Northern Lights

Annual report

Northern Lights | 2022

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Northern Lights

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Chair's message


Photo by Equinor

"A net zero scenario is near impossible without CCS"

Dear CCS stakeholder,

2022 has been a challenging year with Russia's ruthless invasion of Ukraine and the acceleration of the global energy crisis. The geopolitical situation highlights the need for not focusing on one part of the solution, but reminds us of the energy trilemma and the need for focusing on all three; energy security, energy affordability and energy transition. Now, it's important not to lose sight of the climate goals the world has set.

A net zero scenario is near impossible without CCS, and it is a key climate solution for the energy sector and hard-to-abate industries. I am therefore very pleased to see the progress made by Northern Lights since the owners made the investment decision for phase 1 in 2020 and the Northern Lights Joint Venture was established in 2021.

There has been good progress of both the onshore and offshore facilities. Northern Lights has achieved many first of its kind milestones, such as signing the main terms of the world's first commercial cross-border contract for CO_2 transport and storage, and the construction start of the world's first custom liquefied CO_2 ships.

It is reassuring to see that the development is progressing and that we are on schedule to receive CO_2 in Øygarden in 2024. The Northern Lights team has worked hard to develop the company to deliver on the phase 1 and follow up on our ambitious growth strategy.

Our strategy is clear. We are committed to delivering on the phase 1 development of Northern Lights, which is part of the Norwegian Government's Longship project. We are on schedule to handle CO_2 from the Heidelberg Materials cement factory in Brevik (Norcem) and Hafslund Oslo Celsio's (Celsio) waste incineration plant in Oslo.

In August 2022, Northern Lights announced its first commercial agreement with Yara Sluiskil.

"To reach global climate targets, we need many more projects like Northern Lights"

The parties have agreed on the main terms of a contract to transport and store CO_2 cross-border from Yara's ammonia and fertiliser plant in the Netherlands. The total volumes of these agreements fill the phase 1 capacity of 1.5 million tonnes per annum.

The contract proves that CCS has a commercial market potential. Now, we are maturing for an investment decision on the phase 2 development that will increase the capacity of our facilities to over 5 million tonnes per year. With further growth ambitions, Northern Lights is the world's first large-scale project within CO_2 transport and storage, and we will utilise our knowledge and experience to develop a commercial CCS market and secure our position as a market leader in Europe.

The momentum for CCS in Europe is increasing and we expect extensive growth in the CCS market in the coming years. As commercial interest is increasing, we see more players entering the market. This is positive and necessary.

To reach global climate targets, we need many more projects like Northern Lights that can tackle significant amounts of CO_2.

When we turn to 2023, the main focus for the Company Meeting will be to support Northern Lights to deliver on the strategy we have set out.

Northern Lights' journey has come a long way, but we need to go further. It will require hard work and perseverance. It's encouraging to see the great progression of the Northern Lights development and I am confident that this project will be a positive contribution towards a net zero society.

I would like to thank the company and everyone working to realise Northern Lights, for their hard work during 2022.

Svein Skeie
Chair, Northern Lights Company Meeting

Managing Director's message

"CCS is a key technology to decarbonise hard-to-abate industries in Norway and Europe"

2022 has been a year where we have seen Northern Lights mature as a company. By the end of our first full year of operation, we have grown to a team of 45 talented people, nearly a fourth directly hired in Northern Lights JV. With the combined CCS expertise and oil and gas legacy, I am certain that our people will be able to pave the way for a commercial CCS market in Europe.

It has been an exciting year filled with several important milestones; signing main terms with Yara - our first commercial customer, opening our visitor centre in Øygarden, successfully drilling two CO_2 injection wells and construction start for the two first liquefied CO_2 ships to name a few. We have made progress and are on track to develop a cross-border CO_2 transport and storage infrastructure. The construction of the Øygarden receiving terminal is more than 75% completed by year end and is ready for operation in 2024. There have been no recordable serious injuries to personnel related to the construction.

CCS is a key technology to decarbonise hard-to-abate industries in Norway and Europe, and reach the goals set in the Paris Agreement, achieving net zero emissions by 2050. The message from IEA and the IPCC is clear; net zero is near impossible without CCS. In 2024, we will be ready to receive CO_2volumes, initially through Longship (Norcem and Celsio), and then also commercial volumes. One of the defined key success criteria for the Norwegian Government, and for us, is to demonstrate the potential in CO_2 transport and storage as a service. It is an important part of our mandate to share our knowledge and experience as a catalyst for creating a commercial CCS market. Northern Lights is a first mover, and we encourage others to follow.

"Northern Lights is now a vision turning into reality"

There is an increasing interest for CCS across the globe and the CCS market has shifted from commercial potential to customer demand. For hard-to-abate industries in Europe, who emit around 319 million tonnes CO_2 per year, CCS is the most effective solution to reduce or remove CO_2 emissions. There is an urgent need for CCS and there are several CCS projects emerging across Europe. We need all these to be materialised to tackle these emissions.

Our number one priority is safety and delivering on the commitments to the Government, to demonstrate the success of the Longship project. Next, we are focused on our commercial growth ambitions to store CO_2 from industrial emitters in Europe. We are pleased to see the momentum on CCS as a necessary climate solution and the strengthened ties between Norway and Europe.

We are looking forward to a continued collaboration with regulatory authorities and industrial emitters to establish bilateral agreements for safe and permanent cross-border CO_2 transport and storage.

Northern Lights is now a vision turning into reality - the facilities will be ready in 2024, and we are contributing to creating a momentum for CCS in Europe going forward.

Thank you.

Harald Børre Jacobsen
Managing Director, Northern Lights JV

Northern Lights

Part 1

Company Meeting report

Company Meeting report 2022

The Company Meeting report is prepared on a voluntary basis, based on the Norwegian Accounting Act § 3-3 a.

Northern Lights JV DA delivers CO_2 transport and storage as a service for industrial emitters in Europe, accelerating the decarbonisation of hard-to-abate industries, and contributing to CO_2 removal to reach net zero emissions.

The first phase of the Northern Lights development is part of the Longship project. Longship includes CO_2 capture from the Heidelberg Materials cement factory (Norcem) and the Hafslund Oslo Celsio (Celsio) waste-to-energy plant, and CO_2 transport and storage by Northern Lights. The project reflects the Norwegian Government's ambition to develop a full-scale CCS value chain in Norway, demonstrating the potential of this decarbonisation approach to Europe and the world.

Once the CO_2 is captured from industrial sources, it will be transported by ship to the Northern Lights onshore receiving terminal in Øygarden Municipality for intermediate storage before the liquefied CO_2 will be transported by pipeline to an offshore storage location subsea in the North Sea, for permanent storage. Construction of the receiving facilities and offshore infrastructure has made great progress in 2022 and is on track for operational readiness in 2024.

Northern Lights JV was incorporated on 5 February 2021. On 7 June 2021 it became the operator of Exploitation License 001 on the Norwegian Continental Shelf (EL001). The company's head office is at Byfjordparken 15, Stavanger, Norway. The company was originally staffed by secondees from the owners, providing expertise and flexibility in the scale up of the company. During 2022, Northern Lights has recruited own staff to handle the growing activities. By the end of 2022, Northern Lights is counting 45 employees of which 8 has been recruited externally into the company.

Northern Lights JV is an unlimited liability partnership subject to the Norwegian company act. The owners have unlimited liability for their respective shares of the total liabilities. Northern Lights JV's owners are Equinor Refining Norway AS, TotalEnergies EP Norge AS and A/S Norske Shell, all holding equal ownership of 33.3%.

Financial performance

Northern Lights presents its financial statements according to Simplified International Financial Reporting Standards (Simplified IFRS) as adopted by the EU.

Northern Lights reported a net loss of NOK 210.6 million in 2022. This relates to company administration and project maturation of the phase 2 expansion of the receiving terminal and storage capacity to allow Northern Lights JV to transport and store at least 5 million tonnes of CO_2 annually.

Phase 1 development is ongoing and will be operational in the second half of 2024. Capital investment in 2022 amounted to NOK 3,324 million, related to establishment of the onshore and offshore facilities in Øygarden and ship construction.

The phase 1 development as well as the first 10 years of operation is supported by the Norwegian State through a State Support Agreement that came in effect when Northern Lights JV became the operator of EL001. In total, Northern Lights JV received NOK 2,475 million in state support in 2022.

Total Assets at the end of 2022 equals NOK 6,380 million.

Asset removal obligations recorded by end-2022 equals NOK 307 million and are related to future decommissioning of subsea templates and plugging and abandonment of exploitation wells.

The owners of Northern Lights JV have supported the company with capital injection of NOK 1,057 million in 2022.

Net cash flow from operating activities is NOK 606 million. This is in all material aspects related to changes in short term service provider payables. Net cash flow from investment activities is negative at NOK 1,171 million. This is related to assets under construction and state support received. Net cash flow from financing activities is NOK 1,055 million mainly resulting from capital contribution from owners.

Health, safety, security, environment, and quality (HSSEQ)

Northern Lights JV started recruiting direct hires in summer 2022. The HSSEQ department comprises in one direct hire in charge of the information and data management, and the HSEQ Director seconded from one of the owners. The sick leaves are managed by Northern Lights JV or by the responsible employer for the secondees.

Work-related incidents are embedded in the Northern Lights HSEQ statistics, including the Technical Service Providers (TSP) (Equinor and STASco/shipyard) performances. There have been four (4) recordable incidents reported from execution activities carried out within Equinor TSP scope of work: 3 in Øygarden (2 Medical Treatment Cases and 1 Restricted Work Case) and 1 Restricted Work Case at Vigra on the Subsea 7 yard.

Northern Lights JV has a high focus on HSE within the entire organisation. The World Day for Safety in April and Environment & Sustainability days in June 2022 have been celebrated bringing up information related to the safety in design and biodiversity. The environmental performance is also continuously tracked and recorded. There has not been any accidental reportable discharge to air or water during 2022.

The sick leave recorded for the direct hires in Northern Lights in 2022 was 1.9%.

Business development

The momentum and support for CCS is continuously increasing across the EU, with a shifted focus from CCS as a potential climate solution to a consensus that CCS is a necessary solution to decarbonise industry and reach net zero goals.

Signing main commercial terms for CO_2 transport and storage with Yara in August 2022, Northern Lights reached a significant milestone in developing a commercial CCS market. The customer development is progressing rapidly bringing additional commercial volumes for the phase 2 development.

Risks and risk management

Risks are continuously monitored, addressed, and documented. Emerging issues are shared with decision-makers and relevant stakeholders. Northern Lights' approach to risk management supports the company's efforts to keep the risks as low as reasonably practicable and to continuously improve operational practice and procedures. Director and Officer's Liability Insurance will, due to the company structure (unlimited partnership/delt ansvar, DA), only be applicable for the Managing Director. A Director and Officer's Liability Insurance for the Managing Director is in place, entered by the formal employer of the Managing Director, A/S Norske Shell.

Financial risk

In the development phase, Northern Lights is financed by a State grant and from capital provided by its owners. The company does not have any external financing.

Northern Lights JV is and will be exposed to currency fluctuation. All State support is received in Norwegian Kroner (NOK), but the company has obligations in foreign currencies. Funding received from owners can be requested in the underlying currency. A large part of the currency exposure is related to the shipbuilding contract of two newbuilds, where a large part of the contract obligation, valued in USD, will be paid at delivery of the ships second half of 2024. In February 2022, Northern Lights entered USD currency hedge contracts with DNB, linked to the milestone payments for the ship building contracts.

Social responsibility

Northern Lights JV has a high focus on ethical behaviour, human rights, and the company's total impact on the environment. The Northern Lights JV offices in Stavanger have been selected to minimise as low as possible the carbon footprint and environmental impacts.

Human rights audits have also been conducted towards one of our TSP in 2022 to ensure compliance of our activities in this domain. Actions plans are further on followed up closely to ensure a timely closure of the findings.

The Northern Lights Code of Conduct is the company's guide to ethical business practice and behaviours. It contains a set of business principles, based on values, beliefs, and expectations, requiring that business activities always be performed in an ethical, professional, and transparent manner, and always in compliance with the law.

The Code also reflects how the company values (innovative, dedicated, reliable, and open) are to be put into practice every day, and establishes the standards of prudent conduct that is expected from all employees, secondees, contractors and hired personnel working for and on behalf of Northern Lights JV.

Northern Lights JV DA is not subject to the regulations of The Transparency Act (Åpenhetsloven) by end 2022.

Equal opportunities and non-discrimination

Northern Lights JV is an equal opportunity company committed to fostering an inclusive and diverse culture. All personnel hired to Northern Lights JV are treated fairly and equally. Employees are recruited based on qualifications and demonstrated skills irrespective of gender, age, and ethnicity. By year end 45 persons were working in Northern Lights, eight as direct hires. The organisation consists of 62% men and 38% women. In the Leadership Team there are three women and seven men.

Going concern

The financial statement for 2022 is prepared under the assumption of going concern. The Company Meeting confirms this assumption. Northern Lights JV company structure means that the owners have unlimited liability for their respective shares of the total liabilities.

