



ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2019 - GENERELL INFORMASJON

Enheten

Organisasjonsnummer: 917 145 563
Organisasjonsform: Aksjeselskap
Foretaksnavn: STATOIL KHARYAGA AS
Forretningsadresse: Forusbeen 50
4035 STAVANGER

Regnskapsår

Årsregnskapets periode: 01.01.2019 - 31.12.2019

Konsern

Morselskap i konsern: Nei

Regnskapsregler

Regler for små foretak benyttet: Nei
Benyttet ved utarbeidelsen av årsregnskapet til selskapet: Regnskapslovens alminnelige regler

Årsregnskapet fastsatt av kompetent organ

Bekreftet av representant for selskapet: Hans Petter Hybbestad
Dato for fastsettelse av årsregnskapet: 30.06.2020

Grunnlag for avgivelse

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

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Brønnøysundregistrene, 17.08.2021



Resultatregnskap

Beløp i: NOK	Note	2019	2018
RESULTATREGNSKAP			
Inntekter			
Revenue		1 263 494 363	1 334 596 899
Other income		529 711 418	641 497 804
Sum inntekter	2	1 793 205 781	1 976 094 703
Kostnader			
Depreciation and impairment losses	4	421 356 015	252 536 254
Other operating expenses	3	609 599 118	495 719 758
Sum kostnader		1 030 955 133	748 256 012
Driftsresultat		762 250 648	1 227 838 691
Finansinntekter og finanskostnader			
Annen renteinntekt	5	-28 726 354	53 735 293
Sum finansinntekter		-28 726 354	53 735 293
Netto finans		-28 726 354	53 735 293
Ordinært resultat før skattekostnad			
Income tax	9	635 026 974	876 268 769
Ordinært resultat etter skattekostnad		98 497 320	405 305 215
Årsresultat		98 497 320	405 305 215
Årsresultat etter minoritetsinteresser		98 497 320	405 305 215
Totalresultat		98 497 320	405 305 215



Balanse

Beløp i: NOK	Note	2019	2018
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Utsatt skattefordel	9		
Varige driftsmidler			
Production plants and oil and gas assets		1 326 463 280	1 245 921 836
Sum varige driftsmidler	4	1 326 463 280	1 245 921 836
Sum anleggsmidler		1 326 463 280	1 245 921 836
Omløpsmidler			
Varer			
Fordringer			
Accounts receivables		149 563 544	161 782 531
Licence receivables	6		
Other receivables		161 994 341	253 738 443
Konsernfordringer	6	541 797 768	1 247 458 974
Sum fordringer		853 355 652	1 662 979 948
Sum omløpsmidler		853 355 652	1 662 979 948
SUM EIENDELER		2 179 818 932	2 908 901 784
BALANSE - EGENKAPITAL OG GJELD			
Egenkapital			
Innskutt egenkapital			
Share capital	11	1 001 000	1 001 000
Annen innskutt egenkapital		999 721 712	986 473 804
Sum innskutt egenkapital		1 000 722 712	987 474 804
Opptjent egenkapital			
Retained earnings		98 497 320	



Balanse

Beløp i: NOK	Note	2019	2018
Sum opptjent egenkapital		98 497 320	
Sum egenkapital	10	1 099 220 033	987 474 804
Gjeld			
Langsiktig gjeld			
Utsatt skatt	9	536 432 101	532 681 837
Other provisions	7	404 859 633	326 861 370
Sum avsetninger for forpliktelser		941 291 734	859 543 207
Annen langsiktig gjeld			
Sum langsiktig gjeld		941 291 734	859 543 207
Kortsiktig gjeld			
Leverandørgjeld	8	90 338	38 497 726
Tax payable	9		3 539 511
Utbytte	8		800 000 000
Kortsiktig konserngjeld	8		49 977 367
Licence payable		139 216 827	169 869 169
Other current liabilities	8		
Sum kortsiktig gjeld		139 307 165	1 061 883 773
Sum gjeld		1 080 598 899	1 921 426 980
SUM EGENKAPITAL OG GJELD		2 179 818 932	2 908 901 784



Statsautoriserte revisorer
Ernst & Young AS

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Postboks 1156 Sentrum, NO-0107 Oslo

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Tlf: +47 24 00 24 00

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INDEPENDENT AUDITOR'S REPORT

To the Annual Shareholders' Meeting of Statoil Kharyaga AS

Report on the audit of the financial statements

Opinion

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

In our opinion, the financial statements have been prepared in accordance with laws and regulations and present fairly, in all material respects, the financial position of the Company as at 31 December 2019 and its financial performance and cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.

