



ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2022 - GENERELL INFORMASJON

Enheten

Organisasjonsnummer: 975 871 932
Organisasjonsform: Aksjeselskap
Foretaksnavn: NORPIPE OIL AS
Forretningsadresse: Ekofiskvegen 35
4056 TANANGER

Regnskapsår

Årsregnskapets periode: 01.01.2022 - 31.12.2022

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: Stine Haugsgjerd
Dato for fastsettelse av årsregnskapet: 28.03.2023

Grunnlag for avgivelse

År 2022: Årsregnskapet er elektronisk innlevert
År 2021: Tall er hentet fra elektronisk innlevert årsregnskap fra 2022

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

Brønnøysundregistrene, 26.04.2024



Resultatregnskap

Beløp i: NOK	Note	2022	2021
RESULTATREGNSKAP			
Inntekter			
Annen driftsinntekt	1	253 586 000	237 295 000
Sum inntekter		253 586 000	237 295 000
Kostnader			
Avskrivning på varige driftsmidler og immaterielle eiendeler	2	18 235 000	18 170 000
Removal cost	3	4 500 000	4 680 000
Operating and administration expenses	4	110 788 000	101 227 000
Sum kostnader		133 523 000	124 077 000
Driftsresultat		120 063 000	113 218 000
Finansinntekter og finanskostnader			
Annen renteinntekt		669 000	496 000
Sum finansinntekter		669 000	496 000
Annen rentekostnad		249 000	110 000
Currency loss		350 000	284 000
Sum finanskostnader		599 000	394 000
Netto finans		70 000	102 000
Ordinært resultat før skattekostnad		120 133 000	113 320 000
Skattekostnad på ordinært resultat	5	100 069 000	85 730 000
Ordinært resultat etter skattekostnad		20 064 000	27 590 000
Årsresultat		20 064 000	27 590 000
Overføringer og disponeringer			
Ordinært utbytte	7	25 000 000	30 000 000
Retained earnings	7	-4 936 000	-2 410 000
Sum overføringer og disponeringer		20 064 000	27 590 000



Balanse

Beløp i: NOK	Note	2022	2021
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Varige driftsmidler			
Pipeline system	2	526 591 000	474 685 000
Sum varige driftsmidler		526 591 000	474 685 000
Sum anleggsmidler		526 591 000	474 685 000
Omløpsmidler			
Varer			
Varer		3 040 000	1 893 000
Sum varer		3 040 000	1 893 000
Fordringer			
Kundefordringer		20 963 000	23 752 000
Prepaid expenses		1 372 000	2 337 000
Income taxes receivable	5	946 000	0
Sum fordringer		23 281 000	26 089 000
Bankinnskudd, kontanter og lignende			
Bankinnskudd, kontanter og lignende		53 281 000	89 836 000
Sum bankinnskudd, kontanter og lignende		53 281 000	89 836 000
Sum omløpsmidler		79 602 000	117 818 000
SUM EIENDELER		606 193 000	592 503 000
BALANSE - EGENKAPITAL OG GJELD			
Egenkapital			
Innskutt egenkapital			
Common stock	6	10 085 000	10 085 000
Sum innskutt egenkapital		10 085 000	10 085 000



Balanse

Beløp i: NOK	Note	2022	2021
Opptjent egenkapital			
Retained earnings		98 167 000	103 103 000
Sum opptjent egenkapital		98 167 000	103 103 000
Sum egenkapital	7	108 252 000	113 188 000
Gjeld			
Langsiktig gjeld			
Utsatt skatt	5	297 254 000	280 974 000
Provision for removal costs	3	110 382 000	105 882 000
Sum avsetninger for forpliktelser		407 636 000	386 856 000
Annen langsiktig gjeld			
Sum langsiktig gjeld		407 636 000	386 856 000
Kortsiktig gjeld			
Leverandørgjeld		51 448 000	22 412 000
Betalbar skatt	5	0	16 166 000
Utbytte	7	25 000 000	30 000 000
Annen kortsiktig gjeld	8	13 857 000	23 881 000
Sum kortsiktig gjeld		90 305 000	92 459 000
Sum gjeld		497 941 000	479 315 000
SUM EGENKAPITAL OG GJELD		606 193 000	592 503 000



Skatteetaten

Vår dato
20.02.2020

Din/Deres dato
16.12.2019

Saksbehandler
Joakim Engebretsen

800 80 000
Skatteetaten.no

Din/Deres referanse

Telefon
92251412

Org.nr
974761076

Vår referanse
2020/5158534

Postadresse
Postboks 9200 Grønland
0134 OSLO

NORPIPE OIL AS
Postboks 3
4068 STAVANGER

Dispensasjon fra kravet om å utarbeide årsregnskap og årsberetning på norsk

Vi viser til Norpipe Oil AS' søknad om dispensasjon fra kravet om å utarbeide årsregnskap og årsberetning på norsk.

