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Figures for 2023

Annual accounts Petoro AS

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Troll A.

Photo: Øyvind Granås/Even Kleppa - Woldcam/©Equinor

Petoro AS income statement

All figures in NOK 1,000	NOTES	2023	2022
State contribution recognised as income	1	304,202	289,600
Other revenue	1,15	256	2,478
Change in deferred revenue recorded	2	938	(1,055)
Total operating revenue		305,396	291,023
Payroll expenses	3,10	193,504	172,539
Depreciation	5	995	720
Accounting fee	14	11,048	12,217
Office expenses	13	12,588	11,685
ICT costs	14	34,177	32,626
Other operating expenses	12	58,484	66,489
Total operating costs		310,795	296,276
Operating profit		(5,400)	(5,254)
Financial revenue	4	12,387	6,356
Financial expenses	4	(234)	(277)
Net financial result		12,153	6,079
NET INCOME FOR THE YEAR		6,753	825
TRANSFERS			
Transferred from/to other equity		6,753	825
Total transfers		6,753	825

Petoro AS balance sheet at 31 December

All figures in NOK 1,000	NOTES	2023	2022
ASSETS			
Fixed assets			
Tangible fixed assets			
Operating equipment, fixtures, etc	5	1,422	2,360
Total fixed assets		1,422	2,360
Current assets			
Accounts receivable		103,059	95,132
Other debtors	6	17,417	14,143
Bank deposits	7	253,348	248,557
Total current assets		373,824	357,832
TOTAL ASSETS		375,247	360,192
EQUITY AND LIABILITIES			
Equity			
Paid-in capital			
Share capital (10,000 shares at NOK 1,000)	8	10,000	10,000
Retained earnings			
Other equity	9	25,169	18,416
Total equity		35,169	28,416
Liabilities			
Provisions			
Pension liabilities	10	182,711	184,627
Deferred revenue government contribution	2	1,422	2,360
Total provisions		184,134	186,987
Current liabilities			
Accounts payable		21,292	20,242
Withheld taxes and social security		29,471	25,422
Other current liabilities	11	105,181	99,126
Total current liabilities		155,944	144,790
Total liabilities		340,077	331,776
TOTAL EQUITY AND LIABILITIES		375,247	360,192

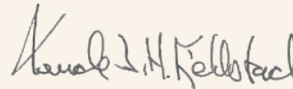
Stavanger, 8 March 2024



Gunn Wærsted
Chair



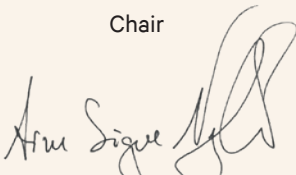
Brian Bjordal
Deputy chair



Trude J. H. Fjeldstad
Director



Kristin Skofteland
Director



Arne Sigve Nylund
Director



Jonas Olsson
Director,
elected by the employees



May Linda Glesnes
Director,
elected by the employees



Kristin Fejerskov Kragseth
President and CEO

Cash flow statement – Petoro AS

All figures in NOK 1,000	2023	2022
LIQUID ASSETS PROVIDED BY/USED IN OPERATING ACTIVITIES		
Added from activities in 2023 *)	7,748	1,546
+/- Change in accounts receivable	(7,927)	(94,461)
+/- Change in accounts payable	1,050	(542)
+/- Change in accrued items	3,976	90,948
Net change in liquidity from operating activities	4,848	(2,509)
LIQUID ASSETS PROVIDED BY/USED IN INVESTMENTS		
- Invested in tangible fixed assets	57	1,775
Net change in liquidity from investments	57	1,775
LIQUID ASSETS PROVIDED BY/USED IN FINANCING ACTIVITIES		
+ Equity paid	0	0
Net change in liquidity from financing activities	0	0
Net change in liquid assets through the year	4,791	(4,284)
+ Liquidity reserves at 1 Jan	248,557	252,842
Liquidity reserves at 31 Dec.	253,348	248,557

Petoro AS - Note information

Accounting principles

Description of the company's business

Petoro AS was established by the Ministry of Petroleum and Energy on behalf of the Norwegian state on 9 May 2001. The company's objective is to be responsible, on behalf of the state, for managing the commercial aspects of the State's Direct Financial Interest (SDFI) in petroleum activities on the Norwegian shelf, and associated activities.

