



ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2021 - GENERELL INFORMASJON

Enheten

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

Regnskapsår

Årsregnskapets periode: 01.01.2021 - 31.12.2021

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: 22.06.2022

Grunnlag for avgivelse

År 2021: Årsregnskapet er elektronisk innlevert
År 2020: Tall er hentet fra elektronisk innlevert årsregnskap fra 2021

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, 16.07.2023



Resultatregnskap

Beløp i: NOK	Note	2021	2020
RESULTATREGNSKAP			
Inntekter			
Revenue		1 260 614 305	961 500 667
Other income		494 844 630	260 371 307
Sum inntekter	3	1 755 458 935	1 221 871 974
Kostnader			
Depreciation and impairment losses	5	470 916 784	-138 812 251
Other expenses	4	495 965 442	452 404 399
Sum kostnader		966 882 226	313 592 149
Driftsresultat		788 576 709	908 279 825
Finansinntekter og finanskostnader			
Annen renteinntekt	6	-2 985 043	-469 652
Sum finansinntekter		-2 985 043	-469 652
Netto finans		-2 985 043	-469 652
Ordinært resultat før skattekostnad			
Income tax	10	644 480 949	395 978 828
Ordinært resultat etter skattekostnad		141 110 716	511 831 345
Årsresultat		141 110 716	511 831 345
Årsresultat etter minoritetsinteresser		141 110 716	511 831 345
Totalresultat		141 110 716	511 831 345



Balanse

Beløp i: NOK	Note	2021	2020
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Utsatt skattefordel	10	9 707 743	8 840 738
Sum immaterielle eiendeler		9 707 743	8 840 738
Varige driftsmidler			
Production plants and oil and gas assets		1 876 388 036	1 969 928 815
Sum varige driftsmidler	5	1 876 388 036	1 969 928 815
Sum anleggsmidler		1 886 095 779	1 978 769 553
Omløpsmidler			
Varer			
Fordringer			
Accounts receivables		181 085 707	109 083 934
Licence receivables	7		
Other receivables		140 546 304	156 315 076
Konsernfordringer	7	620 210 386	620 345 510
Sum fordringer		941 842 397	885 744 520
Sum omløpsmidler		941 842 397	885 744 520
SUM EIENDELER		2 827 938 176	2 864 514 072
BALANSE - EGENKAPITAL OG GJELD			
Egenkapital			
Innskutt egenkapital			
Share capital	12	1 001 000	1 001 000
Annen innskutt egenkapital		999 721 712	999 721 712
Sum innskutt egenkapital		1 000 722 712	1 000 722 712
Opptjent egenkapital			



Balanse

Beløp i: NOK	Note	2021	2020
Retained earnings		334 722 214	197 017 503
Sum opptjent egenkapital		334 722 214	197 017 503
Sum egenkapital	11	1 335 444 926	1 197 740 215
Gjeld			
Langsiktig gjeld			
Utsatt skatt	10	635 092 778	624 517 784
Other provisions	8	547 420 158	523 730 988
Sum avsetninger for forpliktelser		1 182 512 936	1 148 248 772
Annen langsiktig gjeld			
Sum langsiktig gjeld		1 182 512 936	1 148 248 772
Kortsiktig gjeld			
Leverandørgjeld	9	15 023 763	
Tax payable	10		
Utbytte	9		400 000 000
Kortsiktig konserngjeld	9	4 366 673	17 065 594
Licence payable		290 589 841	101 459 492
Other current liabilities	9	36	
Sum kortsiktig gjeld		309 980 313	518 525 086
Sum gjeld		1 492 493 249	1 666 773 857
SUM EGENKAPITAL OG GJELD		2 827 938 176	2 864 514 072



Statsautoriserte revisorer
Ernst & Young AS

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INDEPENDENT AUDITOR'S REPORT

To the Annual Shareholders' Meeting of Statoil Kharyaga AS

Opinion

We have audited the financial statements of Statoil Kharyaga AS (the Company), which comprise the balance sheet as at 31 December 2021, 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 2021 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 the general manager) 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.