"Northern Lights is a pathfinder to decarbonise industry and reach global climate targets"

Stavanger, 31 March 2023

Svein Skeie

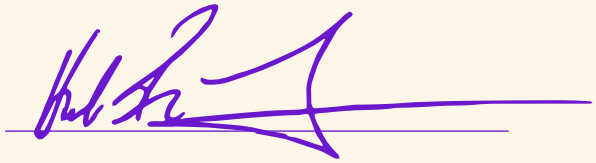
Chair of the Company Meeting
Equinor Refining Norway AS

Phil Cunningham

Member of the Company Meeting
TotalEnergies EP Norge AS

Bjørn Melaa

Member of the Company Meeting
A/S Norske Shell



Harald Børre Jacobsen

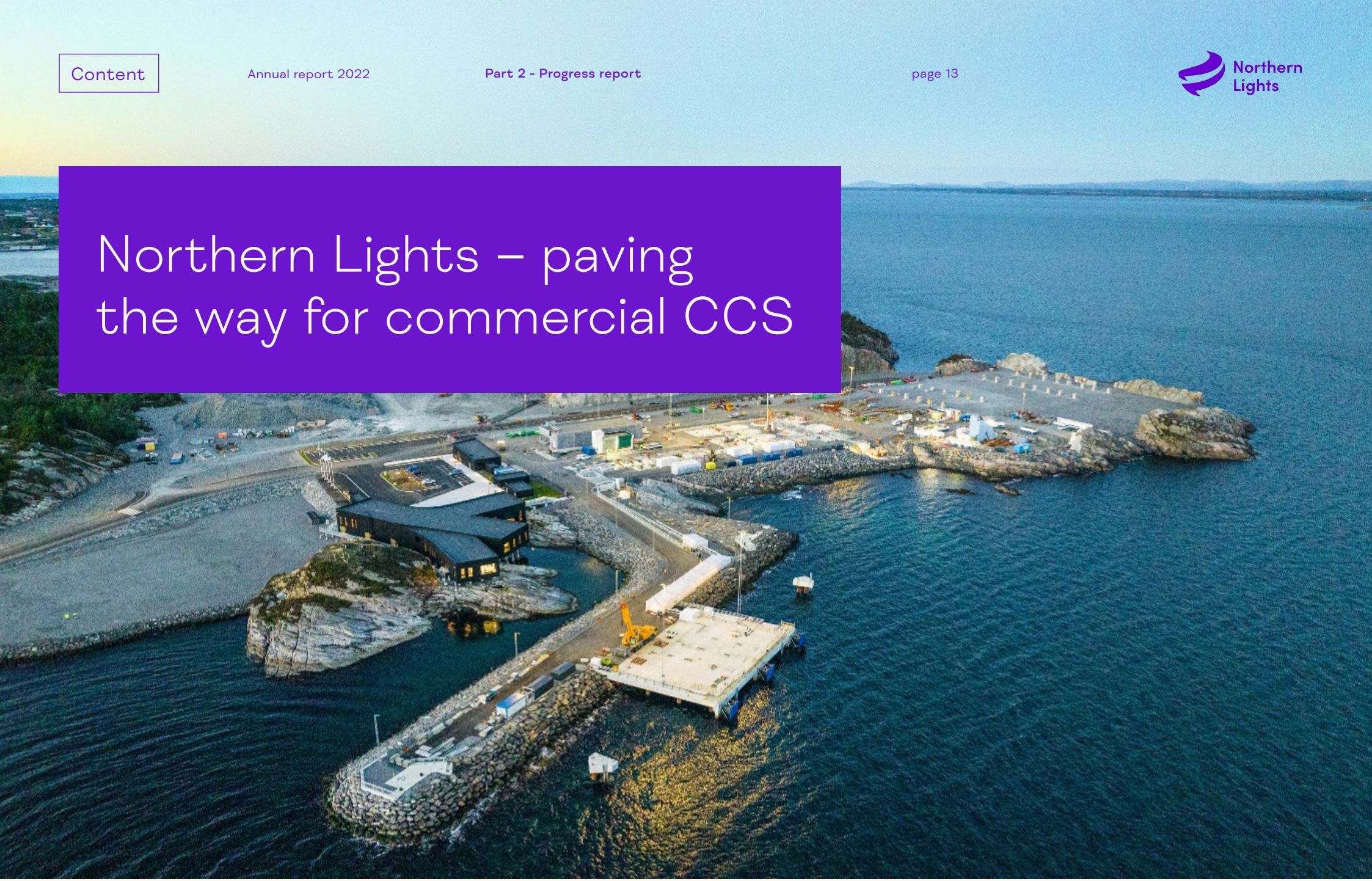
Managing Director
Northern Lights JV DA

Northern Lights

Part 2

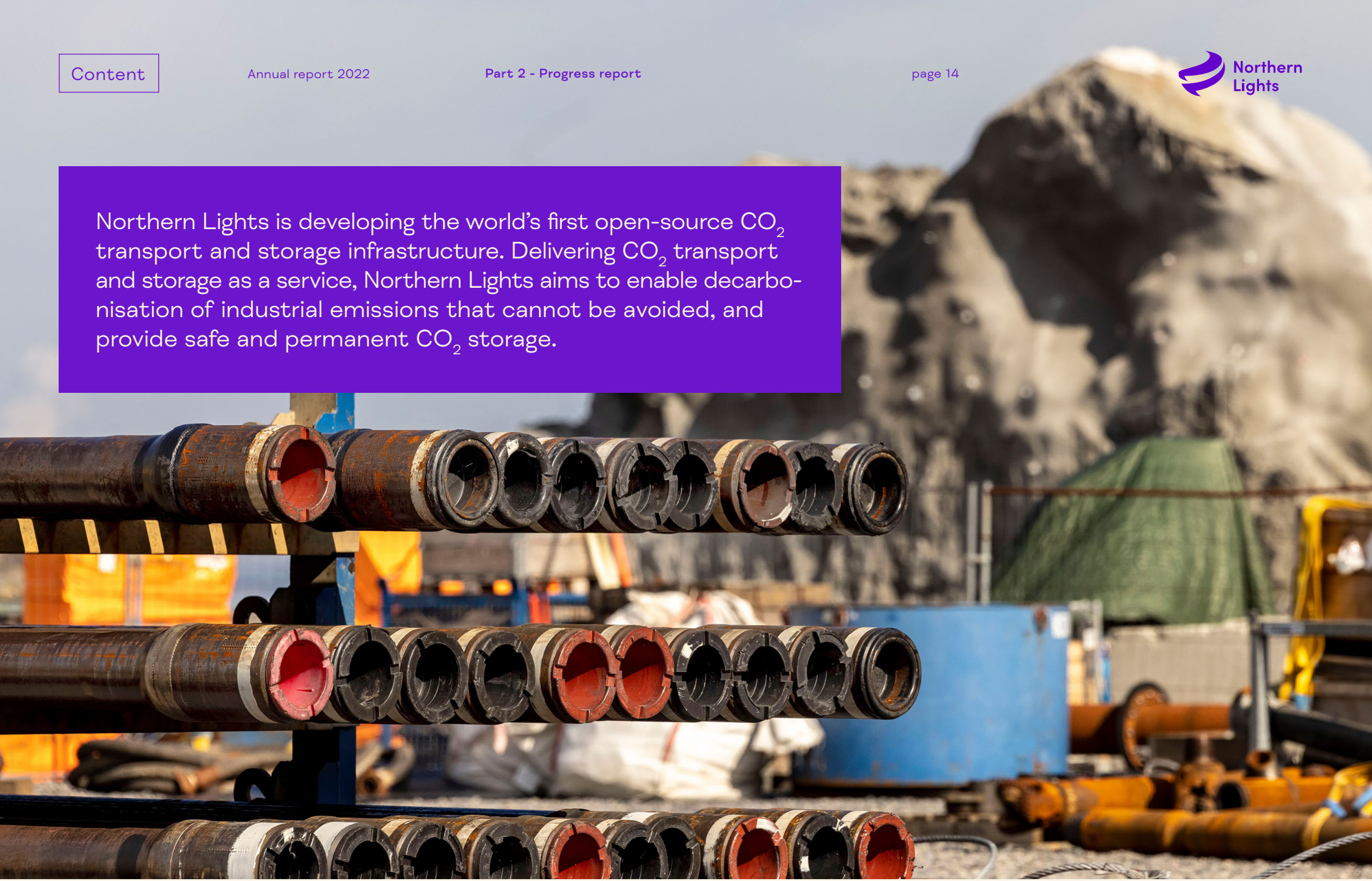
Progress report

Northern Lights – paving the way for commercial CCS



Northern Lights

Northern Lights is developing the world's first open-source CO_2 transport and storage infrastructure. Delivering CO_2 transport and storage as a service, Northern Lights aims to enable decarbonisation of industrial emissions that cannot be avoided, and provide safe and permanent CO_2 storage.



An overview of Northern Lights

The first phase of the Northern Lights development with a storage capacity of 1.5 million tonnes CO_2 per annum is 80% funded by the Norwegian state and is part of the Longship project. Longship reflects the Norwegian Government's ambition to develop a full-scale CCS value chain in Norway, demonstrating the potential of this decarbonisation approach to Europe and the world.

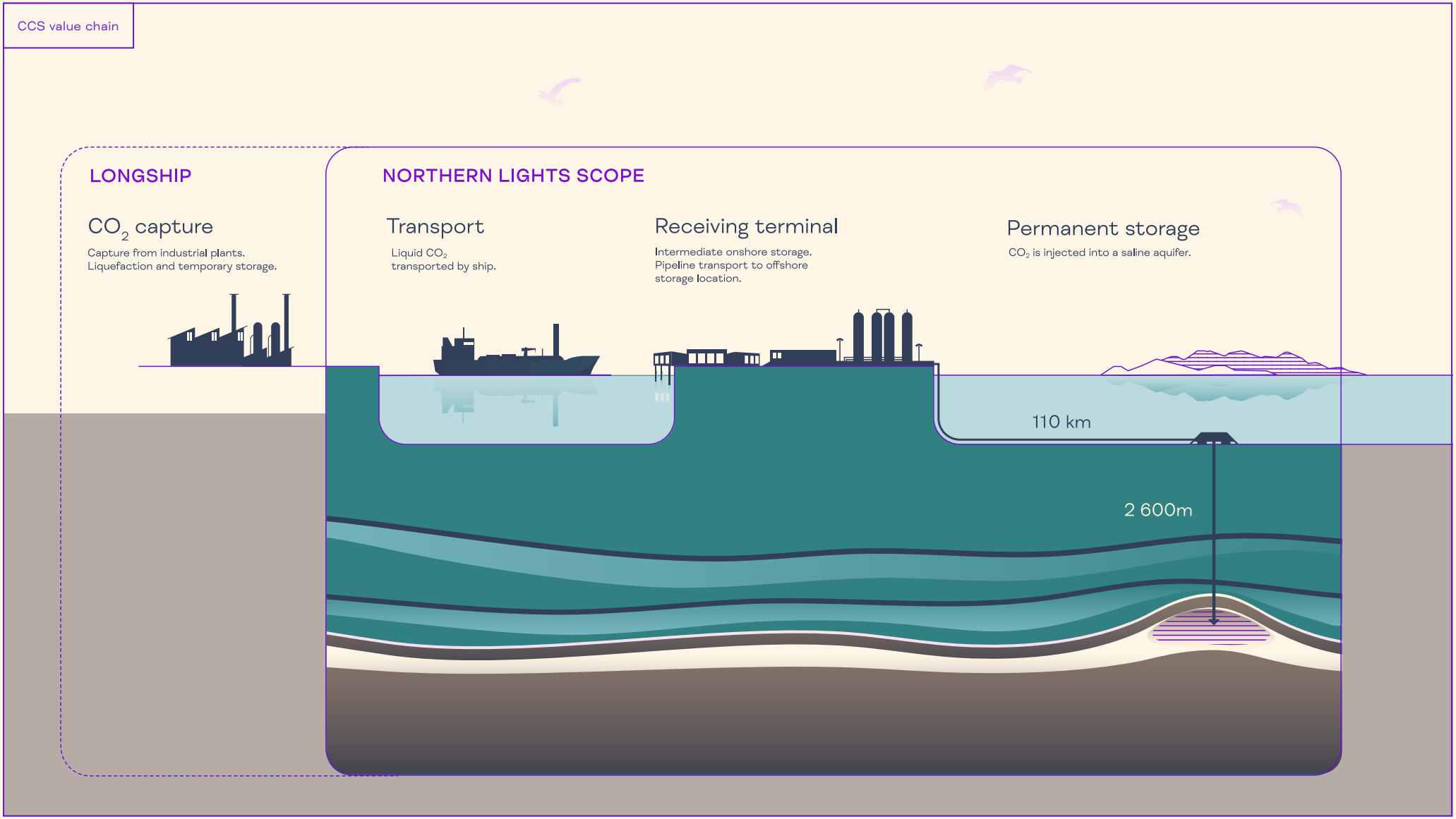
"There is an urgent need and a significant demand for carbon capture and storage"

Longship includes CO2 capture from the Heidelberg Materials cement factory (Norcem) and the Hafslund Oslo Celsio (Celsio) waste-to-energy plant. Once the CO_2 is captured from industrial sources, it will be transported to the Northern Lights onshore receiving terminal on the Norwegian west coast for intermediate storage before the liquefied CO_2 will be transported by pipeline to an offshore storage location in the North Sea, for permanent storage.

The Northern Lights CO_2 transport ships, onshore receiving facilities and storage infrastructure is under construction and on track for completion in 2024. Northern Lights has an ambition to expand the storage capacity for phase 2 to a total of at least 5 million tonnes CO_2 per annum. Preliminary results from the drilling operations for a CO_2 injection well and a contingent injection well in November 2022 confirm reservoir storage capacity for phase 1 and 2 development. With support of the Norwegian Government, Northern Lights provides realistic decarbonisation opportunities for Norwegian and European industries.

