed. During 2023, there has been high volatility in both oil and gas prices, although on average the realised prices have been relatively high in a historical context. To mitigate some of the commodity price risk, Sval is using financial derivatives to insure against downside price risk.

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

Foreign exchange rate risk
As revenues and expenditures are largely denominated in different currencies, the Company is exposed to foreign exchange rate risk. Crude oil and NGL revenues are all USD denominated, while the dry gas is EUR and GBP denominated depending on whether it is sold to the European continent or to the UK. Some revenues, e.g., resale of transportation capacity, are still NOK denominated. The majority of costs, including tax payments, are NOK denominated although there is some USD exposure related to ongoing development projects as well as some costs being incurred in EUR and GBP.

At the balance sheet date, the Company's main non-current financing is in USD. Rapid and significant fluctuations in USD against EUR, GBP and NOK may affect the Company's liquidity adversely. The foreign exchange exposure is actively monitored and hedged using financial derivatives, primarily foreign exchange forward contracts.

Credit risk
Credit risk is the risk of potential loss arising when a counterparty is unable to fulfil its obligations. The Company assesses that it is exposed to credit risk amongst others in relation to payment of petroleum revenues and various obligations.

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

Task force of Climate-related Financial Disclosures
Sval identifies and assesses climate risks and opportunities across its business in line with the recommendations of the Taskforce for Climate-related Financial Disclosures (TCFD) framework. These risks and opportunities are taken into account when developing strategies and financial plans. The climate risk assessment was updated in 2023, and the results were discussed with the Sustainability Committee and the Audit and Risk Committee. Several of the climate-related risks are viewed as material, and this is also reflected in the Company's overall Enterprise Risk Management register. For Sval, the energy transition and global need to decarbonise also offers business opportunities, and we will target areas that match our existing competencies and capabilities. For now, that means focusing on CO_2 storage as part of the carbon capture and storage ("CCS") value chain. Sval's work under the TCFD framework is summarised in our annual Sustainability Report.

Board of Directors

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

Subsequent events and outlook

Sval has six ongoing development projects (Dvalin North, Eldfisk North, Halten East, Hanz, Maria Phase 2 and Symra) that are making good progress towards production in the near to medium term.

Sval was awarded two new licenses in the Annual Awards in Predefined Areas (APA) licensing round, one as operator and one as a partner. The licenses are PL 1229 (Sval 30 percent and operator) and PL 1225 S (Sval 20 percent), both located in the Norwegian Sea.

Furthermore, the Company initiated drilling activities on two exploration wells at the beginning of 2024. The Ametyst exploration well (PL1138) was spudded on 8 January by the Noble Integrator drilling rig, and the Ringhorne North exploration well was spudded on 31 January.

Continued growth of the Company´s portfolio through both organic and inorganic activities in line with Company´s strategy are key objectives for 2024.

Stavanger, 21 March 2024
The Board of Directors of Sval Energi AS
Signed electronically

Martin Bachmann Chairman	**Timothy Dodson** Board member	**Kristin Færøvik** Board member	**John Nicholas Knight** Board member	**Kristin Gjertsen** Board member	**Einar Gjelsvik** Board member	**Sigurd Nikolai Lyngø** CEO

Financial Statements

Income Statement

USD thousand	Note	2023	2022
Revenue from contracts with customers	7	1 986 747	1 763 596
Other operating income	7	51 720	96 402
Total income		**2 038 467**	**1 859 998**
Production costs	8	(344 928)	(345 301)
Exploration expenses	9	(21 549)	(58 003)
Depreciation	16, 17, 18	(468 501)	(285 734)
Loss from liquidation of subsidiary	28	(32 541)	-
Other operating expenses	10, 11, 12	(46 818)	(52 797)
Total operating expenses		**(914 338)**	**(741 835)**
Operating profit		**1 124 130**	**1 118 163**
Interest income	13	21 964	14 696
Other financial income	13	158 721	67 472
Interest expenses	13	(130 107)	(40 571)
Other financial expenses	13	(104 568)	(14 716)
Net financial items		**(53 991)**	**26 881**
Profit before taxes		**1 070 139**	**1 145 044**
Income tax expense	14	(917 567)	(822 268)
Profit for the year		**152 572**	**322 776**

Statement of Comprehensive Income

USD thousand	Note	2023	2022
Profit for the year		**152 572**	**322 776**
Other comprehensive income			
Items that may be reclassified to profit/(loss)			
Net gain/(loss) commodity hedging	24	9 101	-
Other comprehensive income net of tax		**9 101**	**-**
Total comprehensive income		**161 673**	**322 776**

Statement of Financial Position

USD thousand	Note	31.12.2023	31.12.2022
ASSETS			
Intangible assets			
Goodwill	34, 16, 19	286 394	286 394
Capitalised exploration expenditures	16	4 619	798
Other intangible assets		-	246
Tangible assets			
Property, plant and equipment	17, 19, 27	3 208 104	3 274 037
Right-of-use assets	18	36 649	38 018
Financial assets			
Investment in subsidiary	28	53 749	388 397
Other assets, non-current		12 772	13 582
Total non-current assets		**3 602 287**	**4 001 473**
Current assets			
Inventories	15	16 981	17 076
Accounts receivable		3 897	35 248
Derivatives, current	24	70 989	73 641
Borrowings to shareholders and related parties	29	119 901	111 291
Other receivables, current	20	489 889	471 423
Cash and cash equivalents	21	162 198	524 823
Total current assets		**863 854**	**1 233 502**
Total assets		**4 466 142**	**5 234 974**

USD thousand	Note	31.12.2023	31.12.2022
EQUITY AND LIABILITIES			
Equity			
Share capital	22	470	470
Share premium		434 134	434 134
Other equity		53 193	41 519
Foreign currency translation reserve		(211 461)	(211 461)
Total equity		**276 335**	**264 662**
LIABILITIES			
Non-current liabilities			
Deferred tax	14	979 215	870 834
Bank borrowings, non-current	5, 23, 32	792 139	1 027 699
Decommissioning liabilities, non-current	5, 26	817 004	753 019
Lease liabilities, non-current	5, 31	22 832	29 284
Other liabilities, non-current	28	11 696	15 660
Total non-current liabilities		**2 622 886**	**2 696 497**
Current liabilities			
Accounts payable	5, 25	11 644	44 203
Taxes payable	14	734 180	1 395 773
Derivatives, current	5, 24	22 037	10 045
Borrowings from shareholders and related parties	29, 35		337 334
Lease liabilities, current	5, 31	14 152	9 043
Decommissioning liabilities, current	5, 26	37 747	16 522
Other liabilities, current	5, 25	747 161	460 897
Total current liabilities		**1 566 921**	**2 273 816**
Total liabilities		**4 189 807**	**4 970 312**
Total equity and liabilities		**4 466 142**	**5 234 974**

Stavanger, 21 March 2024
The Board of Directors of Sval Energi AS
Signed electronically

Martin Bachmann
Chairman

Timothy Dodson
Board member

Kristin Gjertsen
Board member

Kristin Færøvik
Board member

Einar Gjelsvik
Board member

John Nicholas Knight
Board member

Sigurd Nikolai Lyngø
Chief Executive Officer

Statement of Changes in Equity

Accounting policy
Dividend distribution and group contribution to the Company's shareholder is recognised as a liability in the Company's Financial Statements in the period in which the dividends are approved by the Company's shareholder.

Presentation currency has retrospectively been changed to USD, and for every movement in each category under equity the historical NOK/USD exchange rates have been applied when recalculating to USD. Consequently, there will be a currency translation differences between historical NOK/USD exchange rates and year-end 2022 exchange rate, as the presentation currency is different to functional currency in the periods before changing to functional currency 1 January 2023.

			Other equity			
USD thousand	**Share capital**	**Share premium**	**Retained earnings**	**Hedge reserve**	**Foreign currency translation reserve**	**Total equity**
Balance at 1 January 2022	**448**	**652 106**	**33 293**	**-**	**(156 997)**	**528 850**
Profit for the year	-	-	322 776	-	-	322 776
Comprehensive income for the year	-	-	-	-	-	-
Capital increase [1]	22	220 478	-	-	-	220 500
Dividend [2]		(438 450)	(314 550)	-	-	(753 000)
Foreign currency translation reserves	-	-	-	-	(54 464)	(54 464)
Balance at 31 December 2022	**470**	**434 134**	**41 519**	**-**	**(211 461)**	**264 662**
Profit for the year	-	-	152 572	-	-	152 572
Comprehensive income for the year	-	-	-	9 101	-	9 101
Dividend [3]	-	-	(150 000)	-	-	(150 000)
Balance at 31 December 2023	**470**	**434 134**	**44 092**	**9 101**	**(211 461)**	**276 335**

[1] Capital increase of USD 220500 thousand was approved and received by shareholder Sval Energi Holding AS in September 2022.

[2] Shareholders in Sval Energi AS approved in extraordinary shareholders' meeting in December 2022 a dividend of USD 753000 thousand to Sval Energi Holding AS. The dividend of USD 753000 thousand was paid to shareholders in December 2022.

[3] Shareholders in Sval Energi AS approved in extraordinary shareholders' meeting in October 2023 a dividend of USD 150000 thousand to Sval Energi Holding AS. The dividend of USD 150000 thousand was paid to shareholders in October 2023.

Statement of Cash Flow

Accounting policy

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

USD thousand	Note	2023	2022
Cash flow from operating activities			
Profit before income tax		1 070 139	1 145 044
Adjusted for:			
Net financial items	13	53 991	(26 881)
Depreciation	16, 17, 18	467 963	285 734
Expensed capitalised dry wells	9, 16	4 907	12 989
Net gain disposal of licences	7	(14 114)	-
Loss from liquidation of subsidiary	28	32 541	-
Increase/decrease decommissioning provision	12	3 954	9 951
Taxes paid	14	(1 402 572)	(286 844)
Taxes refunded	14	1 409	159 701
Cost of commodity hedge in OCI	24	(1 376)	-
Interest paid		-	(333)
Changes in inventories, accounts payable and accounts receivable		349 722	36 053
Net cash from operating activities		**566 564**	**1 335 413**

USD thousand	Note	2023	2022
Cash flow from investing activities			
Payment for decommissioning of oil and gas fields	26	(28 106)	(7 243)
Disbursement on investment in capitalised exploration expenditures	16	(8 896)	(13 332)
Disbursement on investment in fixed assets	17	(302 656)	(177 667)
Capital increase subsidiary		-	(793)
Asset acquisition [1,2]	35	(66 964)	(234 866)
Acquisition of shares in subsidiaries	35, 28	-	(351 664)
Consideration paid in business combination	34	(39 647)	(369 085)
Proceeds from sale of assets		14 346	-
Net cash from investing activities		**(431 923)**	**(1 154 651)**

[1] All contingent consideration to asset acquisition in 2023 relates to Equinor transaction of USD 57 121 thousand and Edison of USD 9 842 thousand.

[2] Asset acquisition in 2022 relates to the acquisition of Martin Linge Unit and the Greater Ekofisk Area USD 335 935 thousand and partly offset by Suncor bank balances received of USD 101 069 thousand. See note 35 for further information.

USD thousand	Note	2023	2022
Cash flow from financing activities			
Net proceeds/payments of loan to shareholder	29	-	(98 051)
Repayment of borrowings to subsidiary		(2 066)	-
Dividend paid [3]	29	(150 000)	(775 329)
Dividend received		431	-
Capital increase	29	-	235 836
Proceeds from bank borrowings	5, 23, 32	125 412	1 254 690
Repayment of bank borrowings	5, 23, 32	(364 390)	(358 358)
Interest paid	13	(100 249)	(24 173)
Interest received		13 345	-
Repayment of lease liabilities	31	(8 947)	(2 876)
Payment settlement of foreign currency swap		(4 473)	(440)
Other financing payments	13	(3 758)	(19 628)
Net cash from financing activities		**(494 695)**	**211 672**
Net increase/decrease in cash and cash equivalents		**(360 053)**	**392 434**
Effect of foreign exchange rate changes on cash and cash equivalents	13	(2 572)	(772)
Cash and cash equivalents at beginning of year		524 823	159 170
Foreign currency translation reserves		-	(26 009)
Cash and cash equivalents at end of year		**162 198**	**524 823**

[3] The dividend of USD 753 000 thousand was paid in December 2022, but due to change of presentation currency for 2022 and conversion from NOK to USD for 2022, where yearly average NOK/USD exchange rate is used, the amount is USD 775 329 thousand in the cash flow statement above.