Oslo, 21 June 2022
ERNST & YOUNG AS

The auditor's report is signed electronically

Ankit Puri
State Authorised Public Accountant (Norway)

Independent auditor's report - Statoil Kharyaga AS 2021

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Ankit Puri

Statsautorisert revisor

På vegne av: Ernst & Young AS

Serienummer: 9578-5998-4-855919

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FINANCIAL STATEMENTS 2021
Statoil Kharyaga AS
Org.no. 917 145 563




Income Statement			
Statoil Kharyaga AS			
	Note	2021	2020
Revenue and other income			
Revenue		1 260 614 305	961 500 667
Other income		494 844 630	260 371 307
Total revenue and other income	3	1 755 458 935	1 221 871 974
Operating expenses			
Depreciation and impairment losses	5	-470 916 784	138 812 251
Other expenses	4	-495 965 442	-452 404 399
Total operating expenses		-966 882 226	-313 592 149
Net operating income/(loss)		788 576 709	908 279 825
Net financial items	6	-2 985 043	-469 652
Income/(loss) before tax		785 591 666	907 810 173
Income tax	10	-644 480 949	-395 978 828
Net income/(loss)		141 110 716	511 831 345



Balance Sheet			
Statoil Kharyaga AS			
Assets	Note	2021	2020
Non-current assets			
Intangible assets			
Deferred tax assets	10	9 707 743	8 840 738
Total intangible assets		9 707 743	8 840 738
Property, plant and equipment			
Production plants and oil and gas assets		1 876 388 036	1 969 928 815
Total property, plant and equipment	5	1 876 388 036	1 969 928 815
Total non-current assets		1 886 095 779	1 978 769 553
Current assets			
Receivables			
Accounts receivables		181 085 707	109 083 934
Receivables from group companies	7	620 210 386	620 345 510
Other receivables		140 546 304	156 315 076
Total receivables		941 842 397	885 744 520
Total current assets		941 842 397	885 744 520
TOTAL ASSETS		2 827 938 176	2 864 514 072



Balance Sheet			
Statoil Kharyaga AS			
Equity and liabilities	Note	2021	2020
Equity			
Share capital	12	1 001 000	1 001 000
Additional paid-in capital		999 721 712	999 721 712
Retained earnings		334 722 214	197 017 503
Total equity	11	1 335 444 926	1 197 740 215
Liability			
Non-current liabilities			
Deferred tax liability	10	635 092 778	624 517 784
Other provisions	8	547 420 158	523 730 988
Total non-current liabilities		1 182 512 936	1 148 248 772
Current liabilities			
Accounts payable	9	15 023 763	0
Dividends payable	9	0	400 000 000
Licence payable		290 589 841	101 459 492
Liabilities to group companies	9	4 366 673	17 065 594
Other current liabilities	9	36	0
Total current liabilities		309 980 313	518 525 086
Total liabilities		1 492 493 249	1 666 773 857
TOTAL EQUITY AND LIABILITIES		2 827 938 176	2 864 514 072
Oslo, 17.06.2022, The board of Statoil Kharyaga AS			
Hilde Merete Nafstad (306313)		Tore Morten Løseth (159712)	
Hilde Merete Nafstad Member of the board	Morten Sven Johannessen Member of the board/General Manager	Tore Morten Løseth Chair of the board	
Statoil Kharyaga AS		Page 4	



Cash Flow Statement		
Statoil Kharyaga AS		
Cash Flow Statement	2021	2020
Cash flows from operating activities		
Profit/loss before tax	785 591 666	907 810 173
Taxes paid	-138 967 662	-52 608 145
Profit oil in kind	-494 844 630	-260 371 307
(Gain)/loss on foreign currency transactions and balances	-5 205 520	21 301 822
Interest expense on the asset retirement obligation	7 351 716	17 494 540
Asset retirement obligation provisions	16 483 592	-22 800 879
Ordinary depreciation/impairment losses	470 916 784	-138 812 251
Increase/decrease in accounts receivables and other receivables	-56 233 000	46 158 875
Increase/decrease in accounts payable and other payable	15 023 799	-90 338
Increase/decrease in license receivables/payable	189 130 349	-37 757 335
Increase/decrease in current intercompany accounts	-17 164 151	16 425 291
Net cash flows from operating activities	772 082 943	496 750 446
Cash flows from investment activities		
Purchase/disposal of property, plant and equipment	377 522 143	380 475 590
Net cash flows from investment activities	-377 522 143	-380 475 590
Cash flows from financing activities		
Payment of dividend	400 000 000	0
Net cash flows from financing activities	-400 000 000	0
Effect of exchange rate fluctuations on cash and cash equivalents	5 205 520	-21 301 822
Net change in cash and cash equivalents	-233 680	94 973 034
Cash and cash equivalents at the start of the period	619 464 656	524 491 622
Cash and cash equivalents at the end of the period	619 230 976	619 464 656
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		Page 5



Statoil Kharyaga AS

Notes to the Financial Statements 2021

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 § 4-5 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.