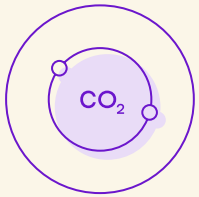
There is an urgent need and a significant demand for carbon capture and storage and Northern Lights plan further commercial expansion to meet an increasing market demand. Northern Lights is a first mover, and we encourage others to follow.

CCS value chain



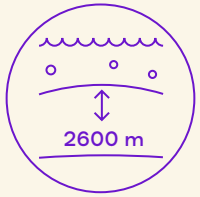
Northern Lights in numbers

Phase 1:
1.5 million tonnes
of CO_2 per year.



Phase 1 and 2:
Over **5 million** tonnes (subject
to final investment decision)

110 km pipeline from onshore
CO_2 receiving terminal to
offshore storage infrastructure



Secure geological storage
2,600 metres under the seabed
in the North Sea

First **2** ships with capacity to
transport **7,500 m3** of CO_2
are under construction.

Progress in 2022

Northern Lights is on schedule to start operations in 2024 as planned, enabling a safe and reliable CO_2 transport and storage service to industrial emitters in Norway and from across Europe. Having utilised the storage capacity for phase 1 of 1.5 million tonnes per annum through existing agreements, Northern Lights are planning an expansion of the facilities (phase 2) and have progressed technical studies (FEED) during the year. Negotiations with several potential customers are ongoing to support an expansion investment decision.

Progress has been made in all three areas in the Northern Lights scope in 2022:

- CO_2 transport
- Receiving terminal
- Offshore storage

Intermediate CO_2 storage tanks arriving Øygarden

First steel cut for the CO_2 transport ships

CO_2 transport

In 2022 there has been progression on the detailed engineering of the two first CO_2 transport ships at Dalian Shipbuilding Industry under the supervision of Shell International Trading and Shipping Company Limited (STASco). The ship construction officially started in November with a steel cutting ceremony at the shipyard, marking an important milestone for the development of the Northern Lights transport solution.

As the first of their kind, the two 7,500 m3 ships have purpose-built pressurised cargo tanks for the transportation of liquefied CO_2. Running on LNG fuel with a wind-assisted propulsion system and air lubrication, the ships have a reduced carbon intensity compared to conventional solutions. The ships will be delivered in 2024.

In December, Kawasaki Kisen Kaisha, Ltd. (“K” LINE) was awarded contracts to undertake the management of the two first Northern Lights ships. “K” LINE has extensive experience with LNG shipping and a strong safety and environmental track record. Northern Lights and “K” LINE will jointly establish operational procedures for safe transport of liquefied CO_2. The ships are classified by DNV and will be registered in Norway under Norwegian (NOR) flag, operated by mainly Norwegian shipboard personnel.

To meet the high demand for CO_2 transport and storage services and to deliver on our growth ambitions, Northern Lights will need new ships to cater to existing and new customers in Norway and Europe. Northern Lights has an ongoing tender process with several shipyards. New shipbuilding contracts are expected to be awarded in 2023.

Based on our experience with shipping as a CO_2 transport solution, Northern Lights is part of an industry workgroup convened by the Zero Emissions Platform (ZEP) and CCS Association to address standardisation on CO_2 specifications (composition, pressures, temperatures, etc), as well as ship design and specifications (loading and off-loading, for example). The workgroup has developed a Guidance Note for CO_2 transport by ship which was published in March 2022.

Receiving terminal

Equinor, as a service provider to Northern Lights JV until the start of the operations, is responsible for the construction of the Northern Lights onshore infrastructure. The work has progressed well and is more than 75% completed at year end 2022. The site preparation work in Øygarden has been completed and the import jetty is constructed. There have been no recordable serious injuries to personnel related to the construction.

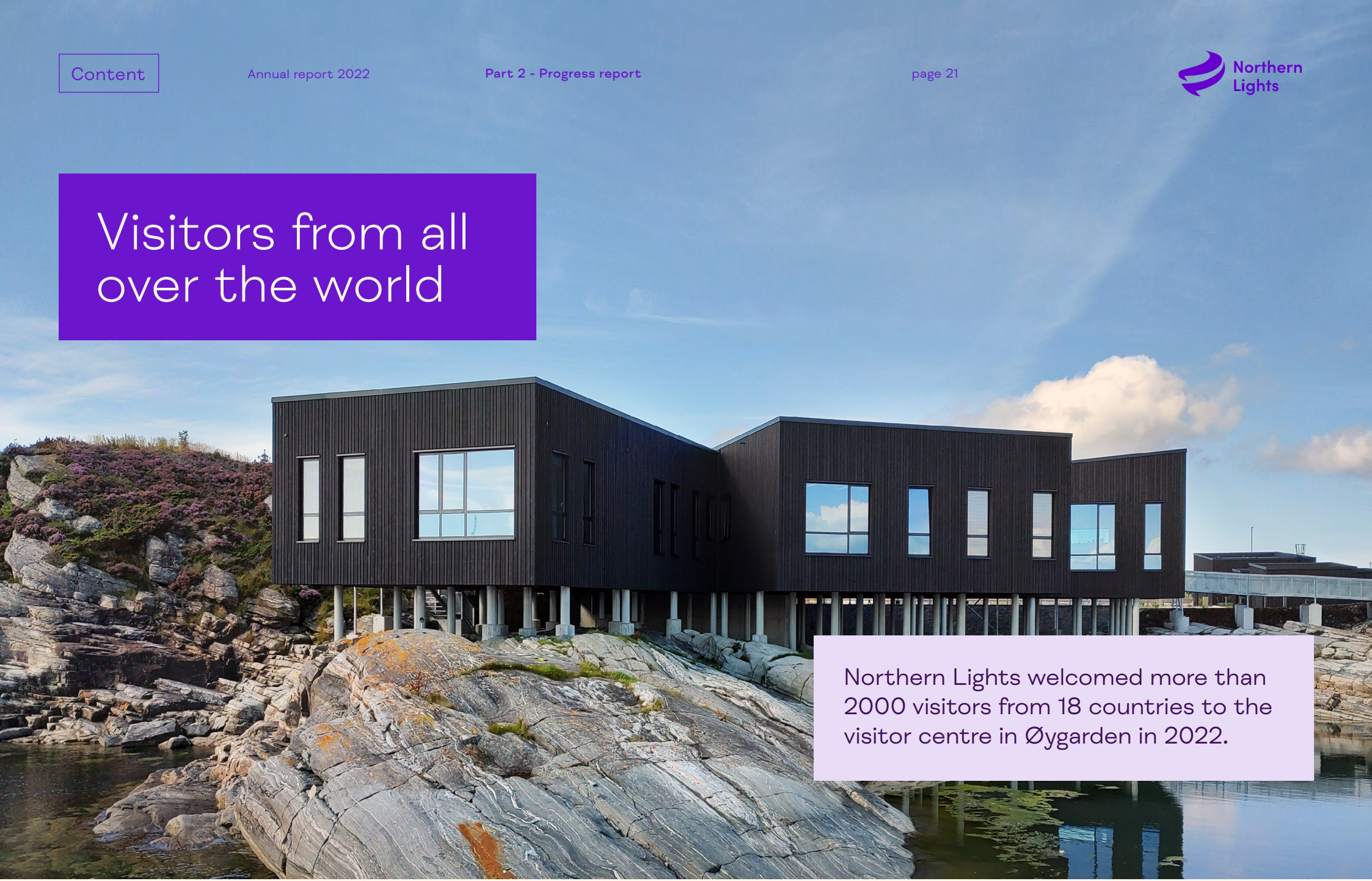
All buildings are finished and the visitor centre, including administration and operation areas are opened for use. The visitor centre was officially opened by Norwegian Prime Minister Jonas Gahr Støre in October 2022.

Aker Solutions has proceeded with fabrication of the onshore plant, and installation at site has started – the first 9 out of 12 storage tanks have been delivered. Control cable (umbilical), power cable and fibre optic connections have been installed between the Oseberg platform and the wells. The line pipe sections have been welded together for the 110 km long pipeline, and subsea equipment fabricated and delivered for the installation in 2023.

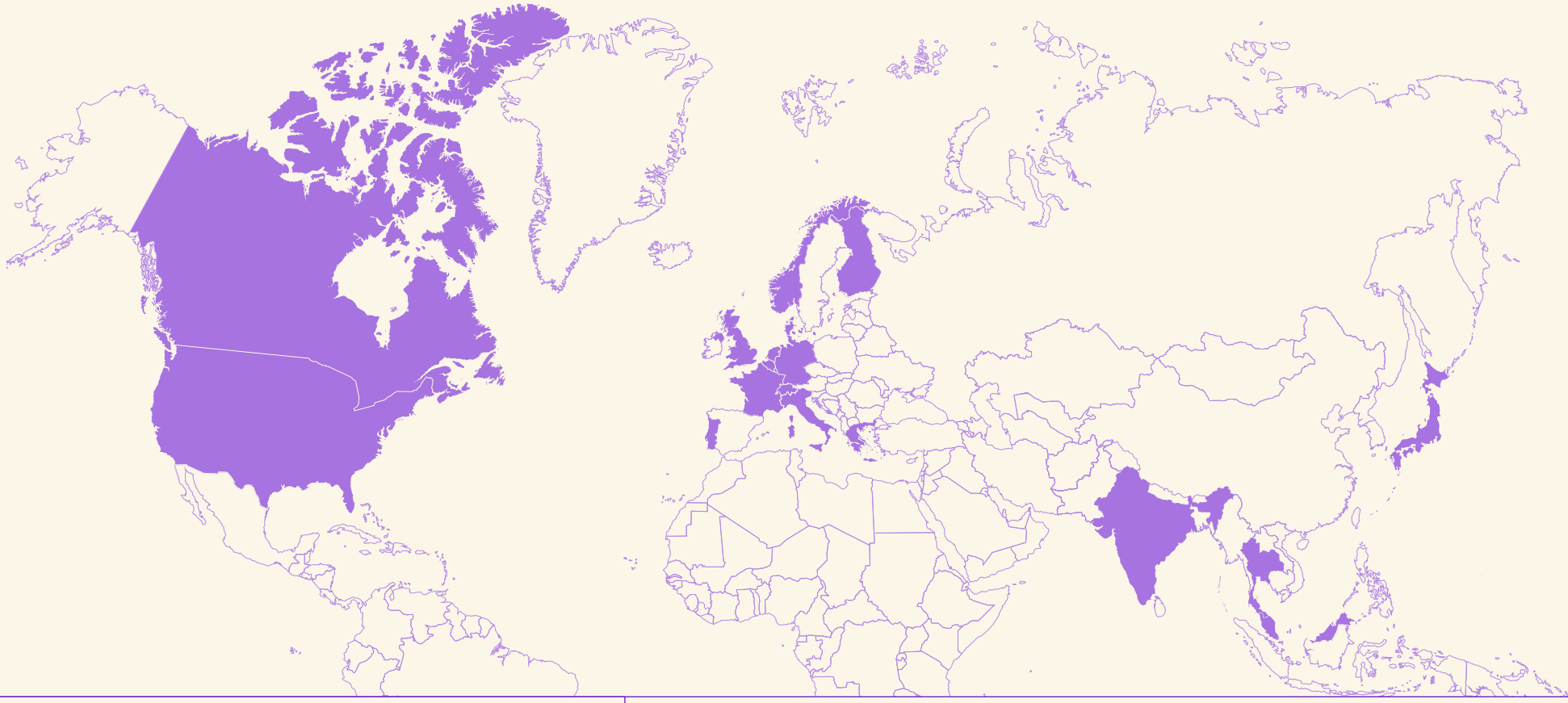
There has been significant interest in visiting the construction site from across the globe, with well over 2000 people from 18 countries visiting in 2022. Visitor groups includes policy makers, industry players, interest groups, academia, and media.

Construction progress at the onshore receiving terminal

Visitors from all over the world



Northern Lights welcomed more than 2000 visitors from 18 countries to the visitor centre in Øygarden in 2022.

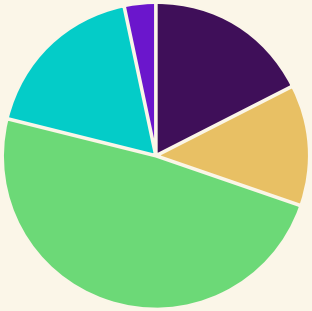


Visitors from all over the world

- Belgium
- Canada
- Denmark
- Finland
- France
- Germany
- Greece
- India
- Italy
- Japan
- Malaysia
- Netherlands
- Norway
- Portugal
- Switzerland
- Thailand
- UK
- USA

Total number of visitors: 2255

- Academia: 18%
- Industry players: 49%
- Policy makers: 13%
- Interest groups: 17%
- Media: 3%



Offshore storage

During the first half of 2022, detailed well planning was performed and the drilling and completion programs for the phase 1 injection well A-7 AH and contingent well C-1 H were finalised. Drilling operations from the drilling rig Transocean Enabler commenced in August. The operations were managed by Equinor on behalf of Northern Lights JV as an operator. November 2022, Northern Lights concluded the drilling campaign within the EL001 license in the North Sea, meeting all objectives for subsurface and well functionality.

Preliminary results confirmed the estimated storage capacity of at least 5 million tonnes CO_2per annum. The wells were drilled approximately 70 km west of Bergen at 2,600 metres depth in the Johansen formation. In the second half of 2022, final concept planning, including time and cost estimates, were finalised for three new wells as part of the phase 2 development, and long lead items for the phase 2 wells were ordered in November.