2022 figures in the Statement of Cash Flow might not correspond with figures in notes below due to use of yearly average USD/NOK exchange rate for the conversion in the presentation currency NOK to USD in the Statement of Cash Flow and year-end USD/NOK exchange rate in the notes.

1. General information

Sval Energi is an exploration and production (E&P) company with a diverse portfolio of production, development and exploration assets on the Norwegian Continental Shelf. Now Sval is in the top ten list of the largest oil and gas producers on the Norwegian continental shelf. In 2022, Sval acquired Spirit Energy Norway AS (Spirit)'s and Suncor Energy Norge AS (Suncor)'s Norwegian businesses. Later in 2022, Sval acquired Equinor's participating interest the Greater Ekofisk area and 19% in the Martin Linge field.

In August 2023, Sval was awarded operatorship for the Trudvang CO_2 storage licence in the North Sea. The licence has the potential to store nine million tons of CO_2 annually. This corresponds to approximately 20 percent of Norway's annual CO_2 emissions. Sval has a 40 percent ownership stake, while Storegga and Vår Energi each own 30 percent.

At year-end 2023, the Company's E&P portfolio consists of several exploration licenses and six fields under development. Also, the Company was operator for two producing fields during 2023, Oda and Vale (which had last day of production in September 2023), and at-year end 2023 partner in 14 additional producing fields.

The Company's corporate headquarter is located in Stavanger, and the business address is Veritasveien 29, 4007 Stavanger.

The Financial Statements were authorised for issue by the Annual General Meeting on 21 March 2024.

2. Basis of presentation

The Financial Statements for the year ended 31 December 2023 have been prepared in accordance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB) and adopted by the European Union, and Norwegian disclosure requirements listed in the Norwegian Accounting Act. The Financial Statements have been prepared on a historical cost basis, except for derivative financial instruments that have been measured at fair value and receivables, loans, and other financial liabilities, which are recognised at amortised cost. Accounts payables are recognised initially at fair value and subsequently measured at amortised cost.

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

The Financial Statements have been prepared under the assumption of going concern.

Following the divestments of infrastructure assets and increase in E&P activity described above, the Company has made an assessment of the criteria in IAS 21 related to functional currency, the Company has changed functional currency from NOK to USD with the effect from 1 January 2023. Consequently, the Company has changed its presentation currency from NOK to USD for the Financial Statements for the year ended 31 December 2023. Change in presentation currency is a voluntary change in accounting principles, and retrospective comparison figures are recalculated to presentation currency.

USD for the year 2022 as follows:

- Income Statement, statement of Comprehensive Income and Statement of Cash Flow translated to USD using yearly average foreign currency rates for the relevant period.
- Assets and liabilities in the Statement of Financial Positions translated to USD at the closing foreign currency rates on the relevant balance sheet dates.
- Equity in the Statement of Financial Positions translated to USD using the historical exchange rate at the date of the transactions and yearly average for retained earnings.

All amounts in the Financial Statements are shown in thousands of USD unless stated otherwise.

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

Sval has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

The consolidated Financial Statements for the Group is presented by Sval Energi Holding AS, which is located in Stavanger, Norway.

3. Material accounting policies

Changes in accounting policies and disclosures
Differences between the production sold and Sval Energi's entitled share of production result in an underlift or an overlift position. As of 1 January 2023, the underlift positions and physical stock of crude oil are measured at net realisable value using an observable year-end oil market price (fair value) and presented as other receivables, current. The overlift positions are measured at fair value and presented as provisions in current liabilities. Movements during the accounting period are recognised in production costs.

Underlift and overlift positions were measured at cost price in prior period (2022) financial statements. The change in measurement from cost price to market price has neither material impact on prior period comparative information nor on equity per 1 January 2023. The change has therefore been implemented prospectively as from 1 January 2023 and comparative information for 2022 has not been changed.

Comparative information in USD thousand for 2022 is shown in table below:

Balance sheet	**Production cost**	**Market price**	**Impact**
Other short-term receivables	31 195	57 977	26 782
Accounts payable and other current liabilities	(53 696)	(71 084)	(17 388)
Deferred tax	17 551	10 223	(7 327)
Income Statement effect	**(4 950)**	**(2 884)**	**2 067**

Income Statement	**Impact**
Production cost	(9 394)
Profit before tax	***9 394***
Income tax expense	(7 327)
Profit for the year	**2 067**

Material accounting policy information
The following material accounting policy information applies to the Company's 2023 Financial Statements, including all comparative figures.

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

A joint operation is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities relating to the arrangement. The Company has evaluated its joint arrangement investments in upstream assets, and it is the Company's assessment that no individual partner has control over the assets alone. It has also been assessed that no parties have joint control because several combinations of participants could achieve majority voting and the investment is therefore out of scope for IFRS 11. For investments that are not deemed to be joint operations as there is no joint control (pursuant to the definition of IFRS 11), the Company recognises its share of each joint operation's individual revenue and expenses, as well as the assets, liabilities and cash flows on a line-by-line basis with similar items in the Financial Statements in accordance with applicable IFRSs. As this is very similar to how to account for joint operations according to IFRS 11, these investments are referred to as joint operations in these Financial Statements.

Derivative financial instruments
To hedge the Company's commodity price risks for future oil and gas production volumes (cash flow hedge) the Company uses derivative financial instruments such as Brent Crude put options and Gas TTF and NBP Collars.
In addition, to manage exposures related to fluctuations in foreign currency exchange rates, the Company enters into FX forwards contracts. These derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and subsequently re-measured at fair value.

The financial instruments are measured using market inputs such as observable forward curves and time to maturity. The Company has designated these financial instruments as cash flow hedges relating to expected future production and sales of oil and gas and applied hedge accounting. The effective portion of the gain or loss on the hedging instrument is recognised in other comprehensive income (OCI) and the "other equity – OCI" in equity, while any ineffective portion is recognised immediately in profit or loss. Amounts accumulated in the hedge reserve is reclassified to profit or loss when the hedged transaction is exercised/expiry.

For derivative financial instruments that do not meet the criteria for hedge accounting, the subsequently remeasured fair value amount is recognised through profit and loss.

Option premiums paid are treated as cost of hedging and presented in operating expenses, while the potential intrinsic value ("in-the-money value") on commodity hedging exercised are presented in gains on cash flow hedges in other operating income. Since option premiums are paid at exercise or expiry, they are presented as current liabilities in the balance sheet until payment.

New and amended IFRS Accounting Standards that are effective for the current year:
In the current year, the entity has applied a number of amendments to IFRS Accounting Standards issued by the International Accounting Standards Board (IASB) that are mandatorily effective for an accounting period that begins on or after 1 January 2023. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

IFRS 17 Insurance Contracts (including the June 2022 and December 2021 Amendments to IFRS 17)
The entity has adopted IFRS 17 and the related amendments for the first time in the current year. IFRS 17 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts and supersedes IFRS 4 *Insurance Contracts*.

IFRS 17 outlines a general model, which is modified for insurance contracts with direct participation features, described as the variable fee approach. The general model is simplified if certain criteria are met by measuring the liability for remaining coverage using the premium allocation approach. The general model uses current assumptions to estimate the amount, timing and uncertainty of future cash flows and it explicitly measures the cost of that uncertainty. It takes into account market interest rates and the impact of policyholders' options and guarantees.

The entity does not have any contracts that meet the definition of an insurance contract under IFRS 17.

Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgements - Disclosure of Accounting Policies
The entity has adopted the amendments to IAS 1 for the first time in the current year. The amendments change the requirements in IAS 1 with regard to disclosure of accounting policies. The amendments replace all instances of the term 'significant accounting policies' with 'material accounting policy information'. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions made by primary users.

The supporting paragraphs in IAS 1 are also amended to clarify that accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed. Accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material.

The IASB has also developed guidance and examples to explain and demonstrate the application of the 'four-step materiality process' described in IFRS Practice Statement 2.

Amendments to IAS 12 Income Taxes - Deferred Tax related to Assets and Liabilities arising from a Single Transaction
The entity has adopted the amendments to IAS 12 for the first time in the current year. The amendments introduce a further exception from the initial recognition exemption. Under the amendments, an entity does not apply the initial recognition exemption for transactions that give rise to equal taxable and deductible temporary differences. Depending on the applicable tax law, equal taxable and deductible temporary differences may arise on initial recognition of an asset and liability in a transaction that is not a business combination and affects neither accounting profit nor taxable profit.

Following the amendments to IAS 12, an entity is required to recognise the related deferred tax asset and liability, with the recognition of any deferred tax asset being subject to the recoverability criteria in IAS 12.

Amendments to IAS 12 Income Taxes - International Tax Reform - Pillar Two Model Rules
The IASB amends the scope of IAS 12 to clarify that the Standard applies to income taxes arising from tax law enacted or substantively enacted to implement the Pillar Two model rules published by the OECD, including tax law that implements qualified domestic minimum top up taxes described in those rules.

The amendments introduce a temporary exception to the accounting requirements for deferred taxes in IAS 12, so that an entity would neither recognise nor disclose information about deferred tax assets and liabilities related to Pillar Two income taxes.

Following the amendments, the entity is required to disclose that it has applied the exception and to disclose separately its current tax expense (income) related to Pillar Two income taxes.

Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Accounting Estimates

The entity has adopted the amendments to IAS 8 for the first time in the current year. The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". The definition of a change in accounting estimates was deleted.

New and revised IFRS Accounting Standards in issue but not yet effective:

At the date of authorisation of these financial statements, the entity has not applied the following new and revised IFRS Accounting Standards that have been issued but are not yet effective:

- Amendments to IFRS 10 and IAS 28 – Sale of Contribution of Assets between an Investor and its Associate or Joint Venture
- Amendments to IAS 1 – Classification of Liabilities as Current vs Non-current and Non-current Liabilities with Covenants
- Amendments to IAS 7 and IFRS 7 – Supplier Finance Arrangements
- Amendments to IFRS 16 – Lease Liability in a Sale and Leaseback

4. Significant accounting judgements, estimates and assumptions

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

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

a) Impairment and depreciation

Impairment

The Company assesses each asset or Cash Generated Unit ("CGU") in each reporting period to determine whether any indication of impairment exists. Where an indicator of impairment exists, a formal estimate of the recoverable amount is made, which is considered to be the higher of the fair value less costs of disposal and value in use. The assessments require the use of estimates and assumptions such as future level of income, license periods, discount rates, operating costs, future capital requirements, decommissioning costs etc. These estimates and assumptions are subject to risk and uncertainty. Therefore, there is a possibility that changes in circumstances will impact these projections, which may impact the recoverable amount of assets and/or CGUs.

Depreciation

The depreciation recognised in the Income Statement depends on the estimated useful lives of the assets, the usage pattern of the assets within individual periods and residual values at the end of useful lives. The estimated useful lives for the oil and gas production assets are dependent on the remaining reserves related to the assets. The assets are considered consumed according to the production from the related reserves using a unit-of-production depreciation method. This is based on current practice on the Norwegian Continental Shelf, together with previous experience and knowledge of the manner in which those assets will be used and retired from use. Changes in the pattern of use, or other variations from the pattern of expected use from these estimates, would significantly impact such conclusions and the amounts recognised in these Financial Statements, and future changes may lead to adjustments in the carrying value or estimated lives of the assets.

b) Decommissioning liability and related decommissioning asset

Decommissioning costs will be incurred by the Company at the end of the operating life of the Company's interests in upstream assets. The estimated cost of decommissioning at the end of the producing lives of oil and gas fields is reviewed annually and is based on reserves, price levels and technology at the balance sheet date. The ultimate decommissioning costs are uncertain and amongst others dependent on the production life of the respective field. The level of provision held is also sensitive to the discount rate used to discount the estimated decommissioning costs.