Skattekontoret gir på bakgrunn av en konkret helhetsvurdering selskapet dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk språk, jf. regnskapsloven § 3-4 tredje ledd. Dispensasjonen forutsetter at engelsk språk benyttes i stedet ved utarbeidelsen, og at øvrige opplysninger som vedtaket baserer seg på, heller 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

Fra søknaden siteres:

Norpipe Oil AS (organisasjonsnummer 975 871 932) søker herved om dispensasjon etter regnskapsloven § 3-4 (3) til å utarbeide årsregnskap og årsberetning på engelsk.

Norpipe Oil AS eier den 354 km lange oljerørledningen fra Ekofiskfeltet til Teesside i Storbritannia. Denne ble satt i drift i 1975 med hovedformål å transportere råolje fra Ekofisk området. De senere årene er også råolje fra Britisk side transportert gjennom rørledningen.

Ettersom selskapet opererer i en internasjonal bransje der kommunikasjonen er engelsk, samt har [...] et styre med forskjellige nasjonaliteter, ser selskapet det hensiktsmessig å avlegge årsregnskap og årsberetning på engelsk.

Skattekontorets 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 mv., 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 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, kunder og lokalsamfunnet.

Det er etter skattekontorets 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.

Som nevnt ovenfor er det særlig hensynet til brukerne av regnskapsinformasjon som skal vurderes ved en dispensasjonssøknad. I dette tilfellet er det opplyst at selskapet driver internasjonal virksomhet med interessenter både i Norge og Storbritannia og styremedlemmer med ulike nasjonaliteter. Skattekontoret finner at disse forholdene samlet tilsier at dispensasjon fra kravet om å utarbeide årsregnskap og årsberetning på norsk kan gis.

Vennligst oppgi vår referanse ved henvendelse i saken.

Med hilsen

Roar Thorbjørnsen
underdirektør
Innsats, storbedrift
Skatteetaten

Joakim Engebretsen

Dokumentet er elektronisk godkjent og har derfor ikke håndskrevne signaturer.



Statsautoriserte revisorer
Ernst & Young AS

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Postboks 8015, 4068 Stavanger

Foretaksregisteret: NO 976 389 387 MVA
Tlf: +47 24 00 24 00

www.ey.no
Medlemmer av Den norske Revisorforening

INDEPENDENT AUDITOR'S REPORT

To the Annual Shareholders' Meeting of Norpipe Oil AS

Opinion

We have audited the financial statements of Norpipe Oil AS (the Company), which comprise the balance sheet as at 31 December 2022, the income statement and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion the 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 the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.

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 board of directors and 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 board of directors' report contains the information required by legal requirements and 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 or that the information required by legal requirements is not included, we are required to report that fact.

We have nothing to report in this regard, and in our opinion, the board of directors' report is consistent with the financial statements and contains the information required by applicable legal requirements.

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



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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 board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Stavanger, 28 March 2023
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The auditor's report is signed electronically

Tor Inge Skjellevik
State Authorised Public Accountant (Norway)

Independent auditor's report - Norpipe Oil AS 2021

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"By my signature I confirm all dates and content in this document."

Tor Inge Skjellevik

Statsautorisert revisor

Serial number: 9578-5997-4-259359

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Board Meeting: 01-23 Board Document: 05-23

NORPIPE OIL AS

ANNUAL REPORT

2022



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Contents

Key Figures	3
Trends.....	3
Shareholders.....	5
Board of Directors	5
Administration.....	5
Auditors	5
Board of Directors Report 2022	6
Income Statement	12
Balance Sheet	13
Cash Flow.....	15
Accounting Principles	16
Notes to The Annual Accounts	18



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The first section of the report will highlight the key figures and trends for 2022 as well as provide an overview of the ownership and management of Norpipe Oil AS.