Basis for opinion

We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Norway, and we have fulfilled our ethical responsibilities as required by law and regulations. We have also complied with our other ethical obligations 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 Company's annual report other than the financial statements and our auditor's report thereon. The Board of Directors and General Manager (management) are responsible for the other information. Our opinion on the audit of 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 on the other information obtained prior to the date of the auditor's report, 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 the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.



Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing (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 law, regulations and generally accepted auditing principles in Norway, including ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also

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

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

Report on other legal and regulatory requirements

Opinion on the Board of Directors' report

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

Opinion on registration and documentation

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



Other matters

The financial statement for the Company for the year ended 31 December 2018, were audited by another auditor who expressed an unmodified opinion on those statements on 27 June 2019.

Oslo, 30 June 2020
ERNST & YOUNG AS

The auditor's report is signed electronically

Ankit Puri
State Authorised Public Accountant (Norway)



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"Med min signatur bekrefter jeg alle datoer og innholdet i dette dokument."

Ankit Puri

Statsautorisert revisor

På vegne av: Ernst & Young AS

Serienummer: 9578-5998-4-855919

IP: 81.166.xxx.xxx

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FINANCIAL STATEMENTS 2019
Statoil Kharyaga AS
Org.no. 917 145 563



Income Statement			
Statoil Kharyaga AS			
	Note	2019	2018
Revenue and other income			
Revenue		1 263 494 363	1 334 596 899
Other income		529 711 418	641 497 804
Total revenue and other income	2	1 793 205 781	1 976 094 703
Operating expenses			
Depreciation and impairment losses	4	-421 356 015	-252 536 254
Other operating expenses	3	-609 599 118	-495 719 758
Total operating expenses		-1 030 955 133	-748 256 012
Net operating income/(loss)		762 250 648	1 227 838 691
Net financial items	5	-28 726 354	53 735 293
Income/(loss) before tax		733 524 294	1 281 573 984
Income tax	9	-635 026 974	-876 268 769
Net income/(loss)		98 497 320	405 305 215



Balance Sheet			
Statoil Kharyaga AS			
Assets	Note	2019	2018
Non-current assets			
Property, plant and equipment			
Production plants and oil and gas assets		1 326 463 280	1 245 921 836
Total property, plant and equipment	4	1 326 463 280	1 245 921 836
Total non-current assets		1 326 463 280	1 245 921 836
Current assets			
Receivables			
Accounts receivables		149 563 544	161 782 531
Receivables from group companies	6	541 797 768	1 247 458 974
Other receivables		161 994 341	253 738 443
Total receivables		853 355 652	1 662 979 948
Total current assets		853 355 652	1 662 979 948
TOTAL ASSETS		2 179 818 932	2 908 901 784



Balance Sheet			
Statoil Kharyaga AS			
Equity and liabilities	Note	2019	2018
Equity			
Share capital	11	1 001 000	1 001 000
Additional paid-in capital		999 721 712	986 473 804
Retained earnings		98 497 320	0
Total equity	10	1 099 220 033	987 474 804
Liability			
Non-current liabilities			
Deferred tax liability	9	536 432 101	532 681 837
Other provisions	7	404 859 633	326 861 370
Total non-current liabilities		941 291 734	859 543 207
Current liabilities			
Accounts payable	8	90 338	38 497 726
Tax payable	9	0	3 539 511
Dividends payable	8	0	800 000 000
Licence payable		139 216 827	169 869 169
Liabilities to group companies	8	0	49 977 367
Total current liabilities		139 307 165	1 061 883 773
Total liabilities		1 080 598 899	1 921 426 980
TOTAL EQUITY AND LIABILITIES		2 179 818 932	2 908 901 784
Oslo, 24.06.2020 The board of Statoil Kharyaga AS			
<hr/> Hilde Merete Nafstad Member of the board	<hr/> Elisabeth Birkeland Kvalheim Chairman of the board	<hr/> Morten Sven Johannessen Member of the board/General Manager	
Statoil Kharyaga AS		Page 4	



