Annual Report 2022

vår energi

A leading pure-play E&P independent on the attractive NCS

vår energi

- Material and diversified production base
- Maximising value creation with hub-centred strategy
- World-class capabilities, with tangible growth and track record
- Credible path to net zero (scope 1 and 2) by 2030
- Material cash flow generation and investment grade balance sheet supporting attractive and resilient distributions

GO BACK

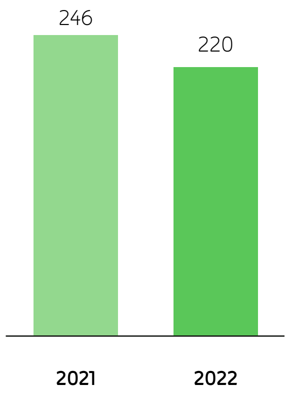
GO BACK

We are Vår Energi

Vår Energi is a leading independent upstream oil and gas company on the Norwegian continental shelf (NCS). The Company is founded on more than 50 years of NCS operations, a robust and diversified asset portfolio with ongoing development projects centred around hubs, and a strong exploration track record. With more than 900 employees and equity stakes in 36 producing fields, Vår Energi produced net 220 kboepd of oil and gas in 2022.

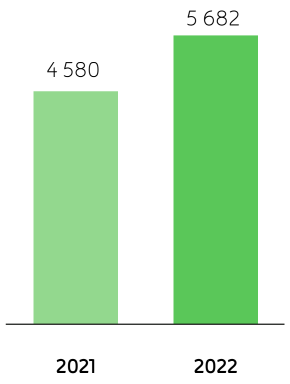
Production

kboepd



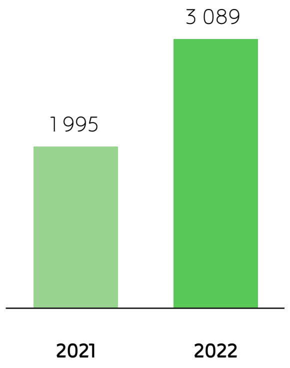
CFFO

USD million



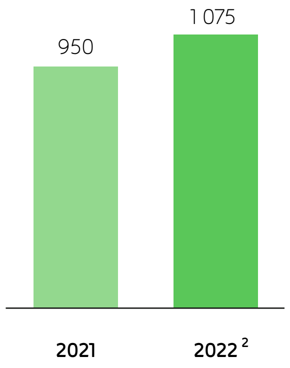
Free cash flow

USD million



Dividends for the year

USD million



The Company has an ambition to increase production to 350 kboepd by end 2025 while reducing production cost to USD 8 [1] per boe from USD 13.5 per boe in 2022 as new projects come onstream and effects from improvement measures are achieved. Material cash flow generation and an investment grade balance sheet enable attractive and resilient dividend distributions. The Company declared USD 1 075 million in dividend for 2022. For 2023, Vår Energi further plans to distribute a dividend of USD 270 million for the first quarter and approximately 30% of cash flow from operations after tax for the full year. From 2023 and onwards, the Company plans to distribute 20-30% of CFFO as dividends.

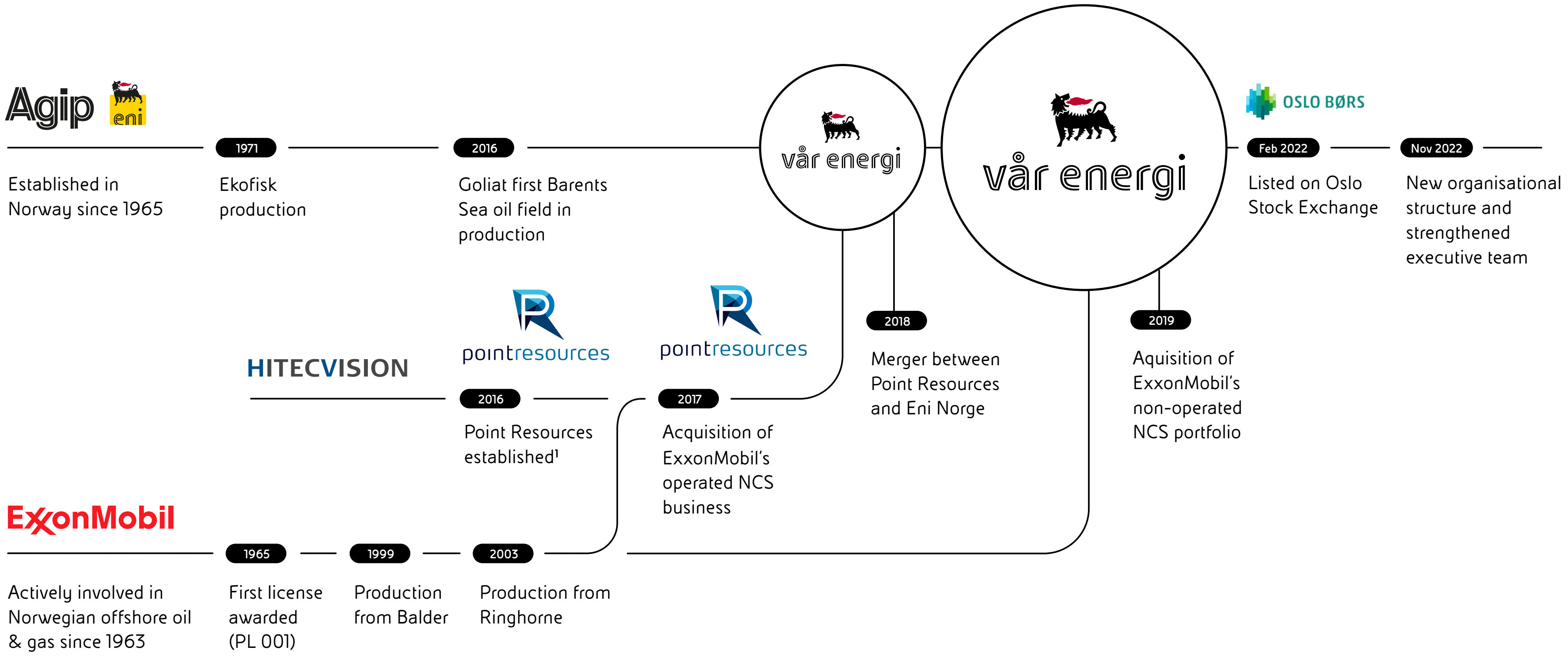
On 16 February 2022, Vår Energi was listed on Oslo Stock Exchange (OSE) under the ticker "VAR". The initial public offering (IPO) provided access to Norwegian and international capital markets, a diversification of the Company's ownership structure and supported employee-participation.

Vår Energi is committed to deliver a better future. The Company's ambition is to be the safest operator on the NCS, the partner of choice, an ESG leader and a net-zero producer (Scope 1 and 2) at operated fields by 2030.

[1] Real 2021
[2] This includes dividends of USD 300 million paid in March 2023

A 50-year success story continues

Creation of a leading NCS pure-play independent



The Group's heritage is built on over 50 years of operations on the NCS, including the very first license issued on the NCS in 1965 (PL001). Vår Energi AS was established in 2018 through the merger of Eni Norge AS and Point Resources AS. Eni Norge AS was founded in 1965, while Point Resources was created through the merger of the HitecVision portfolio companies in 2016, which then acquired the Norwegian operated business of ExxonMobil in 2017. In 2019, the Company further proved its ability to execute complex transactions, with the acquisition of substantially all of ExxonMobil's partner-operated assets on the NCS

Vår Energi's strengths, competencies and best practices have been developed over time, combining the strength of two supermajors to harness ExxonMobil's and Eni's operational resources and technical expertise. The Company also leverages on HitecVision's NCS expertise with demonstrated history of value creation.

[1] Established through a three-way merger between Core Energy, Spike exploration and Pure E&P, all of which were fully owned by HitechVision

2022 Key figures

2021 in brackets

Actual serious injury frequency [1]

0.1
(0)

CO_2 emissions (operated licenses) [2]

kg/boe

9.0
(~9.0)

EBITDAX

USD million

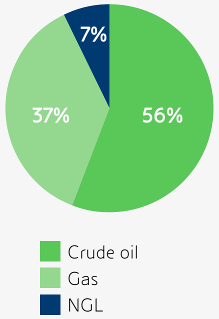
8 547
(4 821)

Net interest bearing debt/EBITDAX

0.3x
(1.0x)

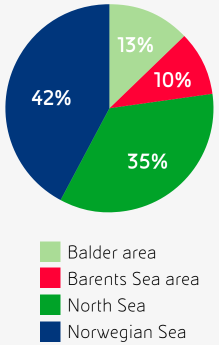
Production split

2022



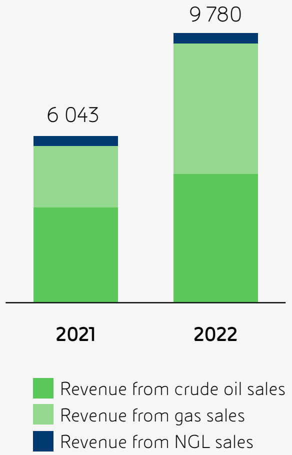
Production split by hubs

2022



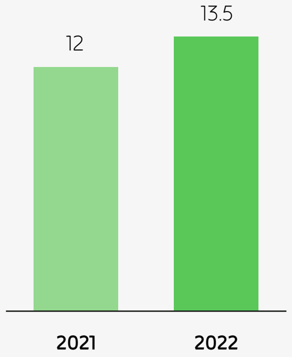
Petroleum revenues split by product type

USD million



Production cost

USD/boe



[1] Per million working hours
[2] Vår Energi share

Key events in 2022

January

- ESG-rated by Sustainalytics as 14th of 155 E&P companies
- Entered into a five-year helicopter-sharing agreement with Equinor in the North Sea to reduce costs and environmental footprint
- Awarded 10 new production licenses in the Awards in Predefined Areas (APA), five of which as operator

February

- 16 February: First day of trading as a listed company on the Oslo Stock Exchange
- Entered into 10-year sponsorship agreement with Folkehallene in Stavanger to support improvement of public health and social development

May

- PDO [1] submitted for the Eldfisk North project in the North Sea to the Ministry of Petroleum and Energy
- PDO [1] submitted for the Halten East project in the Norwegian Sea

June

- Announcement of new organisational structure and management team in preparing Vår Energi for future growth
- Entered strategic partnership with Aker Solutions, Ocean Installer and Saipem for SPS/SURF [2] deliveries

July - August

- Increased acreage positions with new operatorships in the Balder area
- Joined OGCI's global "Aiming for Zero Methane Emissions Initiative"

September

- Revised schedule and cost estimate for the project Balder X

October

- FID for the Smørbukk North project in the Norwegian Sea

November

- Implementation of new organisational stucture with strengthened management team

December

- Confirmation of gas discovery in the operated Lupa well in the Barents Sea - the largest discovery on the NCS in 2022
- PDO [1] submitted for the Verdande project in the Norwegian Sea
- Received first CDP rating and became a signatory to the UN Global Compact
- Revised PDO [1] for the Njord electrification project in the Norwegian Sea

[1] Plan for Development and Operations
[2] Subsea Production Systems and Subsea Umbilicals, Risers and Flowlines

CEO message

Growth and value creation

2022 reaffirmed the importance of the Norwegian continental shelf (NCS) as a reliable supplier of energy to Europe. At Vår Energi we have a clear strategy to deliver long-term value creation for all stakeholders.

Just over a year ago, we listed on the Oslo Stock Exchange as a leading independent oil and gas company on the attractive NCS with a clear plan for high-value growth, ESG leadership and attractive shareholder distributions.

Today, I am proud to state that we remain firmly on track for more than 50% production growth by end-2025, in line with the ambitions presented at the listing, and we have a tangible plan for high value creation beyond. In 2022, we delivered improved safety performance, firmed up our path to net zero, generated strong cash flow and declared nearly USD 1.1 billion in dividends, exceeding our expectations at the start of the year.

When we listed on 16 February 2022, we went from two to 19.000 owners. I am pleased to see our shareholder base growing to almost 30.000 over the past year. It is also a sign of engagement, ownership, and dedication that more than 80% of our employees hold shares in Vår Energi, truly making it *our* Company.

Clear value proposition
We create value from a large and diversified asset portfolio with a significant reserve base. Our strategy is centred around four hub areas, maximising utilisation of infrastructure and securing

future growth. Together with our strong operational and exploration capabilities and safety culture, the hub areas form the basis for long-term profitable growth.

Our strategic belief in the importance of the NCS strengthened during 2022 amid growing concerns for Europe's energy supply as the war in Ukraine continued. During the year, Norway became the biggest supplier of gas to European markets, supporting energy security in the short, medium, and long term. And we, at Vår Energi, are proud to be part of this, delivering energy to millions of European households every day. Against this backdrop, we serve an important role as a predictable and sustainable gas supplier.

Strong cash flow generation

Oil and gas production averaged 220 thousand barrels per day, a decrease of 10% from 2021 due to natural decline, maintenance activities and operational issues affecting both own and partner-operated fields. Natural gas represented 37% of 2022 production. We delivered high value creation supported by high oil and gas prices which led to record cash flow from operations of USD 5.7 billion and material distributions to our shareholders. We expect to pay further a USD 270 million dividend for the first quarter of 2023, while maintaining our plan to distribute 20%-30% of cashflow from operations over time. For 2023, we target the high end of the interval.

This is enabled by a solid financial position and an investment grade balance sheet. In 2022, we issued our first bonds in the US debt market, largely refinancing our bridge-to-bond facility and diversifying our debt structure. Supported by strong operational cashflow we delivered a second consecutive year with a significant reduction in the leverage ratio, which was 0.3x at year-end.

Realising our full potential

Looking ahead, our ambitions for 2025 are based on our 17 sanctioned high-value development projects in our key hub areas led by Balder X, Breidablikk and Johan Castberg. At year-end, 11 of the projects were more than 50% complete and therefore de-risked with regard to inflation and the supply chain. They represent total reserves exceeding 500 mmboe with low production cost and an average break-even of approximately USD 30 per barrel. This provides a solid foundation for future value creation.

Beyond 2025, we have a clear ambition to sustain production. High value, cost discipline and scale are key drivers for our long-term production profile. This is founded on improved recovery, infill drilling, near-field developments and maturation of our robust project pipeline of standardised, efficient and low-risk subsea tie-backs. The project pipeline continues to grow as our exploration team delivers world-class results. Vår Energi was the operator of the largest new discovery on the NCS in 2022 with Lupa in the Barents Sea, and our successful track record extends into 2023 with the Countach discovery in the same region. Finally, we continuously consider value-accretive M&A opportunities – in line with our strategy.

To deliver on our targets and ambitions, we leverage strong capabilities and a heritage that dates back to the early beginning at the NCS. Even though Vår Energi is a young company, we have over 50 years of experience. We are focused on realising our full potential. Becoming a listed company was a natural step in doing that. In November, we established a new organisation, added significant strengths to our management team and optimised our internal structure to increase flexibility and productivity. This includes strengthened focus on people development, safety, cost, and operating efficiencies. In 2022, we realised around 200 million dollars in synergies through our improvement programme and we see further gains towards 2025.

Committed to deliver a better future

We want to be the partner of choice in everything we do. We cannot deliver on our long-term ambitions without strong partnerships and collaboration with the authorities, field partners, service providers and the supply chain. It's also a prerequisite that our activities should benefit the local communities in which we operate, including industrial development, competence building and local engagement.