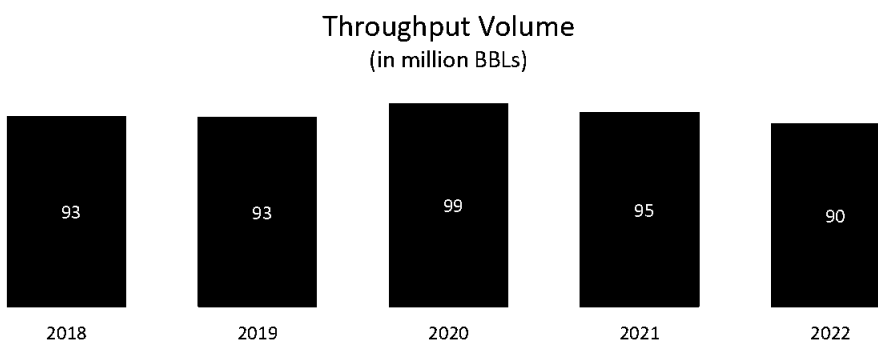
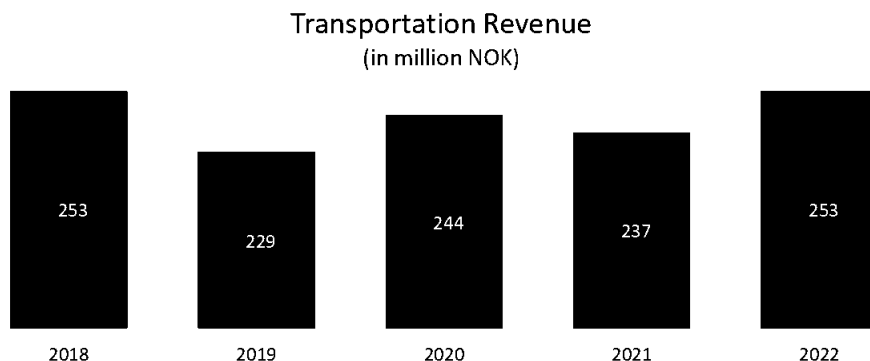
Key Figures

All figures presented in tables are stated in thousands of Norwegian Kroner (NOK).

	2022	2021
Transportation Revenue	253 089	236 967
Other Operating Revenue	497	328
Income from Operations	120 063	113 218
Tax Expense	100 069	85 730
Net Income	20 064	27 590
Net Cash Provided by Operating Activities	63 586	66 895
Investment	70 140	19 830

Annual Throughput Volume	million barrels	90	95
Average Unit Tariff	NOK per barrel	2.83	2.44

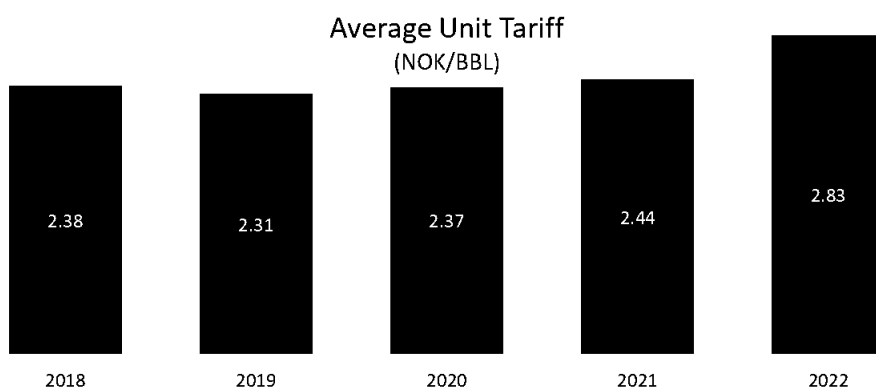
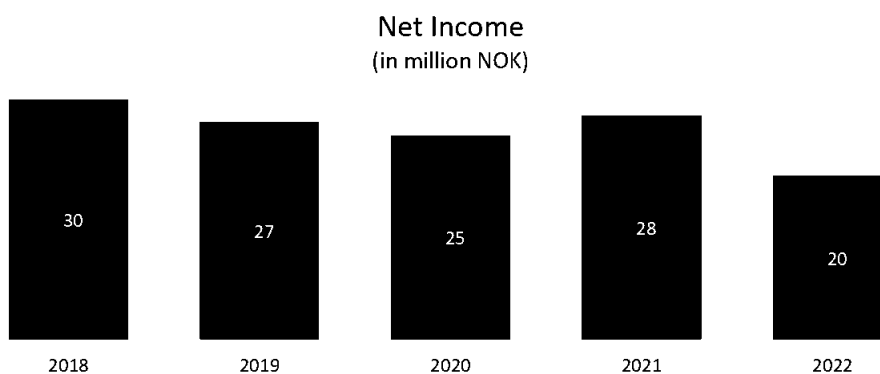
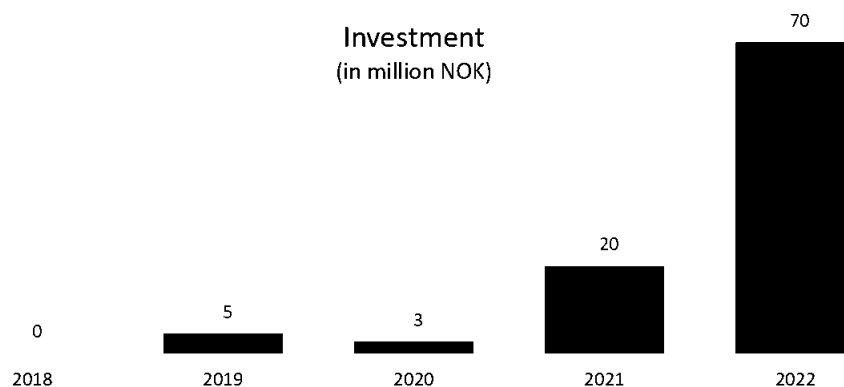
Trends