Cash Flow Statement		
Statoil Kharyaga AS		
Cash Flow Statement	2019	2018
Cash flows from operating activities		
Profit/loss before tax	733 524 294	1 281 573 984
Taxes paid	-108 841 392	-129 614 936
Profit oil in kind		
Profit oil in kind	-529 711 418	-641 497 804
(Gain)/loss on foreign currency transactions and balances	13 813 285	-33 345 613
Interest expense on the asset retirement obligation	11 564 813	10 858 318
Asset retirement obligation provisions	3 088 967	16 536 395
Ordinary depreciation/impairment losses	421 356 015	252 536 254
Increase/decrease in accounts receivables and other receivables	103 963 089	-175 963 223
Increase/decrease in accounts payable and other payable	-38 407 388	14 326 890
Increase/decrease in license receivables/payable	-30 652 342	263 170 780
Increase/decrease in current intercompany accounts	-50 299 013	-493 355 848
Net cash flows from operating activities	529 398 910	365 225 197
Cash flows from investment activities		
Purchase/disposal of property, plant and equipment	-438 552 977	-284 624 346
Net cash flows from investment activities	-438 552 977	-284 624 346
Cash flows from financing activities		
Effect of merger	0	4 256 553
Payment of dividend	-800 000 000	0
Net cash flows from financing activities	-800 000 000	4 256 553
Effect of exchange rate fluctuations on cash and cash equivalents	-13 813 285	33 345 613
Net change in cash and cash equivalents	-722 967 352	118 203 017
Cash and cash equivalents at the start of the period	1 247 458 974	1 129 255 957
Cash and cash equivalents at the end of the period	524 491 622	1 247 458 974
Cash and cash equivalents at the end of the period in the Cash Flow Statement includes deposits in internal bank arrangement which is presented within the balance sheet item receivables/(payable) from group companies.		



Statoil Kharyaga AS

Notes to the Financial Statements 2019

Note 1 - Significant accounting policies

The Financial Statements of Statoil Kharyaga AS are prepared in accordance with the Norwegian Accounting Act of 1998 and Norwegian Generally Accepted Accounting Principles.

Statoil Kharyaga AS is part of the consolidated Financial Statements of Equinor ASA. The consolidated Financial Statements can be retrieved from www.equinor.com or copies can be ordered by inquiry to Equinor ASA, 4035 STAVANGER.

Going concern

In accordance with the Accounting Act §3-3 the Board of Directors confirm that the financial statements have been prepared under the assumption of going concern.

The Board of Directors are of the opinion that the information presented in the Financial Statements give a fair overview of the company's assets, liabilities, financial position and net results.

Changes in accounting policies

The policy for revenue recognition was voluntary changed in 2019. In 2018, revenue was recognized based on ownership in production. In 2019 revenues are recognized based on volumes lifted and sold to customers during the period (the sales method). Accounting for the imbalances is presented within Other operating expenses. The change in policy affects the timing of revenue recognition from oil and gas production; the pre-tax implementation of NOK 73 million increase in operating expenses recognised in 2019 has been considered immaterial. Equity as at 1 January 2019 has consequently not been adjusted upon the change in policy, and comparative figures have not been restated.

Use of estimates

Preparation of the Financial Statements requires the company to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses, as well as disclosures of contingencies. Actual results may ultimately differ from the estimates and assumptions used.

Revenue recognition

Revenue is recognised when it is earned and cost of sales is recognised in the same period as the revenue to which they relate.

Revenues from the production of oil and gas are recognised on the basis of volume lifted and sold to customers during the period (the sales method). Where Equinor has lifted and sold more than the ownership interest, an accrual is recognised for the cost of the overlift. Where Equinor has lifted and sold less than the ownership interest, costs are deferred for the underlift.

Profit oil in kind

Under production sharing agreements (PSAs) the contracting party first gets oil for a value equal to expenses and investments (cost oil) on the terms and conditions set forth in the production sharing agreement. From the rest of the production, the contracting parties get a proportion (profit oil) that is less than their divided share, while the host country keeps the rest. The proportion that the host country keeps (profit oil in kind) is included in other income with an offset in the income tax expense (tax in kind).

Foreign currency translation

Transactions in foreign currencies are translated to NOK at the foreign exchange rate at the date of the transactions. Monetary assets and liabilities denominated in foreign currency are translated to NOK at the foreign exchange rate at balance sheet date. Realised and unrealised exchange differences arising on translation are recognised as financial items in the Income Statement.