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 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 divide 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.

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.



Statoil Kharyaga AS

Notes to the Financial Statements 2021

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

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.



Statoil Kharyaga AS

Notes to the Financial Statements 2021

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.

Reference is made to changes in accounting policies and Note 2 Restatement.

Income tax

Income tax in the Income Statement includes the period tax payable and deferred tax. Current tax liabilities and assets are recognised at 22% in fiscal year 2020 and 22% in fiscal year 2021. Deferred tax liabilities and assets are recognised at 22% in fiscal year 2020 and 22% in fiscal year 2021.

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 2021

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.

Estimation uncertainty regarding the Covid-19 pandemic

During 2020 the Covid-19 pandemic slowed down the economic growth and reduced the energy demand. In 2021 the effect from roll-out of vaccines allowed an accelerated re-opening of the economy. The cyclical economic upturn is expected to continue in 2022, however, Equinor expect the global oil demand never to reach pre-pandemic levels.

The outlook is still uncertain and dominated by downside risks such as virus infection flare-ups. Reduced demand and reduced commodity prices will increase the risk of impairment of assets and could impact the recoverability of deferred tax assets. The potential operational and economic impact from the Covid-19 pandemic cannot be fully ascertained at the publishing of the financial statements.

Note 2 - Restatement

The company has changed its accounting policy related to measurement of its asset retirement obligations. With effect from 2021, the discount rate used in calculation of the ARO liability no longer includes an element covering Equinor's own credit risk. This change in this accounting policy is made because the exclusion of the credit element from the discount rate is deemed to better represent the risk specific to the ARO liability. The new accounting policy has been retrospectively applied, and affects the prior amounts related to ARO liability and the ARO elements of property, plant and equipment. The effect of the implementation of the new accounting policy on the opening balance of retained earnings 1 January 2020 was 4 159 786. This is considered immaterial, and the opening balance of retained earnings 1 January 2020 has not been restated. Also, income statement effects for 2020 related to depreciation expense, financial items due changes in accretion expense, and tax expense have not been corrected due to immaterial amounts.

Table below shows the calculated effect on the P&L if the full restatement had been performed.

	31.12.2020	31.12.2021
Depreciation	3 902 334	9 476 902
Accretion (calculated)	-2 631 588	-4 078 199
Deferred tax	-1 365 817	-3 316 916
Effect net income	-95 071	2 081 787



Statoil Kharyaga AS

Notes to the Financial Statements 2021

The tables below show the effect of the restatements for the year 2020:

	01.01.2020 (as reported)	01.01.2020 (restated)	31.12.2020 (as reported)	31.12.2020 (restated)
Property plant and equipment	1 326 463 280	1 357 106 527	1 925 985 925	1 969 928 815
Other Provision	404 859 633	435 502 880	479 788 098	523 730 988

(see further details in Note 5 and 8).

Note 3 - Revenue

	2021	2020
Revenue from crude oil produced in Russia	1 260 614 305	961 500 667
Profit oil in kind	494 844 630	260 371 307
Total	1 755 458 935	1 221 871 974

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.

Note 4 - Other operating expenses

Auditor's remuneration (excl. VAT)	2021	2020
Audit fee Ernst & Young AS	177 722	315 000
Total	177 722	315 000

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.



Statoil Kharyaga AS

Notes to the Financial Statements 2021

Note 5 - Property, plant and equipment

	Retirement assets	Production plants	Cap.interest on construction loan	Total
Cost at 31.12.20 as reported	348 000 382	7 448 884 626	75 619 116	7 872 504 124
Impact policy change*	43 942 890			43 942 890
Cost at 31.12.20 as restated	391 943 272	7 448 884 626	75 619 116	7 916 447 014
Additions**	0	377 522 143	0	377 522 143
Disposals**	- 146 137	0	0	-146 137
Cost at 31.12.	391 797 135	7 826 406 769	75 619 116	8 293 823 020
Accumulated depreciation at 31.12.	-231 320 248	-6 114 253 069	-71 861 665	-6 417 434 982
Carrying amount at 31.12.	160 476 887	1 712 153 699	3 757 451	1 876 388 036
Depreciation	22 243 732	300 968 551	704 501	323 916 784
Impairment		147 000 000		147 000 000
Depreciation method	Unit of prod.	Unit of prod.	Unit of prod.	