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Shareholders

Shareholders	Interest	Each share
ConocoPhillips Skandinavia AS	35.05 %	35 349
TotalEnergies EP Norge AS	34.93 %	35 228
Sval Energi AS	18.50 %	18 658
Vår Energi ASA	6.52 %	6 576
Petoro AS	5.00 %	5 043
Total	100.00 %	100 854

Board of Directors

The following persons are representing the Shareholders:

Board members:

J. A. Johansen (Chairman)	ConocoPhillips Skandinavia AS
J. K. Strøm	TotalEnergies EP Norge AS
O. A. Årdal	Vår Energi ASA
H. Skogly	Sval Energi AS

Deputy Chairman:

D. M. A. Hendicott	ConocoPhillips Skandinavia AS
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Deputy board members:

T. Vaaland	Vår Energi ASA
H. Nygård	Sval Energi AS
A. K. Jørgensen	TotalEnergies EP Norge AS

Administration

T.E. Mæland, Managing Director

Auditors

Ernst & Young AS, Stavanger



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Board of Directors Report 2022

Company Activities

Norpipe Oil AS (the company) owns the 354 km crude oil pipeline from the Ekofisk field to Teesside in the United Kingdom (UK).

The pipeline was taken into service in 1975 with the primary purpose of transporting crude oil from the Ekofisk Area in the Norwegian Sector.

To increase utilization of the transport capacity, a new tie-in point on the pipeline in the UK sector was installed in 1994, which allowed for several UK fields to be connected.

The license for the operation of the pipeline system expires at year-end 2028.

Under the terms of the transportation agreements, the company generates revenues (tariff revenues) through charges for the use of the pipeline system. The transportation agreements are either fixed fee tariffs per barrel, or cost-sharing tariffs based on share of throughput in the pipeline. Based on requirements from the Norwegian authorities, a binding capacity reservation system is in place with equal priority and ship or pay commitments. Ship or pay volume is the difference between 65 percent of the reserved volume and the transported volume for the year.

The company has no employees and ConocoPhillips Skandinavia AS is the Operator of the pipeline. The business is operated from ConocoPhillips Norge's office in Tananger, Norway.

Under the terms of the Operating Agreement between the company and the Operator, the company has the right to audit the Operator's accounts to verify the charges. Adjustments, if any, resulting from such audit will be reflected in the tariff.

The four board members and the Managing Director are men. The company has not purchased insurance on behalf of the members of the board of directors or the Managing Director.

The company will publish an account of due diligence pursuant to the Transparency Act on the Operator's website www.conocophillips.no by June 30, 2023.

The section below will address the technical integrity of the pipeline and the associated activities that took place during the year.



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Technical integrity

An internal Ultrasound inspection was performed in February 2022. Three tiger tools were launched to clean the line prior to inspection. Very successful cleaning and very good inspection data was obtained for most of the line. Two small areas were somewhat wax affected and any external features in these areas had to be sized on a best endeavors basis. Maximum wall thickness loss is 30 percent in one feature. Four features have a wall thickness loss of 29 percent.

There is no evidence of corrosion growth between 2020 and 2022, and no evidence of corrosion growth since March 2008.

Visual inspection of the riser on Ekofisk 2/4J and selected areas on the pipeline were performed according to the long-term inspection program and revealed no significant findings. There were no findings from the inspection and monitoring program in 2022 that impact the integrity of the pipeline. The company considers the system to be in an acceptable condition.

The two isolation valves on the Norpipe Wye were installed in 1994 to facilitate tie-in of the J-block pipeline. The original valves were designed in accordance with a topside standard and are not intended to be used subsea. Replacement of the two valves is important to mitigate the risk of external leakages from either the valve stem or any of the test and injection ports. Due to vessel unavailability the project was postponed from 2022 to the Ekofisk Area Shutdown in 2025. Necessary risk assessments have been carried out and conclude that a delay to the project is acceptable.