Statoil Kharyaga AS

Notes to the Financial Statements 2019

Classification and valuation of balance sheet items

Current assets and liabilities include items included in the operating cycle or due for payment within one year of the date of acquisition. Other assets are classified as non-current assets. Current assets are valued at the lower of cost or fair value. Current liabilities are recorded at nominal value. The group's receivables in cash pool arrangement are netted and treated as receivables/payable from/to group companies.

Receivables

Accounts receivables and other receivables are recognised at nominal value, less the accrual for expected losses of receivables.

Property, plant and equipment

Property, plant and equipment is reflected at cost, less accumulated depreciation and accumulated impairment losses. The initial cost of an asset comprises its purchase price or construction cost, any costs directly attributable to bringing the asset into operation, the initial estimate of an asset retirement obligation, if any, exploration costs transferred from intangible assets and, for qualifying assets, borrowing costs. Property, plant and equipment include costs relating to expenditures incurred under the terms of profit sharing agreements/contracts (PSAs/PSCs) in certain countries, and which qualify for recognition as assets of Equinor. State-owned entities in the respective countries, however, normally hold the legal title to such PSA-based property, plant and equipment.

Assets are tested for impairment whenever events or changes in circumstances indicate that the carrying value may not be recoverable. The impairment test is performed at the lowest level where one can identify independent cash flows. For assets associated with oil and gas operations, such cash-generating units will normally be the individual fields or individual development areas. In assessing whether a write-down of the carrying amount of a potentially impaired asset is required, the asset's carrying amount is compared to recoverable amount. If the carrying value exceeds the asset recoverable amount, the asset or the cash-generating unit the asset belongs to, should be impaired to the recoverable amount. The recoverable amount is the higher of the net selling price and value in use.

Value in use is the present value of the future cash flows the asset is expected to generate. The estimated future cash flows are based on reasonable and supportable assumptions, and represents management's best estimate of the different economic conditions that will exist in the cash-generating asset's remaining economic lifetime. Details regarding assumptions (prices and discount rate) which have been used for impairment calculations can be found in consolidated Financial Statements for Equinor ASA. Improvements that significantly increase the capacity or economic lifetime are capitalised.

Accounting for ownership in oil and gas licences

Ownership in oil and gas licences are recognised on a line-by-line basis, reflecting Equinor 's share of assets, liabilities, income and expenses.

Depreciation

Oil and gas production facilities are depreciated using the unit of production method based on estimated proved reserves calculated as recoverable during the licence period. Depreciation on other assets is calculated on a straight-line basis over its estimated economic lifetime.

Interest

Interest is capitalised for major development projects, until the asset is ready for use. Capitalised interest is included as part of the cost and is depreciated along with the asset.

Asset retirement obligation

Statoil Kharyaga AS

Notes to the Financial Statements 2019

Provisions for ARO costs are recognised when Equinor has an obligation (legal or constructive) to dismantle and remove a facility or an item of property, plant and equipment and to restore the site on which it is located, and when a reliable estimate of that liability can be made. Equinor's ARO liability is defined in the Kharyaga PSA and equals an amount per boe of total expected production for the sanctioned projects. The amount recognized is the present value of the estimated future abandonment cost.

When a provision for ARO cost is recognised, a corresponding amount is recognised to increase the related property, plant and equipment and is subsequently depreciated as part of the costs of the facility or item of property, plant and equipment. Any change in the present value of the estimated expenditure is reflected as an adjustment to the provision and the corresponding property, plant and equipment. When a decrease in the ARO provision related to a producing asset exceeds the carrying amount of the asset, the excess is recognised as a reduction of Depreciation, amortisation and net impairment losses in the consolidated Income Statement. When an asset has reached the end of its useful life, all subsequent changes to the ARO provision are recognised as they occur in Operating expenses in the consolidated Income Statement. Removal provisions associated with Equinor's role as shipper of volumes through third party transport systems are expensed as incurred.

Income tax

Income tax in the Income Statement includes the period tax payable and deferred tax. Current tax liabilities and assets are recognised at 23% in fiscal year 2018 and 22% in fiscal year 2019. Deferred tax liabilities and assets are recognised at 22% in fiscal year 2018 and 22% in fiscal year 2019. The effect of change in tax rules is a change in estimate and is included in income tax expense for the period.