The state is the majority shareholder in Equinor ASA and the owner of the SDFI. On this basis, Equinor handles marketing and sale of the state's petroleum pursuant to instructions. Petoro AS is responsible for following up to ensure that Equinor discharges its responsibilities under the applicable marketing and sale instruction.

Petoro is also responsible for presenting separate annual accounts for the SDFI portfolio. The cash flow for the SDFI is accordingly excluded from the limited company's annual accounts.

General information

The annual accounts for Petoro AS were prepared in accordance with the provisions of the Accounting Act and Norwegian accounting standards for other enterprises.

Classification of assets and liabilities

Assets intended for ownership or use over a longer period are classified as fixed assets. Other assets are classified as current assets. Receivables due within one year are classified as current assets. Equivalent criteria are applied for classification of current and long-term liabilities.

Fixed assets

Fixed assets are carried at acquisition cost with a deduction for planned depreciation. Should the fair value of a fixed asset be lower than the book value, and this decline is not expected to be temporary, the fixed asset will be written down to its fair value. Fixed assets with a limited economic lifetime are depreciated on a straight-line basis over their economic lifetime.

Receivables

Accounts receivable and other receivables are carried at face value.

Bank deposits

Bank deposits include cash, bank deposits and other monetary instruments with a maturity of less than three months at the date of purchase.

Pensions

Petoro AS has a defined contribution-based pension scheme pursuant to the Defined Contribution Pensions Act. Premiums for the defined contribution plan are expensed on a continuous basis.

The company has a transitional arrangement that is still defined benefit-based for employees who were less than 15 years from retirement age on 1 January 2016. The capitalised obligation relating to the scheme for employees who remain in the defined benefit scheme, is the present value of the defined obligation on the balance sheet date less the fair value of the plan assets, adjusted for unrecorded change in estimates. The pension obligation is calculated annually by an independent actuary on the basis of a linear earnings method and expected final pay. The pension plan is valued at its expected fair value. The net book liability includes payroll tax.

The period's expense for defined benefit-based pension is included in payroll expenses and comprises pension rights earned over the period, interest charges on the estimated pension obligation, expected return on pension plan assets, the recorded effect of estimate changes and accrued payroll tax from the defined benefit-based scheme, as well as premiums for the contribution-based scheme. Changes made to estimates as a result of new information or changes in actuarial assumptions in excess of the larger of 10 per cent of the value of the pension plan assets or 10 per cent of the pension obligations are recorded in the income statement over a period which corresponds to the employees' expected average remaining period of employment.

Current liabilities

Current liabilities are assessed at their face value.

Income taxes

The company is exempt from tax pursuant to Section 2-30 of the Taxation Act.

Operating revenue

The company receives appropriations from the state for

services provided to the Ministry of Trade, Industry and Fisheries in accordance with the company's objective. This operating contribution is appropriated annually by the Storting (parliament). The operating contribution is presented in the accounts as operating revenue.

The contribution applied to investment for the year is accrued as deferred revenue and recognised as a liability in the balance sheet. The deferred contribution is recorded as income in line with the depreciation of the investments and specified as deferred revenue in the income statement.

Contributions for special projects are recorded as income in

line with costs expended in the projects (matching principle).

Foreign currencies

Transactions in foreign currencies are recorded at the exchange rate on the transaction date. Receivables and liabilities in foreign currencies are recorded at the exchange rate on the balance sheet date.

Cash flow statement

The cash flow statement is prepared in accordance with the indirect method. Cash and cash equivalents include cash in hand and at bank, as well as other current liquid assets.

NOTE 1 Government contribution and other revenue

NOK 304.2 million was appropriated for operation of Petoro AS, excluding VAT, in 2023. This amount is recorded as a contribution from the Norwegian state.