Increase in oil prices triggered an impairment test of the Kharyaga asset. The impairment test resulted in a recognition of NOK 147 million in impairment in 2021.

* See note 2 Restatement and note 8 Other provisions.

** The addition/disposal to Retirement assets is related to change in estimate. Refer to note 8.

Note 6 - Net financial items

	2021	2020
Foreign exchange gain (loss), net	4 217 830	16 687 461
Interest income from group companies	155 488	412 149
Other financial income	19 713	-53 160
Sum interest income and other financial income	175 201	358 989
Accretion expense asset retirement obligation	-7 351 716	-17 494 540
Financial expense to group companies	-440	-671
Other financial expense	-25 917	-20 892
Sum interest and other financial expenses	-7 378 074	-17 516 102
Net financial income/(expense)	-2 985 043	-469 652

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



Statoil Kharyaga AS

Notes to the Financial Statements 2021

Note 7 - Receivables

	2021	2020
Current receivables from group companies		
Internal bank*	619 230 976	619 464 656
Other current receivables	979 410	880 855
Total	620 210 386	620 345 510

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

Note 8 - Other provisions for liabilities

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

	2021	2020
Asset retirement obligation (ARO) at 01.01.as reported	479 788 098	404 859 633
Impact of ARO policy change*	43 942 890	30 643 247
Asset retirement obligation at 01.01. as restated	523 730 988	435 502 880
Acquisition		0
Accretion expense on the liability	7 351 716	17 494 540
Changes in estimates	16 337 454	70 733 568
Asset retirement obligation at 31.12.	547 420 158	523 730 988
Non-current assets related to the retirement at 01.01. as reported	138 923 867	90 652 404
Impact of ARO policy change*	43 942 890	30 643 247
Non-current assets related to the retirement at 01.01. as restated	182 866 757	121 295 651
Acquisition	0	80 234 804
Changes in estimates	-146 137	13 299 643
Depreciation	-22 243 732	-31 963 340
Non-current assets related to the retirement at 31.12.	160 476 887	182 866 757

*See note 2 Restatement and note 5 Property, plant and equipment

Note 9 - Liabilities

	2021	2020
Accounts payable		
Accounts payable	15 023 763	0
Total	15 023 763	0
Current liabilities to group companies		
Statholding AS - group contribution	4 366 673	17 065 594
Dividends payable	0	400 000 000
Total	4 366 673	417 065 594



Statoil Kharyaga AS

Notes to the Financial Statements 2021

Note 10 - Income tax

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

Tax rate Norway, current tax 2021/2020 22%/22%

Tax rate Norway, deferred tax 2021/2020 22%/22%

Tax rate Russia 35%

Income tax expense comprises:	2021	2020
Current tax - Norway	2 257 185	5 050 947
Change in deferred tax - Norway	-867 005	- 8 840 738
Credit relief	- 1 296 517	- 1 296 517
Current tax - Russia	138 967 662	52 608 146
Tax paid in kind	494 844 630	260 371 307
(Increase)/decrease in deferred tax - Russia	10 574 994	88 085 683
Total	644 480 949	395 978 828

	2021	2020
Current tax		
Income before tax	785 591 666	907 810 173
Permanent differences relating to income from the extraction of petroleum abroad 1)	-788 576 709	-908 279 825
Other non-deductible expenses	7 351 716	17 535 246
Tariff income pipeline	5 893 260	5 893 260
Received/(submitted) group contribution	-4 366 673	- 17 065 594
Tax base	5 893 260	5 893 260

Tax payable in the balance sheet:

Current tax related to profit for the year - Norway	1 296 517	1 296 517
Credit relief	- 1 296 517	- 1 296 517
Tax payable - Norway	0	0

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:

Temporary differences - Norway NOK	2021	2020
Non-current assets	-44 126 106	-40 185 173
Total	-44 126 106	-40 185 173

Deferred tax liability/(deferred tax assets) - Norway	-9 707 743	-8 840 738
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Statoil Kharyaga AS

Notes to the Financial Statements 2021

Temporary differences - Russia - USD	2021	2020
Non-current assets	192 399 071	192 949 902
Retirement	- 2 585 686	- 2 145 952
Other	15 931 994	18 315 958
Total	205 745 379	209 119 908
Deferred tax liabilities/(deferred tax assets) - USD 2)	72 010 883	73 191 968
Deferred tax liabilities/(deferred tax assets) in the balance sheet are translated to NOK	635 092 778	624 517 784