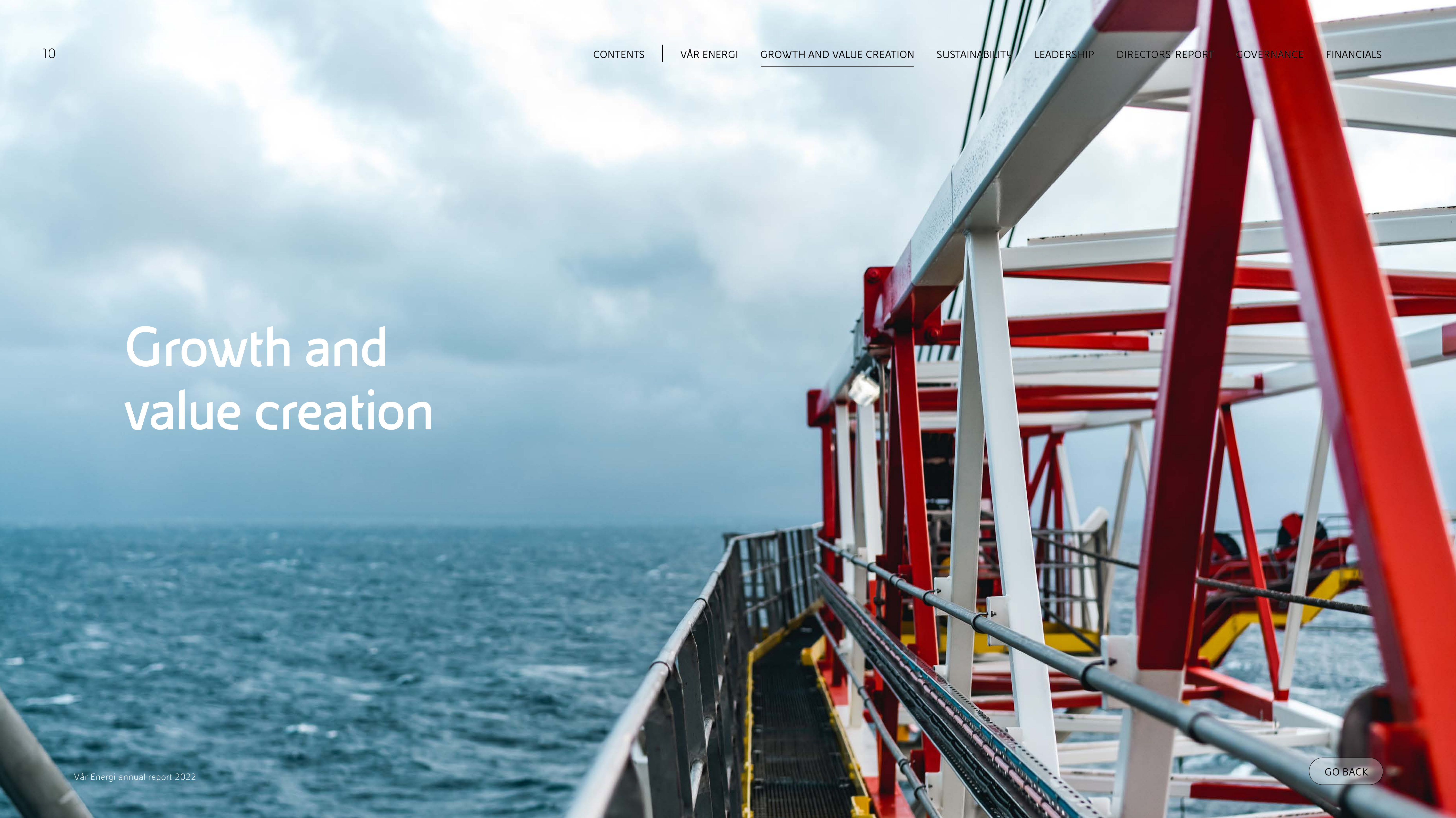
We want to be the safest operator, and aligned industry programmes are an important part of our continuous implementation of safety initiatives. We will deliver responsible and sustainable production growth with low emissions.

I would like to use this opportunity to extend my gratitude to the entire Vår Energi team for their dedication and hard work. Together, we are on track to deliver industry-leading production growth with lower costs and emissions and build an even stronger platform for high value creation for all stakeholders in the years to come.

Stay safe!

Torger Rød

Torger Rød
CEO, Vår Energi ASA



Growth and value creation

Strategic beliefs

Vår Energi considers the decarbonisation of oil and gas production a prerequisite for ensuring a resilient business model and driving long-term value creation. The Company has announced operational targets to actively reduce and minimise its environmental impact, with a target of net zero emissions (Scope 1 and 2 emissions) by 2030.

There is a trilemma of available, reliable and sustainable access to energy. Vår Energi plays an important role in supplying energy. Global energy demand is projected to increase by around 1% annually through 2030 [1], with oil and gas to account for over 50% of the global energy mix in 2030. Hence, oil and gas will remain a critical energy source for many years to come.

Gas is argued to be in line with EU's climate and environmental objectives and will allow acceleration of the shift from more polluting activities, such as coal generation, towards a climate-neutral future.

The Company believes the NCS is one of the most attractive E&P regions globally, with proven development potential, significant remaining reserves and resources, high quality exploration prospects, well-understood geology, existing infrastructure, low production costs and a stable regulatory environment and tax regime.

The NCS exhibits low CO_2 emissions relative to other regions within the global oil and gas sector, with an average of 7 kg CO_2 per barrel [2] as compared to the global average exceeding 18 kg per barrel. The region is a global leader in electrification, with 40% of the NCS targeted to be electrified by 2025. Other large-scale NCS sustainability initiatives include a strong focus on carbon capture and storage and utilisation offshore wind as source of energy.

Our strategic foundation

ESG and climate are global and national priorities, a pathway to net zero will be required

Oil & Gas will continue to be a part of the energy mix long term; gas to increase share of NCS production

The NCS will continue to be attractive driven by cost competitiveness, low emissions, and long-term oriented regulators

[1] International Energy Agency (IEA), World Energy Outlook 2022, Stated Policies Scenario
[2] Source: Rystad Energy

Clear strategic priorities for value creation

Committed to deliver a better future

Be the safest operator with leading ESG performance

Cultivate a robust portfolio positioned for further growth

Drive operational excellence across our portfolio

Be the partner of choice in everything we do

Foster a high-performing organisation

Vår Energi's highest priority is to carry out its activities without causing harm to people or the environment. It is the Company's expressed ambition to be the safest operator on the Norwegian Continental Shelf.

The Vår Energi organisation is high performing, flexible and collaborative. The Company leverages its extensive capabilities across operations and aspires to be the partner of choice for field operators, suppliers, regulators and other stakeholders.

The Company has a clear ambition to reduce costs and increase efficiency. This includes portfolio and reservoir optimisation, efficiency improvements and technology implementation.

Vår Energi has a hub-focused approach to further develop and focus the portfolio both organically and inorganically, creating opportunities through scale and diversification.

Realising our full potential

Vår Energi is run by people. We believe in driving change and development through a mindset of setting direction, engaging for action and empowering for solutions, focusing on totality and fostering effective cooperation. At year-end 2022, the total number of employees was more than 950. 26% of the employees were female. In addition to fostering a safe and healthy work environment, Vår Energi is maintaining low employee turnover and is targeting 30% female share of permanent employees by 2025.

Vår Energi values local community engagement and in addition to awarding long term HSSEQ contracts to local suppliers, the Company funds local scholarships for educational institutions and collaborates with municipal schools.

Vår Energi is preparing for future growth. In 2022, the Company implemented a new organisational structure and strengthened the management team. The simplified organisation aims to increase flexibility and productivity while developing capabilities. This includes people development, continued improvement on safety, cost reductions and operational efficiencies.

People-centred organisation

>950 employees

Low employee turnover

30% gender diversity target by 2025

Strong focus on health and work environment

People

Competence, professional development and collaboration

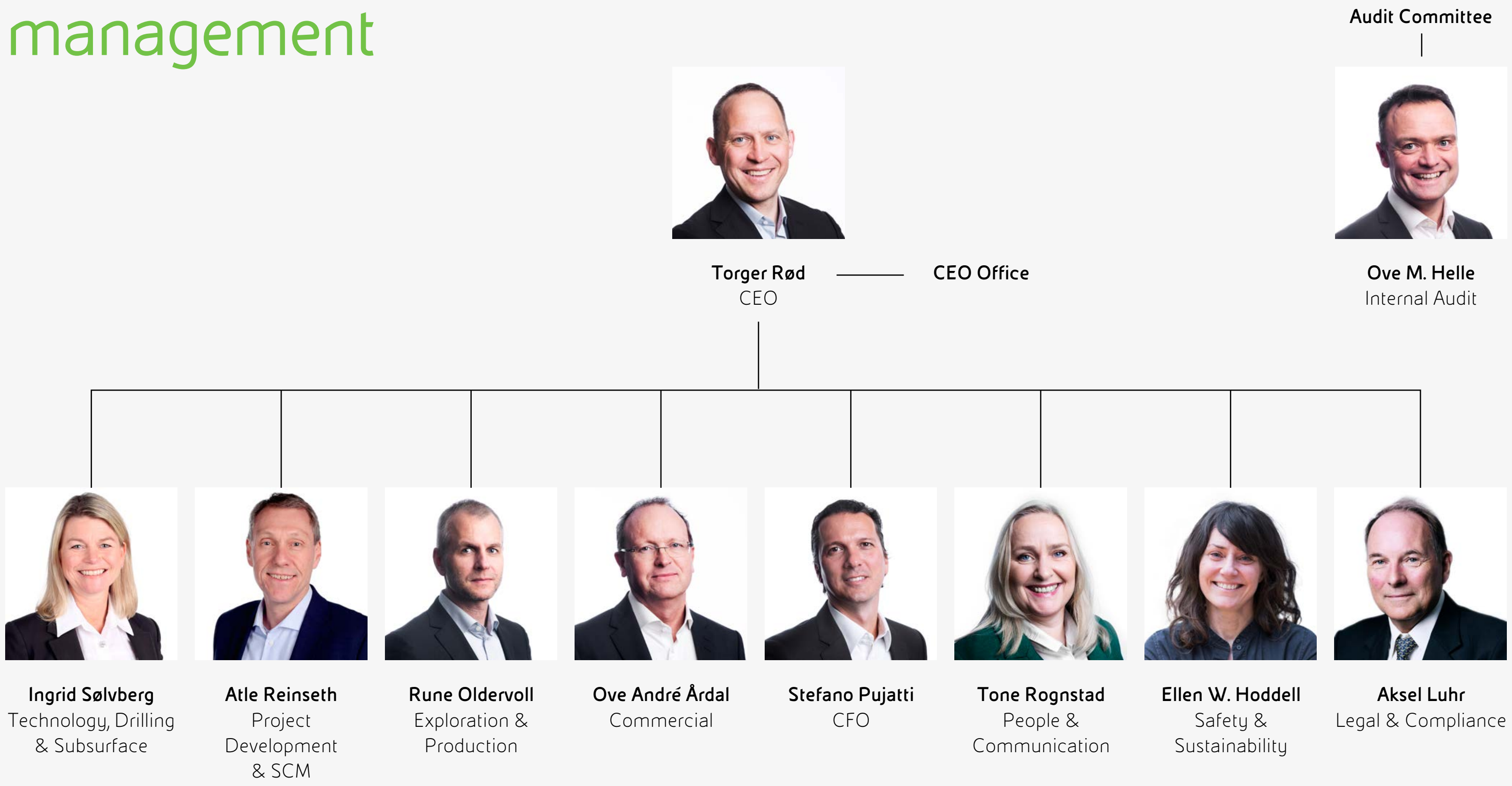
Competence

Systematic building of competence

Diversity

Diverse organisation and equal opportunities

Executive management



In the new organisational structure, the numbers of business areas were reduced and two new business areas were established to provide expertise, projects and products across the company. Vår Energi is gathering professions to ensure people development, governance and to prioritise competence and capacity to realise the full potential.

In the new structure, Rune Oldervoll and Exploration and Production has the responsibility of finding and producing oil and gas, both for operated and partner-operated assets while ensuring safe and efficient operations.

Ingrid Sølvberg leads the Technology, Drilling and Subsurface business area which delivers technical expertise, experience and improvements. This includes training and development of engineers and providing technical services to all parts of the business. In addition, continuously improving competence, capacity and technology are key priorities to ensure long-term competitiveness.

Project Development and Supply Chain Management, led by Atle Reinseth, is responsible for the development project portfolio and for optimisation and standardisation of Vår Energi's supply chain. This includes people development and expertise to improve project and contract deliverables and enhance competence.

As part of optimising the organisation, Vår Energi has implemented an improvement programme to realise synergies from commercial excellence, production efficiency, drilling and well improvements and supplier collaborations. In 2022, the Company realised around 200 million dollars through the initiatives and further targets to realise 200-300 million dollars annually towards 2025.

Key digital initiatives

The Company aims to be an agile adopter of technological opportunities to ensure safe operations and increase competitiveness. Digital solutions are applied across the Company, from providing field workers with access to real-time data to monitoring sustainability metrics and improving the Group's ESG performance. With a production heritage founded on over 50 years of operator activity on the NCS, Vår Energi benefits from leading technical capabilities. Among other achievements, the Company has a number of technical innovations, many of which have increased safety and production efficiency on the NCS broadly. The Company intends to build on the track record through continuous search for innovative solutions and strategic collaborations with partners.

Mobile field worker

Improve safety, productivity and data quality

Optimised drilling performance

Accelerate operations and minimise non-productive time (NPT)

Maintenance optimisation and integrity

Maximise asset utilisation

Digitalisation by design

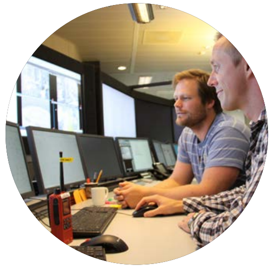
Integrate new ways of working from early project phase

Production optimisation

Optimise production levels

Inventory optimisation

Secure stable operations while reducing operating costs



Data driven safety and sustainability

Leverage real-time data and analytics improve safety and ESG performance

Partner of choice

Vår Energi strives to be a partner of choice in all of its activities. The Company has a strong partnership with Equinor, the largest and one of the most experienced operators on the NCS, with Vår Energi being Equinor's largest partner on the NCS.

The Company leverages its strong partnership with Equinor to seek cost and energy efficiencies, most recently by collaboration related to new solutions for logistics operations in the future, NCS Logistics Project (NLP).

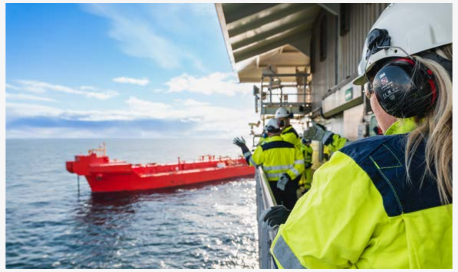
Other ongoing partnerships include the Hywind Tampen engagement, to provide renewable energy to Snorre by use of floating wind, and a joint power from shore project for the Balder/Grane area.

In 2022 Vår Energi also entered a strategic partnership with Aker Solutions, Ocean Installer and Saipem for SPS/SURF [1] deliveries, in preparation for development of future subsea tieback projects.

In addition, Vår Energi is engaged in strong collaboration with Eni in order to leverage on Eni's capabilities in the areas of exploration, project development, asset operation and drilling expertise as examples. Vår Energi engages in commercial offtake agreements with Eni (through Eni Trade & Biofuels S.p.A) to provide offtake security and reduce the costs of hedging activity.

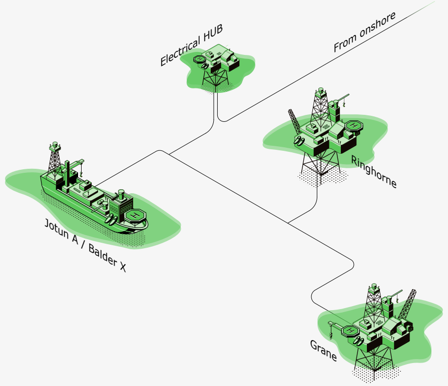
[1] Subsea Production Systems/Subsea Umbilicals, Risers and Flowlines

Partner collaboration examples



Norwegian Logistics Project

Joint logistics pilot in Stavanger with Equinor to share resource pool and logistic operations



Power from shore

Collaboration with Equinor to electrify the Balder/Grane area

SPS/SURF supplier collaboration

Long-term strategic subsea partnership with Aker Solutions, Ocean Installer and Saipem for subsea equipment and installation

The NCS is ideal for value creation

The Norwegian continental shelf (NCS) is a unique place for value creation. Norway is an open, transparent, and low-risk country. This reflects a well-regulated oil and gas industry with industry-leading safety standards, fair working conditions and high ethical and governance frameworks. The NCS is also characterised by a supportive and stable fiscal regime, with strong support in the Norwegian population.