Other revenue primarily relates to services in connection with negotiation management in the SDFI portfolio.

NOTE 2 Deferred revenue

The change in deferred revenue recorded in the income statement comprises deferred revenue related to NOK 0.06 million in investments made during 2023, as well as NOK 1.0 million in depreciation of investments made during the year and in earlier years, cf. Note 5.

NOTE 3 Payroll expenses, number of employees, remuneration, etc.

Payroll expenses (all figures in NOK 1,000)	2023	2022
Salaries	132,029	121,420
Directors' fees	2,174	2,017
Liability insurance for the Board (applies to the entire Board of Directors)	240	203
Payroll tax	23,479	18,347
Pension costs (see Note 10)	32,018	25,613
Other remuneration	3,564	4,939
Total	193,504	172,539
Employees at 31 Dec.	73	70
Employees with a signed contract who had not started work at 31 Dec.	1	5
Average number of full-time equivalents employed	71.5	68.4

Please refer to Petoro's executive pay report for 2023 for additional information about remuneration for executive management and the Board.

NOTE 4 Financial items

All figures in NOK 1,000	2023	2022
Financial income		
Interest income	12,330	6,146
Currency gain	57	210
Financial expenses		
Interest expenses	2	-
Currency loss	232	277
Net financial result	12,153	6,079

NOTE 5 Tangible fixed assets

All figures in NOK 1,000	Fixtures and fittings	Operating equipment	ICT	Total
Acquisition cost at 1 Jan. 2023	5,196	10,930	41,421	57,548
Additions fixed assets	-	57	-	57
Disposal fixed assets/obsolescence	-	-	-	-
Acquisition cost at 31 Dec. 2023	5,196	10,987	41,421	57,605
Accumulated depreciation at 1 Jan. 2023	4,796	10,030	40,362	55,188
Reversed accumulated depreciation	-	-	-	-
Depreciation for the year	125	496	374	995
Accumulated depreciation at 31 Dec. 2023	4,921	10,526	40,736	56,183
Book value at 31 Dec. 2023	275	461	686	1,422

Economic life	Lease term	3/5 years	3 years
Depreciation schedule	Straight line	Straight line	Straight line

Operational leasing contracts include office equipment and machines. The initial lease period is 3-5 years.

NOTE 6 Other receivables

Other receivables consist in their entirety of pre-paid costs relating primarily to rent, insurance, licences and subscriptions for market information.

NOTE 7 Bank deposits

Bank deposits total NOK 253 million, including NOK 10 million in withheld tax and funds to cover unsecured pension obligations in the amount of NOK 228 million.

NOTE 8 Share capital and shareholder information

The company's share capital at 31 December 2023 comprised 10,000 shares with a nominal value of NOK 1,000 each. All shares are owned by the Norwegian state, and all have the same rights.

NOTE 9 Equity

Petoro AS (All figures in NOK 1,000)	Share capital	Other equity	Total
Equity at 1 Jan.	10,000	18,416	28,416
Net profit		6,753	6,753
Equity at 31 Dec.	10,000	25,169	35,169

NOTE 10 Pension costs, assets and liabilities

The company is obliged to offer an occupational pension scheme under the (Norwegian) Mandatory Occupational Pension Schemes Act. The company's pension plans comply with the requirements of this Act.

The company implemented a new pension plan with effect from 1 January 2016. This is a defined contribution plan pursuant to the (Norwegian) Defined Contribution Pensions Act. Premiums for the defined contribution plan are expensed on a continuous basis. The company has a transitional arrangement for employees with defined benefit pension who were less than 15 years from retirement age on 1 January 2016. As of 31 December 2023, 53 employees are covered by the defined contribution scheme, while 20 employees are covered by the transitional scheme.