Reconciliation of tax expense:	2021	2020
Income before tax	785 591 666	907 810 173
Nominal tax rate: 22%/22%	172 830 166	199 718 238
<i>Tax effect from:</i>		
Permanent difference	-172 736 504	-195 963 807
(Increase)/decrease in deferred tax - Russia	10 574 994	88 085 683
Current tax - Russia	138 967 662	52 608 146
Recognition of deferred tax Norway	0	- 8 840 738
Tax paid in kind	494 844 630	260 371 307
Total	644 480 949	395 978 828

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 11 - Equity

	Share capital	Additional paid-in capital	Retained earnings	Total equity
Total equity at 01.01.	1 001 000	999 721 712	197 017 503	1 197 740 215
Net income			141 110 716	141 110 716
Submitted group contribution(after tax)		0	-3 406 005	-3 406 005
Total equity at 31.12.	1 001 000	999 721 712	334 722 214	1 335 444 926



Statoil Kharyaga AS

Notes to the Financial Statements 2021

Note 12 - 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 13 - Other commitments

The company has a rig commitment estimated to NOK 261 million for 2022 and NOK 38 million for 2023 .

Note 14 - 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 9,9 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 15 - Subsequent event

Following Russia's invasion of Ukraine, Equinor announced that it has decided to stop new investments in Russia and start the process of exiting Equinor's joint arrangements. The exit from all Joint Ventures was completed on 25 May 2022.

Based on this announcement the assets in Russia have been evaluated and book values are written down to 0 in 2022.



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 2021

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 was 9,7 bbl/d in 2021 compared to 9,4 bbl/d in 2020. Kharyaga project phase 5 was sanctioned in March 2021. A new drilling contractor, KSA Deutag Russia was engaged in July 2021 to drill development wells for phase 4C. The rig also drilled 4 wells for phase 4B in August 2021. In addition a mobile drilling rig was used to drill 2 production wells and 2 sidetracks.

Comments related to the financial statements

Revenues for 2021 amounted to NOK 1 755 million compared to NOK 1 222 million in 2020. The increase is mainly related to higher oil prices. Operating expenses amount to NOK 496 million in 2021 compared to NOK 452 million in 2020. 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 and impairment losses amount to NOK 471 million in 2021 compared to positive NOK 139 million in 2020. Assets have been impaired by NOK 147 million in 2021. In 2020, a reversal of impairment of NOK 508 million was booked due to increase in expected reserves.

Net operating income amount to NOK 789 million compared to NOK 908 million in 2020. Higher revenues are offset by higher depreciation and impairment losses and increased operating expenses.

Total non-current assets amount to NOK 1 886 million per 31.12.2021 compared to NOK 1 979 million per 31.12.2020.

Total cash flow from operating activities was NOK 772 million in 2021. Net operating income amount to NOK 789 million. The difference is mainly related to taxes and profit oil in kind. Investments in property plant and equipment were 378 million in 2021.

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.

Change in accounting policy



The company has changed its accounting policy related to measurement of its asset retirement obligations in 2021. The discount rate used in calculation of the ARO liability no longer includes an element covering Equinor credit risk. The policy change has been retrospectively applied. The profit and loss effect for 2020 is considered immaterial and no restatement has been made.

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.

When setting Equinor's estimates for global supply, demand and commodity prices, management has factored in the effects from global roll out of vaccines during 2021, allowing an accelerated re-opening of the economy. However, the outlook is still highly uncertain and dominated by downside risks. The operational and economic consequences from the Covid-19 pandemic cannot be fully ascertained at the time of publishing of the financial statements.

Subsequent event

Following Russia's invasion of Ukraine, Equinor has announced that it has decided to stop new investments in Russia and start the process of exiting Equinor's joint arrangements. Based on this decision the book values of the investment in Kharyaga are impaired in 2022. An agreement to exit the Kharyaga project was signed in May 2022.

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 2021 which have been harmful to external environment. There were no activities related to research and development in 2021.

Working environment

The company has no employees. The board of directors consists of two men and one woman. Equinor ASA has purchased and maintains a Directors and Officers Liability Insurance on behalf of the members of the board of directors and the CEO. The insurance also covers any employee acting in a managerial capacity and includes controlled subsidiaries. The insurance policy is issued by a reputable insurer with an appropriate rating.”



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, 17.06.2022

Tore Morten Løseth (159712)

Tore Morten Løseth
Chair of the board

Hilde Merete Nafstad (306313)

Hilde Merete Nafstad
Member of the board

Morten Sven Johannessen
Member of the board/General Manager