For upstream assets the decommissioning cost will be covered by the Company based on its interests in the underlying assets, a decommissioning asset is recognised concurrently to the liability recognition. Such assets are classified together with the underlying asset and is depreciated accordingly.

Therefore, significant estimates and assumptions are made in determining the provision for decommissioning liabilities and assets. As a result, there could be significant adjustments to the provisions established which would affect future financial results.

The provision at the reporting date represents the Company's best estimate of the present value of the future decommissioning costs required.

c) Taxation provisions

The Company's current tax provision relates to management's assessment of the amount of tax payable on open tax positions where the liabilities remain to be agreed with the Norwegian Oil Taxation Office. Uncertain tax items for which a provision is made, relate principally to the interpretation of tax legislation regarding arrangements entered by the company or arrangements inherited following acquisitions made by the company. Due to the uncertainty associated with such tax items, there is a possibility that, on conclusion of open tax matters at a future date, the final outcome may differ.

5. Financial risks and risk management

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

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

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

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

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

The amounts disclosed in the table below are the financial liabilities contractual undiscounted cash flows at 31 December 2023:

USD thousand	Less than 3 months	Between 3 months and 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
Bank borrowings	394	-	-	804 831	-	805 225
Accounts payable and other current liabilities	653 582	-	-	-	-	653 582
Derivatives	6 871	13 719	-	-	-	20 590
Decommissioning liabilities	9 254	27 761	94 905	100 197	749 364	981 482
Lease liabilities	3 538	10 614	17 572	5 101	4 109	40 935
Total at 31 December 2023	**673 639**	**52 094**	**112 477**	**910 129**	**753 474**	**2 501 813**

The amounts disclosed in the table below are the financial liabilities contractual undiscounted cash flows at 31 December 2022:

USD thousand	Less than 3 months	Between 3 months and 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
Bank borrowings	7 293	-	-	1 043 502	-	1 050 795
Accounts payable and other current liabilities	451 406	-	-	-	-	451 406
Decommissioning liabilities	4 175	12 524	96 815	63 897	727 628	905 038
Lease liabilities	2 261	6 782	18 086	10 782	5 605	43 516
Total at 31 December 2022	**465 135**	**19 306**	**114 900**	**1 118 181**	**733 233**	**2 450 755**

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

c) Market risk: Foreign exchange rate risk
Crude oil revenues are all USD denominated, while the gas is EUR and GBP denominated depending on whether it is sold to the European continent or to the UK. Some revenues, e.g. resale of transportation capacity, are still NOK denominated.

The majority of the costs, including tax payments, are NOK denominated although there is some USD exposure related to ongoing development projects as well as some costs being incurred in EUR and GBP.

At the balance sheet date, the Company's main non-current financing is in USD. Rapid and significant fluctuations in USD against NOK, GBP and EUR may affect the Company's liquidity adversely. The foreign exchange exposure is actively monitored and hedged using financial derivatives, primarily foreign exchange forward contracts.

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

- Payment of petroleum revenues – This risk is considered low given the financial status of the customers.
- Obligations of counterparties in relation to settlements due under derivative contracts – This risk is considered low given the financial standing of the financial institutions with which derivative contracts have been placed, however, periodic monitoring of such counterparties' credit worthiness is undertaken.
- Obligations due from other third parties, e.g. payment of insurance proceeds – This risk is considered low given the financial standing of the financial institutions with which insurance contracts are undertaken, however, periodic monitoring of these institutions' credit worthiness is undertaken.
- Decommissioning receivable – As the credit ratings of large corporate counterparties to the receivable are high, the credit risk for the Company is considered low.
- Cash deposits – The risk is considered low given the credit rating of the banks in the Company's bank syndicate.
- The Company will monitor credit risk by periodic assessments of the credit worthiness of its counterparties and consider adequate corrective actions in case of negative developments in credit worthiness.

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

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

In 2023 and 2022, the Company only had financial instruments in level 2 and level 3.

6. Segment information

For management purposes, the Company has through the reporting period 2023 and 2022 been organised as one business unit with one operating segment and the internal reporting has been structured in the same manner.

7. Revenues

Accounting policy
Revenue which is defined as revenue from contracts with customers according to IFRS 15, is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. Recognition of petroleum revenues is based on actual sold volumes to customers (sales method). Differences between the production sold and Sval Energi's entitled share of production result in an underlift or an overlift position. Underlift position and physical stock of crude oil are measured at net realisable value using an observable year-end oil market price (fair value) and presented as other short-term receivables. Overlift positions are measured at fair value and presented as provisions in other current liabilities. Changes in over-/underlift balances are presented as an adjustment to production cost.

In 2023, revenue from crude oil, gas and NGL relates to Oda, Vale, Nova, Duva, Kvitebjørn, Maria, Vega, Ivar Aasen, Ekofisk, Tor and Martin Linge for the whole year, Dvalin from August 2023 and Fenja from April 2023. In 2022, revenue from crude oil, gas and NGL relates to Duva for the whole year, Ivar Aasen, Oda, Vale, Kvitebjørn, Vega and Maria from June 2022, and Ekofisk, Tor and Martin Linge from October 2022.

USD thousand	2023	2022
Revenue from contracts with customers		
Revenue from crude oil sales	1 320 118	873 535
Revenue from gas sales	617 244	812 158
Revenue from NGL sales	46 705	22 589
Tariff income	2 680	55 314
Total revenue from contracts with customers	**1 986 747**	**1 763 596**
Other operating income		
Other income	13 747	1 582
Gains on disposal of licences	14 652	-
Contingent consideration [1]	23 321	94 819
Total other operating income	**51 720**	**96 402**
Total income	**2 038 467**	**1 859 998**

[1] See note 34 Business combinations and note 35 Asset acquisition.

Sales in thousand boe	2023	2022
Sales of crude oil	15 486	8 596
Sales of gas	8 179	4 165
Sales of NGL	1 027	420

Revenue from crude oil, gas and NGL split by geographic area (by place of delivery) in 2023:

USD thousand	Crude oil	Gas	NGL	Total
UK	780 839	492 802	39 471	1 313 112
Singapore	753	-	-	753
Norway	538 270	98 709	6 227	643 206
Switzerland	257	-	1 007	1 264
Germany	-	25 733	-	25 733
Total revenue from crude oil, gas and NGL	**1 320 118**	**617 244**	**46 705**	**1 984 067**

Revenue from crude oil, gas and NGL split by geographic area (by place of delivery) in 2022:

USD thousand	Crude oil	Gas	NGL	Total
UK	128 901	776 401	7 930	913 232
Singapore	401 856	-	-	401 856
Norway	259 598	3 785	2 699	266 082
Switzerland	83 179	-	11 960	95 139
Germany	-	31 973	-	31 973
Total revenue from crude oil, gas and NGL	**873 535**	**812 158**	**22 589**	**1 708 283**

8. Production costs

USD thousand	2023	2022
Cost of operation	178 525	103 573
Transportation	131 438	86 817
Production cost based on produced volumes	**309 962**	**190 390**
Change in over-/(underlift) [1]	28 268	141 510
Commodity price hedging	6 698	13 401
Production cost based on sold volumes	**34 966**	**154 911**

[1] Change in accounting principle for over-/underlift calculation, see note 3.

Produced volumes (million boe)	24.2	11.9
Production cost pr boe produced (USD)	13	16

9. Exploration expenses

USD thousand	2023	2022
Seismic [1]	4 149	31 634
Area fee	1 544	9 820
Dry well expenses [2]	4 907	12 989
Other exploration expenses	10 949	3 559
Total exploration expenses	**21 549**	**58 003**

[1] 2022 includes change of control cost related to acquisitions.
[2] The dry well expenses in 2023 mainly relates to the Sara well. The dry well expenses in 2022 mainly relates to the Uer exploration well.

10. Salaries and personnel expenses

USD thousand	2023	2022
Payroll expense	30 446	21 940
Bonus	6 340	4 191
Social security contribution	7 110	4 502
Pensions	2 800	1 921
Other personnel expenses	1 779	1 205
Total payroll expenses	**48 476**	**33 759**

Key management remuneration

USD thousand	Salary and bonus	Pension contribution	Other remuneration	Total
Key management remuneration 2023	459	52	3	514
Key management remuneration 2022	533	57	3	594

Number of employees
Total numbers of employees at 31 December 2023 are 144 (2022 – 172). The number of women employed in Sval at year-end was 52, and 92 men.

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

The CEO has a termination clause that allow for termination payments if the Company requests him to resign as a result of events outside of his control. CEO remuneration and compensation to Board of Directors are included in other operating expenses.

The specification above is for the actual amount of compensation paid to the CEO during the calendar year. This compensation is classified under "Other operating expenses" in the Income Statement.

Pensions
The Company has a defined contribution pension plan for its employees, which satisfies the statutory requirements in Norwegian law on required occupational pension ("Lov om obligatorisk tjenestepensjon").

Compensation to Board of Directors

The Board received the following remuneration:

Name (amounts in USD)	Role	Director's fee 2023	Director's fee 2022
Martin Bachmann	Chairman	45 278	18 177
Kristin Gjertsen	Board member	28 396	31 170
Timothy Dodson	Board member	28 396	31 170
Kristin Færøvik	Board member	28 396	12 988
Einar Gjelsvik [1]	Board member	28 396	16 270
John Knight [1]	Board member	28 396	16 270
Lars Christian Bacher [1]	Previous Board member	-	14 900
Anne Torunn Strømmen Lycke	Previous Board member	-	18 183
Gunnar Kristoffer Hviding Olsen	Previous Board member	-	30 305
John Alexander King	Previous Board member	-	18 183
Total		**187 260**	**207 616**

[1] Compensation to board members invoiced via HitecVision Advisory AS.

In addition, TwoB Consulting GmbH, Dodson Consulting and Valle Colline Energia AS, owned by board members, have received in 2023 USD 262 thousand (2022 – USD 123 thousand), USD 36 thousand (2022 – USD 27 thousand) and USD 24 thousand (2022 – USD 0 thousand) respectively.

11. Auditor's remuneration

USD thousand (exclusive VAT)	2023	2022
Statutory audit	237	190
Other assurance services	79	7
Other services	15	75
Total auditor remuneration (paid)	**331**	**271**

12. Other operating expenses

USD thousand	2023	2022
Decommissioning estimate update [1]	3 954	9 951
Insurance premium	522	3 414
Consultants	8 209	6 133
Fees for legal services/financing assistance	6 876	9 272
Information technology expenses	9 097	7 849
Other operating expenses [1]	4 027	5 533
Total other operating expenses	**32 684**	**42 152**

[1] See note 26 decommissioning liabilities for further information.

13. Finance income and cost

USD thousand	2023	2022
Interest income from companies in the same group	8 610	9 874
Other interest income	13 354	4 822
Total interest income	**21 964**	**14 696**
Unrealised gain on currency forward derivatives	36 310	67 472
Realised gain on currency forward derivatives	30 231	-
Group contribution received	2 007	-
Net foreign exchange gain	90 173	-
Total other financial income	**158 721**	**67 472**

USD thousand	2023	2022
Interest expense on companies in the same group	(29)	(3)
Interest expense on bank loans	(79 726)	(26 442)
Interest on lease liabilities	(1 557)	(674)
Amortised finance cost	(4 010)	(2 399)
Accretion expenses	(28 667)	(10 436)
Capitalised interest costs	16 560	-
Other interest expenses	(32 677)	(616)
Total interest expenses	**(130 107)**	**(40 571)**
Unrealised loss on currency forward derivatives	(66 099)	-
Realised loss on currency forward derivatives	(34 704)	(830)
Other financial expenses	(3 765)	(4 154)
Net foreign exchange loss	-	(9 733)
Total other financial expenses	**(104 568)**	**(14 716)**
Net financial items	**(53 991)**	**26 881**

14. Income tax

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

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

The entity does not apply the initial recognition exemption for transactions that give rise to equal taxable and deductible temporary differences. Depending on the applicable tax law, equal taxable and deductible temporary differences may arise on initial recognition of an asset and liability in a transaction that is not a business combination and affects neither accounting profit nor taxable profit. Following the amendments to IAS 12, an entity is required to recognise the related deferred tax asset and liability, with the recognition of any deferred tax asset being subject to the recoverability criteria in IAS 12.