Net pension cost (figures in NOK 1,000)	2023	2022
Present value of benefits earned during the year	10,945	12,083
Interest expense on pension obligation	10,756	6,765
Return on pension plan assets	(6,577)	(4,231)
Recorded change in estimates	4,321	372
Payroll tax	1,262	1,427
Pension cost, defined benefit scheme	20,707	16,416
Pension cost, defined contribution plan incl. payroll tax	11,311	9,197
Net pension cost	32,018	25,613

Capitalised pension obligation	2023	2022
Estimated pension obligation at 31 Dec.	387,844	366,081
Pension plan assets (market value)	(143,500)	(135,500)
Net pension obligations	244,343	230,581
Unrecorded change in estimates	(61,632)	(45,955)
Capitalised pension obligation	182,711	184,626

Calculation of the year's net pension cost is based on the assumptions of previous years. The net pension liability is calculated on the basis of assumptions in the present year. Petoro AS has allocated dedicated funds to cover unsecured pension liabilities, cf. Note 7.

The actuarial assumptions are based on common assumptions made in the insurance business for demographic factors.

	2023	2022
Discount rate	3.10%	3.00%
Expected return on plan assets	4.80%	4.70%
Expected increase in pay	3.50%	3.50%
Expected increase in pensions	1.80%	1.50%
Expected adjustment of the National Insurance Scheme's Basic Amount (G)	3.25%	3.25%

NOTE 11 Other current liabilities

Other current liabilities generally consists of deposits for incurred costs, salaries owed, holiday pay, withheld taxes and social security and appropriation invoiced in advance for the 1st quarter of 2024.

NOTE 12 Auditor's fees

The company's chosen auditor is KPMG AS. Fees charged for ordinary external auditing of the consolidated financial statements in 2023 totalled NOK 0.4 million. Consultancy services from KPMG totalling NOK 7,000 have also been expensed in connection with assistance related to the digital collaboration solution.

In accordance with the Act relating to the Office of the Auditor General of 7 May 2004, the OAG is the external auditor for the SDFI. PricewaterhouseCoopers AS (PwC) has been engaged as the company's financial accountant in order to prepare a financial audit of the SDFI accounts as part of the company's internal auditing. PwC invoiced NOK 0.9 million for financial auditing and NOK 0.6 million for internal auditing in 2023. Costs have also been expensed for invoiced services from PwC within joint venture auditing totalling NOK 0.8 million.

NOTE 13 Leases

Petoro AS entered into a lease with Smedvig Eiendom AS for office premises in the autumn of 2003. Petoro AS chose to exercise the last option in the lease from 2021. The remaining lease term is now 2 years. Rent for the year totalled NOK 12.6 million, which included all operating and shared expenses.

NOTE 14 Significant contracts

Petoro AS has a contract with Azets Insights AS (Azets) concerning the delivery of accounting services and associated ICT services linked to SDFI accounting. This agreement entered into force on 1 March 2020 and runs for five years with an option for Petoro AS to extend it for two years. The accounting fee carried to expense for Azets in 2023 for accountancy for the SDFI amounted to NOK 11 million.

Petoro AS has had a contract with Tietoevry ASA concerning the provision of IT operations services for office support and administrative solutions as well as consultancy services leading up to 31 December 2023. Costs under the IT operations agreement for 2023 amounted to NOK 14.2 million. New agreements for IT operations services have been entered into as of 1 January 2024. Petoro AS also has a contract with SLB AS concerning the operation of petroleum technology solutions. This agreement entered into force on 1 January 2023 with a duration of 3 years, and will then be automatically renewed in one-year increments. Costs under the operations contract for petroleum technology solutions amounted to NOK 9 million in 2023.

NOTE 15 Close associates

Equinor ASA and Petoro AS have the same owner, the Ministry of Trade, Industry and Fisheries, and are thus close associates. There were no significant transactions in 2023 between Equinor ASA and Petoro AS. Petoro AS acted as lead negotiator for certain fields associated with the SDFI portfolio where Equinor ASA is operator, cf. Note 1.