The NCS is a solid ground for a pure play E&P company. After approximately 50 years of production, around 50% of the estimated oil and gas resources have been produced, amounting to close to 50 billion barrels. The NCS has potential for continued long-term value creation from the vast resources remaining.

According to Rystad Energy, NCS offers low costs and emissions per barrel, well below the global average. The Transparency International's "Corruption Perception Index" ranks Norway among the most transparent countries in the world. The combination is unique, representing longevity. Vår Energi believes the NCS will bring energy security for decades to come.

Production growth

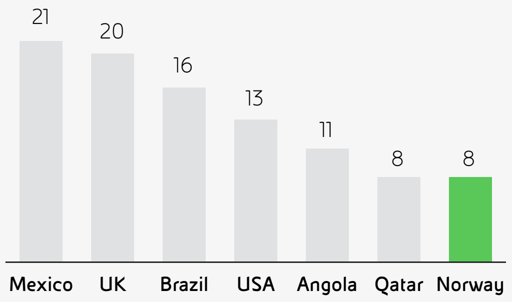
Continued investment in developments

Continued exploration

Supportive and stable fiscal environment

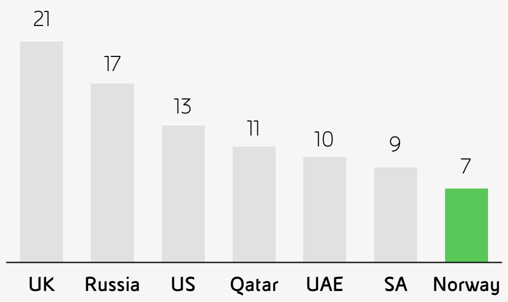
Cost competitive[1]

Opex per boe 2022 (USD)



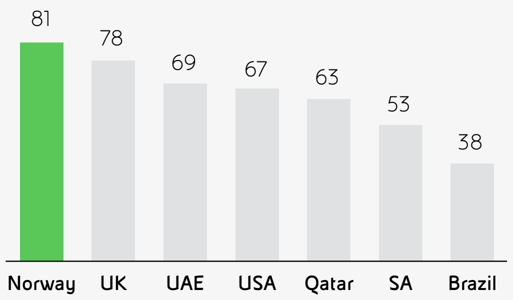
Lowest CO_2 footprint[1]

Carbon intensity 2022 (kg CO_2/boe produced)



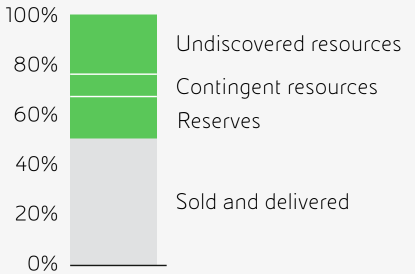
Reliable framework

Score Transparency International's Corruption Perception Index, 2021



Significant resources[2]

Total ~100bn boe



[1] Source: Rystad Energy
[2] Source: Norwegian Petroleum Directorate

Delivering growth and operational excellence

Vår Energi has set an ambitious target for growing production to above 350 000 barrels per day by end-2025. This will be delivered by a portfolio of sanctioned projects with attractive economics. Additionally, the Company relentlessy focuses on what can be controlled and impacted through enhancing performance and competitiveness and deliver operational excellence.

Ambition to be the safest operator

Operational safety is a top priority for Vår Energi, whose ambition is to be one of the safest operators in the oil and gas industry. The Company's ambition is to be the safest operator on the NCS, with the aim of reducing injury totals to near-zero levels. In 2022, the Company exhibited positive improvements with respect to safety KPIs, including a reduction in serious incidents frequency (SIF) [1] and total recordable incidents frequency (TRIF) [2] at par with 2021.

Vår Energi collaborates with Equinor, ConocoPhillips and Aker BP on the Always Safe annual wheel. The purpose of Always Safe is to strengthen the industry's safety behaviour and culture. Through this joint effort Vår Energi utilises the strength of standardisation, increasing the impact in the industry with partners, suppliers, contractors and the Company. Vår Energi believes Always Safe is a key enabler in becoming the safest operator on the NCS.

Vår Energi has incorporated the nine Life-Saving Rules as stated by the International Association of Oil & Gas producers (IOGP). These rules provide workers with a simple set of actions to protect themselves and others from incidents and fatalities.

Other ongoing initiatives include MARI (Major Accident Risk Indicator) tracking on operated fields and new digital tools to ensure technical integrity, support proactiveness, facilitate standardisation of safety initiatives across our operations and ensure compliance.

1 Serious incidents and near-misses per million worked hours, 12 months rolling average. Includes actual and potential consequence
2 Personal injuries requiring medical treatment per million worked hours, 12 months rolling average. Reporting boundaries SIF and TRIF: Health and safety incident data is reported for company sites as well as contracted drilling rigs, floatels, vessels, projects and modifications, and transportation of personnel, using a risk-based approach

Continuous focus on reducing production cost per barrel

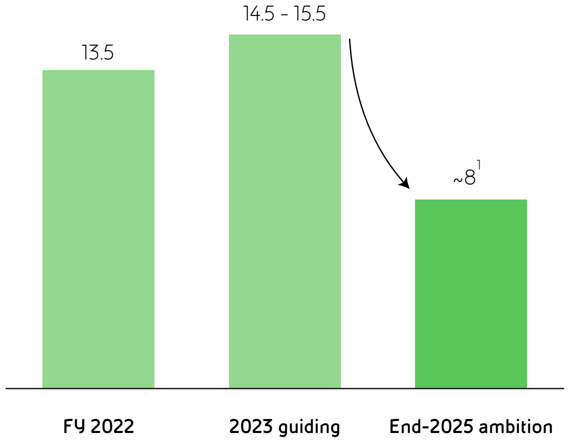
Vår Energi has a high focus on operational efficiency and is targeting a continued reduction in production costs per barrel. The Company reduced production costs from USD 14 per barrel in 2018 to USD 13.5 per boe in 2022 through accretive M&A and cost reduction programmes.

The Company is targeting a further reduction of production costs to USD 8.0[1] per barrel by end-2025.

Vår Energi intends to achieve this target through the execution of ongoing projects, including the Balder X and major partner-operated asset developments at Johan Castberg and Breidablikk. Combined, the sanctioned development portfolio has an average production cost of approximately USD 4 per barrel. Additional cost reductions are to be realised through operational excellence, active portfolio management, uptime improvements, strategic supplier partnerships, cost sharing with other operators, digitalisation and new technologies.

Medium-term ambition of ~8 USD/boe

Production cost per barrel (USD/boe)

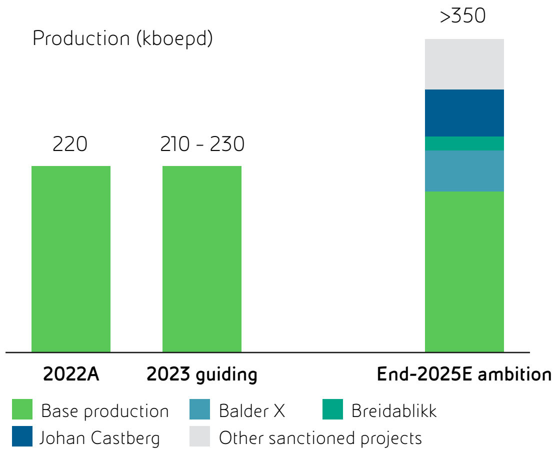


[1] Real 2021

De-risked project portfolio driving production growth

Vår Energi's development pipeline and exploration track record has positioned the Company for growth in the coming years. Major sanctioned developments include Balder X, Breidablikk and Johan Castberg. The Company's development projects generally exhibit high reserve quantities and low break-even prices.

The Company is targeting production of more than 350 kboepd by end-2025. This is supported by 17 sanctioned development projects, well into execution with committed investments. In addition, there are a number of opportunities within Vår Energi's existing production base to add reserves and extend field life through incremental investments in infill drilling and well intervention programmes, facilities modifications, subsea satellite developments and near field exploration.

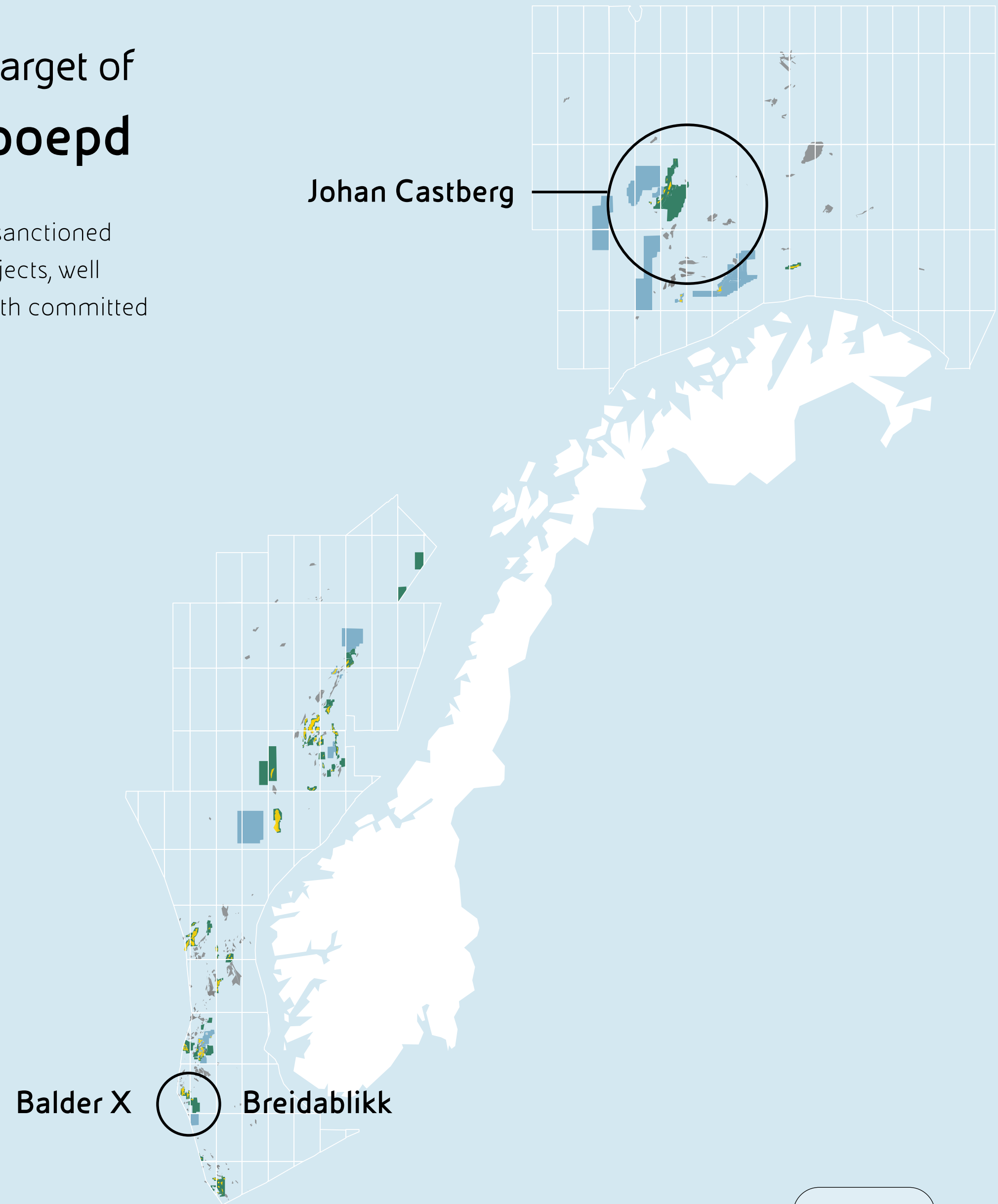


A significant part of Vår Energi's capital expenditure programme is targeted at future subsea tie-back projects, which are typically lower risk with relatively small-scale capital requirements and significant potential for financial returns.

Vår Energi ensures efficiency in growth plans and capital expenditures by taking a disciplined approach to field development, with the ambition of an average portfolio break-even of around USD 30 per barrel. The Company's exploration strategy is focused on identifying additional in- and near-field drilling prospects at established assets and core hubs.

Mid-term target of >350 kboepd

Supported by 17 sanctioned development projects, well into execution with committed investments



GO BACK

Resilient and low risk growth projects

First oil field extension

First oil new field development

Key Areas	Operator	2P mmboe	2023 → 2024 → 2025
Balder	vår energi	216	Balder X
Grane	equinor	109	Breidablikk
Goliat / Johan Castberg	vår energi; equinor	222	Johan Castberg
Tampen	equinor	148	Hywind Tampen; Statfjord East IOR
Åsgard	equinor	178	Åsgard LWP; Subsea compression II; Asg. B LPP3; Kristin South; SBMN; Halten East
Ekofisk	ConocoPhillips	102	Tommeliten A; Eldfisk North
Other		162	Frosk; Fenja; Bauge; OL Subsea Compression; Verdande

>500 mmboe
reservers in development portfolio

11 of 17 projects
>50% complete

~30 USD/boe
average break-even in development portfolio

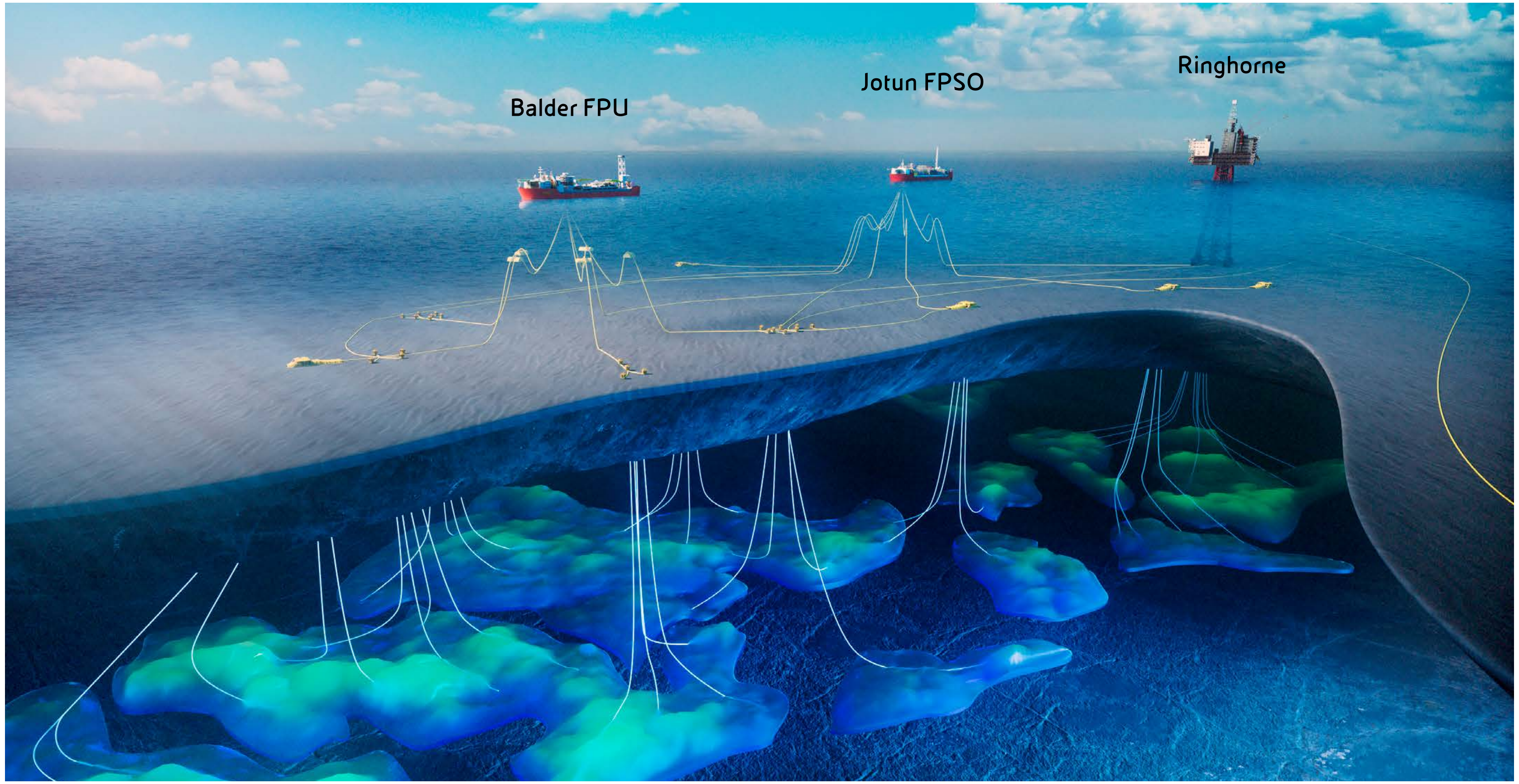
>25%
Project IRR

Balder X

The Balder X project is enabling further development in the Balder and Ringhorne area and consists of two sub-projects: the Balder Future Project and Ringhorne Phase IV.