Outline of Main Activities and Risks

Transport

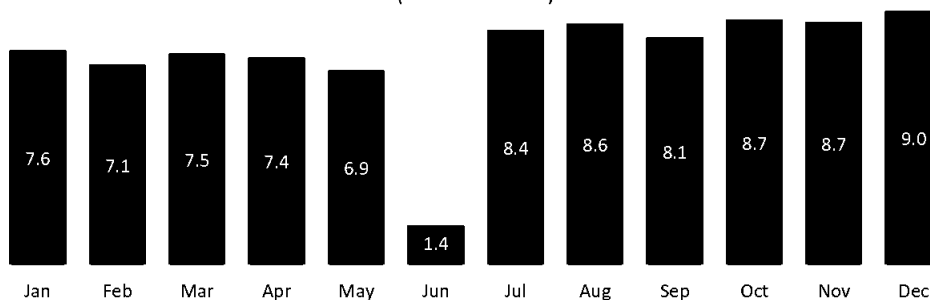
A total of 89.5 million barrels of oil were transported in 2022. Compared with 2021 this is a decrease of six percent in transportation volume. In addition to oil from the Ekofisk Area, oil production from Valhall, Hod, Ula, Tambar, Oda and Tor II in the Norwegian Sector and J-Block, Jade, Fulmar, Auk, Blane, Flyndre, Orion, Clyde, Gannet A-D, F and G, Stella, Vorlich and Abigail in the UK sector were transported.

The 34-inch diameter (86 cm) oil pipeline to Teesside had an average flow of about 45 percent of the available capacity in 2022.

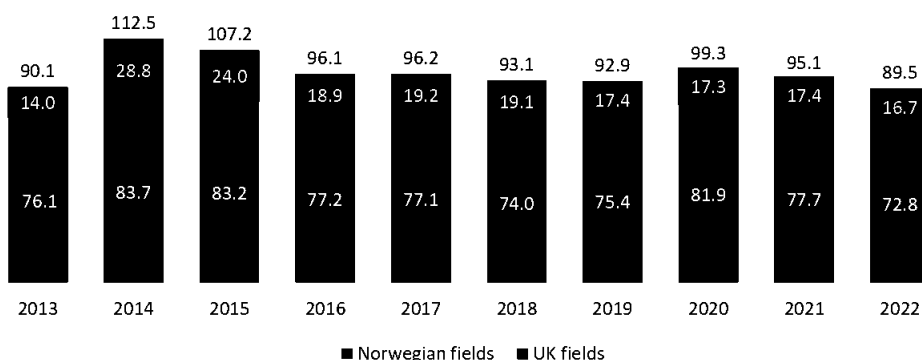
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Oil transported in 2022 - by month
(in million BBLs)



Oil transported
(in million BBLs)



Income from Operations

Income from operations was NOK 120 million in 2022, compared to NOK 113 million in 2021. The main driver for the increase is an increase of NOK 16 million in total revenues, partly offset by an increase of NOK 9 million in total operating expenses.

The company had total revenues of NOK 254 million in 2022, compared to NOK 237 million in 2021. This is mainly driven by a NOK 13 million increase in transportation revenue due to increased unit tariffs. In addition, some of the shippers have waived their unused capacity reservations in 2022, resulting in an increase of NOK 3 million recognized in the income statement. Total operating expenses was NOK 134 million in 2022, compared to NOK 124 million in 2021. The increase is mainly driven by higher operating and administration expenses like chemical costs, employee costs and costs from Norse Pipeline Ltd.



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Investments

Total investments in 2022 were NOK 70.1 million. The accumulated acquisition cost in the company's pipeline system per December 31, 2022, was NOK 4.0 billion. Depreciation for the year was NOK 18.2 million and accumulated depreciation per December 31, 2022, was NOK 3.5 billion.

Financing

In August 2021 the company entered into an uncommitted short term credit facility agreement with Citibank N.A. The company has not utilised this credit facility and had no loans at year-end 2022.

Prospects for the Future

The company's transportation system is designed and built primarily to transport oil from the Ekofisk Area. In addition, several fields from the Norwegian and British sector are connected to the pipeline.

There is available capacity in the pipeline system, and there are presently no inquiries from potential new customers for transportation agreements.

Financial Risk

There is a moderate financial risk connected to future volumes delivered from the fields under long-term contracts. Fluctuations in GBP/USD/NOK exchange rates also represent a risk for the company as some of the operating expenses are invoiced in either GBP or USD. The transportation agreements are all invoiced in NOK except for one contract that is invoiced in GBP.