KPMG AS
Forusparken 2
P.O. Box 57
N-4064 Stavanger

Telephone +47 45 40 40 63
Internet www.kpmg.no
Enterprise 935 174 627 MVA

Til generalforsamlingen i Petoro AS

Uavhengig revisors beretning

Konklusjon

Vi har revidert årsregnskapet for Petoro AS som består av balanse per 31. desember 2023, resultatregnskap og kontantstrømoppstilling for regnskapsåret avsluttet per denne datoen og noter til årsregnskapet, herunder et sammendrag av viktige regnskapsprinsipper.

Etter vår mening

- oppfyller årsregnskapet gjeldende lovkrav, og
- gir årsregnskapet et rettviseende bilde av selskapets finansielle stilling per 31. desember 2023, og av dets resultater og kontantstrømmer for regnskapsåret avsluttet per denne datoen i samsvar med regnskapslovens regler og god regnskapsskikk i Norge.

Grunnlag for konklusjonen

Vi har gjennomført revisjonen i samsvar med International Standards on Auditing (ISA-ene). Våre oppgaver og plikter i henhold til disse standardene er beskrevet nedenfor under *Revisors oppgaver og plikter ved revisjonen av årsregnskapet*. Vi er uavhengige av selskapet i samsvar med kravene i relevante lover og forskrifter i Norge og International Code of Ethics for Professional Accountants (inkludert internasjonale uavhengighetsstandarder) utstedt av International Ethics Standards Board for Accountants (IESBA-reglene), og vi har overholdt våre øvrige etiske forpliktelser i samsvar med disse kravene. Innhentet revisjonsbevis er etter vår vurdering tilstrekkelig og hensiktsmessig som grunnlag for vår konklusjon.

Øvrig informasjon

Styret og daglig leder (ledelsen) er ansvarlige for informasjonen i årsberetningen og annen øvrig informasjon som er publisert sammen med årsregnskapet. Øvrig informasjon omfatter informasjon i årsrapporten bortsett fra årsregnskapet og den tilhørende revisjonsberetningen. Vår konklusjon om årsregnskapet ovenfor dekker verken informasjonen i årsberetningen eller annen øvrig informasjon.

I forbindelse med revisjonen av årsregnskapet er det vår oppgave å lese årsberetningen og annen øvrig informasjon. Formålet er å vurdere hvorvidt det foreligger vesentlig inkonsistens mellom årsberetningen, annen øvrig informasjon og årsregnskapet og den kunnskap vi har opparbeidet oss under revisjonen av årsregnskapet, eller hvorvidt informasjon i årsberetningen og annen øvrig informasjon ellers fremstår som vesentlig feil. Vi har plikt til å rapportere dersom årsberetningen eller annen øvrig informasjon fremstår som vesentlig feil. Vi har ingenting å rapportere i så henseende.

Basert på kunnskapen vi har opparbeidet oss i revisjonen, mener vi at årsberetningen

- er konsistent med årsregnskapet og
- inneholder de opplysninger som skal gis i henhold til gjeldende lovkrav.

Ledelsens ansvar for årsregnskapet

Ledelsen er ansvarlig for å utarbeide årsregnskapet og for at det gir et rettviseende bilde i samsvar med regnskapslovens regler og god regnskapsskikk i Norge. Ledelsen er også ansvarlig for slik internkontroll som den finner nødvendig for å kunne utarbeide et årsregnskap som ikke inneholder vesentlig feilinformasjon, verken som følge av misligheter eller utilsiktede feil.



Ved utarbeidelsen av årsregnskapet må ledelsen ta standpunkt til selskapets evne til fortsatt drift og opplyse om forhold av betydning for fortsatt drift. Forutsetningen om fortsatt drift skal legges til grunn for årsregnskapet så lenge det ikke er sannsynlig at virksomheten vil bli avviklet.