The Balder Future project consists of the refurbishment and relocation of Jotun FPSO from the Jotun field to the Balder area to accommodate tie-ins of 14 new production wells and one new water injection well, with future expansion capacity to accommodate for tie-ins in the area. The project will extend the technical lifetime of the Jotun FPSO beyond 2045. First oil from the Balder Future project is planned for the third quarter of 2024.

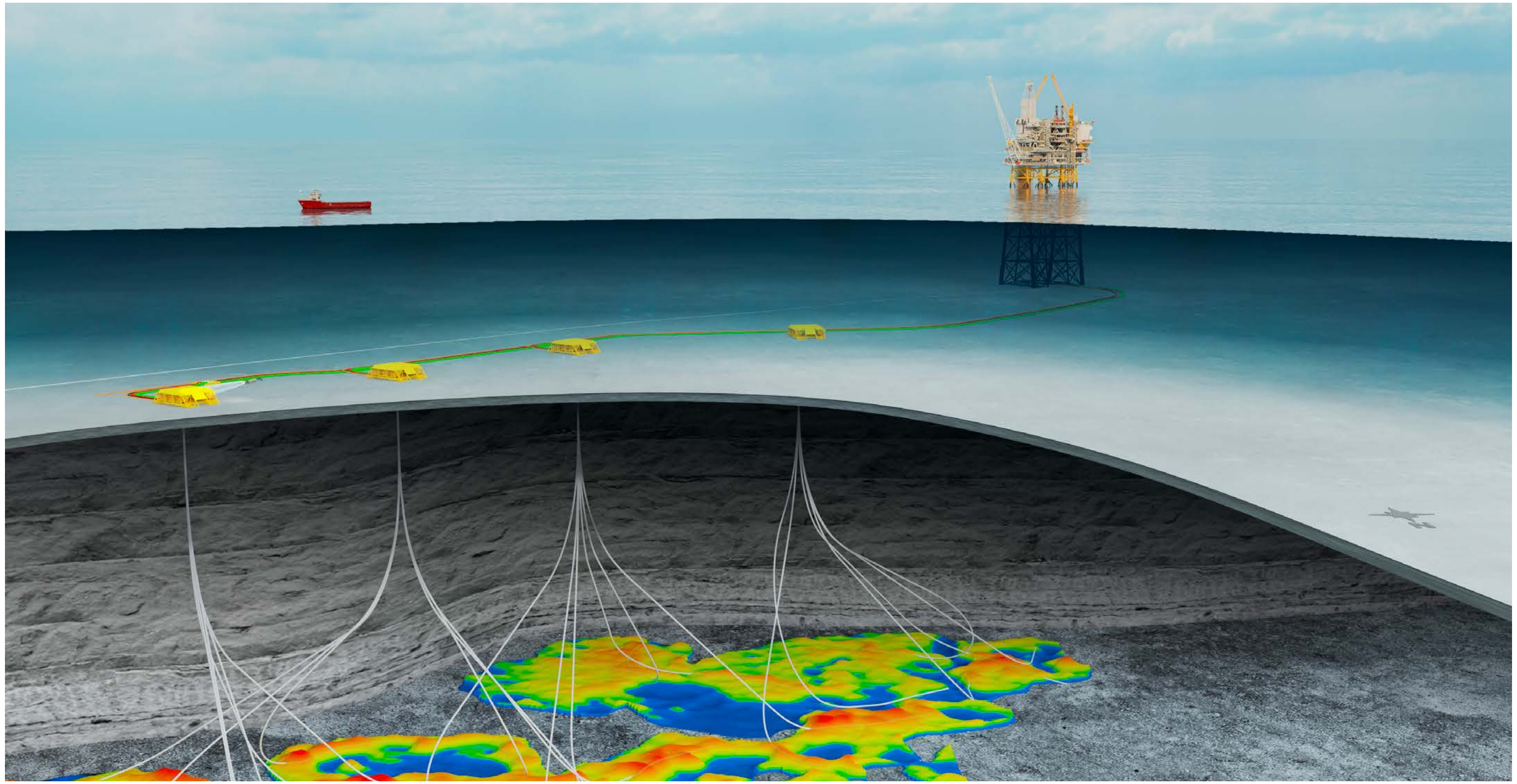
Ringhorne Phase IV is a continuation of the Ringhorne Platform drilling activities, following the Ringhorne Phase III drilling campaign and the drilling of five platform production wells.



1967	1999	2019	2021	Q2 2020	Q1 2024	Q3 2024
Discovery	Balder start-up	Balder X PDO	Start drilling of new wells in the Balder area	Refurbishment of Jotun FPSO commenced at yard	Sail away yard Jotun FPSO	First oil

Breidablikk

In addition, Vår Energi holds a 34% working interest in Breidablikk, one of the largest undeveloped discoveries on the NCS. It will be developed as a subsea tie-back to the Equinor operated Grane field, with planned first oil in first quarter 2024. Vår Energi holds a 28% working interest in the Grane field.



©Equinor

2020
PDO approved

Q1 2022
All four subsea templates successfully installed

Q2 2022
Drilling start

Q4 2022
2022 installation campaign completed

Q1 2023
First well completed

Q2 2023
High-activity period at Grane completed

Q1 2024
First oil

Johan Castberg

The Johan Castberg field holds 174 mmboe of net recoverable reserves to Vår Energi. Equinor is the operator of the Johan Castberg development, which consists of 30 wells, 10 subsea templates and 2 satellites tied back to a fully winterised FPSO. Vår Energi has a 30% working interest in Johan Castberg.

The FPSO hull and living quarter modules are currently at Stord (Norway) for topside integration.

Twelve of the production wells have been drilled by the end of 2022 and the subsea and marine campaign was completed in November 2022 as planned. The oil will be transferred to shuttle tankers before being shipped to the market. A firm decision for a future gas export solution has not been taken and the gas is currently not included in the reserves.

2018	PDO approved
2018	Construction start of hull in Singapore Construction start of topside in Norway
Q2 2022	Start FPSO integration at Aker Stord, Norway
Q2 2022	Pre-drilling campaign of 12 wells completed
Q3 2022	Marine installation completed
1H 2024	Sail away to field
Q4 2024	First oil

Strategic ambition to sustain value creation beyond 2025

Vår Energi's strategic ambition is to sustain value creation and production beyond 2025, founded on a material base of long-lived resources. Key items to ensure sustainment is:

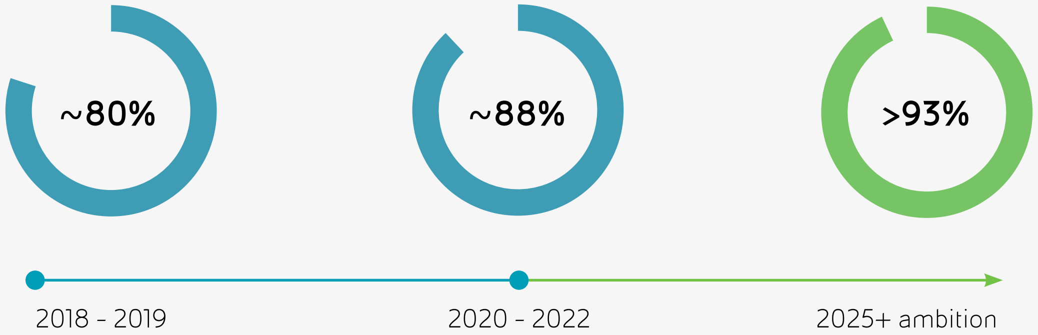
1. Long traditions of enhancing recovery by applying new technology and innovation within seismic, drilling, production efficiency and well deliveries
2. Sanctioned developments coming on stream, and maturing a large portfolio of high-value unsanctioned tie-in projects
3. Industry-leading exploration capabilities to continuously deliver high-value development projects
4. Vår Energi itself is a testimony of a long history of successful M&A. Ambition to strengthen the position on the NCS through value-accretive opportunities in line with the strategy

Operational excellence and continuous recovery

Vår Energi continuously work to prolong field life and extend the production plateau through optimised drilling and technology advancements. This is an important part of the strong reserve replacement ratio, with an average of more than 160% over the past four years. Historically, infill drilling contributes to an average increase in recovery of more than 7% annually compared to the original plan [1]. The Company aims to deliver the same performance going forward, indicating more than 30 thousand additional barrels per day from infill drilling per year post 2025.

The Company works continuously to improve the operational performance. Since 2018, initiatives to drive production efficiency at the operated assets have delivered a 10% improvement, from 80% production efficiency to 88%. The future ambitions are higher, with 93% production efficiency in 2025 and beyond.

Continuous improvement in production efficiency [3]



Improved planning and execution of maintenance and turnaround activities

High regularity and uptime on the assets, avoid unplanned losses

Proven results from increased recovery and technology

Total resources	Reserve replacement ratio	Average annual infill production	Historic increase in improved recovery
>1.6	>160%	>30	>7%
billion boe [2]	average 2019-2022	kboepd 2025 to 2030	annual average last 5 years [1]

[1] According to study by the Norwegian Petroleum Directorate
[2] Source: Vår Energi, reserves and resources
[3] For operated assets, long-term ambition not including TAR

World-class exploration capabilities

Vår Energi has proven world-class exploration capabilities. Based on Rystad Energi, the Company are at the forefront on the NCS when it comes to the average size of discoveries, lowest exploration cost per barrel discovered and the highest return on exploration spend.

In 2022, the Company's exploration campaign achieved a 57% success rate adding around 65 mmboe of contingent resources with an average unit exploration cost of USD 0.2 per barrel after tax.

Going forward, Vår Energi will maintain the successful exploration strategy - planning to drill 8-10 near field wells per year and 1-2 high risk/high reward wells. The Company have delivered a success rate exceeding 50% the past three years and intend to continue to execute accordingly. Over the last years, Vår Energi has made the most discoveries on the NCS.

Maturing a high-value project portfolio

Vår Energi has a large resource base of unsanctioned attractive projects in the development pipeline which are being matured toward an investment decision. The Company will have a disciplined approach of maturing the projects, with clear return and break-even requirements, sanctioning projects when the timing is right, to ensure high-margin barrels to the market and sustained production over time.

The majority of exploration drilling is executed near-field in hub areas, delivering infrastructure-led wells adding value to the existing asset base. Vår Energi aims to apply a factory-based approach to standardise and simplify subsea tie-ins. The ambition is to deliver an average break-even of around 30 dollar per barrel across the project portfolio.

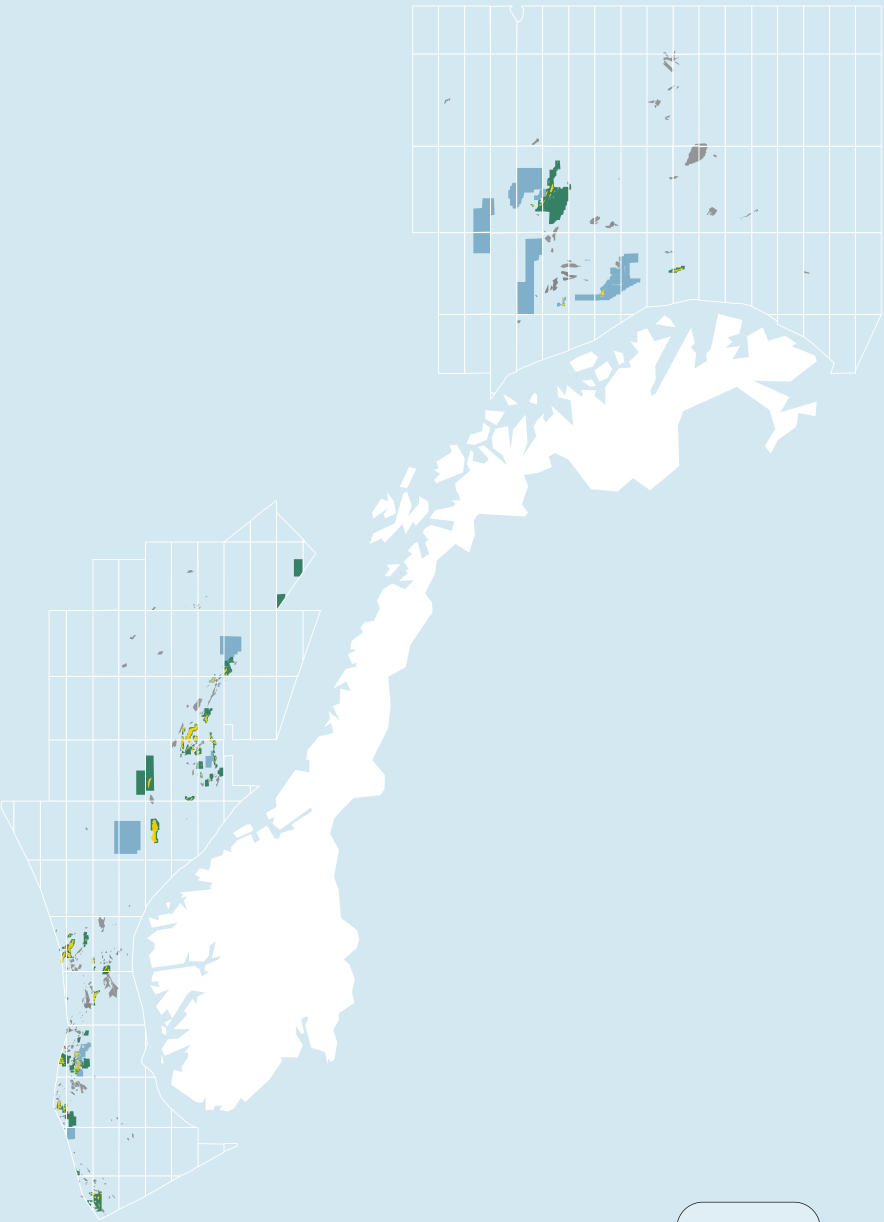
The future developments will be matured and executed with the long-term strategic supplier partnerships, with extensive expertise and proven track records. Vår Energi has secured strong partners with competence, capacity and priority.

Barents Sea
Goliat tie-backs
Johan Castberg tie-backs
Barents gas solution

Norwegian Sea
Åsgard IORs
Kristin South phases
Åsgard - Bjørnene

North Sea
Fram South
Garantiana
Snorre IORs
Eldfisk North Extension

Balder/Grane
King and Prince
Balder Phase V
Balder Future Phases



Accretive M&A opportunities

Vår Energi was created through an active merger and acquisition (M&A) strategy, indicating that value-accretive transactions are a part of the Company's DNA.

Potential M&A transactions may involve specific license transactions, license portfolios or corporate deals with the right asset base. Vår Energi will evaluate opportunities against a clear set of criteria for us to proceed, according to the strategy. Vår Energi continues to focus on the NCS, strengthening existing core areas and asset portfolio, responding to the ESG strategy and potentially increase operatorships over time. M&A is a possible tool to be used in meeting the strategic ambition of high-value future production with significant scale.

Unlocking value through a proven hub strategy

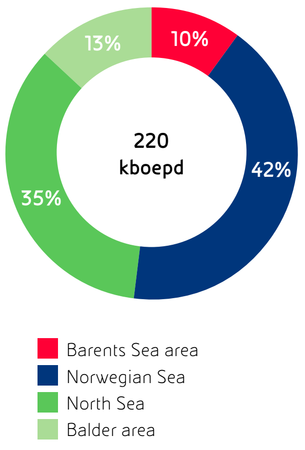
Vår Energi's hub strategy is to cultivate a strong portfolio focused on four core hubs with significant production and exploration potential. The robust and diverse portfolio provides insights into assets and licenses across the entire NCS, identifying and realising opportunities for value capture

As part of Vår Energi's hub strategy, the Company identifies strategic focus areas that provide a framework for evaluating exploration and development opportunities, maximising the use of resources and optimising value creation throughout Vår Energi's portfolio.