Deferred tax is calculated based on temporary differences between accounting and tax values of assets and liabilities and tax losses carried forward at year-end. Deferred tax assets are recognized only to the extent that it is probable that the company will have future taxable income, against which the asset can be utilised.

Deferred tax liabilities and deferred tax assets are calculated using the tax rules and tax rates applicable at the balance sheet date.

Taxable income from the overseas petroleum production are exempt from taxation and it is not entitled to deductions for expenses and loss related to such income. Financial items, except for debt interest, are taxable. The debt interest are divided between Norway and abroad in accordance with the Norwegian Tax law § 6-91.

The portion of the loss from activities other than overseas petroleum production can be offset by the receipt of group contributions or carried forward for deduction in a later tax year. The carried forward part of the loss will normally consist of net financial expenses, including debt interest allocated to Norway in accordance with the Norwegian Tax law § 6-91. Any remaining loss is not possible to carry forward and deferred tax assets are therefore not recognised.



Statoil Kharyaga AS

Notes to the Financial Statements 2019

Acquisition of participating interest

The company purchased a 30% participating interest in the Kharyaga licence and Production sharing agreement from Statoil Sverige Kharyaga AB in 2017. The licence is engaged in exploration, development and production of oil in Kharyaga field in Russia. Zarubezhneft is the operator with 40% participating interest, Total participates with 20% and Nenets Oil company with 10%. The effective date for the transaction was 01.01.2016 and the transaction date was 31.12.2017. The transaction is a Equinor group internal business transfer and is accounted for with group continuity. The difference between acquisition cost and book values are posted directly towards equity as a continuity difference. Assets and liabilities transferred in the transaction are presented gross in the Financial Statements.

Cash flow

The cash flow statement has been prepared by using the indirect method according to the preliminary Norwegian accounting standard.



Statoil Kharyaga AS

Notes to the Financial Statements 2019

Note 2 - Revenue

	2019	2018
Revenue from crude oil produced in Russia	1 263 494 363	1 334 596 899
Profit oil in kind	529 711 418	641 497 804
Total	1 793 205 781	1 976 094 703

1) Revenues are recognised based on volumes lifted and sold to customers during the period (the sales method). Adjustments for imbalances (overlift or underlift) between oil and gas production and sales are presented within Other operating expenses and is reflected at cost (the lowest of cost and fair value for underlift) in the balance sheet as short-term receivables or payables. Please also see change in accounting principles in note 1.

Note 3 - Other operating expenses

Auditor's remuneration (excl. VAT)	2019	2018
Audit fee Ernst & Young AS (principal accountant 2019)	0	0
Audit fee KPMG AS (principal accountant 2018)	136 718	195 745
Total	136 718	195 745

Other operating expenses consist mainly of expenses related to production and transportation in licences the company participates in.

There are no employees in the company.

There was no remuneration to the general manager this year.

There was no remuneration to members of the Board this year

The company is not required to have a mandatory pension scheme.

Note 4 - Property, plant and equipment

	Retirement assets	Production plants	Cap.interest on construction loan	Total
Cost at 01.01.	51 237 784	1 437 731 297	9 489 010	1 498 458 091
Additions	63 344 483	438 552 977	0	501 897 460
Disposals	0	0	0	0
Cost at 31.12.	114 582 267	1 876 284 274	9 489 010	2 000 355 551
Accumulated depreciation at 31.12.	-23 929 863	-646 374 806	-3 587 602	-673 892 271
Carrying amount at 31.12.	90 652 404	1 229 909 468	5 901 408	1 326 463 280
Depreciation	16 066 338	352 790 098	1 899 579	370 756 015
Impairment		*50 600 000		50 600 000
Depreciation method	Unit of prod.	Unit of prod.	Unit of prod.	

The reduction in oil price assumptions triggered an impairment test of the Kharyaga asset. The impairment test resulted in a recognition of NOK 50,6 million in impairment loss in 2019.



Statoil Kharyaga AS

Notes to the Financial Statements 2019

Note 5 - Net financial items

	2019	2018
Foreign exchange gain (loss), net	-26 268 664	54 856 737
Interest income from group companies	9 348 407	10 011 340
Financial income from group companies	0	735 281
Other financial income	428 579	2 236 742
Sum interest income and other financial income	9 776 986	12 983 363
Accretion expense asset retirement obligation	-11 564 813	-10 858 318
Interest expense to group companies	-203 516	-1 233 745
Other interest expense	-21 107	-120 168
Financial expense to group companies	-419 632	-1 874 965
Other financial expense	-25 608	-17 611
Sum interest and other financial expenses	-12 234 675	-14 104 807
Net financial income/(expense)	-28 726 354	53 735 293

*Foreign exchange gain/(loss) is mainly related to internal bank balance denominated in USD.