Revisors oppgaver og plikter ved revisjonen av årsregnskapet

Vårt mål er å oppnå betryggende sikkerhet for at årsregnskapet som helhet ikke inneholder vesentlig feilinformasjon, verken som følge av misligheter eller utilsiktede feil, og å avgi en revisjonsberetning som inneholder vår konklusjon. Betyggende sikkerhet er en høy grad av sikkerhet, men ingen garanti for at en revisjon utført i samsvar med ISA-ene, alltid vil avdekke vesentlig feilinformasjon. Feilinformasjon kan oppstå som følge av misligheter eller utilsiktede feil. Feilinformasjon er å anse som vesentlig dersom den enkeltvis eller samlet med rimelighet kan forventes å påvirke de økonomiske beslutningene som brukerne foretar på grunnlag av årsregnskapet.

Som del av en revisjon i samsvar med ISA-ene, utøver vi profesjonelt skjønn og utviser profesjonell skepsis gjennom hele revisjonen. I tillegg:

- identifiserer og vurderer vi risikoen for vesentlig feilinformasjon i regnskapet, enten det skyldes misligheter eller utilsiktede feil. Vi utformer og gjennomfører revisjonshandlinger for å håndtere slike risikoer, og innhenter revisjonsbevis som er tilstrekkelig og hensiktsmessig som grunnlag for vår konklusjon. Risikoen for at vesentlig feilinformasjon som følge av misligheter ikke blir avdekket, er høyere enn for feilinformasjon som skyldes utilsiktede feil, siden misligheter kan innebære samarbeid, forfalskning, bevisste utelatelser, uriktige fremstillinger eller overstyring av internkontroll.
- opparbeider vi oss en forståelse av intern kontroll som er relevant for revisjonen, for å utforme revisjonshandlinger som er hensiktsmessige etter omstendighetene, men ikke for å gi uttrykk for en mening om effektiviteten av selskapets interne kontroll.
- evaluerer vi om de anvendte regnskapsprinsippene er hensiktsmessige og om regnskapsestimatene og tilhørende noteopplysninger utarbeidet av ledelsen er rimelige.
- konkluderer vi på om ledelsens bruk av fortsatt drift-forutsetningen er hensiktsmessig, og, basert på innhentede revisjonsbevis, hvorvidt det foreligger vesentlig usikkerhet knyttet til hendelser eller forhold som kan skape tvil av betydning om selskapets evne til fortsatt drift. Dersom vi konkluderer med at det eksisterer vesentlig usikkerhet, kreves det at vi i revisjonsberetningen henleder oppmerksomheten på tilleggsopplysningene i årsregnskapet, eller, dersom slike tilleggsopplysninger ikke er tilstrekkelige, at vi modifierer vår konklusjon. Våre konklusjoner er basert på revisjonsbevis innhentet frem til datoen for revisjonsberetningen. Etterfølgende hendelser eller forhold kan imidlertid medføre at selskapet ikke kan fortsette driften.
- evaluerer vi den samlede presentasjonen, strukturen og innholdet i årsregnskapet, inkludert tilleggsopplysningene, og hvorvidt årsregnskapet gir uttrykk for de underliggende transaksjonene og hendelsene på en måte som gir et rettviseende bilde.

Vi kommuniserer med styret blant annet om det planlagte innholdet i og tidspunkt for revisjonsarbeidet og eventuelle vesentlige funn i revisjonen, herunder vesentlige svakheter i intern kontroll som vi avdekker gjennom revisjonen.

Stavanger, 8. mars 2024

KPMG AS

Mads Hermansen
Statsautorisert revisor

Petoro's financial calendar 2024

11 March	Annual result 2023 / fourth quarter report 2023
2 May	First quarter report 2024
1 August	Second quarter report 2024
6 November	Third quarter report 2024

Addresses

Petoro AS

Øvre Strandgate 124

P O Box 300 Sentrum

NO-4002 Stavanger

Phone: +47 51 50 20 00

E-mail: post@petoro.no

Website: www.petoro.no

Register of Business Enterprises: Org.nr. NO 983 382 355

Editorial team / production

Editorial team: Eirik Skjæveland and Ørjan Heradstveit

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Petoro AS, P O Box 300 Sentrum, 4002 Stavanger. Tel. 51 50 20 00. post@petoro.no **petoro.no**