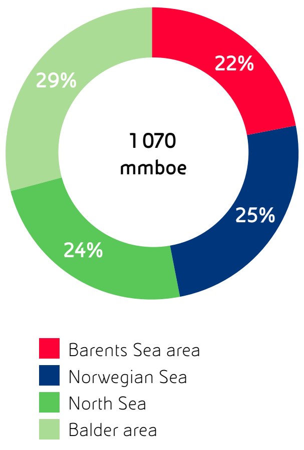
The Company's core assets are located around four strategic hubs: the Balder/Grane Area, the Barents Sea Area, the North Sea and the Norwegian Sea. No single area accounted for more than 30% of the total 2P reserves at the end of 2022.

[1] Source: Vår Energi, Annual Statement of Reserves 2022, 2P reserves

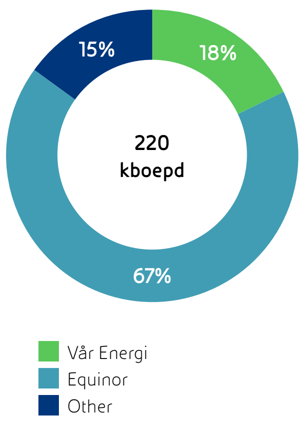
Production split FY 2022

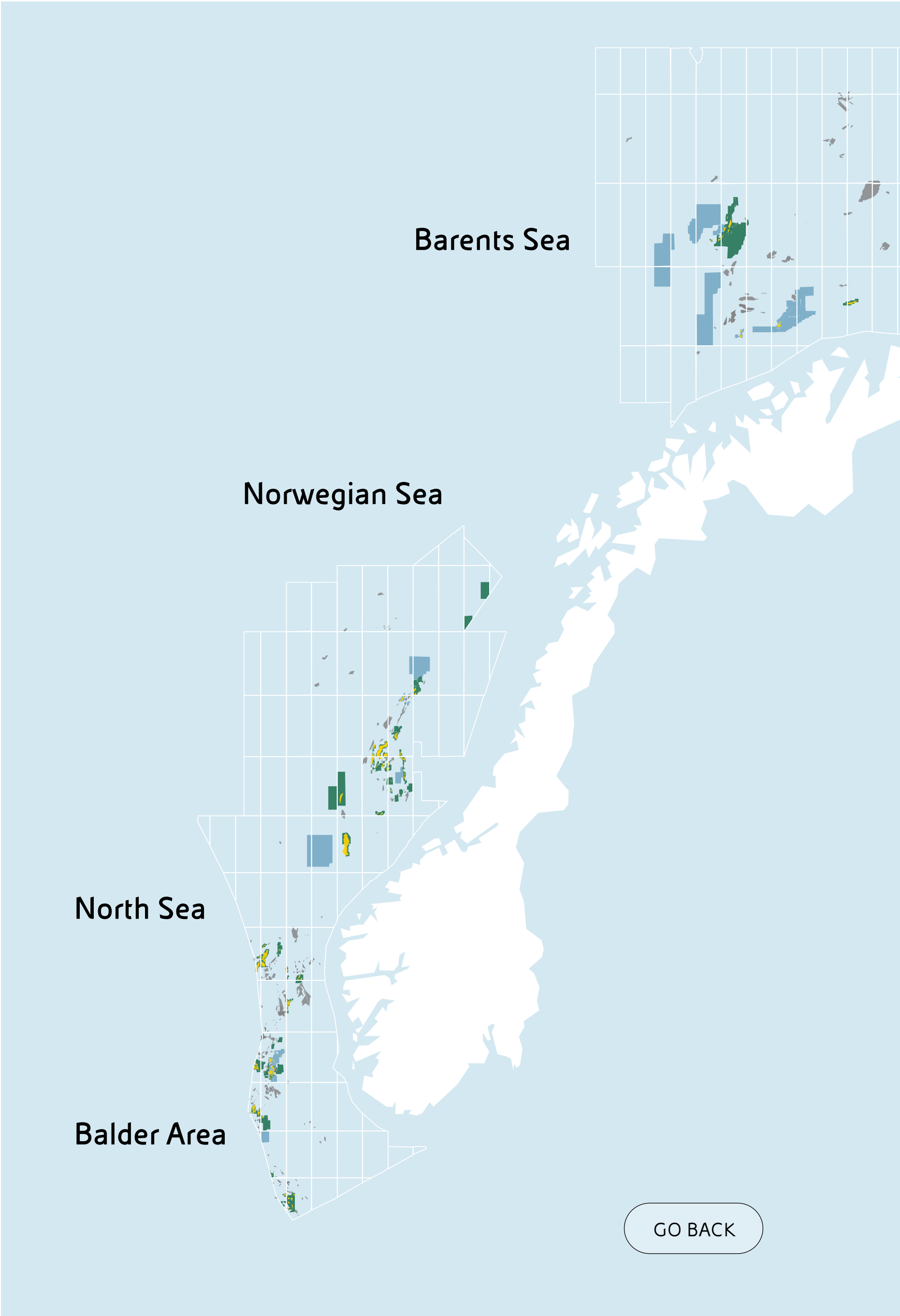


2P reserves split YE 2022 [1]



Production split per operator FY 2022





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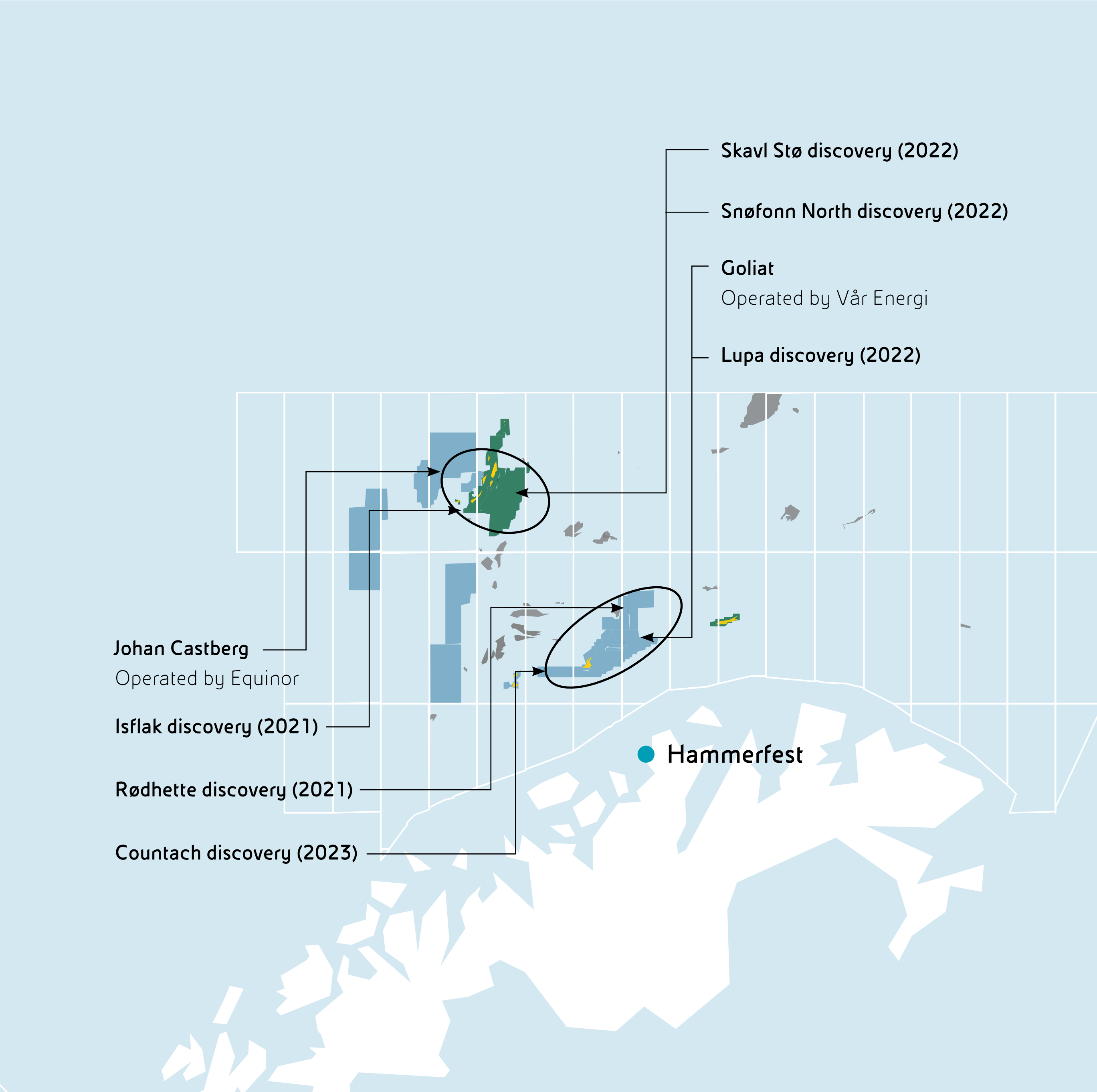


The Barents Sea

The Barents Sea Area, which accounted for 10% of the Company's production for 2022 and 234 mmboe in 2P reserves at the end of the year, features significant value and upside potential. Key assets include the Goliat field (in which Vår Energi holds a 65% working interest and is operator), the only oil producing field in the Barents Sea Area with active infill drilling ongoing. It features one of the world's largest and most sophisticated circular and permanently anchored FPSO units.

Another key asset in the Barents Sea Area is Johan Castberg, a sanctioned and substantially de-risked project with first oil planned for the fourth quarter of 2024. Vår Energi holds a 30% working interest in Johan Castberg.

In 2022, oil discoveries was made in the Skavl Stø and Snøfonn prospects. The discoveries are located in close proximity to the asset with a preliminary combined estimated discovery size between 42 and 60 mmboe of hydrocarbons. This discovery underpins the continued prospectivity in the Johan Castberg area.

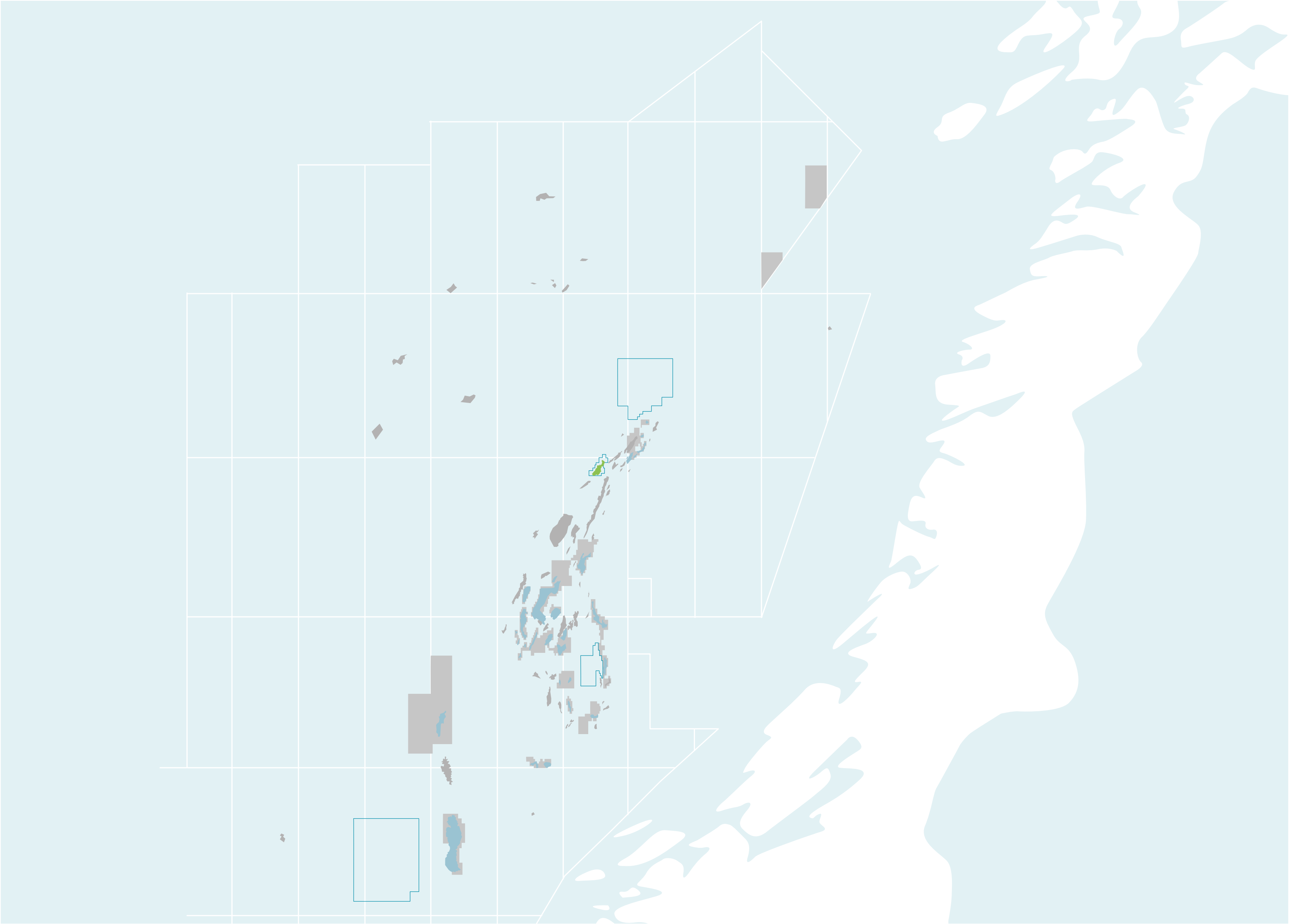
GO BACK

The Norwegian Sea

The Norwegian Sea, which accounted for 42% of the Company's production in 2022 and 267 mmboe in 2P reserves as of 31 December 2022, features multiple fields with high infill drilling activity.