For 2023 the Company was taxable in accordance with the Petroleum Taxation Act which gives rise to an additional petroleum tax on offshore income giving a total tax rate of 78%. Changes to the Petroleum Tax Act has been enacted with the effect from 1 January 2022. The combined tax rate of 78% was not changed, but special tax was restructured to a cash-flow tax. Investments incurred from 2022 and forward will be deducted immediately in the special tax base. This immediate expense replaces the current depreciation and uplift deduction will be discontinued. The changes only apply to new investments from 2022, and not to investments covered by the temporary rules introduced in 2020. In order to maintain the combined tax rate of 78%, the calculated corporate tax (22%) is deductible against the special tax base, and the special tax rate is therefore technically increased from 56% to 71.8%. The total tax rate remains at 78%.

Pillar Two legislation has been enacted or substantively enacted in certain jurisdictions in which the Company operates. The legislation will be effective for the Company's financial year beginning 1 January 2024. The Company has performed an assessment of the Company's potential exposure to Pillar Two income taxes. This assessment is based on the most recent information available regarding the financial performance of the Company. Based on the assessment performed, the Pillar Two effective tax rates in all jurisdictions in which the Company operates are above 15% and management is not currently aware of any circumstances under which this might change. Therefore, the Company does not expect a material exposure to Pillar Two top-up taxes.

Income tax recognised in the Income Statement

USD thousand	2023	2022
Current taxes for the year	809 564	836 919
Current taxes for prior year and change in uncertain tax provisions	2 492	1 040
Current tax expense/(income)	**812 056**	**837 959**
Deferred tax liabilities recognised in the period	188 689	62 934
Deferred tax (technical goodwill)	(83 178)	(83 769)
Deferred tax true-up previous years	-	5 144
Deferred tax expense/(income)	**105 511**	**(15 691)**
Income tax expense	**917 567**	**822 268**
Effective tax rate in %	86%	72%
Tax expense in commodity derivatives used for hedging	2 567	-
Tax expense in total comprehensive income	**920 134**	**822 268**

Reconciliation of income tax expense

USD thousand	Tax rate	2023	2022
78% tax rate on profit before tax	78%	834 708	893 134
Tax effect of uplift	71.8%	(13 706)	(16 037)
Permanent difference DD&A	78%	171 692	147 295
Permanent difference contingent consideration	78%	(18 191)	(94 819)
Permanent difference post-tax consideration	78%	(13 091)	5 928
Foreign currency translation of monetary items other than NOK	78%	9 399	-
Foreign currency translation of monetary items other than USD	78%	(46 138)	-
Tax effect of financial items	56%	54 968	(28 559)
Currency movements of tax balances	78%	16 163	-
Deferred tax - technical goodwill	78%	(83 178)	(83 770)
Prior period adjustments and change in estimate of uncertain tax provision	78%	4 941	(904)
Income tax expense		**917 567**	**822 268**

Tax balances are in NOK and converted to USD using the period end currency rate. When the NOK weakens against USD, the tax rate increases as there is less remaining tax depreciation measured in USD. In accordance with statutory requirements, the calculation of current tax is required to be based on NOK functional currency. This may impact the effective tax rate as the company`s functional currency is USD.

Deferred tax liabilities/(asset)

USD thousand	31.12.2023	31.12.2022
Property, plant and equipment	1 141 524	859 592
Decommissioning liability	(675 636)	(612 223)
Commodity and currency forward hedging	10 770	13 991
Lease liabilities	(27 578)	(29 526)
Amortised finance cost	2 792	3 477
Other receivable/payable	(29 702)	(7 648)
USD loan revaluation	2 832	5 780
Deferred tax (technical goodwill) [1]	554 213	637 391
Total deferred tax liabilities [2]	**979 215**	**870 834**

[1] Remaining deferred tax that created technical goodwill at acquisition date, see note 34 Business combinations.
[2] Deferred tax liability has increased with USD 108 381 thousand compared to a deferred tax expense of USD 105 511 thousand which is recognised in the Income Statement. The difference of USD 2 567 thousand relates deferred taxes recognised directly in other comprehensive income.

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

Taxes (receivable)/payable

USD thousand	31.12.2023	31.12.2022
Taxes payable/(receivable) 1 January	1 395 773	(158 628)
Current taxes for the year	809 564	836 919
Net taxes (paid) in the period	(1 401 163)	(127 144)
Tax payable pro-contra acquisition [1]	-	705 459
Prior year adjustments and change in estimate of uncertain tax provisions	(1 671)	159 658
Foreign currency effect	(68 019)	-
Current tax recognised directly in OCI	(303)	-
Foreign currency translation reserve	-	(20 492)
Total taxes payable [1]	**734 180**	**1 395 772**

[1] Taxes payable includes an uncertain tax provision of USD 146 112 thousand (2022 - USD 154 872 thousand) mainly from acquisitions previous years. Under the relevant share/asset purchase agreements, the sellers have provided for a tax indemnity to the company in respect of certain historical tax matters that are transferred to the company as per regulation to the Petroleum Taxation Act. The company has recognised a tax indemnity receivable presented under other short-term receivables of USD 145 787 thousand (2022 - USD 154 872 thousand).

15. Inventory

Accounting policy

Capital spare parts and drilling and well equipment are measured at the average cost price of the inventory items and presented as inventories. Consumables are charged to the income statement.

USD thousand	31.12.2023	31.12.2022
Capital spare parts	12 756	12 991
Drilling and well equipment	11 080	11 349
Provision for obsolete stock	(6 855)	(7 264)
Total inventory	**16 981**	**17 076**

16. Intangible assets

Accounting policy

The Company uses the successful efforts method of accounting for exploration and evaluation expenditure. Exploration and evaluation expenditure associated with an exploration well are capitalised initially as intangible assets. Certain expenditures such as geological and geophysical exploration costs are expensed. If the prospects are subsequently determined to be successful on completion of evaluation the relevant expenditure including licence acquisition costs is transferred to property plant and equipment. If the prospects are subsequently determined to be unsuccessful on completion of evaluation, the associated costs are expensed in the period in which that determination is made within operating cost in the Income Statement.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognised for any non-controlling interest and the acquisition date fair value of any previously held interest (aggregate consideration transferred), over the fair value of the identifiable net assets acquired and liabilities assumed. If the fair value of the identifiable net assets acquired is in excess of the aggregate consideration transferred (bargain purchase), before recognising a gain, the Company reassesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the assessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in the Income Statement.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is not depreciated, but the Company test for impairment when there are indications of impairment and at least annually. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Company's cash generating units (CGUs) that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units. Goodwill impairments cannot be reversed later if impairment indicators are no longer present.

Where goodwill forms part of a CGU and part of the operation in that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed of in these circumstances is measured based on the relative values of the disposed operation and the portion of the CGU retained.

USD thousand	Goodwill	Capitalised exploration wells	Other intangible assets	Total
Cost at 1 January 2023	**286 394**	**798**	**246**	**287 438**
Additions	-	9 452	72	9 524
Dry well write-off [1]	-	(4 907)	-	(4 907)
Depreciation	-	-	(318)	(318)
Divestment of licences	-	(752)	-	(752)
Reclassification	-	28	-	28
Cost at 31 December 2023	**286 394**	**4 619**	**-**	**291 013**

[1] The dry well write-off relates mostly to the Sara well.

USD thousand	Goodwill [1]	Capitalised exploration wells	Other intangible assets	Total
Cost at 1 January 2022	**-**	**5 615**	**509**	**6 124**
Addition through business combinations	293 322	-	-	293 322
Additions	-	13 332	-	13 332
Depreciation	-	-	(138)	(138)
Disposals	-	-	(47)	(47)
Dry well write-off [2]	-	(12 989)		(12 989)
Reclassification [3]	-	(4 671)	(29)	(4 700)
Foreign currency translation reserve	(6 927)	(489)	(49)	(7 466)
Cost at 31 December 2022	**286 394**	**798**	**246**	**287 438**

[1] Goodwill relates to the Spirit acquisition in May 2022.
[2] The dry well write-off relates mainly to the Uer exploration well.
[3] PL 211 Dvalin North moved from exploration asset to asset under development.

Intangible assets related to exploration are measured according to the successful efforts method and are not depreciated. Other intangible assets with limited financial life are depreciated on a straight-line basis (5 years).

17. Property, plant and equipment

Accounting policy
All field development costs are capitalised as property, plant and equipment. The development phase commences when the licence partners have decided the concept selection.

Property, plant, and equipment are stated at historical cost less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.

Depreciation is recognised rateably over the useful lives of the assets. The Company's oil and gas assets are depreciated using the unit of production method based on Sval´s proven and probable reserves "2P" from production start-up. Onshore assets are depreciated over the assets' estimated useful life according to the straight-line method. Repairs and maintenance cost are charged to the Income Statement during the financial reporting period in which they are incurred.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised as operating income or operating expenses in the Income Statement.

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

Assets that are subject to depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. When estimating value in use and fair value less costs of disposal, expected future cash flows are discounted to the net present value applying a discount rate after tax that reflects the current market valuation of the time value of money and risks specific to the asset or CGU. The discount rate is derived from a weighted average cost of capital (WACC) determination. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). For oil and gas assets, this is typically the field or licence level.

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

Prior year impairments are reviewed for possible reversal at each financial reporting date.

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

USD thousand	Assets under development	Production assets	Other property, plant and equipment	Total
Cost 1 January 2023	**356 507**	**3 189 406**	**8 592**	**3 554 505**
Additions	104 469	197 950	166	302 585
Capitalised interest	16 560	-	-	16 560
Estimate change asset retirement cost	7 618	69 113	-	76 731
Divestment	(2 694)	-	-	(2 694)
Reclassification [1]	(243 555)	243 527	-	(28)
Cost at 31 December 2023	**238 904**	**3 699 996**	**8 758**	**3 947 657**
Depreciation and impairment				
Accumulated at 1 January 2023	**2 848**	**274 267**	**3 353**	**280 469**
Depreciation	-	457 022	1 964	458 987
Write-down	76	23	-	99
Accumulated at 31 December 2023	**2 924**	**731 313**	**5 317**	**739 554**
Book value at 31 December 2023	**235 980**	**2 968 683**	**3 441**	**3 208 104**

[1] Transferred from asset under development to production assets USD 243 554 thousand (Dvalin USD 117 468 thousand, Fenja USD 126 059 thousand and reclassification of USD 28 thousand, see note 16).

USD thousand	Assets under development	Production assets	Other property, plant and equipment	Total
Cost 1 January 2022	**367 688**	**103 871**	**1 194**	**472 753**
Additions	95 545	81 114	1 008	177 667
Additions through business combination [1]	347 758	959 358	1 657	1 308 773
Asset acquisition [2]	120 789	1 461 311	5 012	1 587 112
Estimate change asset retirement cost	3 087	125 937	-	129 024
Reclassification [3]	(538 978)	543 649	29	4 700
Foreign currency translation reserve	(39 381)	(85 835)	(308)	(125 524)
Cost at 31 December 2022	**356 507**	**3 189 406**	**8 592**	**3 554 505**
Depreciation and impairment				
Accumulated at 1 January 2022	**-**	**4 575**	**631**	**5 206**
Depreciation	-	276 671	717	277 387
Write-down	2 917	39	-	2 956
Disposal	-	-	2 139	2 139
Foreign currency translation reserve	(69)	(7 017)	(134)	(7 220)
Accumulated at 31 December 2022	**2 848**	**274 267**	**3 353**	**280 469**
Book value at 31 December 2022	**353 659**	**2 915 139**	**5 239**	**3 274 037**

[1] Addition through business combination relates to the Spirit transaction of USD 1 308 773 thousand (USD 347 758 thousand in assets under development, USD 959 358 thousand in production assets and USD 1 657 thousand in other property, plant and equipment).
[2] Addition through asset acquisition relates to the Equinor transaction of USD 1 418 642 thousand (UDS 552 116 thousand relates to Ekofisk, UDS 829 070 thousand Martin Linge and USD 37 456 thousand Tor) and the Suncor transaction of USD 168 470 thousand.
[3] Transferred from asset under development to production assets USD 538 978 thousand mainly related to Nova on stream in 2022, USD 4 700 thousand moved from exploration to asset under development (Dvalin North).