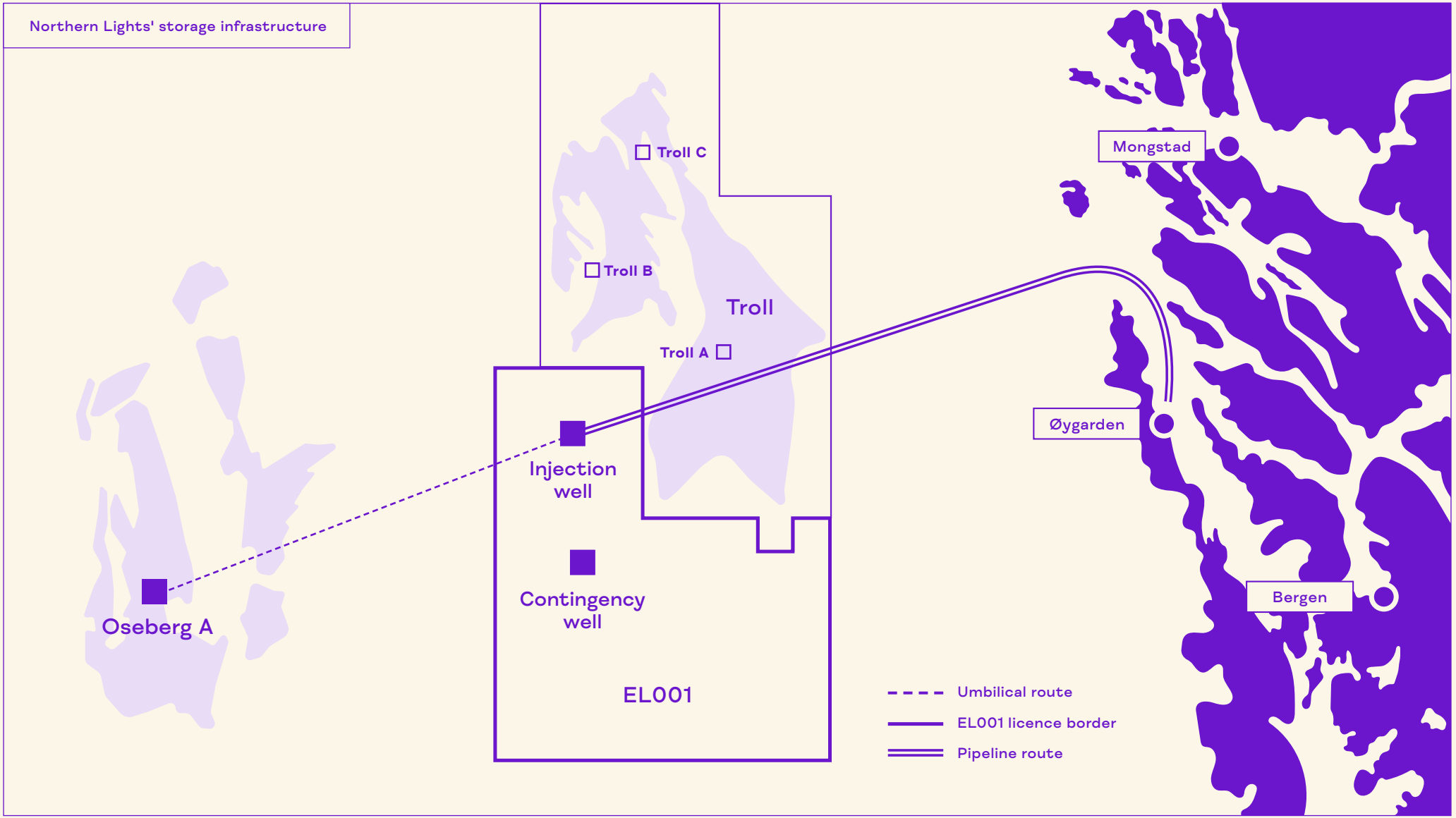
Extensive subsurface work related to the drilling operations within the exploitation license has been carried out. The operations were conducted with a comprehensive data acquisition program to assess cap rock integrity. Results were finalised in Q4 2022 and resulted in updates of the reservoir model, including an increased pressure limitation compared to initial assumptions. In May 2022, the 4D seismic baseline that will serve as a reference for seismic monitoring of the reservoir was acquired. The baseline is expected to be finalised mid-2023.

The success of CO_2 storage projects relies on a clear legal framework that provides operators with regulatory certainty. The European Directive on geological storage of carbon dioxide, adopted by the European Parliament and the Council in 2009, aims to provide such clarity on a European level. As a member of the Zero Emissions Platform (ZEP), Northern Lights and owner representatives have contributed with input to a report titled Experience in developing CO_2 storage under the CCS Directive.

The purpose of the report is to highlight how the Guidance Documents to the EU Directive could be made simpler, clearer, and easier to use, and to propose improvements to these Guidance Documents to support the work by regulators and project developers. The key message in the report is that competent authorities should engage early and frequently with operators and project managers. Another key message is to avoid increasing or further detailing the requirements in the Guidance Documents. The report was published in March 2022.

Drilling operations from Transocean Enabler. Photo by Transocean.

Northern Lights' storage infrastructure



Timeline

2017

October 2017:

Statoil (now Equinor), Shell and Total (now TotalEnergies) enter into a partnership to work on the Northern Lights project

2019

September 2019:

First MoUs signed with Air Liquide, Arcelor Mittal, Ervia, Fortum, Preem, HeidelbergCement, and Stockholm Exergi

2020

March 2020:

Confirmation of Northern Lights' reservoir characteristics and storage capacity, following exploration well drilling

May 2020:

Equinor, Shell and Total (now TotalEnergies) finalise their investment decision

December 2020:

The project gets the go-ahead with a historic approval vote in the Norwegian Parliament

2021

February 2021:

Northern Lights JV DA is born: a joint venture between Equinor, Shell and Total (now TotalEnergies) to build and manage the project

March 2021:

Northern Lights enters into a partnership with Switzerland's Climeworks, a direct air capture company

May 2021:

Norway's Prime Minister Erna Solberg lays a foundation stone at the construction site at Øygarden

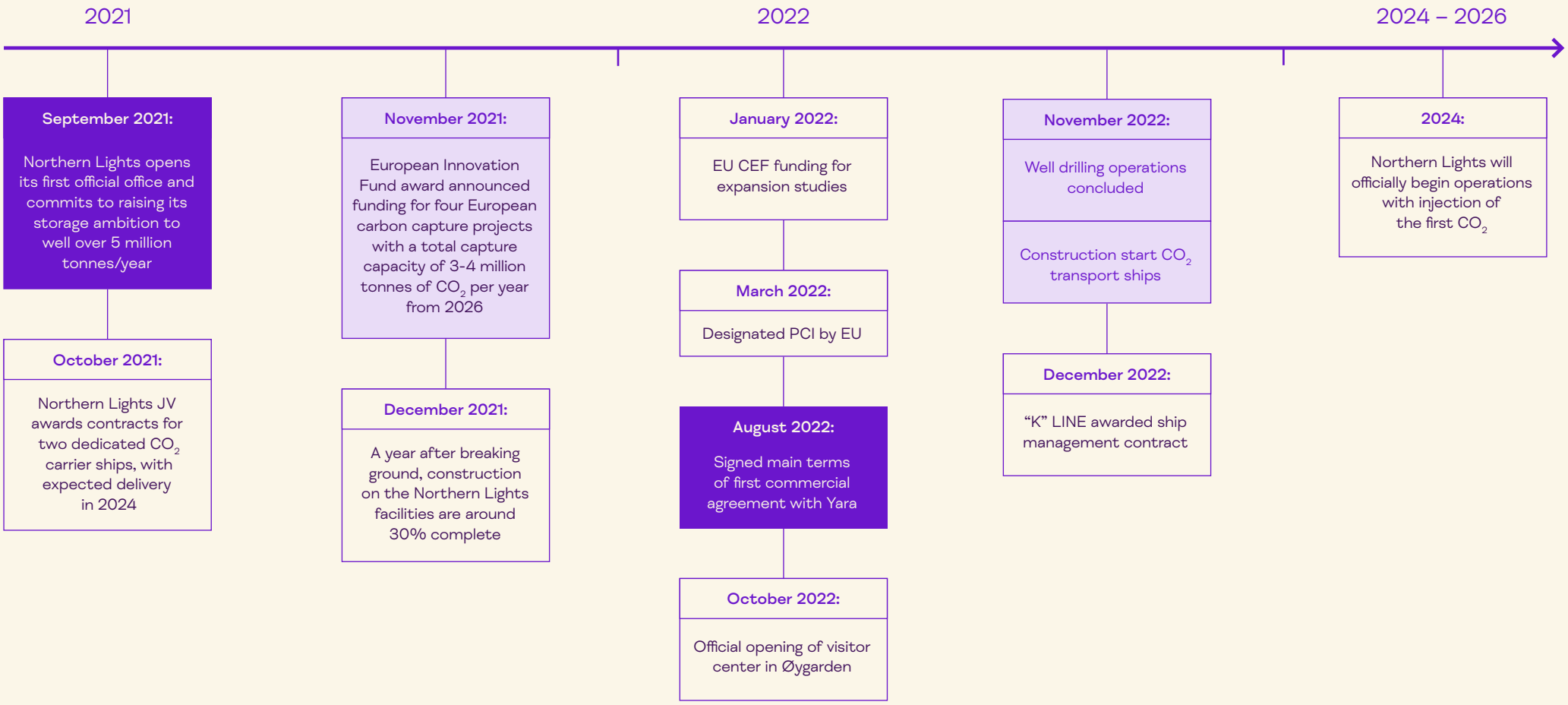
June 2021:

Northern Lights and other partners announce the launch of the CCS+ Initiative to ensure that CCS and carbon removals can be certified and credited

June 2021:

Northern Lights becomes the operator of EL001, the first licence awarded for exploitation of subsea reservoirs for injection and storage of CO_2 on the Norwegian Continental Shelf

Timeline


2021
2022
2024 – 2026
September 2021:
Northern Lights opens its first official office and commits to raising its storage ambition to well over 5 million tonnes/year
October 2021:
Northern Lights JV awards contracts for two dedicated CO_2 carrier ships, with expected delivery in 2024
November 2021:
European Innovation Fund award announced funding for four European carbon capture projects with a total capture capacity of 3-4 million tonnes of CO_2 per year from 2026
December 2021:
A year after breaking ground, construction on the Northern Lights facilities are around 30% complete
January 2022:
EU CEF funding for expansion studies
March 2022:
Designated PCI by EU
August 2022:
Signed main terms of first commercial agreement with Yara
October 2022:
Official opening of visitor center in Øygarden
November 2022:
Well drilling operations concluded
Construction start CO_2 transport ships
December 2022:
"K" LINE awarded ship management contract
2024:
Northern Lights will officially begin operations with injection of the first CO_2

Developing a commercial CCS market

In 2022, the momentum and support for CCS has further increased across Europe. There has been a shifted focus from CCS as a potential climate solution to a consensus that CCS is a necessary solution to decarbonise industry and reach net zero goals. By developing a cross-border infrastructure for CO_2 transport and storage, Northern Lights aims to contribute to establishing a commercial CCS market in Europe. On track for operations in 2024, Northern Lights are ready to tackle emissions from industrial emitters across Europe.

In 2022, Northern Lights has made progress in terms of business development and deal delivery.

Business development and market potential

According to a market analysis carried out by Rystad Energy on behalf of Northern Lights, there is great potential for CCS projects targeting hard-to-abate industries such as waste incineration and cement production. For these industrial emitters, decarbonisation will be difficult without CCS. In Europe, these sectors emit 319 million tonnes CO_2 emissions annually, accounting for around 9% of CO_2 emissions in Europe. Based on the current CCS projects under development, 110 million tonnes CO_2 per annum are expected to be captured by 2030.

Over the course of 2022, Northern Lights has made progress in terms of business development and deal delivery. With the existing agreements, the phase 1 capacity has been fulfilled. The customer pipeline for commercial volumes for the phase 2 development is progressing, having signed Memorandums of Understanding and Letters of Intent, as well as providing Letters of Support to several potential projects across the EU seeking funding from the EU Innovation Fund.

CCS projects for waste incineration and cement represent around half of the customer pipeline, along with hydrogen, refineries/chemicals, and steel/metal. In addition, blue hydrogen and blue ammonia projects are expected to be significant potential customers, depending on CCS to remain carbon neutral. Norway, Sweden, Belgium, France, and UK are identified as the markets with the highest potential of storing commercial volumes of CO_2 at Northern Lights, with interest from Germany rapidly increasing.

Key questions to understand the needs of potential customers:

- What is the CO_2 source?
- How much CO_2 do you intend to store?
- At which loading port will the CO_2 be delivered?
- When do you expect to be able to start capture?
- What capture technologies are you considering?
- Are you in need of support to secure funding?
- Is there a component of biogenic CO_2 in the mix?

In 2022, Northern Lights renewed their registration as a CCS network under the Projects of Common Interest (PCI). The Northern Lights PCI contains 40 companies, and the community represents a storage demand of more than 30 million tonnes per annum by 2030. The interest is seen in six to eight industries across France, Belgium, Netherlands, Germany, Sweden, Norway, Denmark, Poland, and UK. There has been a particular growth this year in the cement industry developing capture projects.

The CCS+ Initiative, co-founded by Northern Lights, is developing project-based carbon accounting methodologies for a wide range of capture or removal, transport, use and/or storage solutions across the full CCS value chain. The initiative has attracted significant interest from across the private and public sector and civil society.

Formally launched in July 2021, the CCS+ members count one standard setting body, two carbon consultants, 10 core partners, 17 other partners, and 10 advisory group members. This includes companies from energy, chemicals, waste to energy, biogas, manufacturers, technology providers, NGO's, and internationally recognised research institutes.