Key assets

- Norne (inc. Marulk)
- Heidrun
- Åsgard (inc. Smørbukk, Midgard, Mikkel, Morvin, Trestakk)
- Kristin (inc. Tyrihans)
- Njord Area (Fenja, Bauge, Hyme)
- Ormen Lange

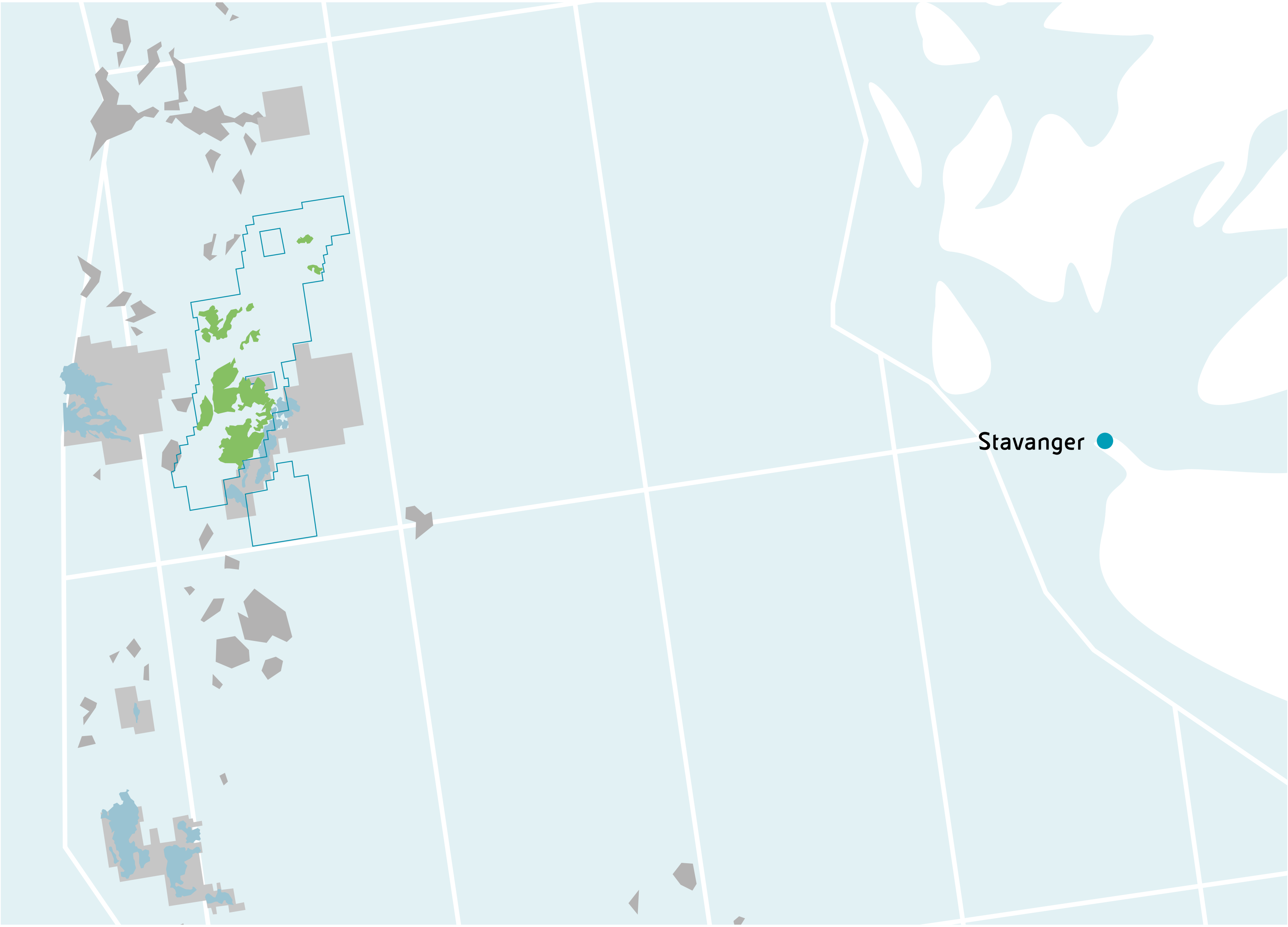


The North Sea

The North Sea, which accounted for 35% of the Company's production in 2022 and 257 mmboe in 2P reserves as of 31 December 2022, is a combination of mature area with high activity and lifetime extension at key fields and prosperous future tie-ins.

Key assets

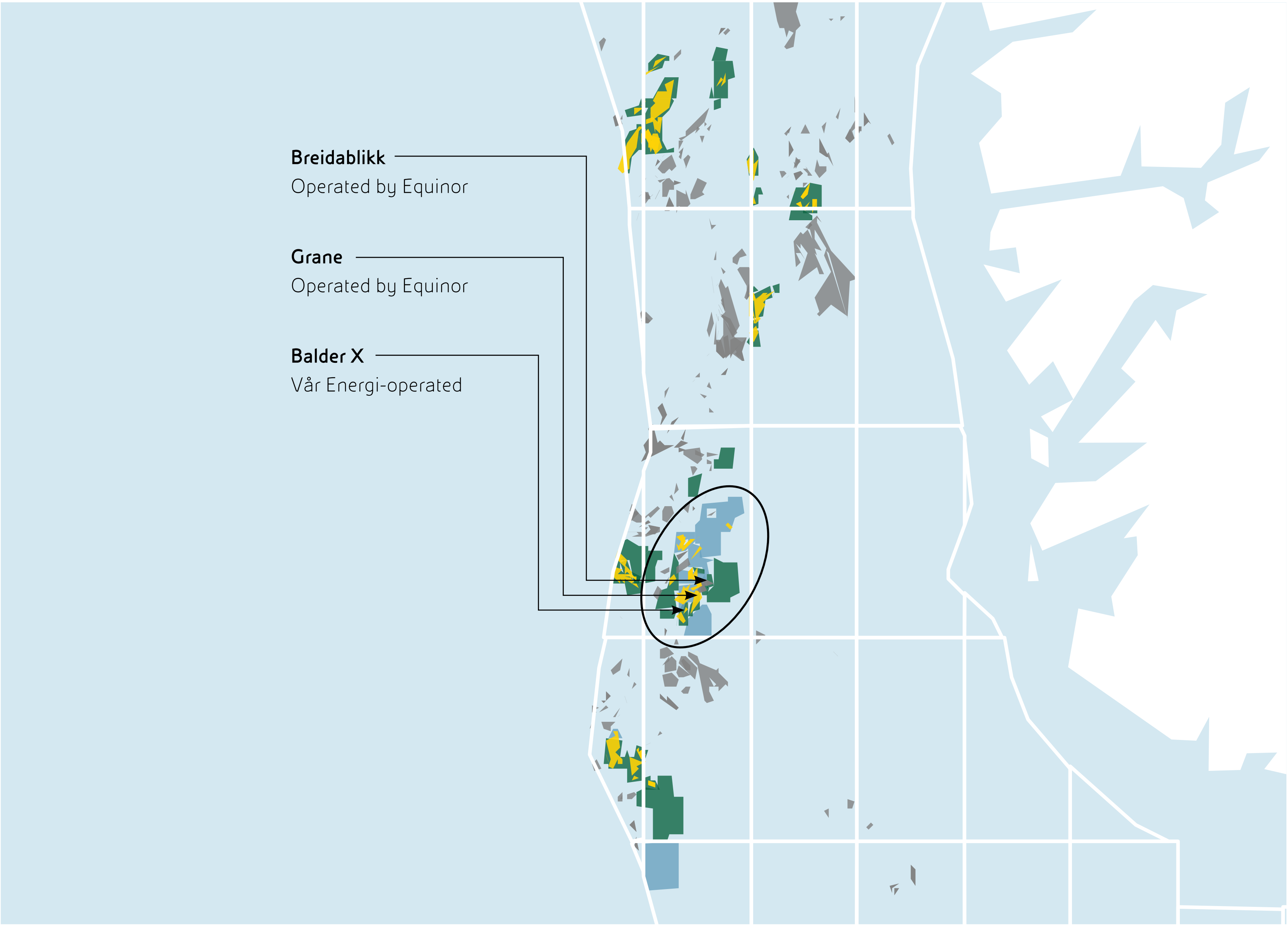
- Tampen area - Snorre and Statfjord incl. satellites
- Ekofisk area (incl. Tor & Tommeliten)
- Fram area
- Sleipner area



The Balder/Grane Area

The Balder/Grane Area, which accounted for 13% of the Company's production for 2022 and 312 mmboe in 2P reserves at the end of the year, is a core hub with expected long-term production upside. At Balder and Ringhorne, Vår Energi is operator and holds 90% working interest in Balder and 70% working interest in Ringhorne East.

Other key assets in the Balder area are Grane and Breidablikk. Grane bottom fixed steel jacket. Vår Energi holds a ~28.3% working interest in Grane. The Breidablikk field, which is located around 10 km northeast of the Grane platform, is currently being developed and has a projected production start in the first quarter of 2024. The field development concept includes four subsea templates linked to the Grane platform by pipeline. Vår Energi holds a 34.4% working interest in Breidablikk.



Finance policy

Vår Energi's profitable and resilient asset base provides a foundation to deliver significant value to shareholders, supported by an investment grade balance sheet. The Company believes its investment grade balance sheet and capital structure provide flexibility and a strong long-term outlook. Vår Energi has obtained BBB and Baa3 credit ratings from S&P and Moody's, respectively and is committed to maintaining an investment grade rating. Vår Energi targets a net leverage through-cycle of below 1.3x, where NIBD to EBITDAX ratio is 0.3x at the end of 2022.

The Company also delivers value to shareholders through an attractive dividend policy and has distributed a total dividend of USD 4.2 billion since 2019, of which USD 1 075 million was related to dividends declared for 2022. The company further plans to distribute a dividend of USD 270 million for the first quarter 2023. For 2023, the dividend is planned to be approximately 30% of CFFO after tax. Going forward, the Company's ambition is to distribute 20% to 30% of cash flow from operations (CFFO).

Vår Energi's conservative financial risk policy aims to secure full funding for all committed and planned activities, a sufficient liquidity buffer with headroom to manage market fluctuations and a diversified debt structure. The Company successfully issued USD 2.5 billion of five- and ten-year bonds in the US debt market in 2022. The Company further maintains a conservative risk profile through hedging, extensive insurance coverage and investment flexibility.

Waterfall of capital allocation priorities

Sustain production of existing portfolio

Fund capex of existing developments and new value-creating projects

Maintain a strong **investment grade balance sheet**

Pay dividends according to stated policy

Use additional FCF **for new projects, additional shareholder distributions and debt repayment**

Sustainability

Sustainability

Clearly defined ESG agenda – Becoming an ESG leader
Vår Energi supports the UN Sustainable Development Goals (SDGs) and use them as a framework for the Company's sustainability approach; to create value for its stakeholders, while respecting the environment, people and the society.

Vår Energi has made the commitment to deliver a better future, working towards:

- a stable and secure energy supply with lower greenhouse gas emissions
- responsible management of natural resources
- material value creation for the Company's owners and the Norwegian society – based on increased energy production for customers in Europe.

To support the ambition of being an ESG leader, Vår Energi has established a sustainability framework with strategic focus areas that cover the main impacts, further detailed in material topics with targets and indicators to measure performance, as outlined in the figure to the right.

Environmental
Vår Energi seeks to minimise the impact of its operations on the climate and the environment. Through the HSSEQ Policy, the Company commits to safeguard the environment in accordance with the principles of precaution, prevention, protection, and continuous improvement. All Vår Energi employees are committed to safeguard

Pathway to net zero

Responsible resource use

ENVIRONMENTAL

Net zero scope 1 and 2 and 50% reduction in scope 1 emissions from operated assets by 2030 [1]

Goliat platform electrified with power from the Norwegian grid

Part of OGCI Aiming for Zero Methane Emissions Initiative

Safest operator

High performing organisation

Local value creation

SOCIAL

Local ripple effects of >10,000 jobs and NOK ~16 billion in contract value in 2022

Expected tax payment of 35 - 40 billion NOK for 2022

>95% spend towards suppliers based in Norway in 2022

Responsibility, integrity and transparency

GOVERNANCE

ESG-rated as #14 of 155 E&P companies [2]

CDP score B

Part of UN Global compact

Executive pay connected to ESG targets

[1] Baseline 2005, operational control
[2] Sustainalytics, a leading ESG research provider who provides research based on its independent methodology

the environment, and the Company builds environmental awareness in the organisation through training, participation in joint industry projects and R&D, and through involvement in industrial forums and committees.

The main goal is a 50% reduction in the direct (scope 1), operational control GHG emissions by 2030, base year 2005, and net zero scope 1 and 2 by 2030.

Vår Energi support the KonKraft strategy as described in "The Energy Industry of Tomorrow on the Norwegian Continental Shelf - Climate Strategy Towards 2030 and 2050" and align Vår Energi's climate strategy and GHG emission reduction goals with the KonKraft agreement.

Collaboration between oil and gas companies is crucial to achieve the necessary reduction in GHG emissions on the NCS in total. Several emission reducing measures require significant investments which need to be approved by the involved license owners. Collaboration and alignment are very important especially with regards to the significant portfolio of partner operated assets in the Vår Energi portfolio. Vår Energi became a signatory to the global joint industry "Aiming for Zero Methane Emissions Initiative", headed by the Oil and Gas Climate Initiative (OGCI), whose members include companies such as ENI, BP, Chevron, Equinor, ExxonMobil, and Shell. By taking individual and collective actions, OGCI members will help accelerate the energy transition through near zero methane emissions by 2030.

Social

Vår Energi purchased goods and services for about NOK 16.3 billion where more than 95% of the suppliers were based in Norway.

Local value creation and ripple effects are key to Vår Energi, contribution through industrial activity, job creation and competence development in the communities where Vår Energi operates are key components. Combined, Vår Energi has created more than 10 000 jobs and expects to contribute nearly NOK 40 billion in taxes for 2022.

Governance

The Vår Energi Code of Ethics sets out the rules and standards that apply for all Vår Energi's activities and business relationships. It constitutes a guide to decision-making and action-taking that is consistent with the Company's culture of responsibility, legality, transparency and long-term value creation for all stakeholders. During 2022, the Transparency Act came into effect, promoting respect for fundamental human rights and decent working conditions and ensuring the general public access to information regarding how enterprises address adverse impacts on fundamental human rights and decent working conditions. Vår Energi has updated the related procedures and processes to ensure compliance and reduce the risk of negatively impacting human rights and working conditions.

The Company acknowledges and adheres to the recommendations set forth by the Task Force on Climate Related Financial Disclosures (TCFD) and takes climate risks and opportunities into account when developing strategies and financial plan.

Transparency and compliance are key to high governance standards. Vår Energi has received solid ratings for its ESG reporting but has a clear ambition to improve both performance and disclosure.

Leadership

Executive management

The persons set forth below comprise the senior management team as of 1 November 2022.

Name	Born	Position
Torger Rød	1974	Chief Executive Officer
Stefano Pujatti	1972	Chief Financial Officer
Rune Oldervoll	1971	Executive Vice President Exploration & Production
Ove André Årdal	1967	Senior Vice President Commercial
Aksel Luhr	1954	General Counsel
Tone Rognstad	1967	Senior Vice President People& Communication
Ellen Waldeland Hoddell	1980	Senior Vice President Safety & Sustainability
Ingrid Sølvberg	1970	Executive Vice President Technology, Drilling & Subsurface
Atle Reinseth	1966	Executive Vice President Project Development & SCM

Torger Rød

CEO

Torger Rød is the Chief Executive Officer of Vår Energi. Mr. Rød joined the Company in June 2021. Previously, he was with Equinor for 23 years (including 11 years in executive positions), both in Norway and internationally. Most recently, he served as SVP and Head of Corporate Safety and Security, and prior to that role, he was SVP and Head of Project Development, in which he was responsible for all operated project development deliveries and value creation for Equinor. Mr. Rød holds a Master's of Industrial Economics from the Norwegian University of Science and Technology in Trondheim.

Stefano Pujatti

CFO

Stefano Pujatti is the Chief Financial Officer of Vår Energi. Mr. Pujatti is employed by Eni S.p.A and has been seconded to the Company since 2019. He has more than 20 years of international experience in the oil and gas industry. Previously, he held the position of VP Planning & Control of the Africa sub-Saharan region in Eni S.p.A's headquarters in Italy and has had several international assignments in Eni's major oil and gas subsidiaries, including in Angola, Nigeria and Mozambique, where he held the position of Finance Director. In previous assignments, he headed the planning & control function of the upstream and engineering and construction divisions at the Eni S.p.A headquarters in Rome. Mr. Pujatti began his career as an auditor with KPMG, where he also obtained his CPA qualification. Mr. Pujatti holds a Master of Economy degree from Catholic University in Milan, Italy.

Executive Management cont.

Rune Oldervoll
EVP Exploration & Production

Rune Oldervoll is the Executive Vice President Exploration & Production of Vår Energi. Mr. Oldervoll joined the Company in December 2018. He has more than 20 years of experience working in technical and managerial positions at ExxonMobil, both globally and in Norway. Mr. Oldervoll began working for ExxonMobil just after finishing his studies at the Norwegian University of Science and Technology in Trondheim in 1997. Mr. Oldervoll was seconded to Shell UK working on the Brent decommissioning project prior to joining the Company. He holds a Master's in Mechanical Engineering from the Norwegian University of Science and Technology in Trondheim.

Ove André Årdal
SVP Commercial

Ove André Årdal is the Senior Vice President Commercial of Vår Energi. He serves as Chair of the board of directors for the subsidiary of the Company, Vår Energi Marine AS. He has 30 years of experience in the oil and gas industry, including 17 years working for Eni Norge AS prior to the formation of the Vår Energi. He joined Eni Norge as a Senior Commercial Negotiator in 2001, following which he held several leadership positions within the commercial function, including 13 years as Commercial Manager. From 1992 to 2001, Mr. Årdal worked for Mobil and ExxonMobil in Norway and in the UK as Financial Analyst and Planning and Gas Infrastructure Negotiator. Mr. Årdal holds a Master of Science degree in business and administration from the Norwegian School of Economics in Bergen, Norway.