Inventory (useful life): 5 years. Hardware (useful life): 3 years. Production assets: Unit of production method. All the property, plant and equipment are pledged as collateral for the non-current borrowings.

18. Right-of-use assets

In 2023 the Company entered into one new lease agreement as a non-operating partner in the Martin Linge oil and gas field. This is a lease of rig and the lease liability disclosed represents Sval's share only.

USD thousand	Offices	Vessel/Rig	Other equipment	Total
Cost at 1 January 2023	**16 281**	**27 966**	**-**	**44 246**
Annual index regulation	874	-	-	874
New leasing contract	-	6 316	-	6 316
Cost at 31 December 2023	**17 155**	**34 282**	**-**	**51 437**
Accumulated depreciation at 1 January 2023	**3 878**	**2 349**	**-**	**6 228**
Depreciation	1 409	7 151	-	8 560
Accumulated depreciation at 31 December 2023	**5 287**	**9 500**	**-**	**14 788**
Net book value at 31 December 2023	**11 867**	**24 782**	**-**	**36 649**

In 2022 the Company has entered into two new lease agreements. One is a rental agreement for office building at Veritasveien 29 in Stavanger. The other is for the lease of FSO Hanne Knutsen. This lease, Sval enters as a non-operating partner in the Martin Linge oil and gas field, the lease liabilities disclosed represents Sval's share only.

USD thousand	Offices	Vessel/Rig	Other equipment	Total
Cost at 1 January 2022	**2 791**	**-**	**-**	**2 791**
Additions through asset acquisition	-	27 966	-	27 966
Additions through business combinations	13 489	-	551	14 040
Disposals	-	-	(551)	(551)
Foreign currency translation reserve	-	-	-	-
Cost at 31 December 2022	**16 281**	**27 966**	**-**	**44 246**
Accumulated depreciation at 1 January 2022	**2 791**	**-**	**-**	**2 791**
Depreciation	787	1 730	-	2 517
Foreign currency translation reserve	300	620	-	920
Accumulated depreciation at 31 December 2022	**3 878**	**2 349**	**-**	**6 228**
Net book value at 31 December 2022	**12 402**	**25 616**	**-**	**38 018**

See note 31 Lease liabilities, for more information related to lease liabilities.

19. Impairment

Accounting policy
Periodically the Company reviews whether its non-financial assets have suffered any impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An asset is written down to its recoverable amount when the recoverable amount is lower than the carrying value of the asset. The recoverable amounts of the non-financial assets have been determined based on the highest of fair value less cost to sell and value-in-use calculations. The recoverable amount calculations are based on contractual cash flows and estimates of future cash flows over the useful lives of the assets. The recoverable amount is the present value of the future cash flows expected to be derived from an asset or cash-generating unit. Calculation of the recoverable amount requires use of estimates. At year-end, Sval reviews for indicators of impairment such as material change in price or fundamental change in another assumption.

Exploration assets
Sval's policy for exploration assets is to perform review of the carrying amount annually. The cost of unsuccessful exploration activity is expensed as it is incurred. At year-end 2023 the book value of exploration assets is immaterial.

Oil and gas assets
Impairment review is done on CGU level, and any potential write-backs are considered on a case-by-case basis. To ensure that there are no material unadjusted amounts on a portfolio basis, amounts are aggregated and reconsidered at the end of the process. Based on the current market situation the management has done an impairment assessment as of 31 December 2023.

Oil, gas and NGL prices
In the impairment assessment, the Company used 5 years forward prices as of 31 December 2023. The prices are inflated with a rate of 2%.

Nominal price forecast	2024	2025	2026	2027	2028
Oil price (USD/bbl)	82.3	81.3	82.9	84.6	86.3
Gas price (p/therm)	131	126	129	131	134
NGL price	49.4	48.8	49.7	50.8	51.8

Currency rates
Below shows the currency rates as of 31 December 2023 used in the calculations:

GBP/NOK	13.51
USD/NOK	10.95
EUR/NOK	11.72

Weighted average cost of capital (WACC) and risk-free rate
Sval's approach to valuation of E&P assets is by applying a discount rate of 8%. The methodology is based on a management adjusted generic weighted average cost of capital (WACC) calculation. For the WACC calculation a risk-free rate of 3.8% is applied.

Leverage ratio
Sval assume future financing with 50% debt and 50% equity. The main source of future debt is assumed to be reserve based lending (RBL) financing. The cost of RBL financing is SOFR plus a margin currently of 3.45%. The 2023 assumption only includes the margin on the RBL, and the total cost of debt is therefore 7.25%. Corporate tax rate is 22%, and only a minor part of the finance cost is subject to deduction in the special tax, this upside is not included in the calculation.

Conclusion
Based on the calculations done with inputs shown above, no impairment is recognised for the oil and gas assets.

Goodwill
The acquisition of Spirit in May 2022 was considered as a business combination and all of the goodwill balance as of 31 December 2023 relates to this acquisition. The carrying value of aggregate goodwill is USD 286 394 thousand as of 31 December 2023.

Impairment assessment performed for the year 2023 confirmed that the net present value significantly exceeds net book value, and no impairment is recorded for goodwill as of 31 December 2023.

20. Other receivables, current

USD thousand	**31.12.2023**	**31.12.2022**
Accrued income	262 678	175 615
Share of other current receivables in joint operations	25 054	105 758
Tax indemnity from acquisitions [1]	145 787	154 872
Underlift of hydrocarbons	54 464	31 203
Prepaid expenses	1 690	3 410
Other receivables	217	565
Total other receivables, current	**489 889**	**471 423**

[1] Mainly related to the acquisition of Spirit. See note 34 Business combination and note 14 income tax for further information.

21. Cash and cash equivalents

USD thousand	**31.12.2023**	**31.12.2022**
Bank deposit, unrestricted	160 196	523 093
Restricted bank deposit, employee taxes [1]	2 002	1 730
Total cash and cash equivalents	**162 198**	**524 823**

[1] For each salary payment, the Company must make a tax deduction (advanced deduction) in employees' salary and deposit the deduction in a separate bank account. The Company has established a separate bank account to facilitate compliance with Norwegian payroll tax law.

22. Share capital and other reserves

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

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

The Company manages its capital structure and adjusts it according to changes in economic conditions and the risk characteristics of its activities. To maintain or adjust the capital structure, the Company may adjust the amount of dividend payment to shareholders, return capital to shareholders or issue capital securities. No changes have been made to the objectives, policies, and processes from the previous years.

The Company has 21 637 312 ordinary shares as of 31 December 2023 with a nominal value of NOK 0.14 per share.

	31.12.2023	31.12.2022
Shareholder	Sval Energi Holding AS	Sval Energi Holding AS
Ownership	100%	100%
Share capital	469 723	469 723
Number of shares	21 637 312	21 637 312
Nominal value of each share in NOK	0.14	0.14

The Company has only a single class of shares and all shares carry a single voting right.

23. External borrowings

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

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

The external financing agreement has been increased from USD 700 million to USD 1 250 million during 2022 and further increased by USD 75 million during 2023. The external financing agreement is USD 1 325 million as of 31.12.2023.

As of 31 December 2023, the external debt consists of one bank facility in USD:

Facility	Type	Limit (USD million)
Revolving facility	Bank facility	1 325
Total		**1 325**

As of year-end 2023 and 2022, the Company had the following external debt:

		Nominal amount thousand		
Loan	**Currency**	**2023**	**2022**	**Maturity**
Revolving facility - Upstream tranche	USD	804 831	1 043 502	31 December 2027

The facility is multi-currency and carries a floating interest rate plus a margin of 3.45%. Debt can be drawn in either USD, NOK, EUR or GBP, with the respective floating interest rates being SOFR, NIBOR, EURIBOR and SONIA.

A commitment fee is calculated as a percentage on the undrawn, non-cancelled amount of commitments under the revolving facility. All borrowings under the agreements are secured by the Company's assets.

The new revolving credit facility agreement contains the following financial covenants:

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

The 12 months liquidity is tested quarterly whereas the net debt to EBITDAX ratio is tested on a semi-annual basis. Any additional financial indebtedness must comply with the requirements in the financing agreements.
The book value of the 2023 and 2022 year-end balances on external borrowings are assumed to be equal to the fair value of the balances.

Bank borrowings

USD thousand	Book value 31.12.2023	Book value 31.12.2022
Bank borrowings principal amount unamortised	804 831	1 043 502
Financing fees and establishment costs	(12 692)	(15 802)
Total bank borrowings, non-current	**792 139**	**1 027 699**

The Company has no other undrawn borrowing facilities, nor any current bank borrowings.

24. Derivative financial instruments

Commodity price risk has been hedged using oil/gas put options which protect against a drop in prices while leaving the Company exposed to the full upside. The Company also holds gas collars to protect drop in gas prices, though with cap on the upside. Foreign exchange risk has been mitigated with various foreign exchange forwards where USD/EUR or NOK has been sold and NOK or USD bought at fixed forward rates. All hedging has been conducted with hedge banks within Sval's bank syndicate.

At the balance sheet date, the Company holds the following commodity derivatives, ref table below. Commodity derivates entered in 2022 are not classified as hedge accounting, with consequential changes in fair value recognised through production cost in the Income Statement. New commodity derivates entered in 2023 are classified as hedge accounting and the changes in fair value are recognised as other comprehensive income.

Commodity derivatives

Hedging instruments	Maturity	Volume	Strike
Brent crude oil put options	1Q-3Q 2024	2 167 700	60, 65 and 75$/bbl
Gas put options	1H 2024	233 500	30 Eur/Mwh
Gas collar	1Q 2024	423 690	42,5 - 80 Eur/Mwh
Gas collar	2Q-3Q 2024	750 000	40 - 120 Eur/Mwh
Gas collar	1Q 2024	6 428 000	110 - 220 £p/therms
Gas collar	2Q-3Q 2024	17 900 000	100 - 250 £p/therms

Commodity derivatives assets

USD thousand	2023	2022
Value at 1 January	7 762	7 595
Value at hedging trade date for new hedges	20 853	14 139
Change in fair value - unrealised (production cost)	(7 099)	(13 150)
Change in fair value - unrealised (hedge reserve)	13 045	-
Foreign currency effect	120	-
Foreign currency translation reserve	-	(823)
Value at 31 December	**34 680**	**7 762**

As of year-end 2023, the fair value of outstanding oil puts, gas puts and gas collars amounted to USD 34 680 thousand. The effective portion of unrealised gains and losses are recognised in OCI for new hedge contracts entered in 2023, while any ineffective portion is recognised in profit or loss. For 2023 no inefficiency is measured for the commodity hedges. For hedge contracts from 2022 hedge accounting does not apply, and unrealised gains or losses are recognised in profit and loss. Note that the cost price (hedge cost agreed at the inception of the agreements) for the various commodity derivatives is paid at the time of exercise or expiration, and that this deferred payment is presented as current liabilities, refer to table below.

Outstanding commodity derivatives agreements at 31 December 2023 are all due to expire in 2024. The full intrinsic value of the options/collars, if any, (entered in 2023) at the time of expiry has been presented as other revenue. For old options/collars, where hedge accounting is not applied, the potential intrinsic value is netted with hedge premium cost paid and presented as other revenue. For commodity derivatives agreements applied under hedge accounting, the premiums paid are presented as cost of hedge in the OCI and recycled to production cost in the income statement in the period in which the hedged revenue are realised. For old agreements, not applied under hedge accounting, the premium is recognised as production cost.