Note 6 - Receivables

	2019	2018
Current receivables from group companies		
Internal bank*	524 491 622	1 247 458 974
Other current receivables	321 649	0
Statholding AS - group contribution	16 984 497	0
Total	541 797 768	1 247 458 974

*The company is taking part in an internal cash pool arrangement with Equinor ASA.



Statoil Kharyaga AS

Notes to the Financial Statements 2019

Note 7 - Other provisions for liabilities

The provision includes asset retirement obligation transferred from Statoil Kharyaga AB due to acquisition.

	2019	2018
Asset retirement obligation (ARO) at 01.01.	326 861 370	307 933 654
Acquisition	0	0
Accretion expense on the liability	11 564 813	10 858 318
Changes in estimates	66 433 450	8 069 398
Asset retirement obligation at 31.12.	404 859 633	326 861 370
Non-current assets related to the retirement at 01.01.	43 374 259	59 704 781
Acquisition	0	0
Changes in estimates	63 344 483	- 8 466 997
Depreciation	-16 066 338	- 7 863 525
Non-current assets related to the retirement at 31.12.	90 652 404	43 374 259

Note 8 - Liabilities

	2019	2018
Accounts payable		
Accounts payable to group companies	0	3 098 169
Accounts payable	90 338	35 399 557
Total	90 338	38 497 726
Current liabilities to group companies		
Equinor ASA - group contribution	0	49 977 367
Dividends payable	0	800 000 000
Other current liabilities to group companies*	0	0
Total	0	849 977 367



Statoil Kharyaga AS

Notes to the Financial Statements 2019

Note 9 - Income tax

The company has operations abroad and is taxable to both Norway and Russia.

Tax rate Norway, current tax 2019/2018 22%/23%

Tax rate Norway, deferred tax 2019/2018 22%/22%

Tax rate Russia 35%

Income tax expense comprises:	2019	2018
Current tax - Norway	0	16 389 755
Change in deferred tax - Norway	-2 440 072	0
Credit relief	-1 296 517	-1 355 450
Current tax - Russia	105 301 880	129 614 935
Tax paid in kind	529 711 418	641 497 804
(Increase)/decrease in deferred tax - Russia	3 750 265	90 121 725
Total	635 026 974	876 268 769

	2019	2018
Current tax		
Income before tax	733 524 294	1 281 573 984
Permanent differences relating to income from the extraction of petroleum abroad 1)	-762 250 648	-1 227 838 691
Other non-deductible expenses	11 741 858	11 631 255
Tariff income pipeline	5 893 260	5 893 260
Received/(submitted) group contribution	16 984 497	-49 977 367
Tax base	5 893 260	21 282 441

Tax payable in the balance sheet:

Current tax related to profit for the year - Norway	1 296 517	4 894 961
Credit relief	-1 296 517	-1 355 450
Tax payable - Norway	0	3 539 511

Deferred tax

The tax effect of temporary differences and loss to be carried forward that has formed the basis for deferred tax/(deferred tax asset), specified on type of temporary differences:

Deferred tax liability/(deferred tax assets) - Norway	0	0
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Statoil Kharyaga AS

Notes to the Financial Statements 2019

Temporary differences - Russia - USD	2019	2018
Non-current assets	155 986 001	145 050 965
Retirement	485 710	915 056
Other	18 085 325	29 202 087
Total	174 557 036	175 168 108
Deferred tax liabilities/(deferred tax assets) - USD 2)	61 094 963	61 308 838
Deferred tax liabilities/(deferred tax assets) in the balance sheet are translated to NOK	536 432 101	532 681 837
Total deferred tax liabilities/(deferred tax asset) in the balance sheet	536 432 101	532 681 837
Reconciliation of tax expense:	2019	2018
Income before tax	733 524 294	1 281 573 984
Nominal tax rate: 22%/23%	161 375 345	294 762 016
<i>Tax effect from:</i>		
Permanent difference	-165 111 934	- 279 727 710
(Increase)/decrease in deferred tax - Russia	3 750 265	90 121 725
Current tax - Russia	105 301 880	129 614 935
Tax paid in kind	529 711 418	641 497 804
Total	635 026 974	876 268 769

1) See note 1 in which the rules for the tax treatment of income from the overseas petroleum production are presented.