Aksel Luhr
General Counsel

Aksel Luhr is the General Counsel of Vår Energi. He has more than 40 years of experience in the oil and gas industry. He has held various managerial positions in Eni Norge and Elf (Total) within the areas of legal, commercial, communications and human resources. Mr. Luhr holds the role of regular secretary to the Board of Directors of Vår Energi. He has also worked for the Norwegian Petroleum Directorate and as a diver. Mr. Luhr represents Vår Energi in the International Association of Oil & Gas Producers' Legal Advisory Panel and Offshore Norge's Legal Committee, including membership in the Standard Contracts Board. He was Honorary Vice Consul of Italy in Stavanger till late December. Mr. Luhr has a law degree as cand. jur. from the University of Oslo and is licensed as advocate and member of the Norwegian Bar Association.

Tone Rognstad
SVP People & Communication

Tone Rognstad is the Senior Vice President for People & Communication. She joined the company in 2022 and comes from the role as VP for Project Management and Control in Equinor ASA. During her 15 years as an executive in Equinor ASA, she gained extensive managerial experience within the field of people, leadership and organisational development. She held roles in corporate, shared services and the business areas. Prior to joining Equinor ASA, Ms. Rognstad held various executive leadership positions in General Electric, both in Norway and internationally, within the areas of marketing, risk and operations. Ms. Rognstad holds a bachelor's degree in banking and finance from BI Norwegian Business School.

Executive Management cont.

Ellen Waldeland Hoddell
SVP Sustainability & Safety

Ellen Waldeland Hoddell serves as Senior Vice President Sustainability & Safety of Vår Energi. Ms. Hoddell has 15 years of experience within the oil and gas industry in Norway. She has held several positions within the area of Sustainability and Safety within Eni Norge and Vår Energi, including risk and barrier management, technical and operational safety and emergency preparedness and response. Ms Hoddell graduated with a master's degree in risk management and societal safety from the University of Stavanger in 2010..

Ingrid Sølvberg
EVP Technology, Drilling & Subsurface

Ingrid Sølvberg serves as Executive Vice President Technology, Drilling & Subsurface. She joined Vår Energi in December 2022, having previously served as Director General for the Norwegian Petroleum Directorate (NPD). Prior to this role, she held significant leadership positions in NPD, Centrica and Equinor. She holds a master's degree in marine technology from the Norwegian University of Science and Technology.

Atle Reinseth
EVP Project Development & SCM

Atle Reinseth serves as Executive Vice President Project Development & Supply Chain Management. He joined Vår Energi in October 2022, having previously served as VP Shaping, Improvement and Analyses in project development, among other roles, for Equinor. His experience includes key leadership roles in the public sector and software industry, including with Acergy (succeeded by Subsea 7 S.A.). He holds a Master of Business and Economics degree from the BI Norwegian Business School with a specialisation in procurement and logistics.

Board of Directors

The persons set forth below are the current members of the Board of Directors. The address for each of our directors in relation to their directorship is Vestre Svanholmen 1, 4313 Sandnes, Norway.

Name	Born	Position
Thorhild Widvey	1956	Chair
Liv Monica Bargem Stubholt	1961	Deputy Chair
Francesco Gattei	1969	Board member
Guido Brusco	1970	Board member
Clara Andreoletti	1976	Board member
Marica Calabrese	1978	Board member
Ove Gusevik	1965	Board member
Fabio Ignazio Romeo	1955	Board member
Jan Inge Nesheim	1964	Board member, employee representative
Hege Susanne Blåsternes	1977	Board member, employee representative
Bjørn Nysted	1975	Board member, employee representative
Martha Skjæveland	1966	Board member, employee representative

Thorhild Widvey
Chair

Thorhild Widvey has over 15 years of experience in the Norwegian public and private sectors, with a focus on the energy industry. She is, among other things, former Minister of Petroleum and Energy and State secretary in the Ministry of Foreign Affairs. Thorhild has been chair of Statkraft since 2016, and member of the board at Solstad Offshore.

Former Minister of Petroleum and Energy

Liv Monica Bargem Stubholt
Deputy Chair

Liv Monica Stubholt is Partner at Selmer, a Norwegian corporate law firm, with a focus on ESG, governance and the energy sector. She has previously served as Investment Director at Aker ASA, President and CEO of Aker Seafoods ASA, CEO of Aker Clean Carbon AS, EVP in Kværner ASA, and State Secretary at the Norwegian Ministry of Foreign Affairs and the MPE. Liv Monica Stubholt holds a Master of Laws from the University of Oslo.

Selmer Partner

Francesco Gattei
Board member

Francesco Gattei has over 25 years of experience in the oil and gas industry across various senior roles at Eni SpA Group. He is currently Chief Financial Officer for Eni S.p.A and he has previously served as Upstream Director of the Americas, Head of Investor Relations, Secretary to Eni's Advisory Board, Senior VP of Market Scenarios and Strategic Options, and Head of Upstream M&A. Francesco holds a Master in Energy and Environmental Management from the Scuola Mattei. Furthermore, he earned a degree in Economics and Commerce in 1994 at the University of Bologna with a thesis on the oil market.

Chief Financial Officer

Board of Directors cont.

Guido Brusco
Board member

Guido Brusco has over 25 years of experience in the energy business for Eni SpA Group. Since 2022, Guido was appointed Chief Operating Officer Natural Resources for Eni S.p.A and has previously served as Upstream Director, Executive Vice President for the Sub-Saharan Region, Managing Director of Eni Angola, Managing Director of Agip Caspian Sea and Agip KCO (Kazakhstan). Guido holds a degree cum laude in mehanical engineering from Università La Sapienza, Roma, Italy.

Chief Operating Officer Natural Resources

Clara Andreoletti
Board member

Clara Andreoletti serves as CEO of Eni Next LLC, previously served as Head of Natural Resources Business Support Services, Head of Geosciences & Subsurface Operations Data Management, Head of Prospect and Exploration Projects Validation and Head of West Africa Exploration. She has over 20 years of experience in the oil and gas exploration and development sector at Eni SpA Group.

CEO of Eni Next LLC

Marica Calabrese
Board member

Marica Calabrese has about 20 years of experience in the energy sector at Eni SpA Group. She currently serves as Head of Resources Development Integrated Studies Africa Region at Eni S.p.A. Between 2017 and 2019 she worked in the M&A department at Eni S.p.A where she was in charge of following M&A opportunities from origination, through negotiation, up to closing of the deal. She spent the first 14 years of her career in the Upstream Division of Eni S.p.A in the Reservoir Department and in Eni Norge AS. Marica holds a degree cum Laude in Environmental Engineering from Politecnico di Milano and a master's degree with honours in Petroleum Engineering from Imperial College of London.

Head of Resources Development Integrated Studies Africa Region

Ove Gusevik
Board member

Ove Gusevik is senior partner at HitecVision, which he joined in 2021 from his role as Head of Investment Banking at SpareBank1 Markets. He holds a Master of Science degree in economic history from the London School of Economics as well as an MBA from the Middlebury Institute of International Studies in Monterey, California, where he was a Fulbright Scholar. He also holds a BA degree from the University of Agder. Further, he completed the officer training programme in the Norwegian Army during his military service. Ove Gusevik brings more than 30 years of investment banking experience, including being one of the founders of First Securities and serving as CEO Norway and Nordic Head of Energy at Alfred Berg ABN AMRO. His experience also includes being Chairman and board member of companies at the Oslo Stock Exchange. He has played a leading role in many of the largest energy industry transactions in Scandinavia, including within the oil and gas sector.

Senior Partner

Fabio Ignazio Romeo
Board member

Fabio Romeo is currently the Chairman for Oman Cables. He holds an undergraduate degree in electrical engineering from Politecnico di Milano, and a graduate degree and doctorate in electrical engineering and computer science from the University of California, Berkeley. Romeo worked as Chief Strategy Officer in Prysmian Group S.p.A. from January 2014 to April 2021.

Oman Cables Chair

Board of Directors cont.

Jan Inge Nesheim
Board member, employee representative

Jan Inge Nesheim has worked offshore for Vår Energi for more than 20 years. He holds the position as Discipline Responsible Mechanical at Balder. Prior to joining the Company, he worked offshore for other companies. During recent years, he has been an employee representative for the trade union SAFE, as well as the head of the trade union. Previously, Nesheim has represented the employees in numerous committees, such as the Working Environment Committee and the Works Council.

vår energi

Discipline Responsible Mechanical

Hege Susanne Blåsternes
Board member, employee representative

Hege Susanne Blåsternes has worked for Vår Energi since 2019. She currently holds the position of Vice President E&P Improvement, and previously served as Exploration Manager in the Norwegian Sea and Asset Manager in POA. She has 20 years' experience in exploration and received a master's degree in petroleum geophysics from the University of Bergen in 2002. She serves on the Board of Directors as an employee representative from Tekna.

vår energi

Vice President E&P Improvement

Bjørn Nysted
Board member, employee representative

Bjørn Nysted has worked for Vår Energi since 2019. He currently holds the position as Vice President HSSE in Project & Operations in the Safety & Sustainability department. He has over 25 years' of experience in the Norwegian oil and gas industry, having worked in various roles from engineering to HSE and project management. He has previously worked for several different operator companies. Bjørn received a bachelor's degree in fire dynamics from Høyskolen Stord/Haugesund in 1997. He serves on the Board of Directors as an employee representative from NITO.

vår energi

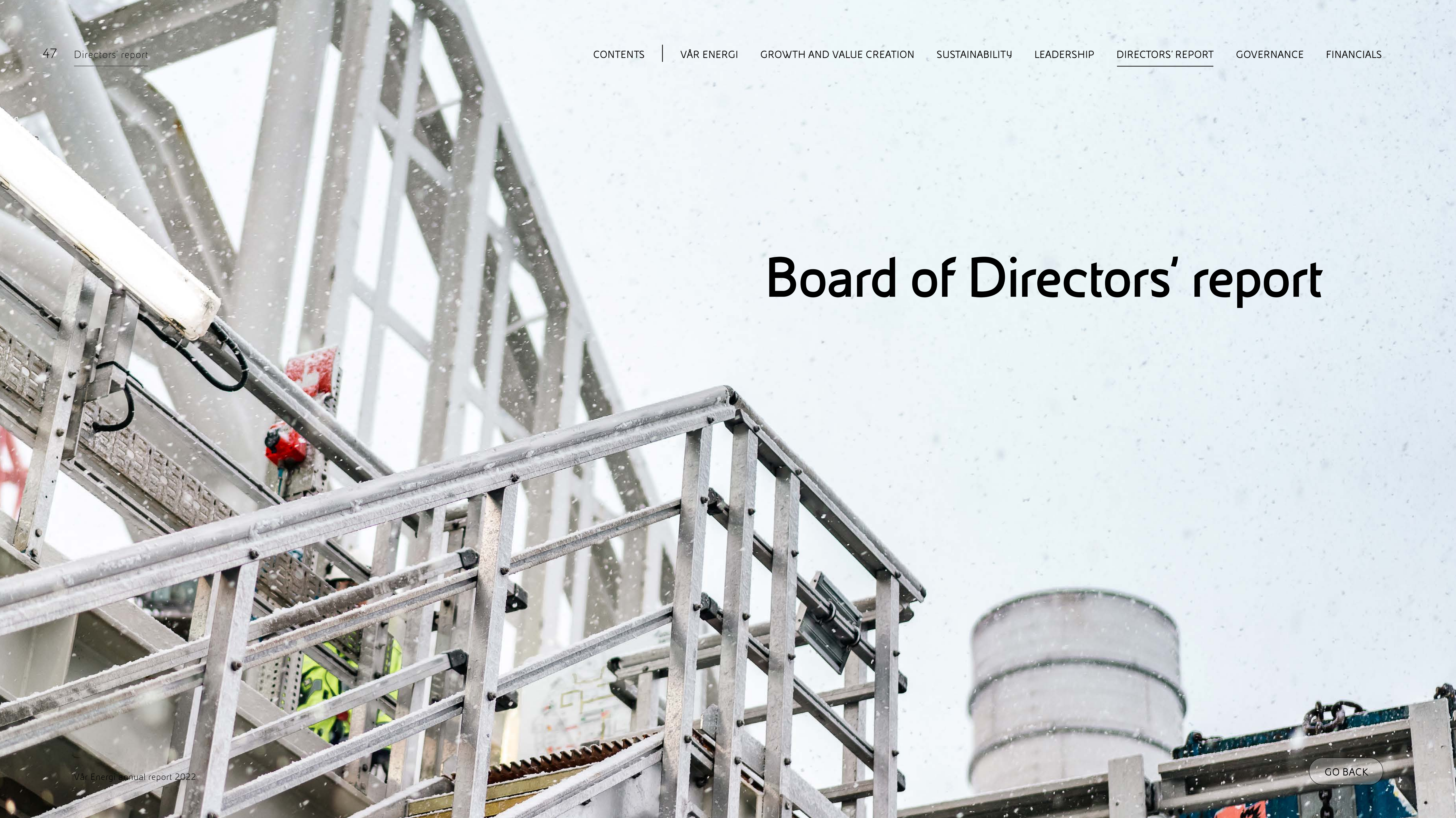
Vice President HSSE Project & Operations

Martha Skjæveland
Board member, employee representative

Martha Skjæveland has worked for Vår Energi since 2006. Martha has more than 30 years of experience in the oil industry and across drilling, operations, projects, service companies and commercial. Martha has been the leader of the union Industri Energi within Vår Energi since 2010. She was also Eni Norge's representative in the Eni Corporate European Works Council from 2011 to 2018, and deputy Board Member of Eni Norge's board of directors from 2016 to 2018.

vår energi

Administration Assistant Commercial



Board of Directors' report

Board of Directors' report

Vår Energi ASA is a leading independent upstream oil and gas company on the Norwegian continental shelf (NCS). The Company holds strategic positions in some of the most productive and profitable production regions across the entire NCS. In 2022, the Company made good progress in developing and executing its strategy for long-term value creation as a leading, growing and profitable oil and gas company and thereby delivering value for its stakeholders and shareholders.

Vår Energi was founded in 2018 following the merger of Eni Norge AS and Point Resources AS. On 16 February 2022, the Company was listed on Oslo Stock Exchange (OSE) under the ticker "VAR".

Vår Energi expects that oil and gas will continue to play a fundamental role in the global energy mix for decades to come and is committed to delivering sustainable growth and value creation on the NCS. This is reflected in Vår Energi's vision statement: Committed to deliver a better future.

To deliver on the Company's main business objectives, the Board of Directors and management has defined the following strategic priorities going forward: 1) Be the safest operator with leading ESG performance, 2) Cultivate a robust portfolio positioned for further growth, 3) Drive operational excellence across our portfolio, 4) Be the partner of choice in everything we do and 5) Foster a high performing organisation. The Company has a target of becoming a net zero producer measured by Scope 1 and 2 emissions by 2030.

The combination of good operational performance and high commodity prices during the year led to a strong financial performance for Vår Energi reflected in record cash flow from operations and an increased dividend payment to the Company's shareholders for 2022. During the year, the Company largely refinanced the bridge facility in the US bond market raising a total of USD 2.5 billion. The Company's investment grade credit ratings of BBB from S&P Global and Baa3 from Moody's Investors Service were reiterated, both with a stable outlook.

The Company maintained focus on safe operations with zero serious accidents recorded during in 2022.

Commodity markets were volatile following Russia's invasion of Ukraine in February 2022. These events underline Vår Energi's role as a safe and reliable supplier of oil and gas to Europe and the world amid energy shortages and supply uncertainty. The Company is concerned about the continued conflict and give its deepest support to the Ukrainian people and all of those affected by the crisis.

Operational review

The Company's production of oil, liquids and natural gas averaged 220 kboepd in 2022, a decrease of 10% compared to 246 kboepd produced in 2021. The year-on-year reduction was mainly due to natural field decline, operational challenges leading to unplanned downtime in operated and partner-operated assets and under-delivery from the infill drilling programme. Total volumes produced in 2022 (including fuel and flared gas) were 80 mmboe whereas total volumes sold were 79 mmboe. Oil represented 56% of the production in 2022, with gas and NGL making up 37% and 7%, respectively.