This will enable emission reductions or removals to be certified by Verra, or other standard setting bodies, and monetised on the voluntary carbon market, CORSIA (for airlines), via Article 6 for countries, and potentially compliance markets. The first methodology and carbon accounting approaches should be certified by mid-2023.

Strengthened collaboration on CCS with the EU

Belgium: In February 2022, Norwegian Prime Minister Jonas Gahr Støre and Belgian Prime Minister Alexander De Croo signed an agreement of intent on increased cooperation on carbon capture and storage, hydrogen, and offshore wind. Since, Norway and Belgium have had several meetings to discuss an agreement on the import and export of CO_2. This is necessary to be able to store CO_2 from Belgium on the Norwegian Continental Shelf.

In Europe, hard-to-abate sectors emit 319 million tonnes CO_2 annually, accounting for 9% of emissions.

Denmark: Denmark has shortlisted three companies to tender for a support package up to ~€137/tonne to reduce emission with at least 400.000 tonnes in 2026. The tender was scheduled to be awarded in 2022, but has been delayed to April 2023, still aiming to deliver on the climate law and reduce 400 000 tonnes from 2026. Denmark has also announced to investigate on-shore CO_2 storage.

France: Norway and France have signed a Letter of Intent to promote mutually beneficial cooperation on the development and deployment of Carbon Capture and Storage (CCS). This confirms the Government's intentions to cooperate on CCS and recognise the importance of cross-border cooperation. The objective of the Letter of Intent is to promote the development of CCS by creating a framework for cooperation between the two countries to facilitate their sharing of technical knowledge, advice, skills, and expertise in the field of CCS. As part of the cooperation, the two Governments will consider and prepare a bilateral agreement to enable cross-border transportation and storage of CO_2.

Based on the current CCS projects under development, 110 million tonnes CO_2 per annum are expected to be captured by 2030.

Germany: January 2023, Norway signed a declaration on a strategic partnership on climate, renewable energy, and green industry, including CCS with Germany. The two parties will discuss various options for CO_2 infrastructure and value chains, including a CO_2 pipeline from Germany to Norway. Germany will continue to play an active role in developing a uniform framework for the certification of carbon removal in the EU which is also supported by Norway.

Netherlands: In 2021, Norway entered into an agreement with the Netherlands to collaborate on the capture and storage of CO_2. The Netherlands financial support package for the energy transition (SDE++) received applications from 11 CCS value chain projects for €7 billion in 2022.

Sweden: In April 2022, Norway and Sweden agreed to intensify CCS cooperation with the objective of establishing an agreement between Norway and Sweden on the export/import of CO_2 as quickly as possible to make it possible for Norwegian and Swedish companies to cooperate on the permanent storage of CO_2 on the Norwegian Continental Shelf.

Switzerland: Late 2022, Norway and Switzerland strengthened the cooperation on CCS and CDR to reduce and remove greenhouse gas emissions. An objective of a strengthened cooperation is to promote mutually beneficial cooperation on the development and deployment of CCS and Carbon Dioxide Removal (CDR), and further explore other relevant green transition topics for bilateral cooperation.

Sectors with strong market potential:

Chemicals/ refineries

- CCS projects are maturing rapidly
- Used to dealing with toxic products and processes
- Covered by the ETS carbon price
- CO_2 delivery can start: 2025-27

Cement

- High interest in CCS option and preparing plans
- Need help developing business case
- Port access and development of onshore transport impacts the business case
- CO_2 delivery can start: 2026-28

Biofuels/bioenergy

- Market maturing fast for greenfield biofuel companies.
- Demand and quality assurance of carbon removal credits not yet in place, but is needed to close business case
- If solved, projects can be realised relatively quickly
- CO_2 delivery could start: 2025-26

Steel

- CCS is one decarbonisation option – pre or post combustion
- Public-private partnerships will be needed due to high costs and long-term commitments in a global industry
- Dialogue is still relatively immature
- First projects could deliver: 2028+

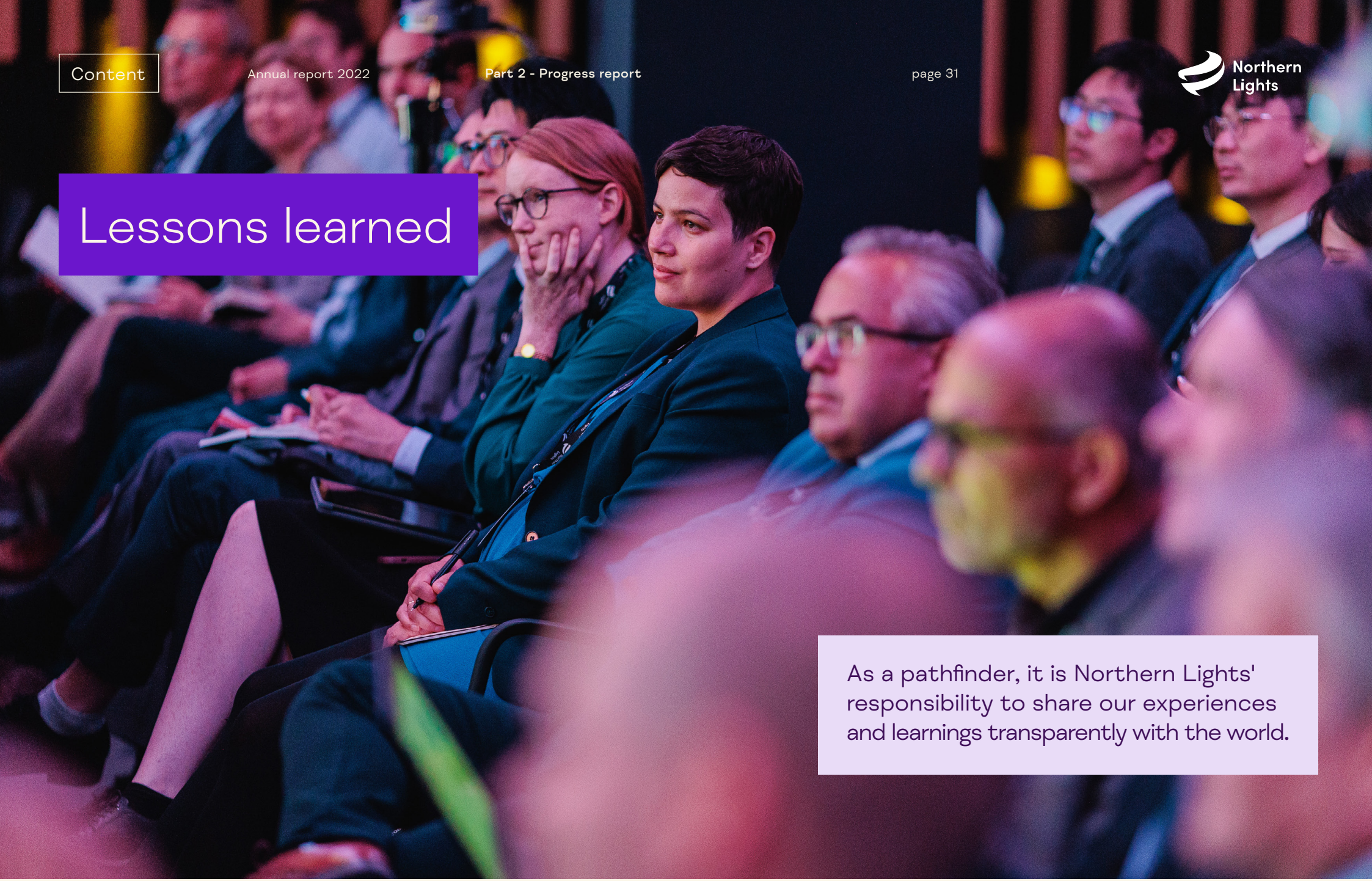
Waste incineration

- Difficulties speeding up deployment of CCS
- Business case is difficult: only 50% of waste is eligible for credits, small volumes mean technical costs are high, no direct port location, more complex treatment of fumes
- Projects need to cluster with other sectors to be cost-effective.
- First projects could deliver: 2026-27

Direct air capture

- Still in pre-feasibility stage where size and location of plant is still unclear
- Main issues are availability and affordability of electricity, and funding mechanisms
- Europe is less attractive than the USA for large-scale DAC plants
- First projects unlikely to deliver before: 2026

Lessons learned



As a pathfinder, it is Northern Lights' responsibility to share our experiences and learnings transparently with the world.

Northern Lights, as part of the Longship project, reflects the Norwegian Government's ambition to develop a full-scale CCS value chain in Norway, demonstrating the potential of this decarbonisation approach to Europe and the world. Drawing on experience from over 25 years of CO_2 storage on the Norwegian Continental Shelf, Northern Lights is a first mover to develop a commercial CCS market.

With the support from the Norwegian Government and our owners Equinor, Shell and TotalEnergies, Northern Lights are developing the world's first cross-border infrastructure for CO_2 transport and storage. Ready to tackle European industrial emissions from 2024, Northern Lights is a pathfinder.

It is our responsibility to share our experiences and learnings transparently with the world. CCS is a necessary climate solution to reach global climate targets and the world depends on a rapid development of CCS projects at scale.

Five significant lessons that have had an impact on the discussion on how to accelerate the commercialisation of CCS in Europe and globally:

1. CCS is necessary to decarbonise European hard-to-abate industries.

2. Bilateral agreements are imperative to establish crossborder market.

3. CO_2 storage is a safe and permanent solution, critical to meet European emissions target.s

4. CCS market is moving from commercial potential to customer demand.

5. Shipping is a flexible and scalable low-emission transport solution.

1. CCS is necessary to decarbonise European hard-to-abate industries

Over the course of 2022, there has been a shift in European public opinion from seeing CCS as a potential climate change solution, to identifying CCS as a necessary solution to reach net zero. During the CCUS Forum in Oslo, Commissioner Kadri Simson's speech was clear; it is "practically impossible" to reach climate targets without CCS.

With the global energy crisis, accelerated by the Russia-Ukraine war, balancing the energy trilemma is ever so challenging. An important question is how we achieve environmental sustainability while providing energy security and equity. CCS is a key climate solution to reduce or remove CO_2 emissions from the energy sector, such as waste-to-energy incineration.

2. Bilateral agreements are imperative to establish cross-border market

The Longship project reflects the Norwegian Government's ambition to develop a full-scale CCS value chain. Support from the Government for the phase 1 development of Northern Lights has been crucial to start the rapid development of the world's first cross-border CO_2 transport and storage infrastructure.

However, the lack of bilateral agreements as required by international law is a fundamental challenge to deploy CCS technologies at scale and establish a commercial CCS market in Europe. It is encouraging to see the strengthened ties between Norway and Europe on CCS collaboration, but there remains work to do for establishing bilateral agreements that enable cross-border CO_2 transport and storage.

3. CO_2 storage is a safe and permanent solution, critical to meet European emissions targets

As the interest in CCS is increasing across Europe, there is a higher demand for knowledge of the mechanisms of CO_2 storage, especially in markets where there is a stronger divide in public perception. During the last year, Northern Lights has increased its efforts to communicate how CO_2 storage is a safe and proven climate solution, drawing on experience from over 25 years of CO_2 storage on the Norwegian Continental Shelf.

Drilling operations conducted in the Northern Lights EL001 license in the North Sea have confirmed that the Johansen rock formation is suitable for safe and permanent storage. Liquefied CO_2 is injected into an underground water-bearing reservoir, sealed by a strong caprock. CO_2 will then be trapped into the porous rock and dissolved in the formation water.

In the long term, the CO_2 will get stabilised through crystallisation, eventually becoming part of the rock formation. The longer the CO_2 is stored underground, the safer it is.

4. CCS market is moving from commercial potential to customer demand

The milestone of signing the main terms of a commercial agreement for CO_2 transport and storage with Yara in August 2022, marked an important shift from a market potential to customer demand. Throughout the year, there has been great progress in the customer pipeline for commercial phase 2 volumes, which are subject to an investment decision in 2023.

In 2022, the EU ETS carbon prices were volatile and averaged at EUR 80 per tonnes CO_2. As part of the EU Green Deal, the cost for CO_2 emissions is expected to gradually increase to EUR 125 in 2030, charging CO_2 tax on top of ETS to deliver on climate targets. In correlation with increased ETS prices, there is an expected increase in customer demand for CCS as a solution to reduce or remove CO_2 emissions.

5. Shipping is a flexible and scalable low-emission transport solution

Choosing shipping as a CO_2transport solution enables scalable deployment in a first-mover phase with lower volumes of CO_2. The large-scale ship-based solution developed by Northern Lights provides open-access to ports all over Europe, offering industrial emitters a flexible CO_2transport and storage option.