2) Deferred tax liability relate to tax position in Russia which has been transferred from Statoil Kharyaga AB due to acquisition of the 30% participating interest in the licence.

Note 10 - Equity

	Share capital	Additional paid-in capital	Retained earnings	Total equity
Total equity at 01.01.	1 001 000	986 473 804	0	987 474 804
Net income			98 497 320	98 497 320
Received group contribution(after tax)		13 247 908		13 247 908
Total equity at 31.12.	1 001 000	999 721 712	98 497 320	1 099 220 033



Statoil Kharyaga AS

Notes to the Financial Statements 2019

Note 11 - Share capital and shareholder information

The share capital consists of 1 000 shares per NOK 1 001,00. All shares have the same voting rights.

Shareholder information

All shares are owned by Equinor ASA.

Note 12 - Other commitments

The company has a rig commitment estimated to NOK 34 million for the period 2020.

Note 13 - Oil Reserves (unaudited)

The company has signed a production sharing agreement in northwestern Russia for development and production of petroleum resources. The agreement is valid until 2031.

The company's oil reserves are estimated by the parent company reservoir engineers according to industry standards and requirements, equivalent to those imposed by the United States Securities and Exchange Commission (SEC). At year-end oil reserves was approximately 10,6 million boe.

Proved reserves are the estimated volumes of oil and NGL, the estimates are based on analyses of geological and engineering data, which can demonstrate with reasonable certainty to be recoverable in concession period from known reservoirs under existing economic and operating conditions.

Note 14 - Subsequent events

During the first quarter of 2020 the spread of the corona virus (Covid-19) has impacted an increasing number of countries with increasing severity. During this period countries, organizations and Equinor have taken considerable measures to mitigate the risk for communities, employees and business operations.

Commodity markets are currently volatile and we have experienced a significant decline in oil and gas prices since the beginning of 2020.

Reduced commodity prices will increase the risk of impairment of assets and could impact the assessment of recoverability of deferred tax assets.

It is very uncertain how long the current market situation will last.

The operational and economic consequences from the Covid-19 pandemic and the volatile commodity markets cannot be predicted at the time of publishing of the financial statements of Statoil Kharyaga AS.



Skattedirektoratet

Saksbehandler	Deres dato	Vår dato
Torstein Kinden Helleland	13.06.2017	16.06.2017
Telefon	Deres referanse	Var referanse
22078139	Unni Elisabeth Tønning	2014/508346

STATOIL ASA
Postboks 8500
4035 STAVANGER

MOTT. 20.06.2017

Tillatelse til å utarbeide årsregnskap og årsberetning på engelsk språk

— Vi viser til deres brev av 13. juli 2017 der det søkes om dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk språk for følgende selskaper:

Statoil Kharyaga AS	org.nr. 917 145 563
Statoil Refining Nowvay AS	org.nr. 917 209 405
Hyberbar Mottaks Beredskap AS	org.nr. 979 832 818

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

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

Bakgrunn

Selskapene det søkes om dispensasjon for er alle eiet av Statoil ASA. Statoil ASA fikk 22. september 2014 tillatelse til å utarbeide årsregnskap og årsberetning på engelsk språk for 113 juridiske enheter. Det søkes nå om tillatelse til å utarbeide årsregnskap og årsberetning for ytterligere tre selskaper i tillegg til selskapene godkjent i 2014 med samme begrunnelse.

Skattedirektoratets vurdering

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

I Ot. prp. nr. 42 (1997-1998) Om lov om årsregnskap m.v., er det uttalt følgende om regnskapslovens formål, jf. pkt. 1.1:

”Regjeringen har som siktemål at regnskapsloven skal bidra til informative regnskaper for ulike grupper av regnskapsbrukere. Regnskapsbrukerne er dels investorer og kreditorer som

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Sentralbord
800 80 000
Telefaks
22 17 08 60



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

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

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

Det er særlig hensynet til brukerne av regnskapsinformasjon som skal vurderes ved en dispensasjonssøknad. I denne vurderingen har Skattedirektoratet lagt særlig vekt på at selskapene inngår i samme konsern. Styrets sammensetning består både av norske og ikke-norske statsborgere. Arbeidsspråket er engelsk. Videre er det vektlagt at selskapet driver virksomhet i en internasjonal bransje der alle aktører behersker og benytter engelsk språk.