Market Risk

The company's market risk relates to the performance of the fields for which the company has transportation agreements and their ability to deliver contracted volumes. In addition, there is uncertainty about future capacity utilization. The utilization of the capacity is dependent upon several factors such as crude oil price, potential field developments near the oil pipeline system and the company's ability to secure agreements with those fields.

Credit Risk

The company's credit risk is limited as the majority of its receivables are from financially solid companies.



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Liquidity Risk

It is expected that the company will continue to finance its normal activity with cash from operations. Given the planned increase in investment levels from 2022 to 2025, the company has entered into an uncommitted credit facility agreement with Citibank N.A. In addition, the owners' agreement includes provisions that the owners will provide any necessary funds needed to secure continued future operations.

Going Concern

In accordance with the section 3-3a of the Norwegian Accounting Act, the board confirms that the going concern assumption on which the financial statements have been prepared is fulfilled. The financial statements for 2022 have been prepared accordingly.

Environment

Different types of chemicals have been used in connection with the transportation of oil through the pipeline. In 2022, a total of 313 thousand litres of corrosion inhibitor type ChampionX CORR11413A were injected. Periodic batch treatments also required 140 thousand litres of anticorrosive type of ChampionX CORR11645A (seven times for 2022). These products have both oil and water-soluble components. In addition, biocide is used to prevent growth of bacteria in the pipeline. In 2022, 30 thousand litres of ChampionX BIOC16718A were injected.

The chemicals not used are transported to a water treatment facility at Bran Sands in Teesside for final treatment. The Operator, in cooperation with the vendors, continuously evaluates chemicals and their environmental impact. The company is committed to preventing pollution of the marine environment by maintaining a high technical standard on all equipment through systematic inspections, proper training of all personnel and maintaining and testing comprehensive emergency plans.

The company complied with all governmental regulations regarding pollution of water and air in both Norway and the UK.

Safety and Protection

The company and the Operator places great emphasis on maintaining a high safety standard. The safety aspects of the 2022 operations were carefully addressed by regular inspections and testing of all safety related equipment. No significant events were noted in 2022 with damage to personnel or property.



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Research and Development

The company has no costs related to research and development.

Net Income and Dividend Distribution

Net income for 2022 was NOK 20 million, a decrease of NOK 7.5 million compared to 2021.

The Board of Directors proposes the distribution of dividend as follows:

Amounts in NOK thousand

Net Income 2022	20 064
From Retained Earnings	4 936
Dividend Distribution	25 000

Tananger,

December 31, 2022

March 28, 2023

DocuSigned by:
Jan Arne Johansen
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J. A. Johansen

Chairman of the Board

DocuSigned by:
Joachim Strøm
72695E5711AD406...

J. K. Strøm

Board Member

DocuSigned by:
Håken Skogly
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H. Skogly

Board Member

DocuSigned by:
Ove André Årdal
CE54FD117EF949B...

O. A. Årdal

Board Member

DocuSigned by:
Thomas Eide Mæland
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T.E. Mæland

Managing Director



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NORPIPE OIL AS ✕

Income Statement

As of December 31, 2022

<i>Amounts in NOK thousand</i>	Note	2022	2021
Operating Revenues			
Transportation Revenues		253 089	236 967
Other Operating Revenues		497	328
Total Operating Revenues	1	253 586	237 295
Operating Expenses			
Depreciation	2	18 235	18 170
Removal costs	3	4 500	4 680
Operating and administration expenses	4	110 788	101 227
Total Operating Expenses		133 523	124 077
Income From Operations		120 063	113 218
Financial Income and Expenses			
Interest income		669	496
Interest and other financing expenses		-249	-110
Currency loss		-350	-283
Financial Income, net		70	103
Income Before Taxes		120 133	113 321
Income Taxes	5	100 069	85 730
Net Income		20 064	27 590



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Balance Sheet

As of December 31, 2022

<i>Amounts in NOK thousand</i>	Note	2022	2021
ASSETS			
Fixed Assets			
Pipeline System	2	526 591	474 685
Total Fixed Assets		526 591	474 685
Inventories		3 040	1 893
Receivables			
Accounts receivable		20 963	23 752
Prepaid expenses		1 372	2 337
Income taxes receivable	5	946	0
Total Receivables		23 281	26 090
Cash and Cash Equivalents		53 281	89 836
Total Current Assets		79 602	117 817
Total Assets		606 193	592 503