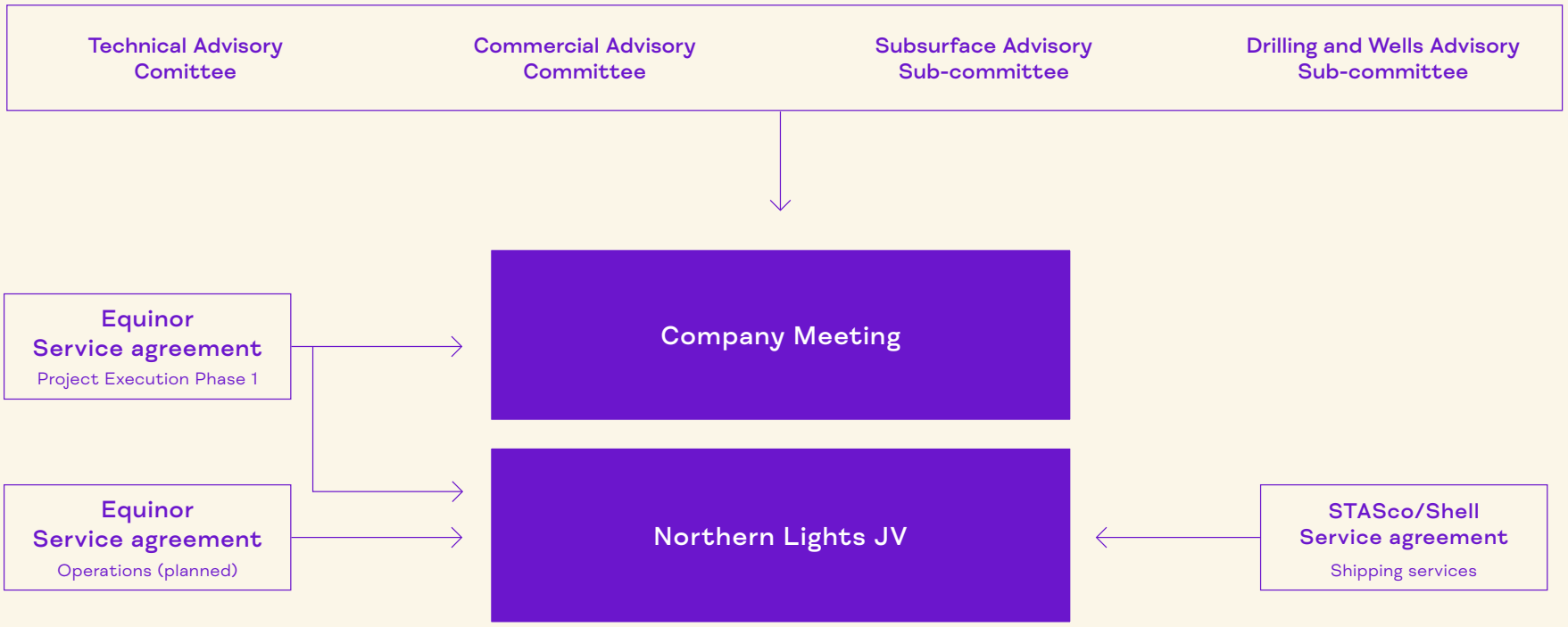
With custom made liquefied CO_2 ships running on LNG, Northern Lights offers a low-emission CO_2 transport solution to European emitters. Utilising modern technology such as wind assisted propulsion systems and air lubrication, the ships will have a reduced carbon intensity of 34% compared to conventional systems.

The CCS market is moving from commercial potential to customer demand.

Signing ceremony for the first ship management contracts with "K" LINE

How Northern Lights JV works

Northern Lights organisation



Governance

Northern Lights JV DA is a registered, incorporated unlimited liability Partnership with shared liability (DA), with three owners: Equinor, Shell and TotalEnergies.

The Company Meeting is the governing body of the Company and makes decisions regarding Northern Lights and its activities. Each owner company appoints one member and one deputy member. The Company Meeting is chaired by a member appointed by the Company Meeting, currently Equinor.

The purpose of the Company Meeting is to:

- Steer direction and strategy
- Ensure alignment and processes are established for integrated corporate governance
- Ensure safe and efficient execution and follow-up
- Capture lessons learned and drive change

Northern Lights JV is the owner of and is accountable for the development and operations of the Northern Lights project. It is also the license holder and operator of the exploitation licence EL001. Project execution is ensured through technical service providers: Equinor ASA is responsible for the development of the onshore and offshore facilities, whilst Shell International Trading and Shipping Company Limited (STASco) is responsible for the ship building execution for the first two 7,500 m3 vessels. Further service agreements will be put in place for necessary work related to operations and maintenance of the facilities, as well as to any future capacity expansions.

Northern Lights JV has established four advisory committees to support its decision-making: the Technical Advisory Committee, Commercial Advisory Committee and Subsurface Advisory Sub-committee, Drilling and Wells Advisory Sub-committee. The Drilling and Wells Advisory Sub-committee was established in 2022. These committees are led by Northern Lights JV with representatives from the owners as members.

By year end 45 persons were working in Northern Lights, eight as direct hires. The organisation consists of 62% men and 38% women. In the Leadership Team there are three women and six men. 28 employees are seconded from owner companies. Other roles are sourced depending on the nature and duration of the needs.

The organisation is divided into the following departments: Operations & Logistics, Technical & Subsurface, Business Development, Strategy & Market, Finance & Administration, Health Safety Environment & Quality (HSEQ), Legal, and Communications & Government Relations. Most employees seconded or hired to Northern Lights JV have 10-20 years of experience within their respective fields of expertise. Several of the secondees have been involved in the Northern Lights project for several years prior to the establishment of the company. Secondees have been handpicked from the owner companies to fulfil NL JV's purpose and objectives.

Northern Lights JV leadership team

Børre Jacobsen
Managing Director

Martijn Smit
Business Development Director

Martin Solberg
Technical Director

Birthe Nylund Sundt
CFO

Jostein Tegle
Strategy & Market Director

Ruth Hilde Sætre
General Counsel

Nathalie Renzi
HSE Director

Juan Charier
Operations & Logistics Director

Christian Buch Hansen
Communications & Government Relations Director

Ove Dalland
Business Opportunity Director

Health, safety, environment, and quality (HSEQ)

Everyone working for and with Northern Lights is expected to never compromise on HSE, ethics and compliance. This is crucial to success. HSE is at the heart of performance across Northern Lights. It is underpinned by the Business Management System which defines the systematic framework that is designed to sustainably deliver safe, reliable, and compliant operations. Northern Lights JV has not had any serious incidents or Lost Time Injuries (LTI's) in 2022.

Northern Lights is committed to doing business ethically and transparently. Employees are expected to work in line with this commitment, to do what's right and to treat others with respect, fairness, and dignity.

The company manages the impact of all activities on the environment, including spill prevention, waste, and air pollution, as well as continuously looking for opportunities to reduce the overall environmental footprint. A Life Cycle Analysis has been performed to assess Northern Lights' carbon footprint along its entire value chain for phases 1 and 2. Conclusions show that Northern Lights' value chain ensures an effective abatement of greenhouse gases emissions of approximately 97% of the initial emissions sent for storage.

A transparent and robust Health, Safety, Security, Environment & Quality (HSSEQ) reporting system, corresponding to ISO 9001:2015, is in place. This provides a framework for planning, execution, monitoring and improving performance.

Northern Lights works together with contractors and Service Providers to secure compliance in design, follow-up of deliverables and activities. The company has an important role in sharing data and experience from designing and developing the CO_2 transport and storage infrastructure.

Stakeholder engagement

Stakeholder engagement is an important priority for Northern Lights to initiate dialogue and share knowledge and experience from our activities. As part of the State Support Agreement, Northern Lights have a close dialogue with the Norwegian Government and deliver monthly reports on benefit realisation of the project. As an Operator, Northern Lights also maintains close dialogue with Norwegian regulatory bodies like the Norwegian Petroleum Directorate and the Petroleum Safety Authority. Collaboration with key authorities in Øygarden Municipality and Vestland County is also an essential priority. In addition, we have had good conversations and regular contact with policy makers in the EU. Throughout the year we have experienced a shift in conversation on CCS and an increased interest across Europe and the globe. Although the visitor centre in Øygarden officially opened in October 2022, Northern Lights have welcomed well over 2000 visitors from 18 countries in the past year. Broadcast and published media have visited the receiving facilities to demonstrate the progress of Northern Lights to publics across the globe.

> It is part of our mandate to contribute to educating people on the possibilities of CCS as a safe and cost-effective climate solution.

Sharing of knowledge and experience is a core value for Northern Lights. Memberships and collaboration with industry associations and interest organisations are an important part of Northern Lights' mandate, providing a valuable platform to engage with governments, regulators, and communities.

Photo: Prime Minister Jonas Gahr Støre visiting Northern Lights in Øygarden

As a first mover in developing a commercial market for CO_2 transport and storage as a service, it is part of our mandate to contribute to educating people on the possibilities of CCS as a safe and cost-effective climate solution. In 2022, we have participated in conferences, seminars, and presentations on a weekly basis, sharing our progress and experience to key policy makers and industry players. We have also worked closely with interest groups and academia, contributing to research, reports, and exhibitions to expand the knowledge base on CCS.

Membership and support to industry associations and interest organisations

Sharing of knowledge and experience is a core value for Northern Lights. Memberships and collaboration with industry associations and interest organisations are an important part of Northern Lights' mandate, providing a valuable platform to engage with governments, regulators, and communities. Northern Lights has different levels of participation and influence in industry associations and interest organisations.

Memberships:

Offshore Norway: Employer and industry organisation for companies with activities on the Norwegian Continental Shelf, and part of the Confederation of Norwegian Enterprise (NHO).

Official opening of the Northern Lights visitor centre

Northern Lights benefits from its membership in Offshore Norway through shared insights in important areas.

Offshore Norway administers administrative tools and systems on behalf of the industry, including License to Share (L2S) which Northern Lights as a license holder on the Norwegian Continental Shelf is mandated to use in our communication with authorities. Northern Lights was a contributor to establish a CCS forum in the organisation. The forum is a permanent professional advisory body.

Zero Emissions Platform (ZEP): The technical advisor to the EU on the deployment of Carbon Capture and Storage (CCS) and Carbon Capture and Utilisation (CCU) – a European Technology and Innovation Platform (ETIP) under the Commission's Strategic Energy Technologies Plan (SET-Plan). Northern Lights derives benefit from its membership in ZEP, through its active role in European CCS policy discussions. We provide strategic input to ZEP through its Advisory Council and Networks.

Stavanger Chamber of Commerce: Norway's largest Chamber and Business organisation. The organisation is working to ensure make Stavanger a preferred region to live and work in. They organise business meetings and seminars.

Chambre de commerce Franco-Norvégienne (French-Norwegian Chamber of Commerce): Promoting economic, commercial, and industrial ties that connect Norway and France, and bilateral cooperation between the two countries.

CCS+: Northern Lights is one of the founding partners of CCS+. The objective of the initiative is to leverage carbon markets and scale global decarbonisation and carbon removal efforts. CCS+ is focused on advancing carbon accounting for carbon capture, utilisation, storage, and removal technologies, underpinned by robust 'cradle-to-grave' life cycle assessments (LCA) and verification standards to ensure environmental integrity.

Financial support:

Bellona: The Bellona Foundation is an independent non-profit organisation that aims to meet and fight climate challenges, by identifying and implementing sustainable environmental solutions. They work towards reaching a greater ecological understanding, protection of nature, the environment and health. Bellona is engaged in a broad range of current national and international environmental questions and issues around the world.

ZERO: The ZERO Environmental Foundation is an independent, non-profit organisation founded in 2002 by a group of former members and employees of Nature and Youth and Bellona. They work to ensure that everyone can contribute and become part of the climate solution and has a goal to drive zero-emission solutions, at the expense of solutions that produce emissions. In September, ZERO released the report "CO_2 removal – the solution to net zero", supported by Northern Lights. ZERO is politically independent.

Part 3

Financial highlights

Part 3: Financial highlights

Statement of profit or loss

(amounts in NOK 1000)	Note	31.12 2022	31.12 2021
Operating income			
State Support	4	40 803	11 570
Total operating income		**40 803**	**11 570**
Operating expenses			
Phase 2 activities	5	207 915	65 373
Wages and Personell cost	6	2 817	0
Secondees and 3rd party consultants	6, 7	67 389	15 968
Depreciation and writedowns	5, 8	6 427	698
Other operating expenses	7	33 859	12 346
Total operating expenses		**318 407**	**94 385**
Operating loss		**-277 604**	**-82 814**
Finance items			
Finance income	9	177 395	2 157
Finance expenses	9	-110 413	-1 271
Net finance items		**66 983**	**886**
Net loss		**-210 621**	**-81 928**

Statement of financial position - Assets

(amounts in NOK 1000)	Note	31.12.2022	31.12.2021
ASSETS			
Non-current assets			
Fixed assets			
Buildings and land	5	172 778	0
Right of use assets	8	12 656	8 361
Office equipment	5	2 606	880
Facilities under construction	5, 6, 10, 11	4 641 247	1 639 166
Ships under construction	5, 6, 10	231 898	88 693
Total fixed assets		5 061 186	1 737 100
Total non-current assets		5 061 186	1 737 100
Current assets			
Receivables			
Trade Receivables	12	3 093	0
VAT receivables	12	219 360	269 756
Prepaid cost to Service Provider	12	484 185	162 060
Other current receivables	12	10 064	97 009
Financial Instruments	12	55 938	0
Total receivables		772 641	528 825
Cash and cash equivalents	13	546 092	55 021
Total current assets		1 318 733	583 846
Total assets		6 379 919	2 320 946

Statement of financial position - Equity and liability

Equity and liabilities	Note	31.12.2022	31.12.2021
Equity			
Equity			
Retained earnings		-292 550	-81 929
Paid-in capital	14	1 606 576	549 417
Total equity		**1 314 026**	**467 488**
Liabilities			
Non-current liabilities			
Asset retirement obligation	11	307 499	153 098
Deferred State Support	4	3 696 382	1 221 186
Lease liabilities	8	10 334	6 665
Total non-current liabilities		**4 014 215**	**1 380 949**
Current liabilities			
Accounts payable		25 944	18 517
Lease liabilities	8	2 821	1 720
Other current liabilities	15	1 022 912	452 273
Total current liabilities		**1 051 677**	**472 509**
Total liabilities		**5 065 892**	**1 853 458**
Total equity and liabilities		**6 379 919**	**2 320 946**