Commodity derivatives – deferred premiums

USD thousand	2023	2022
Value at 1 January	10 045	9 217
Settlement (production cost)	(8 073)	(12 548)
Settlement (hedge reserve)	(1 376)	-
Value at hedging trade date for new hedges	20 853	14 139
Foreign currency effect	368	250
Foreign currency translation reserve	-	(1 014)
Value at 31 December	**21 817**	**10 045**

Change in hedge reserve

USD thousand	2023	2022
Value at 1 January	-	-
Realised cost of hedge	(1 376)	-
Change in fair value in the period	13 045	-
Value at 31 December	**11 669**	**-**

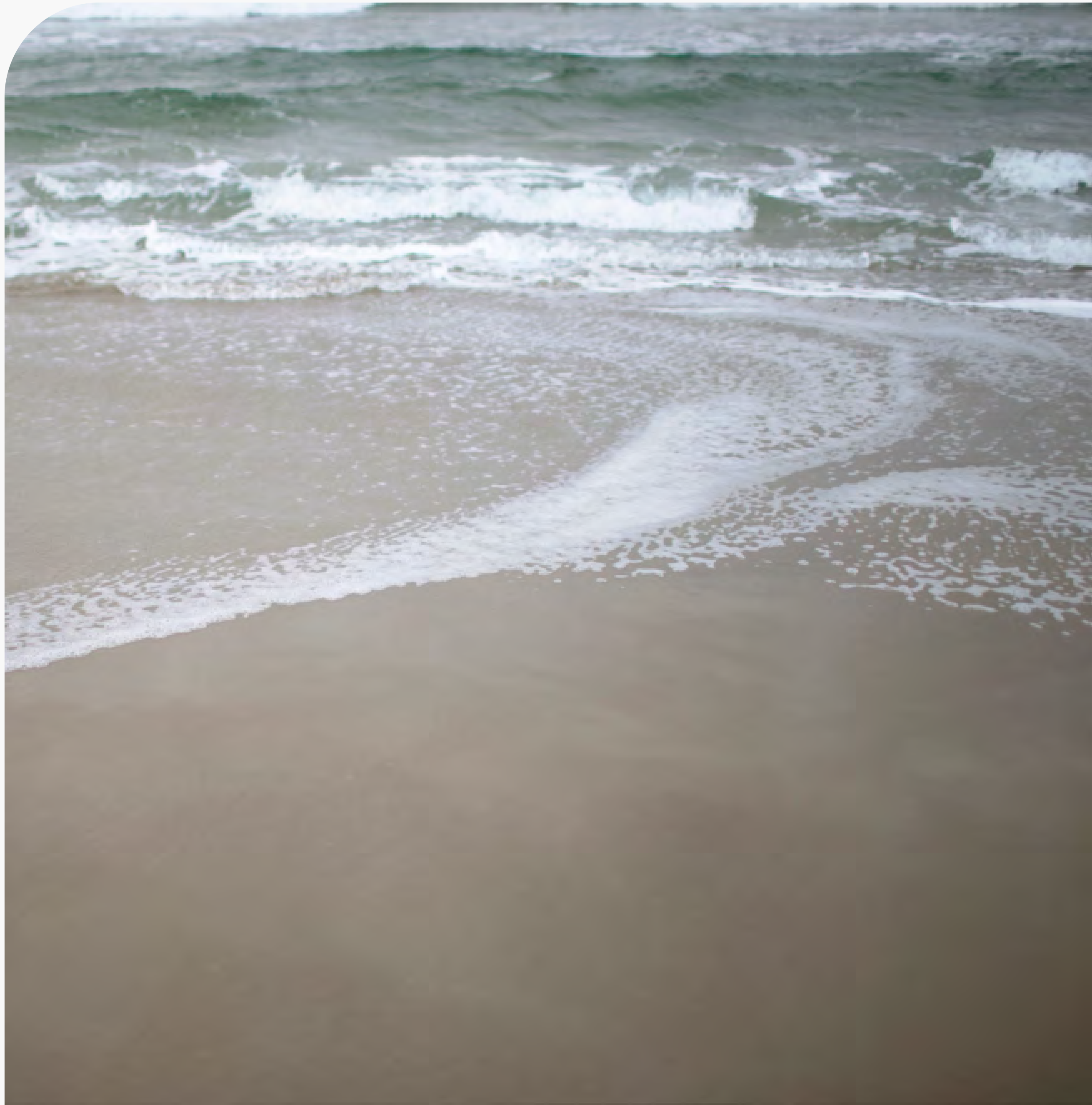
End of period 2023 after tax balance is USD 9 101 thousand.

At the balance sheet date, the Company holds currency forward contracts that are accounted for at fair value through other financial income or expense in the Income Statement. Hedge accounting is not applied for currency forward contracts.

Currency forward contracts

USD thousand	2023	2022
Fair value at 1 January	65 879	-
Realised value in the period	(4 473)	(810)
Change in fair value in the period - unrealised	(25 316)	66 689
Foreign currency translation reserve	-	-
Fair value at 31 December	**36 090**	**65 879**

The currency forward contracts at 31 December 2023 consists of several contracts, mostly related to sale of USD and acquire NOK with settlement dates in January until May 2024.



25. Accounts payable and other liabilities, current

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

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

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

Other liabilities, current

USD thousand	**31.12.2023**	**31.12.2022**
Share of other current liabilities in joint operations (note 27)	87 604	116 588
Overlift	105 223	53 694
Contingent consideration [1]	3 264	123 354
Accrued public charges and indirect taxes	8 633	24 413
Accrued expenses	24 467	27 938
Prepayment [2]	517 969	100 706
Deferred consideration related to the acquisition of former Edison Norge AS	-	11 768
Other current liabilities	-	2 436
Total other liabilities, current	**747 161**	**460 897**

[1] Contingent consideration of USD 3 264 thousand as of December 2023 relates to the 2022 acquisition of share in the Greater Ekofisk Area and Martin Linge Unit from Equinor. The amount as of December 2022 relates to the acquisition of Spirit USD 38 595 thousand and a share in the Greater Ekofisk Area and Martin Linge Unit from Equinor of USD 84 758 thousand, see note 34 Business combination and note 35 Asset acquisitions for further information.

[2] Oil and gas prepayment of USD 517 969 thousand per December 2023. The oil prepayment as of December 2022 of USD 100 706 thousand was repaid in 2023.

26. Decommissioning liability

Accounting policies
The Company has an obligation to decommission and remove assets in licenses which the Company holds an interest. The decommissioning liability is the net present value of the expected costs of decommissioning. Provision for the decommission liability is made for the net present value of the estimated cost of decommissioning gas and oil production facilities at the end of the producing lives of fields, based on price levels and current technology at the balance sheet date. The removal activities are many years into the future and technology and costs are constantly changing. The estimates include several assumptions of i.e. the time required, methods and costs relating to the removal, discount rate etc. As a result, the initial recognition of the liability and the capitalised cost associated with decommissioning and removal obligations, and the subsequent adjustment of these balance sheet items, involve the application of significant judgement. When the liability is initially recognised, the present value of the estimated costs is capitalised by increasing the carrying amount of the related tangible oil and gas asset and depreciated over the useful life of the asset (by the application of the unit-of production-method).
Changes in the estimated timing or cost of decommissioning are dealt with prospectively by recording an adjustment to the provision and a corresponding adjustment to assets. For end-of-life assets without remaining production change in decommissioning estimates are recognised as a change in decommission liability with contra in other operating expenses in the Income Statement. The periodic unwinding of the discount is recognised in the Income Statement as financial expense. The discount rate used when calculating the net present value of the decommissioning liability is a risk-free rate without the addition of a credit risk element.

USD thousand	2023	2022
Total liability as of 1 January	**769 541**	**30 729**
Addition through business combination [1]	-	237 573
Addition through asset acquisition [2]	-	387 335
Change in estimate	85 196	132 307
Payments for decommissioning	(28 082)	(7 384)
Accretion expense	28 096	10 166
Foreign currency translation reserve	-	(21 184)
Total liability as of 31 December	**854 750**	**769 541**

[1] See note 34 Business combination
[2] See note 35 Asset acquisition

For end-of-life assets without remaining production a change in decommissioning estimates of USD 8 466 thousand (2022 - USD 3 381 thousand) are recognised as a change in decommission liability with contra in other operating expenses in the Income Statement.

Breakdown of the decommissioning liabilities to short-term and long-term liabilities	2023	2022
Long-term decommissioning liabilities	817 004	753 019
Short-term decommissioning liabilities	37 747	16 522
Total decommissioning liabilities	**854 750**	**769 541**

Provisions by decommissioning period	31.12.2023	31.12.2022
2023 - 2030	286 857	274 417
2031 - 2040	238 471	295 816
2041 - 2060	329 422	199 366
Total provisions	**854 750**	**769 599**

Upon retirement of the Gassled pipelines, the costs of decommissioning will be recharged to the users (shippers) of the pipelines based on shipped volumes. The company's liability as a shipper is presented as other non-current liability and estimated based on the net present value of the estimated future retirement costs on the basis of accumulated shipped volumes. Change in estimates are recognised as a decrease in decommission liability of USD 4 512 thousand (2022 increased liability of USD 6 570 thousand) with contra in other operating expenses in the Income Statement. Retirement obligation as shipper in Gassled is classified as non-current provision in the Statement of Financial Position of USD 12 million.

27. Interests in joint operations

Fields	Share	Operator	Concession period expires
Duva	10.00%	Neptune Energy Norge AS	2044
Dvalin	10.00%	Wintershall Dea Norge AS	2041
Dvalin North	10.00%	Wintershall Dea Norge AS	2032
Edvard Greig Oil Pipeline (EGOP)	4.9269%	Equinor Energy AS	2029
Ekofisk	7.6040%	ConocoPhilips Skandinavia AS	2048
Eldfisk	7.6040%	ConocoPhilips Skandinavia AS	2048
Embla	7.6040%	ConocoPhilips Skandinavia AS	2048
Fenja	17.50%	Neptune Energy Norge AS	2039
Halten East	11.80%	Equinor Energy AS	2027
Hanz	15.00%	Aker BP ASA	2036
Heimdal	28.798%	Equinor Energy AS	2024
Ivar Aasen	12.32%	Aker BP ASA	2036
Kvitebjørn Oil Pipeline (KOR)	19.00%	Equinor Energy AS	2031
Kvitebjørn	19.00%	Equinor Energy AS	2031
Maria	20.00%	Wintershall Dea Norge AS	2036
Martin Linge	19.00%	Equinor Energy AS	2027
Nova	45.00%	Wintershall Dea Norge AS	2041
Oda	70.00%	Sval Energi AS	2036
Symra	20.00%	Aker BP ASA	2030
Tor	6.6392%	ConocoPhilips Skandinavia AS	2048
Trym	50.00%	DNO Norge AS	2027
Utsira High Gas Pipeline (UHGP)	7.3904%	Gassco	2029

Fields	Share	Operator	Concession period expires
Vale	50.00%	Sval Energi AS	2023
Vega Sør	25.00%	Wintershall Dea Norge AS	2024
Vega Unit	5.50%	Wintershall Dea Norge AS	2035
PL018ES	15.00%	A/S Norske Shell	2028
PL 043BS	19.00%	Equinor Energy AS	2027
PL 043FS	19.00%	Equinor Energy AS	2028
PL 090HS	25.00%	Equinor Energy AS	2024
PL 242	15.00%	Aker BP ASA	2036
PL 249	50.00%	Sval Energi AS	2023
PL 263/263B	30.00%	Equinor Energy AS	2037
PL 375	20.00%	Equinor Energy AS	2041
PL 378	12.12%	Wintershall Dea Norge AS	2041
PL 418B	45.00%	Wintershall Dea Norge AS	2041
PL 528/528B	40.00%	Sval Energi AS	2024
PL 586B	17.50%	Neptune Energy Norge AS	2023
PL 636B/C	10.00%	Neptune Energy Norge AS	2044
PL 956	15.00%	Vår Energi ASA	2027
PL 969 /969B	15.00%	A/S Norske Shell	2026
PL 1040	30.00%	Equinor Energy AS	2027
PL 1043/1043B	30.00%	Vår Energi ASA	2023
PL 1096	20.00%	Vår Energi ASA	2028
PL 1112	20.00%	A/S Norske Shell	2027