Vennligst oppgi vår referanse ved henvendelser i saken.

Med hilsen

Jeanette M. Skovholt
seniorradgiver
Rettsavdelingen, foretaksskatt
Skattedirektoratet

Torstein Kinden Helleland

Dokumentet er elektronisk godkjent og har derfor ikke handskrevne signaturer



Statoil Kharyaga AS

(Org.nr. 917 145 563)

The Board of Directors Report 2019

Statoil Kharyaga AS is a wholly owned subsidiary of Equinor ASA.

The company is engaged in activities connected to the Equinor Group's operations in Russia related to exploration, development, production and sale of oil and gas. The company is managed from Moscow, Stavanger and Oslo.

The Kharyaga Field is located in Timan Pechora basin in North West Russia. The field has been in production since 1999. Statoil Kharyaga AS has a 30% interest in the field, Zarubezhneft is the operator with a 40% share. The other partners in the license are Total (20%) and Nenets Oil Company (10%).

The company's business address is Forusbeen 50, 4033 Stavanger.

Operations

Equity production has been stable and amounted to 9,6 mboe/day in 2019 compared to 9,4 mboe/day in 2018. Kharyaga project phase 4b was sanctioned in July 2019 and project phase 4c was sanctioned in Q4.2019. There are currently 2 drilling rigs in operation on the field. The wells from these additional phases are expected to start production in 2020.

Comments related to the financial statements

Revenues for 2019 amounted to NOK 1 793 million compared to NOK 1 976 million in 2018. The decrease is mainly related to lower oil prices. Operating expenses amount to NOK 610 million in 2019 compared to NOK 495 million in 2018. Operating expenses consist of expenses related to production and transportation of oil in the license the company participate in and administration/follow up expenses. Depreciation/impairment losses amounted to NOK 421 million in 2019 compared to NOK 253 million in 2018. The increase is mainly related to higher production volumes and increased investments. Assets were impaired by NOK 50,6 million in 2019 due to reduced oil price assumptions.

Net operating income amount to NOK 762 million compared to NOK 1 228 million in 2018. The decrease is mainly related to lower revenues, increased operating costs and increase in depreciation/impairment.

Total non-current assets amount to NOK 1 326 million per 31.12.2019 compared to NOK 1 246 million per 31.12.2018.

Total cash flow from operating activities was NOK 529 million in 2019. Investments in property plant and equipment were 439 million in 2019.

The company's liquidity and financial position is good. The company is taking part in an internal cash pool arrangement with Equinor ASA. The arrangement secures access to sufficient liquidity at any time.



Financial risk

The Kharyaga Oil is sold to a limited number of customers. Settlement currency for payments and disbursements is primarily USD. Financial risk is mainly related to the development in oil prices and exchange rates. The company's financial position is considered to be good and the liquidity risk is assessed accordingly to be low.

Commodity markets are currently volatile and there has been a significant reduction in oil and gas prices since the beginning of 2020. It is uncertain how long the current market situation will last.

During the first quarter of 2020 the spread of the corona virus (Covid 19) has impacted an increasing number of countries with increasing severity. During this period countries, organizations and Equinor have taken considerable measures to mitigate the risk for communities, employees and business operations.

The operational and economic consequences from the Covid-19 pandemic and the volatile commodity markets cannot be predicted at the time of publishing of the financial statements.

External environment

The company's activity can result in pollution or spillage harmful to the external environment. The board is not aware of any incidents in 2019 which have been harmful to external environment. There were no activities related to research and development in 2019.

Working environment

The company has no employees. The board of directors consists of two women and one man.

Going concern

In accordance with the Accounting Act § 3-3 we confirm that the financial statements have been prepared under the assumption of going concern.

The Board of Directors are of the opinion that the information presented in the Board of Directors report and in the Financial Statements give a fair overview of the company's assets, liabilities, financial position and net result.

Oslo, 24.06.2020

Elisabeth Birkeland Kvalheim (537675)

Hilde Merete Nafstad (306313)

Morten Sven Johannessen (676284)

Elisabeth Birkeland Kvalheim
Chairman of the board

Hilde Merete Nafstad
Member of the board

Morten Sven Johannessen
Member of the board/General Manager