Stavanger, 31 March 2023

Svein Skeie
Chair of the Company Meeting
Equinor Refining Norway AS

Phil Cunningham
Member of the Company Meeting
TotalEnergies EP Norge AS

Bjørn Melaa
Member of the Company Meeting
A/S Norske Shell

Harald Børre Jacobsen
Managing Directo
Northern Lights JV DA

Statement of comprehensive income/loss

(amounts in NOK 1000)	31.12 2022	31.12 2021
Loss for the period	-210 621	-81 928
Total comprehensive loss for the period	**-210 621**	**-81 928**
Total comprehensive loss for the period is attributable to:		
Owners of Northern Lights JV DA	**-210 621**	**-81 928**

Statement of changes in equity

(amounts in NOK 1000)	Note	Paid-in capital	Retained earnings	Total equity
Opening balance 1 January 2022	2	549 417	-81 928	467 489
Loss for the period			-210 621	-210 621
Other comprehensive income		0	0	0
Total comprehensive loss for the period		**549 417**	**-292 550**	**256 867**
Transactions with Owners in their capacity as Owners				
Paid-in capital contribution	14	1 057 159	0	1 057 159
Total transaction with Owners		**1 057 159**	**0**	**1 057 159**
Balance at 31 December 2022		**1 606 576**	**-292 550**	**1 314 026**

Statement of cash flows

(amounts in NOK 1000)	Note	31.12 2022	31.12 2021
Cash flows from operating activities			
Net loss		-210 621	-81 928
Depreciation	5, 8	3 102	698
Writedowns	5	3 256	0
Net change in accounts payable		7 427	18 517
Net change in receivables	12	134 247	
Net change in financial instruments without cash effect	12	-55 938	0
Net change in liabilities	15	725 040	-275 332
Net cash flow from operating activities		**606 514**	**-338 046**
Cash flows from investment activities			
Purchase of fixed assets	5	-3 646 585	-1 022 068
Investment related State Support received	4	2 475 197	1 148 908
Net cash flow from investment activities		**-1 171 389**	**126 840**
Cash flows from financing activities			
Lease interest payments	8	-274	-14
Repayment of lease liabilities	8	-1 555	-560
Proceeds from capital contribution from Owners		1 057 159	267 498
Net cash flow from financing activities		**1 055 330**	**266 924**
Net changes to cash and cash equivalents		**490 455**	**55 719**
Bank deposits, cash and cash equivalents 01.01.2022		55 021	0
Net currency translation effect		616	-698
Bank deposits, cash and cash equivalents 31.12.2022	**13**	**546 092**	**55 021**

Notes to the financial statements

NOTE 1 ORGANISATION

Northern Lights JV DA ("Northern Lights JV" or "The Company") was founded 5 February 2021. The operatorship was transferred from Equinor ASA to Northern Lights JV 7 June 2021, this date represents the start of the company.

Northern Lights JV DA is a General Partnership subject to Norwegian company law and the owners have unlimited liability for their respective shares of the total liabilities. Northern Lights JV DA's owners are Equinor Refining Norway AS, TotalEnergies EP Norge AS and A/S Norske Shell, all holding equal ownership shares of 33.3 %.

Northern Lights JV DA is part of Norwegian Authorities' efforts to develop a full-scale carbon capture and storage in Norway, referred to as "Langskip" (Longship).

The address of its registered offices is Byfjordparken 15, 4007 Stavanger, Norway. Northern Lights JV DA purpose shall be to own and operate facilities for transport and storage of CO_2, including activities related thereto.

The address of its registered offices is Byfjordparken 15, 4007 Stavanger, Norway. Northern Lights JV purpose shall be to own and operate facilities for transport and storage of CO_2 including activities related thereto.

NOTE 2 SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

The financial statements of Northern Lights JV are prepared in accordance with Simplified IFRS, pursuant to the Norwegian Accounting Act § 3-9 and current regulations regarding simplified application of IFRS issued by the Norwegian Ministry of Finance. Northern Lights JV has been granted exemption from the requirement in the Norwegian Accounting Act § 3-4 to prepare the financial statements in the Norwegian language. The financial statement is as such only prepared in English.

Basis for preparation

With the exception of the exemption rules that are available under Simplified IFRS, the financial statements have, in the areas of recognition and measurement, been prepared in accordance with the relevant IFRS standards, as adopted by the EU at the end of the financial year.

Northern Lights JV has not chosen to use any of the voluntary exceptions that are applicable under Simplified IFRS. In the areas of presentation and note disclosures, the financial statements

have been prepared in accordance with the requirements of Norwegian Accounting Act. The statement of cash flows has been prepared using the indirect method.

The financial statement has been prepared on a going concern basis.

Functional and presentation currency and foreign currency translations

Northern Lights JV uses Norwegian Kroner, NOK, as presentation currency. NOK is also the functional currency, based on an evaluation of Northern Lights JV's primary economic environment and related cash flows. The cash flow from received State Support and financing activities from the owners are mainly generated in NOK. The currency that influences costs is a mix of NOK, USD, EUR and GBP, where NOK is the main currency in the establishment period.

Transactions in foreign currency are translated to NOK at the foreign exchange rate at the dates of the transactions. Foreign exchange differences arising on translations are recognised in the statement of income as financial items. Non-monetary assets that are measured at historical cost are translated at the exchange rate on the transaction date.

NOTE 3 FINANCIAL RISK MANAGEMENT

General information related to financial risks

Northern Lights JV DA`s approach to risk management includes assessing and managing risk with focus on achieving the highest risk adjusted returns for the owners. Northern Lights JV DA is in the establishment phase. The Norwegian State will finance a large portion of the investments in this phase and the owners will cover remaining part.

Currency risk

Currency risks arise from multi-currency cash flows within Northern Lights JV DA. Northern Lights JV DA is exposed to foreign currency exchange risk on its purchases. In all material aspect exposure is related to changes in USD, EUR and GBP. Northern Lights JV DA receives state support for eligible costs. Please refer to note 4 for further information on state support and definition of eligible cost. State Support is in NOK and Northern Lights JV DA will as such be exposed to currency exchange differences between NOK and the above-mentioned currencies.

Cost not covered by State Support will be covered by the owners through capital contributions. Northern Lights JV DA can request funding from the owners in NOK, USD, GBP and EUR at its own discretion. This reduces the currency risk exposure for Northern Lights JV DA.

A large currency risk exposure is related to the building of two ships. A large milestone payment of 60 % of the contract value is due at delivery in second half of 2024. This milestone is nominated in USD. Northern Lights JV DA entered into hedge agreement to mitigate the currency risk related to the building of the two CO_2 ships where the milestone payments are nominated in USD. The contract for hedging was signed medio February 2022. Please refer to note 10 for more information.

Liquidity risk

Liquidity risk is the risk that Northern Lights JV DA will not meet obligations of financial liabilities when they become due. Northern Lights JV DA is funded by the owners and with State Support. On a monthly basis Northern Lights JV DA ask the State and the owners for prepayment (often referred to as cash calls). The amount requested represents the expected payment in the following month.

The Norwegian State participation in the project is upward limited to State Support of 6,119Nov 2019 billion NOK for the Basis Investment and 800Nov 2019 million NOK of the Additional Investment.

Please refer to note 4 on government grants for further information on State Support.

To identify current and future financing needs, Northern Lights JV DA carries out short-term (12 months) budget and long-term forecasts (5-year plan) to plan the liquidity. These budget and forecasts are updated regularly, for various scenarios and form part of the decision basis for the Northern Lights JV DA's management and the Company Meeting.

Northern Lights JV DA has no external debt financing as of end 2022.

NOTE 4 STATE SUPPORT

Significant accounting policies

As part of the Longship Project, Northern Lights JV DA receives government grants related to its establishment activities of the transport and storage of CO_2. When such grants are received to carry out certain activities or compensate specific expenses, the grant is recognized in the income statement over the same period as the associated costs. Grants that compensate Northern Lights JV DA for the cost of purchase or creation of an asset are recognized as deferred State Support in the statement of financial position, and subsequently recognized as other income over the useful life of the asset.

Deferred State Support

Northern Lights JV DA has entered into a State Support Agreement (SSA) which regulates the government grants Northern Lights JV DA can request. Eligible cost is defined as cost that is subject to State Support. The Agreement between Northern Lights JV DA and the Norwegian State regulates Basis Investment and Additional Investment. The Norwegian State supports Northern Lights JV DA with different percentages of grants to cover cost based on whether it is regarded as Basis Investment or Additional Investment.

Eligible cost related to Basis Investment comprise of cost necessary for establishment of onshore/offshore facilities and two ships to handle 1.5 million tonnes CO_2 stored annually. This phase is supported with 80 % State Support. Eligible costs related to Additional Investment which comprise of an extra well and a third ship is supported with 50 %. State Support related to eligible cost not fulfilling the recognition criteria in IAS 16.7 is recognized in the profit and loss statement.

The support for Basis Investment is maximum upward limited to 6.119 billion NOK and support for Additional Investment is upward limited to 800 million NOK per Nov. 2019 value.

Specification of State Support received through the year

(amounts in NOK 1000)

Recognised in profit and loss, as related to expenses in current period	40,803
Recognized as deferred State Support, related to assets under construction	2,475,197
Total recieved	**2,516,600**

Specification of deferred State Support

(amounts in NOK 1000)

Opening balance 01.01.2022	1,221,186
Support received through the year	2,475,197
Balance 31.12.2022	**3,696,382**

NOTE 5 PROPERTY, PLANT & EQUIPMENT

Significant accounting policies

Property, plant & equipment are recognized in the statement of financial position at cost less accumulated depreciation and impairment losses. The cost price of such assets is the purchase price including expenses directly attributable to the purchase of the asset. For assets under construction that are purchased turnkey from the supplier, the cost price consists of advances paid. For self-constructed assets under construction, the cost price reflects the cost of materials and labour added to the asset. Expenses incurred after the asset has been put into use, such as ongoing daily maintenance, are charged to the income statement in the period in which they were incurred, except for expenses expected to generate future economic benefits that are recognized as a part of the asset.

Facilities- and ships under construction

Northern Lights JV DA is currently developing and building a complete facility to receive and permanently store CO_2 from various industrial emitters. In addition, Northern Lights JV DA also have two ships under construction, which will transport the CO_2 from the customers to the storage facility.

Two injection wells have been drilled and subsea templates has been installed.

The progress for ship building construction as of 31 December 2022 is 18 %. (0.8% 31 December 2021)

Committed obligation

Northern Lights JV DA uses Equinor as a service provider to oversee and control the establishment of onshore and offshore facilities. The total committed amount is 5.8 billion NOK. This includes the cost for establishment of onshore and offshore facilities in Øygarden in addition to their overseeing and control. Northern Lights JV DA uses Shell International Trading and Shipping Company Limited ("Stasco") to oversee and control the building of two ships. The total committed for ship building and supervision amount is 1 billion NOK.

Assessment related to impairment, please refer to note 16.

Assets under construction are not depreciated. Writedowns relate to Høyreavkjøringsfelt til Ljøsøyvegen that has been transferred to Vestland Fylkeskommune in Q1 2022.

Phase 2 activities

In addition to the facilities currently under construction, the company is maturing the expansion of the facilities that will make it possible to receive 5 million tonnes CO_2 annually. Expenditures attributed to this project are recognized as expense in the statement of profit or loss, as the recognition criteria in IAS 16.7 are currently not considered to be met. The cost related to expansion will be capitalized after an investment decision has been taken by the owners.

This part of the project is not covered by the State Support agreement and will be funded by the owners.

NOTE 5 PROPERTY, PLANT & EQUIPMENT

Specification of property, plant & equipment

(amounts in NOK 1000)	Office equipment	Buildings	Land, and infra-structure	Facilities under construction	Asset Retirement Obligation-Asset	Ships under construction	Total
Opening balance 01.01.2022	981	0		1,486,930	152,236	88,693	1,728,840
Additions	2,192	142,166	34,816	2,857,676	144,405	143,205	3,324,461
Writedowns for the year	0	0	-3,256	0		0	-3,256
Cost 31.12.2022	**3,173**	**142,166**	**31,559**	**4,344,606**	**296,642**	**231,898**	**5,050,044**
Opening balance	101	0	0	0	0	0	101
Deprecitations for the year	466	948	0	0	0	0	1,414
Accumulated deprecitation 31.12.2022	**567**	**948**	**0**	**0**	**0**	**0**	**1,515**
Book value 31.12.2022	**2,606**	**141,218**	**31,559**	**4,344,606**	**296,642**	**231,898**	**5,048,529**
Economic useful life	3 years	50 years					
Deprecitations schedule	Linear	Linear	Not started	Not started	Not started	Not started	

NOTE 6 PERSONELL COST

Northern Lights JV DA employed their first direct employees in August 2022, in addition to seconded personnel from the owner companies and some external consultants. Seconded personnel are personnel formally employed in the owner companies and are hired to Northern Lights JV DA for a specific period, usually between three to five years.

Personnel costs related to establishment of Basis Investment are capitalized to the extent that the conditions for this is met.
Pensions

Northern Lights JV DA established a defined contribution pension scheme as of August 2022 for its new employees. The defined contribution plan is where the employer pays in monthly contributions to the employee's individual pension account. The pension received by the employee in the future is based on the contributions paid by the employer and gains or losses from the investment of the funds, where the risk profile is decided by the employee. The pension contributions are expensed in the income statement as incurred. The secondees and contractors are covered by the pensions scheme at their formal employer.