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As of December 31, 2022

<i>Amounts in NOK thousand</i>	Note	2022	2021
EQUITY AND LIABILITIES			
Equity			
Common stock	6	10 085	10 085
Retained earnings		98 167	103 103
Total Equity	7	108 252	113 188
Long-term Provisions			
Deferred income tax	5	297 254	280 974
Provision for removal costs	3	110 382	105 882
Total Long-term Provisions		407 636	386 856
Current Liabilities			
Accounts payable		51 448	22 412
Accrued income taxes	5	0	16 166
Dividend payable	7	25 000	30 000
Other current liabilities	8	13 856	23 880
Total Current Liabilities		90 304	92 459
Total Liabilities		497 940	479 314
Total Equity and Liabilities		606 193	592 503

Tananger, December 31, 2022
March 28, 2023

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J. A. Johansen

Chairman of the Board

DocuSigned by:

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J. K. Strøm

Board Member

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H. Skogly

Board Member

DocuSigned by:

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O. A. Årdal

Board Member

DocuSigned by:

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T.E. Mæland

Managing Director



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Cash Flow

As of December 31, 2022

<i>Amounts in NOK thousand</i>	Note	2022	2021
Cash Flows From Operating Activities			
Income before taxes		120 133	113 321
Taxes paid		-100 901	-73 662
Depreciation	2	18 235	18 170
Change in accounts receivable		2 789	3 445
Change in inventories		-1 147	205
Change in prepaid expenses		965	-1 088
Change in removal costs		4 500	4 680
Change in accounts payable		29 036	-2 032
Change in other current liabilities		-10 025	3 858
Net Cash provided by Operating Activities		63 586	66 895
Cash Flows From Investment Activities			
Capital expenditures	2	-70 140	-19 830
Net Cash Flow from Investment Activities		-70 140	-19 830
Cash Flows From Financing Activities			
Dividend payment		-30 000	0
Net Cash Used in Financing Activities		-30 000	0
Net change in Cash and Cash Equivalents		-36 555	47 066
Cash and cash equivalents at beginning of the year		89 836	42 771
Cash and Cash Equivalents at End of the Year		53 281	89 836



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Accounting Principles

The annual accounts have been prepared in accordance with the provisions of the Norwegian Accounting Act and Generally Accepted Accounting Principles in Norway (GAAP).

Foreign Currency

Transactions in foreign currency are recorded at monthly exchange rates determined by the market rate at the beginning of each month. Bank deposits, receivables and liabilities in foreign currencies are translated at the exchange rate on the balance sheet date.

Revenue Recognition

Transportation revenues are recognized as the transportation services are delivered and invoiced in accordance with transportation agreements with users of the pipeline system (the shippers). Other revenue is recognized as it is earned. Any Ship or Pay volumes paid but not transported are treated as deferred revenues in the period available for transportation to the shipper and recognized as revenues when it is determined that the shipper is not able to use the booked capacity.

Use of Estimates

Preparation of financial statements in accordance with GAAP requires use of estimates and assumptions that affect the amounts reported in the financial statements and valuation of assets, liabilities and obligations on the balance sheet date. Actual results could differ from these estimates.

Pipeline System; Investment and Depreciation

Costs incurred to develop and install the pipeline system, later additions and larger improvements are capitalized. Interest expense related to the initial construction and related to large projects is capitalized and depreciated along with the capital asset. The pipeline system is depreciated on a straight-line basis until 2047, which is the expected lifetime for the pipeline.

Provisions for Future Decommissioning and Removal Costs

The company is accruing for the net present value of expected future asset removal costs after deduction of costs expected to be paid by the shippers under present transportation agreements. The discount factor used to calculate net present value of the expected removal cost is risk free interest with addition of a risk margin corresponding to the risks and duration of the removal obligation. The estimates for the removal costs are reviewed annually and estimate changes are prospectively accrued.



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Impairment of Tangible Fixed Assets

Tangible fixed assets are assessed for impairment for independent groups of assets with independent inbound cash flows. If the assessment indicates that the fair value of the fixed asset is lower than the book value, and this is not expected to be temporary, the asset is written down to the highest of the estimated net sales value and value in use. Value in use is determined based on management's expectations of future economic and operating conditions and is calculated as a present value of future cash flows. Correspondingly write-downs are reversed if the basis for previous write-downs are no longer present.

Taxes

Total income taxes reflect both tax payable and the change in deferred tax. Deferred tax is calculated using the liability method, which calculates deferred tax on all temporary differences between the financial reporting basis and the tax basis of assets and liabilities. Temporary differences within the same tax regime are recorded net. Deferred tax liabilities and deferred tax assets are calculated using nominal value and presented net on the balance sheet.