Fields	Share	Operator	Concession period expires
PL 1113	30.00%	Neptune Energy Norge AS	2028
PL 1114	30.00%	Harbour Energy Norge AS	2028
PL 1121	30.00%	Equinor Energy AS	2027
PL 1138	30.00%	Harbour Energy Norge AS	2028
PL 1147	40.00%	Sval Energi AS	2029
PL 1150S	40.00%	Sval Energi AS	2029
PL 1158	20.00%	Aker BP ASA	2029
PL 1160	40.00%	DNO Norge AS	2029

28. Investments in subsidiaries

Investment in subsidiaries as of 31 December 2023 (preliminary numbers in thousand):

USD thousand	Country of incorporation	Number of shares owned in thousand	Ownership	Net book value of investment	Equity as of 31.12	Profit/loss for the period ending 31.12
Sval Renewables AS	Norway	30	100%	USD 53 749	NOK 526 373	NOK 2 122

Investment in subsidiaries as of 31 December 2022 (numbers in thousand):

USD thousand	Country of incorporation	Number of shares owned in thousand	Ownership	Net book value of investment	Equity as of 31.12	Profit/loss for the period ending 31.12
Sval Renewables AS [1]	Norway	30	100%	USD 53 749	NOK 524 250	NOK 12 962
Sval SENAS AS [2]	Norway	42 620	100%	USD 334 648	NOK 3 282 313	NOK 311 532

[1] The Company's investment in Sval Renewables holds a 50% interest in a wind farm project in Finland through its fully owned subsidiary Sval Wind Farm Oy. The project entered the production phase in second quarter of 2022.

[2] Sval acquired all issued and outstanding shares in Suncor from Suncor Energy (International) Holdings B.V. the 30 September 2022. See note 35 Asset acquisitions for further information. Sval SENAS AS Financial Statements are prepared based on Generally Accepted Accounting Principles in Norway ("NGAAP"). The company was liquidated in November 2023 with consequently a loss of USD 32 541 thousand.

29. Related parties

Related parties' transactions were as follows:

USD thousand	Type of transaction	2023	2022
Sval Energi Holding AS [1]	Dividend	(150 000)	(743 314)
Sval Energi Holding AS [2]	Capital increase	-	224 866
Sval Energi Holding AS	Interest income	8 406	9 874
Sval Energi Holding AS	Intercompany recharged hours	102	10
Sval Renewables AS	Intercompany recharged hours	177	10
Sval Wind Farm OY	Intercompany recharged hours	41	10
Sval SENAS AS [3]	Interest expense on consideration	-	(12 510)
Sval SENAS AS	Group contribution	(2 007)	-

[1] The Board in Sval Energi AS approved in extraordinary shareholders' meeting in December 2022 a dividend of USD 753 000 thousand to Sval Energi Holding AS. The dividend was paid in December 2022, but due to conversion from NOK to USD for 2022 and use of year-end NOK/USD exchange rate, the amount is USD 743 314 thousand in the table above.

[2] Capital increase was USD 220 500 thousand, but due to conversion from NOK to USD for 2022 and use of year-end NOK/USD exchange rate, the amount is USD 224 866 thousand in the table above.

[3] For more details, see note 35 Asset acquisitions and section "Step 2 - Sval SENAS asset acquisition" under "Acquisition of Suncor Energy Norge AS".

On 31 December 2023, the intercompany balances consist of a short-term receivable from Sval Energi Holding AS of USD 119 901 thousand of which USD 8 406 thousand is accrued interest for 2023.

The Company's loan balance to Sval SENAS AS of USD 337 334 thousand was settled as part of the liquidation of Sval SENAS AS in November 2023.

The Company has also a receivable of USD 233 thousand with a related party, HE Investering AS, which is owned by a member of Sval's management team.

See note 10 for information about management remuneration and remuneration to the Board of directors.

30. Commitments and contingencies

The Company's operations are related to managing its interests across a wide portfolio of exploration, development and production licenses.

Committed future obligations
The Company is required to participate in the approved work programs for the licenses which also includes obligations to participate in exploration wells. Total drilling commitments as of 31 of December 2023 are 6 wells over 2024 and 2025 with an estimated cost of USD 41 million. The Company has also commitments related to gas transportation with estimated cost of USD 150 million (2022 – USD 88 million).

Planned investments
The numbers disclosed in the table below, represents the Company's share of capital and operation expenditures from its participation in operated and non-operated exploration, development, and production projects, as well as corporate activities. The main development projects for the Company are Symra, Maria Revit, Halten East and Dvalin North. The estimates include cost and time for discretionary projects, and therefore do not necessarily represent a committed liability. The table below excludes contracts reported as lease, as disclosed in note 31 Lease liabilities.

Contingent considerations
As part of the Company's acquisition of a share in Martin Linge Unit and Greater Ekofisk Area, the Company has agreed to pay contingent consideration related to oil and gas revenue for the full year 2022 and 2023. The contingency is accounted for in the Company's current liabilities and further detailed in note 34 Business combinations, note 35 Asset Acquisitions and note 25 Accounts payable and other liabilities, current.

Guarantees
The Company has replacement DSAs for USD 40 million in favour of Equinor and Centrica, issued as part of Sval's purchase of Spirit in 2022 for future decommissioning cost on Skirne, Kvitebjørn, Heimdal, Kvitebjørn Oil Pipeline and Vale. The Company has also issued an exit DSA in favour of Centrica and SWM Gasbeteilgungs GmbH USD 12 million and has provided a guarantee of USD 29 million in favour of Gassco for future transportation of natural gas.

USD thousand	**31.12.2023**	**31.12.2022**
Within one year	239 264	212 415
One to five years	351 177	506 662
After five years	16 080	1 120
Total other commitments	**606 522**	**720 197**

31. Lease liabilities

USD thousand	2023	2022
Total liability as of 1 January	**38 326**	**45 239**
New lease liabilities in the period	5 512	(2 876)
Annual index adjustment	760	-
Payments of lease liabilities	(8 947)	674
Interest expense on lease liability	1 611	-
Foreign currency effect	(280)	-
Foreign currency translation reserve	-	(4 711)
Total liability as of 31 December	**36 984**	**38 326**
Breakdown of the lease liabilities to short-term and long-term liabilities		
Short-term lease liabilities	14 152	9 043
Long-term lease liabilities	22 832	29 284
Total liability as of 31 December	**36 984**	**38 326**
Nominal lease liabilities maturity breakdown		
Within one year	14 152	9 043
One to five years	20 973	27 227
After five years	5 810	7 246
Total nominal lease liabilities	**40 935**	**43 516**

32. Changes in liabilities arising from financing activities

			Non-cash changes		
	01.01.2023	Cash flow	Foreign exchange movement	Other	31.12.2023
Non-current interest-bearing borrowings	1 027 699	(239 878)	-	4 318	792 139
Total liabilities from financing operations	**1 027 699**	**(239 878)**	**-**	**4 318**	**792 139**

[1] New bank borrowings of USD 125 412 thousand, repayment of bank borrowings of USD 364 390 thousand and arrangement fee of USD 900 thousand

			Non-cash changes			
	01.01.2022	Cash flow	Foreign exchange movement	Foreign currency translation reserve	Other	31.12.2022
Current interest-bearing borrowings	145 124	(138 158)	(408)	(12 140)	5 582	-
Non-current interest-bearing borrowings	38 468	1 022 555	(2 065)	(28 076)	(3 183)	1 027 699
Total liabilities from financing operations	**183 592**	**884 397**	**(2 473)**	**(40 216)**	**2 399**	**1 027 699**

33. Proved and probable reserves (unaudited)

Proved and probable reserves (mmboe)	**2023**	**2022**
Proved and probable reserves as of 1 January [1]	220	42
Acquisitions [2]	-	165
Change in estimate	-	26
Production	(24)	(12)
Proved and probable reserves as of 31 December [3]	**196**	**220**

[1] Opening balance as from 1 January 2022 had been adjusted to reflect the Company's total proved and probable reserves (2P)

[2] The increase in the Company's proved and probable reserves (2P) in 2022 was due to the acquisitions of Spirit, Equinor's shares in the Greater Ekofisk and Martin Linge Unit and Suncor.

[3] Reserves in the table as of 31 December 2023 and 2022 are in accordance with reserves in the Competent Person`s Report (CPR) provided by an external independent consultancy applying the standard petroleum engineering techniques. Sval`s reserves as of 31 December 2023 and as of 31 December 2022 are broadly in-line with the CPR.

34. Business combinations

Accounting policies

Business combinations are accounted for using the acquisition method. The acquisition date is the date on which the acquirer achieves control over the acquiree. At the date of acquisition, identifiable assets, liabilities, and contingent liabilities are measured at fair value. The cost of an acquisition is measured against the fair value of the acquired assets and liabilities. If identifiable intangible assets can be separated from other assets, or meet the legal contractual criteria, they will be included. In the cases where the acquisition cost exceeds the fair value, goodwill will arise.

The Company determines that it has acquired a business when the acquired set of activities and assets include an input and a substantive process that together significantly contribute to the ability to create outputs. The acquired process is considered substantive if it is critical to the ability to continue producing outputs, and the inputs acquired include an organised workforce with the necessary skills, knowledge, or experience to perform that process or it significantly contributes to the ability to continue producing outputs and is considered unique or scarce or cannot be replaced without significant cost, effort, or delay in the ability to continue producing outputs.

When the Company acquires a business, it assesses the assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree. The acquired petroleum reserves and resources that can be reliably measured are recognised separately in the assessment of fair values on acquisition. Other potential reserves, resources and rights, for which fair values cannot be reliably measured, are not recognised separately, but instead are subsumed in goodwill.

Licences on the Norwegian Continental Shelf are only sold in a post-tax market. Meaning, the acquirer takes over the tax written down values of the seller and is therefore not entitled to a tax deduction for the consideration paid over and above the seller's tax values.

A provision for deferred taxes on the difference between the acquisition cost and the transferred tax depreciation bases is made, and this is in accordance with IAS 12 Income Taxes. The offsetting entry to this deferred tax liability is goodwill. Therefore, in addition to the ordinary goodwill, the Company will also get goodwill as a technical effect of deferred taxes recognised for the after-tax consideration paid in business combinations for assets acquired under section 10 of the Norwegian Petroleum Tax Act.

The valuation of the business combination is based on information about fair values available at the acquisition date. Fair value has been obtained by discounting expected cash flows from future operations to get to the net present value. Sval may make changes to the purchase price allocation (PPA) if new information becomes available within 12 months from the acquisition date and provisional PPA.

Acquisition related costs are expensed as incurred.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IFRS 9 (Financial Instruments) is measured at fair value, with changes in fair value recognised in the Income Statement.

Due to the nature of the contingent oil and gas considerations and the fact that it is directly linked to income through the price and volume of gas delivered, any changes in fair value will be recognised in the Income Statement. Changes in fair value are not in scope for IFRS 15 (Revenue from Contracts with Customers) and will be recognised as 'Other income' in the Income Statement.

Acquisition of the Spirit Energy Norway AS business

On 8 December 2021 Sval signed an agreement to acquire the Spirit Energy Norway AS (Spirit) business (excluding the ownership interest on the Statfjord field), with a commercial effective date 1 January 2021 and with a tax effective date 1 January 2022. Closing of the transaction took place 31 May 2022 and Sval strengthened its position on the Norwegian Continental Shelf with the completion of the acquisition.

The main activity of Spirit prior to the acquisition was exploration and production of oil and gas on the Norwegian Continental Shelf. In 2021, Spirit produced oil and gas from the fields Statfjord, Kvitebjørn, Oda, Ivar Aasen, Maria, Vega Unit and Vale. The Nova field came on stream in the summer of 2022. In addition, they were working with the licence partners to develop economic concepts for Halten East, Berling and Symra.