Specification of personnel costs

(amounts in NOK 1000)	2022	2021
Wages and personell related costs	2,682	0
Pension costs	135	0
Secondee costs	67,418	35,442
3rd party consultantcy costs	13,582	1,091
Recognized as costs of fixed assets	-13,611	-20,566
Total	**70,206**	**15,968**

Specification of employees

(average FTE for the period)	2022	2021
Employees	2	0
Secondeed	22	17
External consultants	4	4
Total	**28**	**21**

NOTE 7 REMUNERATION OF MANAGEMENT AND AUDITOR

Remuneration of management

The Managing Director of Northern Lights JV DA is seconded from A/S Norske Shell. Northern Lights JV DA has as such not paid any remuneration directly to the Managing Director. Northern Lights JV DA has in total been invoiced 4,001 kNOK related to Managing Director's services.

There have not been any payments of remuneration to the Company Meeting representatives.

Specification of auditors remuneration

(amounts in NOK 1000)	2022	2021
Statutory audit fee	725	350
Other audit related services*	316	0
Total	**1,041**	**350**

Reported amounts are exclusive of VAT.
*Other audit related services relate to assurance of project accounts.

NOTE 8 LEASES

Significant accounting policies

IFRS 16 requires a lessee to account for lease contract by recognizing a lease liability and an asset representing the right-to-use the underlying asset for the lease ter. The lease liability represents the net present value of the lease payments to be made over the remaining lease period. The right-to-use asset is depreciated over the lease term and interest expensed on the lease liability is recognized in the profit and loss.

Northern Lights JV is involved in lease agreements as a lessee. Lease payments related to lease agreements with low value or short duration (below 12 months) are recognized in the income statement as operating expenses.

All other lease agreements are recognized in the balance sheet. Lease agreements with low value are defined as leases related to assets with cost price below NOK 50 000. When assessing whether a lease agreement is short-term (below 12 months) or not, the starting point is at initial date or renewal date of the lease agreement.

Assumptions and judgements applicable to new leases

Northern Lights JV's office lease agreement was recognized at the time of commencement (end of August 2021). An extension to the lease was agreed as part of an agreement to increase the leased area. This extended the lease agreement until 29.06.2027. The lease liability has been calculating using a discount rate of 3,2%, which represent the incremental borrowing rate.

Specification of right-of-use assets

(amounts in NOK 1000)	2022
Opening balance 01.01.2022	8,958
Additions	5,984
Carrying amount 31.12.2022	**14,942**
Opening balance 01.01.2022	-597
Depreciations	-1,689
Accumulated depreciation 31.12.2022	**-2,286**
Book value 31.12.2022	**12,656**
Economic useful life	5 years
Depreciation schedule	Linear

Specification of lease liabilities (amounts in NOK 1000)	2022
Opening balance 01.01.2022	8 385
Additions	6 599
Interest expenses	-274
Lease payments	-1 555
Carrying amount 31.12.2022	**13 155**
Due within one year	2 821
Due within one and five years	10 334
Due after 5 years	0
Total	**13 155**

NOTE 9 FINANCIAL ITEMS

Specification of financial items

(amounts in NOK 1000)	2022	2021
Interest Income	5 827	233
Currency exhange gain	23 395	4 647
- from Financial instruments	11 013	0
Unrealised currency exhange gain	81 222	8 807
- from Financial instruments	55 938	0
Currency exchange loss	-25 408	-3 012
Unrealised exhange loss	-68 727	-8 518
Interest expense	-16 278	-1 271
Total financial items	**66 983**	**886**

NOTE 10 IMPAIRMENT ASSESSMENT

Significant accounting policies

Northern Lights JV DA assesses assets or groups of assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Assets are considered for impairment individually to the extent that a recoverable amount can be determined, or otherwise as part of a cash-generating unit. Deferred government grants that are directly attributed to specific assets, and which will be recognized as income over their useful life, are deducted from the carrying amounts when assessing impairment.

Significant accounting judgements

Northern Lights JV DA consist of one cash generating unit (CGU). The impairment assessment has as such been done on one CGU. A CGU is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflow from other assets or groups. Northern Lights JV DA business model is to safely deliver transportation and storage of CO_2. As an initial approach the service will be delivered as a package deal, where the customer will enter into a contract for both transportation and storage with an associated tariff covering both elements. Depending on the outcome of commercial negotiations, this assumption could be revised on a case by case basis. The two CO_2 ships that are under construction are considered to be included in the CGU. At this stage it is considered to have a limited alternative use, as there is no active market for CO_2 transportation ships yet. This assessment will be reassessed from time to time. It is expected that an active market for CO_2 ships will evolve within the next coming years.

Estimation, assumption and sensitivity

All of the Northern Lights JV DA's significant assets are currently under construction and Northern Lights JV DA does not have any revenues. Furthermore, as Northern Lights JV DA's business model is new, there are currently no competitors in the market for the transportation and storage of CO_2 service, but this is expected to evolve towards 2023. During 2022, Northern Lights JV DA has made good progress with customer negotiations and announced an agreement with Yara in August 2022. Uncertainty in the impairment assessment relates to future market development, EU emission quota market, adoption of the technology and solutions for CCS value chain and weighted average cost of capital (WACC).

Northern Lights JV DA uses an approach of regular updates of assumptions and economic conditions

in establishing the long-term forecasts which are reviewed and approved by the Company Meeting. The assessment is updated at least annually.

When the owners took their final investment decision 6 May 2020 the EU Emission Trading System ("ETS") price was approximately 20 EUR per tonne. Today the ETS price has increased to just under 100 EUR per tonne. The appetite to invest in CCS for commercial customers will be affected by the development of the ETS price.

Impairment conclusion

The management of Northern Lights has performed an impairment trigger assessment and have concluded that no such triggers are present as of 31 December 2022.

NOTE 11 ASSET RETIREMENT OBLIGATION

Significant accounting policies

Asset retirement obligations primarily relates to plugging of injection wells, removal of subsea templates and other installations on the seabed. The obligation matures at the time when the associated assets reach the end of their useful life. Initial recognition of the liability takes place at the time when the related asset is acquired or installed, with a corresponding amount recognized as an additional cost of the asset and subsequently depreciated over its useful life. The amount recognized is measured as the present value of the estimated future expenditures. In subsequent periods, the unwinding of the discount is presented as financial expense, while other changes are recognized as a change in the cost of the related asset in accordance with IFRIC 1.

Estimation uncertainty

The estimated future expenditures relating to asset retirement is based on the current regulation and requirements, while considering the currently available technology. In determining the estimate, scenario analysis is used to address the significant uncertainty associated with developments in future price levels, technological developments and regulatory conditions. The discount rate used in the calculation is determined using an estimated risk-free interest rate.

Assumptions and sensitivity

The calculations assume an inflation rate of 2 % and a nominal interest rate of 3.2 %.

Asset retirement obligations 01.01.2022	**153 098**
Additions/ change in estimate during year	144 405
Unwind of discount (financial expense)	9 996
Asset retirement obligations 31.12.2022	**307 499**

Asset retirement obligation presented in the financial statement of 2022 related to pipeline and subsea templates in addition to two injection wells installed on the EL001 Aurora license.

NOTE 12 TRADE AND OTHER RECEIVABLES

Significant accounting policies

Trade and other receivables are recognized at face value, less provisions for expected credit losses. Provisions for expected credit losses are based on the simplified approach, using a life-time expected loss allowance. The credit rating of the counterparties generally means that expected credit loss is not material.

Specification of other current receivables

(amounts in NOK 1000)	2022	2021
Trade receivables	3 093	0
Prepayment to Service Provider	484 185	162 060
VAT receivables	219 360	269 756
Other receivables	10 064	97 009
Financial Instruments	55 938	0
Total trade and other receivables	**772 641**	**528 825**

Prepayment to Service Providers

Service Provider can ask for prepayment (cash calls) from Northern Lights JV DA on a monthly basis. Prepaid amount as of year-end 31 December 2022 consists of prepayment for January costs.

VAT receivables

Northern Lights JV DA has not deducted ingoing VAT related to historical cost occurred before the establishment of Northern Lights JV DA. In 2021, Northern Lights JV DA formally requested the Norwegian Tax Authorities advice related to handling of VAT and are still awaiting a formal response on this matter. Ingoing VAT will be deducted if it is concluded that this VAT is deductible.

Other receivables

Other receivables consist of prepaid cost of total 10,064 kNOK.

Financial instruments

On 15 February 2022 Northern Lights JV DA entered into 7 Cash flow hedge contracts with DNB. The hedge contracts are related to payment of two CO_2 ships currently under construction.

As of 31 December 2022 an unrealized exchange gain amounted for 55,938 kNOK for the contracts maturing in 2023 and 2024.

Hedge contracs USD/NOK maturing in 2023-2024

(amounts in 1000)	Initial value	Value as of 31.12.2022	Unrealised gain per 31.12.2022
USD	61 500	61 500	
NOK	550 286	606 224	55 938

NOTE 13 TRADE AND OTHER RECEIVABLES

Significant accounting policies

Bank deposits, cash and cash equivalents includes all cash, bank deposits and other short term liquid investments. Northern Lights JV DA has no restricted cash.

NOTE 14 RELATED PARTY TRANSACTIONS

Significant accounting policies

Related party relationships are those involving control (either direct or indirect), joint control or significant influence. Related parties are in a position to enter into transactions with the company that would not be undertaken between unrelated parties.

Northern Lights JV DA is a General Partnership the owners have unlimited liability for their respective shares of the total liabilities. Northern Lights JV DA's owners are Equinor Refining Norway AS, TotalEnergies EP Norge AS and A/S Norske Shell, all holding equal ownership shares of 33.3 %. They have joint control over Northern Lights JV. Transactions with related parties of the owner is reflected in overview below.

Significant related parties transactions

On 7 June 2021 Northern Lights JV DA entered into an asset transfer agreement with the previous participants in the Northern Lights JV DA project.

Agreements with related parties to NorthernLights JV DA

Participant Agreement

On 7 June 2021, the owners of Northern Lights JV DA entered into the Participant Agreement regulating the control and objective of Northern Lights JV DA.

Service Agreement Equinor ASA

On 7 June 2021, Northern Lights JV DA entered into a service agreement with Equinor ASA for oversee, control and building of onshore, offshore facilities and pipeline in Øygarden outside Bergen. The agreement regulated the establishment of a facility to handle 1.5 million tonnes CO_2 annually.

Service Agreement Shell International Trading and Shipping Company Limited ("Stasco")

On 13 October 2021, Northern Lights JV DA entered into a service agreement with Stasco for the supervision of the construction phase of two newbuild CO_2 transportation ships in Dalian, China.

Specification of related party transactions 2022*

(amounts in NOK 1000)	Paid-in capital	Other
A/S Norske Shell	352 323	21 053
TotalEnergies EP Norge AS	352 323	43 795
Equinor Refining Norway AS	352 514	0
Equinor ASA		3 421 123
Equinor Energy AS		2 330
Shell International Trading and Shipping Company Limited		24 924
Shell U.K.Ltd		1 285

*This overview include invoices received from related parties and do not include any accruals.

NOTE 15 PROVISIONS AND OTHER CURRENT LIABILITIES

Significant accounting policies

Other current liabilities are mainly related to services received, for which payment is due within the next twelve months. These liabilities are measured at nominal amounts.

Specification of other current liabilities

(amounts in NOK 1000)	2022	2021
Accrued secondee and 3rd party personnel costs	11 121	6 181
Services provider payables	987 200	440 475
Other accrued expenses	24 591	5 617
Total other current liabilities	**1 022 912**	**452 273**

NOTE 16 INCOME TAX

Significant accounting policies

Bank deposits, cash and cash equivalents includes all cash, bank deposits and other short term liquid investments. Northern Lights JV DA has no restricted cash.

Specification of taxable profit

(amounts in NOK 1000)	2022	2021
Net loss	-210,621	-81,928
Permanent differences	397	201
Net change in temporary differences	11,435	692
Taxable profit	**-198,790**	**-81,035**

Specification of temporary differences

(amounts in NOK 1000)	2022	2021	Change
Fixed assets	3,992,254	1,373,615	-2,618.638
Defferred state support	-3,696,382	-1,221,186	2,475,197
Right-of-use assets	12,656	8,361	-4,295
Leasing liabilities	-13,155	-8,385	4,770
Asset retirement obligations	-307,499	-153.098	154,401
Net temporary difference	**-12,127**	**-692**	**11,435**

Statsautoriserte revisorer
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INDEPENDENT AUDITOR'S REPORT

To the Partnership Meeting of Northern Lights JV DA

Opinion

We have audited the financial statements of Northern Lights JV DA (the Company), which comprise statement of financial position as at 31 December 2022, the income statement, statement of comprehensive income, statement of cash flows and statement of changes in equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion the financial statements comply with applicable legal requirements and give a true and fair view of the financial position of the Company as at 31 December 2022 and its financial performance and cash flows for the year then ended in accordance with simplified application of international accounting standards according to section 3-9 of the Norwegian Accounting Act.

Basis for opinion

We conducted our audit in accordance with 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 in accordance with the requirements of the 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

Other information consists of the information included in the annual report other than the financial statements and our auditor's report thereon. Management (the Company Meeting and the Managing Director) is responsible for the other information. Our opinion on the financial statements does not cover the other information, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information, and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of management for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with simplified application of international accounting standards according to section 3-9 of the Norwegian Accounting Act, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

We communicate with the members of the Company Meeting 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, 31 March 2023
ERNST & YOUNG AS

Gunn Helen Askvik
State Authorised Public Accountant (Norway)

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Lights