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Notes to The Annual Accounts

All figures presented in tables are stated in thousands Norwegian Kroner (NOK).

The exchange rate as of year-end 2022 for US dollars (USD) was NOK 9.85, compared to USD/NOK 8.81 as of year-end 2021. The exchange rate at year-end 2022 for British Pounds (GBP) was NOK 11.87 compared to GBP/NOK 11.89 as of year-end 2021.

Note 1 – Operating Revenues

Geographical Segments	2022	2021
Transportation revenues Norwegian sector	182 985	168 445
Transportation revenues British sector	70 105	68 522
Other operating revenues British sector	497	328
Total Revenues	253 586	237 295

Note 2 – Pipeline System

Pipeline system movements in 2022	Book Value January 1	Current year additions/ depreciation	Book Value December 31
Additions	3 930 309	70 140	4 000 449
Depreciation	3 455 624	18 235	3 473 859
Book Value	474 685	51 905	526 591

Note 3 – Provision for Removal Costs

Removal and in-place disposal	
Provisions as of January 1, 2022	105 882
Interest on net present value of removal obligation	3 840
Increase of removal accrual	660
Provisions as of December 31, 2022	110 382

Removal Costs	2022	2021
Adjustment of removal obligation	660	936
Interest on net present value of removal obligation	3 840	3 744
Total Removal Costs	4 500	4 680



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Note 4 – Salaries, Benefits and Fees

The company does not have any employees.

No remuneration has been disbursed, no loans have been issued and no guarantees have been made on behalf of the company to the Managing Director or the Board of Directors. Remuneration of the Managing Director is paid by ConocoPhillips Norge. The company has no financial obligations to the Managing Director or the Board of Directors.

Expensed auditor's fees for auditing services in 2022 amounted to NOK 190 thousand. This amount is excluding value added tax.

Note 5 – Income Taxes

Income Taxes	Tax rate %	2022	2021
Income before taxes		120 133	113 321
Income taxes at nominal tax rate	78 %	93 709	88 390
Permanent differences		-40	0
Uplift		0	-2 665
Onshore revenues		-39	-58
Adjustment of tax from prior period		31	0
Foreign exchange on double taxation relief		-436	63
Valuation allowance		6 844	0
Total Income Taxes		100 069	85 730
Corporate taxes		28 973	28 734
Special taxes		55 219	61 289
Foreign exchange on double taxation relief		-403	63
Total Taxes Payable		83 789	90 085
Change in deferred tax		16 281	-4 355
Total Income Taxes		100 069	85 730
Taxes Payable / (Receivable) as of December 31			
Current year tax payable		84 192	90 023
Tax credits for foreign taxes		-39 764	-44 784
Currency effect foreign taxes		-5	42
Taxes paid		-45 369	-29 114
Total Taxes Payable / (Receivable)		-946	16 166



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Basis for Deferred Tax as of December 31	2022	2021
Temporary differences related to:		
- fixed assets	481 827	453 044
- decommissioning/removal	-110 382	-105 882
- contingent liabilities	-35 915	0
Basis Deferred Corporate Tax	335 530	347 163
Deferred uplift	0	-244
Full deduction of investment costs	43 173	18 434
Calculated corporate tax	-77 040	0
Basis Deferred Special Tax	301 663	365 353
Deferred Tax as of December 31		
Corporate taxes	73 817	76 376
Special taxes	216 594	204 598
Valuation allowance	6 844	0
Deferred Tax in the Balance Sheet	297 254	280 974

Note 6 – Share Capital, Shareholders and Ownership structure

The share capital consists of one class of shares, with 100 854 shares at a nominal value of NOK 100 each. Ownership structure is shown in the table below.

Shareholders	Interest	Each share
ConocoPhillips Skandinavia AS	35.05 %	35 349
Total E&P Norge AS	34.93 %	35 228
Sval Energi AS	18.50 %	18 658
Vår Energi ASA	6.52 %	6 576
Petoro AS	5.00 %	5 043
Total	100.00 %	100 854

Note 7 – Equity

	Common Stock	Retained Earnings	Total Equity
Equity as of January 1, 2022	10 085	103 103	113 188
Net income		20 064	20 064
Proposed dividend		-25 000	-25 000
Equity as of December 31, 2022	10 085	98 167	108 252



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Note 8 – Other current liabilities

Based on requirements from the authorities, a new binding capacity reservation system was agreed upon with equal priority and 'ship or pay' commitments from January 1, 1997. At year-end 2022, eight fields had not utilized their reserved capacities. Volumes paid but not transported are treated as deferred revenues. Total deferred revenue is NOK 13.9 million at year-end 2022.