In January 2022, as part of the Awards in Predefined Areas (APA) 2021, Spirit was awarded ownership interests in seven new licences, two of which as operator. The sales agreement between Sval and Spirit is a transfer of the entire company's activities (excluding the ownership interest on the Statfjord field), including all employees.

The part of Spirit bought by Sval constitute a business, and thus the transaction falls under the definition of a business combination and has been accounted for using the acquisition method of accounting in accordance with IFRS 3 (Business Combinations). A purchase price allocation (PPA) has been performed to allocate the consideration to fair value of assets and liabilities. Closing of the transaction 31 May 2022 is the acquisition date for accounting purposes. Acquisition date fair values are measured in accordance with the rules of IFRS 13 (Fair Value Measurement).

Assets and liabilities recognised at the acquisition date from the business combination assumed at the date of the acquisitions were as follows:

USD thousand	**31 May 2022**
Goodwill [1]	286 394
Property, plant and equipment	1 277 864
Right-of-use assets	538
Other non-current assets	9 086
Total non-current assets	**1 573 882**
Inventories	21 342
Accounts receivable	107
Other short-term receivables [2]	326 022
Total current assets	**347 471**
Total assets	**1 921 353**

[1] USD 719 182 thousand of the deferred tax balance have a contra in technical goodwill.
[2] Tax payable of USD 431 660 thousand includes uncertain tax provision of USD 141 560 thousand from the acquisition of Spirit. Sval have a tax indemnity against Spirit for these cases, hence is a contra of USD 141 560 thousand recognised as other short-term receivables.

USD thousand	31 May 2022
Long-term decommissioning liabilities	229 415
Other non-current liabilities	8 887
Deferred tax [1]	724 462
Total non-current liabilities	**962 763**
Other current liabilities [3]	164 139
Short-term decommissioning liabilities	2 409
Taxes payable [2]	431 660
Total current liabilities	**598 208**
Total liabilities	**1 560 971**
Net assets and liabilities recognised	360 382
Fair value of consideration paid on acquisition [4]	**360 382**

[1] USD 719 182 thousand of the deferred tax balance have a contra in technical goodwill.
[2] Tax payable of USD 431 660 thousand includes uncertain tax provision of USD 141 560 thousand from the acquisition of Spirit. Sval have a tax indemnity against Spirit for these cases, hence is a contra of USD 141 560 thousand recognised as other short-term receivables.
[3] The sale and purchase agreement (SPA) between Sval and Spirit includes a post-tax contingent consideration for the period starting 5 October 2021 to 31 December 2022 depending on the development in the commodity prices for gas. The contingent consideration is measured at fair value as a financial liability in the balance sheet at the date of control transfer, and changes in fair value is recognised in the Income Statement in accordance with IFRS 9 subsequent to initial recognition. Due to the nature of the contingent consideration and the fact that it is directly linked to income (through the price and volume of gas delivered) any changes in fair value are classified as other income in the Income Statement. Fair value of contingent consideration at the transfer of control was USD 41 118 thousand, the liability was recognised as other current liabilities.
[4] Consideration paid on acquisition differ from amount in cash flow statement due to conversion from presentation currency NOK to USD for 2022 and use of yearly average NOK/USD exchange rate in cash flow and year-end 2022 NOK/USD exchange rate for the numbers in this note.

Reconciliation of goodwill from the acquisition:

USD thousand	31 May 2022
Badwill – Residual goodwill	(432 788)
Technical goodwill as a result of deferred tax [1]	719 182
Net goodwill from the acquisition	**286 394**

[1] In acquisitions made on a post-tax basis according to the rules on the NCS, a provision for deferred tax is reflected in the accounts based on the difference between the assigned fair values and the tax bases of assets acquired and liabilities assumed in a business combination. The offset to such deferred tax is reflected as goodwill or "technical goodwill" as it arises as an effect of deferred tax.

35. Asset acquisitions

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

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

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

Upon the sale of an interest in a joint operation that is accounted for on a line-by-line basis in accordance with the above accounting principles, all asset and liabilities sold are derecognised from the Statement of Financial Position. Revenues and expenses are included in the Income Statement until the transaction date. Gains and losses relating to the sale of interests in joint operations are determined by comparing the selling price with the net book value of the interest sold. Realised gain or loss from the sale is included in other operating income or expenses in the Income Statement. If the entity disposes of or classifies as held for sale a component that meets the definition of a discontinued operation, the presentation and disclosure requirements of IFRS 5 (Non-current Assets Held for Sale and Discontinued Operations) apply.

Acquisition of Martin Linge Unit and the Greater Ekofisk Area
On Friday 30 September 2022, Sval closed the Martin Linge Unit and the Greater Ekofisk Area transactions with Equinor Energy AS (Equinor). This date was also defined to be the transaction date for accounting purposes. For commercial and tax purposes the effective date was 1 January 2022. The transaction with Equinor included a 19% share in the Martin Linge Unit and Equinor's full participating interest in the Greater Ekofisk Area (7.60% of Ekofisk area licenses, 6.64% in the Tor Unit and an 18.5% shareholding in Norpipe Oil AS). The transactions add around 34.000 barrels of oil equivalent per day to Sval's production.

Sval's view is that no business has been acquired, and as a result the transaction is considered as an asset acquisition rather than a business combination, and thus outside the scope of IFRS 3.

Martin Linge Unit relates to purchase of 19% of Equinor's 70% participating interest in PL 040, PL 043 and PL 043BS on the Norwegian Continental Shelf (NCS). Following the agreement, Equinor will still hold the rights to the majority (51%) of these production licenses and will remain the operator of the Martin Linge Unit. The Greater Ekofisk area relates to purchase of the participating interests of 7.60% in PL 018, PL 018B and PL 275 and 6.64% of the Tor Unit on the NCS. Equinor will hold no participating interests in these production licenses following the agreement. ConocoPhillips is, and will continue to be, the operator of these production licenses.

Norpipe SPA, is an agreement to purchase Equinor's share of Norpipe Oil AS (Norpipe). Norpipe owns the Norpipe pipeline, a 354 km long crude oil pipeline from the Ekofisk field to Teesside in the United Kingdom (UK). The company is owned by ConocoPhillips (35.05%). Equinor's share is 18 658 shares which constitutes 18.5% of the total number of outstanding shares in the company and is the share acquired by Sval. Norpipe generates revenues through charges for the use of the pipeline system.

The SPA between Sval and Equinor included a post-tax contingent consideration for the period starting 1 January 2022 to 31 December 2023 depending on the development in the commodity prices for oil and gas. The contingent consideration is measured at fair value as a financial liability in the balance sheet at the date of control transfer, and changes in fair value is recognised in the Income Statement accordance with IFRS 9 subsequent to initial recognition. Due to the nature of the contingent consideration and the fact that it is directly linked to income (through the price and volume of oil and gas delivered) any changes in fair value are recognised as other operating income in the Income Statement.

Acquisition of Suncor Energy Norge AS
Step 1 - Acquisition of shares in Suncor Energy Norge AS
On 22 July 2022, Sval signed a share purchase agreement with Suncor Energy (International) Holdings B.V. to acquire all issued and outstanding shares in Suncor Energy Norge AS (Suncor). The transaction was closed on 30 September 2022, when all approvals were in place. This was also assumed to be the transaction date for accounting purposes. Following the completion of the SPA, Suncor changed its name to Sval SENAS AS (Sval SENAS). Payment for the shares in Sval SENAS of USD 343 359 thousand is recognised as investment in subsidiary see note 28 Investment in subsidiary (amount in note 28 deviate from amount mentioned above, due to conversion from NOK to USD for 2022 and use of yearly average USD/NOK rate in this note, and use of year-end USD/NOK rate for balance sheet notes like note 28).

Step 2 - Sval SENAS asset acquisition
Sval SENAS then the 3 November 2022 sold its assets, rights and obligations to Sval. As specified in the agreement all participating interests on the NCS (all assets, rights and liabilities related to the petroleum business, including tax balances as per the effective date), as well as the employees were transferred to Sval. Sval's view is that that no business has been acquired, and as a result the transaction is considered as an asset acquisition rather than a business combination, and thus outside the scope of IFRS 3.

No transfer of cash from Sval to Sval SENAS in step 2 for the asset acquisition, but an intercompany loan balance of USD 334 648 thousand arose from the acquisition presented as borrowings from shareholders and related parties in the Statement of Financial Position. Bank balances of USD 98 682 thousand was transferred from Sval SENAS to Sval in step 2.

Purchase price of the shares in step 1 of USD 343 359 thousand was USD 8 711 thousand higher than the purchase price of USD 334 648 thousand in step 2. The difference of USD 8 711 thousand was recognised as a reduction of investment in subsidiary with a contra in property, plant and equipment.

Acquisition of Suncor brought 30% additional ownership in the Sval operated Oda field (giving a total of 70% ownership in Oda), 17.5% ownership in the Fenja field and 8 additional licenses.

36. Subsequent events

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

In the annual Award in Predefined Areas (APA) round, Sval won two new licenses, of which one as operator and one as partner. The two new licenses are PL 1229 (Sval 30% and operator) and PL 1225 S (Sval 20%), both in the Norwegian Sea. New and attractive exploration acreage in areas where Sval owns existing infrastructure is an important part of the Company's growth ambition. The goal is that new exploration licences will lead to new discoveries that can be efficiently developed.

The Board does not consider the above to have an impact on the Financial Statements for the Company for 2023.

Sval has in the start of 2024 had drilling activity on two exploration wells. The Ametyst exploration well (PL 1138) was spudded on 8th January by the Noble Integrator drilling rig and the Ringhorne North exploration well was spudded on 31st January.

37. Proforma

Table below presents adjusted comparative information for 2022 total comprehensive income as if the assets and business acquired during 2022 were part of the entity for the full year 2022. Also, see note 34 Business combination and 35 Asset acquisitions for more information related to the 2022 transactions.

Income Statement

USD thousand	2023	Proforma 2022
Revenue from contracts with customers	1 986 747	3 348 596
Other operating income	51 720	102 383
Total income	**2 038 467**	**3 450 979**
Production costs	(344 928)	(487 979)
Exploration expenses	(21 549)	(61 838)
Depreciation	(468 501)	(644 160)
Loss from liquidation of subsidiary	(32 541)	-
Other operating expenses	(46 818)	(75 602)
Total operating expenses	**(914 338)**	**(1 269 579)**
Operating profit	**1 124 130**	**2 181 400**

USD thousand	2023	Proforma 2022
Interest income	21 964	14 696
Other financial income	158 217	72 888
Interest expenses	(130 107)	(40 571)
Other financial expenses	(104 568)	(15 500)
Net financial items	**(53 991)**	**31 513**
Profit before taxes	**1 070 139**	**2 212 913**
Income tax expense	(917 567)	(1 806 071)
Profit for the year	**152 572**	**406 842**

Statement of comprehensive Income

USD thousand	2023	Proforma 2022
Profit for the year	**152 572**	**406 842**
Other comprehensive income		
Items that may be reclassified to profit or loss		
Net gain/loss commodity hedging	9 101	-
Other comprehensive income net of tax	**9 101**	**-**
Total comprehensive income	**161 673**	**406 842**

Auditor's Report

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To the General Meeting of Sval Energi AS

INDEPENDENT AUDITOR'S REPORT

Opinion

We have audited the financial statements of Sval Energi AS (the Company), which comprise the balance sheet as at 31 December 2023, statement of profit and loss, 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 material accounting policy information.

In our opinion

- the financial statements comply with applicable statutory requirements, and
- the financial statements give a true and fair view of the financial position of the Company as at 31 December 2023, and its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards as adopted by the EU.

Basis for Opinion

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

Other Information

The Board of Directors and the Managing Director (management) are responsible for the information in the Board of Directors' report. Our opinion on the financial statements does not cover the information in the Board of Directors' report.

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

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

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with IFRS Accounting Standards as adopted by the EU, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

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

Stavanger, 21 March 2024
Deloitte AS

Ommund Skailand
State Authorised Public Accountant

Signed electronically

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Sval