At 31 December 2022, Vår Energi had production from 36 fields. The Company's operated fields, which comprise Balder, Ringhorne, Ringhorne East, Goliat and Marulk, delivered 18% of the production and the remainder came from partner-operated fields. Production efficiency for the operated fields was 85% in 2022, a decrease from 87% in 2021 due to scheduled maintenance at Balder, Ringhorne and Goliat.

Production (kboepd)	2022	2021
Balder area	29.5	36.0
Barents Sea	21.1	22.7
North Sea	78.0	86.1
Norwegian Sea	91.4	101
Total	**220.1**	**245.8**

For 2023, the Company expects a production in the range of 210-230 kboepd.

Production cost per boe was USD 13.5 in 2022 compared to USD 12.0 per boe in 2021. Total production cost (produced volumes) in 2022 was USD 1 087 million (+0.2%) compared to USD 1 079 million for 2021. The increase was mainly due to higher environmental taxes, well workovers and maintenance cost offset by foreign exchange rate effects. Transportation and processing costs were lower year over year.

The Company expects a production cost in 2023 of USD 14.5 to 15.5 per boe. Vår Energi has an ambition to reduce the production cost towards USD 8.0 per boe by end-2025 as new projects come onstream and cost savings are realised.

Development projects

Vår Energi is participating in several significant development projects on the NCS which support the Company's ambition of producing more than 350 kboepd by end-2025. Development activity was high with expenditures on property, plant and equipment (PP&E) of approximately USD 2.5 billion in 2022 (USD 2.5 billion in 2021). Investments in the Balder area, Johan Castberg, Breidablikk and the Fenja area represented 69% of PP&E expenditures for the year.

On Balder X, the project is progressing towards planned first oil in the third quarter of 2024. Several milestones were reached during the year and provide a de-risking of the project and basis for the revised schedule and investment estimate announced in September. Work on Jotun FPSO is ongoing at Rosenberg Yard where engineering is nearly complete, and a majority of the equipment packages have arrived and are being installed onboard. Construction work has ramped up and the first sub-systems are already commissioned.

The majority of the subsea production systems are installed offshore. Outstanding campaigns for 2023 have started and 2024 operations are being planned. Drilling is ongoing with four wells completed at year-end. All the 15 planned producing wells are expected to be completed prior to first oil to support a rapid production ramp-up.

The planned start-up of the Johan Castberg field is in the fourth quarter of 2024. The FPSO hull and living quarter modules are currently at Stord (Norway) for topside integration. Twelve of the production wells have been drilled by the end of 2022 and the subsea and marine campaign was completed in November 2022 as planned.

The Breidablikk field is being developed with four subsea templates tied-back to the Grane platform. The project is progressing according to plan with targeted start of production in the first quarter of 2024. At year-end 2022, the High Activity Period (HAP) on Grane topside was ongoing, drilling operations were progressing ahead of plan and preparations for the 2023 subsea campaign were well underway.

The Fenja development project, a subsea tie-back to Njord, is in the final stages of the execution phase and development drilling is finalised. Production start-up is planned during the first half of 2023.

Hywind Tampen started in November 2022 with delivery of renewable power to the Gullfaks platform. The final four of the 11 floating wind turbines are planned to be installed offshore in the second quarter of 2023, with electricity production for the Snorre field expected to start the following quarter.

Exploration

During 2022, Vår Energi engaged in exploration drilling across all sectors of the NCS. The main objective for the exploration activities is to replace and expand the reserve base. This is done through active exploration close to producing assets to optimise the use of existing infrastructure combined with selective high-impact exploration wells in frontier areas.

The 2022 exploration campaign included drilling of seven completed wells (Statfjord Kile, Ormen Lange Deep, Snøfonn, Skavl Stø, Othello North, Lupa and Calypso). Four of the wells confirmed discoveries while three wells were dry, resulting in a success rate of 57% for the year. The Countach well, spudded in late 2022, was confirmed as an oil discovery in February 2023. For 2022, the drilling campaign provided more than 65 million barrels of recoverable oil equivalents in contingent resources.

Three of the successful wells were drilled in the Barents Sea, where the Company has a leading position and a long-term strategic ambition to extend production though infrastructure-led developments. This included the discovery of gas in the operated Lupa well, which was the largest on the NCS in 2022 with combined estimated contingent resources of 57-132 million barrels of recoverable oil equivalents (9-21 billion Sm3 recoverable gas resources).

At year-end, the Vår Energi portfolio totalled 147 licenses of which 48 are operated. In the APA 2022 license award in January 2023, the company was awarded 12 new production licenses, five as an operator.

For 2023, Vår Energi plans to drill about eight exploration wells targeting a total of more than 50 million barrels of risked resources. Four of the wells are operated by Vår Energi. The majority of exploration drilling is in areas close to existing infrastructure, supporting the company's hub strategy and strengthening the foundation for long-term value creation.

Reserves and resources (PRMS)

As at 31 December 2022, Vår Energi's total net proved and probable reserves (2P) were 1 070 mmboe, slightly down from 1 119 mmboe at year-end 2021. The decrease is mainly a function of high production (80 mmboe) in 2022 and an update to the company gas conversion factor (14 mmboe), partly offset by reserve increases/promotions and upward revisions of reserves following more favourable commodity prices during 2022.

Total proved and probable reserves are distributed with 24% in the North Sea, 25% in the Norwegian Sea, 29% in the Balder Area and 22% in the Barents Sea. The Company's proved and probable reserves consisted of 72% oil, 23% gas and 5% NGL.

Total contingent resources (3C) at year-end 2022 were 550 mmboe, a reduction of 12 mmboe when compared with year-end 2021. The Company's five largest fields, Balder/Ringhorne, Åsgard, Johan Castberg, Breidablikk and Snorre combined, amounted to approximately 55% of total proved and probable reserves at year-end 2022.

The Company's reserve life index (RLI) at year-end 2022, calculated based on proved and probable reserves, was 13.3 years (12.5 years in 2021).

[1] Awards in Predefined Areas

Sustainability

Vår Energi is committed to developing sustainable growth opportunities on the NCS and aims to create long-term value by managing resources in a responsible and sustainable manner. As one of the leading oil and gas companies in Norway and a major supplier of energy to Europe, the Company is aware that its activities have both positive and negative effects on the communities and environment around us.

Vår Energi has an ambition of becoming an ESG leader in the oil and gas industry on the NCS. The Company has established a sustainability framework with strategic focus areas that cover main impacts with detailed goals, targets and indicators to measure performance. The Company continually identifies and assesses the actual and potential impacts of its business and activities on sustainable development. Vår Energi supports the UN Sustainable Development Goals (SDGs) and uses them as a framework for the Company's sustainability approach; to create value for stakeholders, while respecting the environment, people and the society.

This is why Vår Energi has made the commitment to deliver a better future, working towards:

- a stable and secure energy supply with lower greenhouse gas emissions
- responsible management of natural resources
- material value creation for the Company's owners and the Norwegian society – based on increased energy production for customers in Europe

Vår Energi supports the goal of the Paris Agreement to limit temperature increases to well below 2°C by reducing greenhouse gas emissions in line with the reduction ambitions for the Norwegian oil and gas industry. The Company also supports the KonKraft strategy as described in "The Energy Industry of Tomorrow on the Norwegian Continental Shelf – Climate Strategy Towards 2030 and 2050" and climate strategy and GHG emission reduction goals are aligned with the KonKraft strategy. The main goals are to reduce absolute greenhouse gas emissions, Scope 1 and 2, by 50% in 2030 and reduce them further to near zero in 2050.

In addition to cutting emissions from own operations, the Norwegian oil and gas industry will gradually create a new and forward-looking energy sector on the NCS. The Company will achieve its targets through execution of its decarbonisation strategy:

- electrification of offshore assets
- implementation of energy efficiency and thus emission reducing measures
- reduce emissions caused by safety flaring, cold venting and processing equipment
- modifications and upgrading of relevant equipment and solutions

Additional information on environmental, social and governance (ESG) topics is provided in the separate sustainability summary of this annual report and in the 2022 Sustainability Report available on www.varenergi.no.

Health, Safety, Security, Environment and Quality (HSSEQ)
Vår Energi's ambition is to be the safest operator on the NCS. This is a corporate priority integrated into company culture and business plans. The health and safety of its employees, contractors and other partners is the top priority for the Company. Vår Energi uses certain key measures to monitor performance and learn from experiences in operations as well as in the industry by requiring the use of the best available technology and sustainable solutions in the Company's and suppliers operations emissions to air, discharges to sea, as well as waste generation are reduced as much as possible.

2022 was characterised by high activity, driven by the Balder X development project and drilling operations. The company's key performance indicator Serious Incidents Frequency (SIF) developed positively in 2022 and the Total Recordable Injury Frequency (TRIF) remained stable.

For 2022, the SIF rate was 1.0, a decrease from 1.3 in 2021. The recorded incidents were all but one classified as serious due to their potential rather than actual consequence. The majority of the incidents were related to dropped objects. The TRIF remained stable and was at year end 3.2. In 2022, Vår Energi recorded several events with higher potential, however no personnel were injured during these events.

Three Tier 1 process safety events were recorded in 2022. The events were related to leaks of hydrocarbon, diesel and hydraulic fluid. None of the events had major accident potential or caused significant harm to people, environment, or assets. One of the events was classified as a significant spill in addition to a Tier 1 safety event, due to Loss of Primary Containment (LOPC)) with direct discharge of crude oil (16.1 m^3) and hydrocarbon gas (24.76 m^3) to sea. Zero Tier 2 incidents were recorded in 2022.

The incidents were managed according to the Company's management system, improvements have been implemented and learnings are shared to enable continuous improvement. Vår Energi focuses on technical integrity and monitors major accident risk and key indicators through the Company's Major Accident Risk Indicator (MARI). To further strengthen the culture and focus on safety, Vår Energi will, together with its contractors, continuously monitor key measures, such as the Always Safe Annual Wheel, the Life Saving Rules and the Company's internal TIR tool (Take Time, Involve, Report).

Vår Energi considers the decarbonisation of oil and gas production a prerequisite to ensuring a resilient business model and driving long-term value creation. The Company has announced operational targets to actively reduce and minimise its environmental impact, with a target of net zero Scope 1 and 2 emissions by 2030. In 2022, the CO_2 emissions intensity for the Company's operated licenses was 9 kg per boe, compared to ~9 kg per boe in 2021.

The Company seeks to minimise impact on the climate and the environment. The HSSEQ policy is based on the principles of precaution, prevention, protection and continuous improvement. The environmental management system is an integral part of the overall management system and certified according to ISO 14001. The Company has set KPIs for environmental performance and monitors progress through monthly and quarterly reports and management meetings. Vår Energi also cooperates with local communities, other operators and national authorities to ensure that operations are conducted in a safe and responsible manner.

Work-related hazards with the potential of injuries and illness are associated with Vår Energi's activities, and the Company works systematically to manage these risks and to conduct business in a manner that protects the health and safety of employees and all others involved. A comprehensive occupational health and safety management system ensures that Vår Energi identifies, understands, mitigates and manages occupational health and safety risks throughout its offshore and onshore activities. The management system is based on regulatory requirements and international, national and industry-specific standards. As part of this, information and training are provided for workers exposed to health and safety risk as further means to protect the individual. Vår Energi promotes a healthy workplace. Offshore and onshore locations offer e.g., healthy food, indoor exercise facilities and company sponsored outdoor leisure activities and cabin rentals. The management system is certified against ISO 45001.

People, organisation and working environment
Vår Energi is run by people. Safeguarding the people working for us will always be the number one priority. The ambition is to be the safest operator on the NCS, and to promote a good working environment and HSE culture at the core of all operations. Vår Energi works actively to promote diversity and non-discrimination as they are key elements in building a robust organisation.

At year-end 2022, Vår Energi employed a total of 1253 employees, where 977 were permanent employees and 276 contract workers. The permanent employees consist of 966 full-time employees and 11 part-time employees. Most of the employees (777) work out of the Company's headquarter at Forus, while 34 employees work out of the Oslo office and 68 from the Hammerfest office. Some are also located at Rosenberg yard or abroad. Of the total number of employees, 372 work offshore. Some of the offshore employees are included in the Forus headquarters and Hammerfest count, as they work out of these locations.

Vår Energi promotes equal opportunities and rights for all based on qualifications, and aims to prevent discrimination due to gender, ethnicity, country of origin, age, sexual orientation, language, disability or religion. The Company's Code of Ethics and procedures have regulations to prevent discrimination related to salary, career promotion and recruiting.

The proportion of women employed at Vår Energi at year-end 2022 was 26%. The current Board of Directors has eight shareholder-elected members of which four are women. In addition, women represent 50% of the four employee representatives on the Board. Women held 40% of the executive management team positions and 28.5% of remaining leadership positions in the Company. During the year, the Company's Gender Balance Task Force, established in 2020, continued to work actively to deliver on the Company's target to reach 40% female employees onshore and 15% female employees offshore, and a ratio of female leaders reflecting the gender balance onshore and offshore. At year-end 2022, 31 nationalities were represented among Vår Energi's employees.

A comprehensive report of equality status as required by the Norwegian Equality and Anti-Discrimination Act, is included in the Diversity and Inclusion statement section of the 2022 Sustainability report available on www.varenergi.no.

Leave of absence due to sickness in 2022 was 3.2% (3.8% in 2021). The Company has an overall positive and healthy working environment. According to the Psychosocial Working Environment Survey of 2022. The most positive results in the survey were related to fair leadership, support from co-workers, equality and organisational commitment.

In 2022, aiming for a significant step forward in building a high-performing organisation, the Company has successfully completed a large reorganisation project to enhance flexibility and cooperation across business units, and make the organisation fit for future opportunities and growth.

R&D

Vår Energi's research and development (R&D) activities seek to provide advanced technical solutions to support Vår Energi's growth, operational excellence and ambition to be the safest operator with leading ESG performance. The R&D strategy sets clear and coherent R&D goals that echoes the company's commitment of always operating in line with the UN's 17 SDGs in all business activities.

The R&D strategy is defined to meet the Company's technology objectives in the following five key areas:

- Safety and environmental protection
- Decarbonisation
- Successful exploration
- Operational excellence
- Maximise recovery

Vår Energi collaborates in several large-scale national projects, run by Norwegian Research Institutes, and jointly funded by other operators and the Research Council of Norway:

- Low Emission Centre, run by SINTEF, which develops concepts for offshore energy systems and integration with renewable power production technologies.
- Norwegian CCS Research Centre (NCCS), run by SINTEF, which seeks to develop cost-efficient carbon capture and storage (CCS), required to meet global climate targets while maintaining security of energy supply.
- DigiWells SFI: Digital Well Centre for Value Creation, Competitiveness and Minimum Environmental Footprint run by NORCE, which seeks to enable more efficient drilling with less emissions by developing new knowledge, methods and innovative solutions to improve the well delivery process through digitalisation, automation and autonomy.
- HYDROGENi is a Norwegian Centre for Environment-friendly Energy Research (FME), run by SINTEF, which focuses on hydrogen and ammonia research and innovation: one of two Norwegian FMEs that were started in 2022, to put Norway on the map when it comes to hydrogen.

In 2022, Vår Energi R&D invested across the full value chain in a balanced portfolio of projects directly aligned with the business needs and strategy. Some further examples from the new activities include circular economy with additive manufacturing and digital inventory; use of alternative fuels in maritime offshore; maturing knowledge in the hydrogen value chain; improved subsurface understanding; and developing knowledge and new methods for cost efficient drilling and P&A.

Financial review

Declaration regarding the financial statements

The Board of Directors believes that the financial statements provide a true and fair view of the Company's result for 2022 and the financial position at year end.

Profit and loss

Total income in 2022 was USD 9 828 million (+62%) compared to USD 6 073 million in 2021. Petroleum revenues in 2022 amounted to USD 9 781 million, up from USD 6 043 million in 2021. The increase in petroleum revenues was mainly due to higher oil and gas prices realised in 2022. Total other operating income in 2022 was USD 47.1 million (USD 29.4 million).

Total volumes sold were 78.8 mmboe, compared with 85.2 mmboe in 2021. Realised average price per boe amounted to USD 124.1 in 2022, an increase from USD 70.9 in 2021.

Total 2022 production cost (sold volumes) was USD 1 143 million, compared to a restated USD 1 141 million in 2021.

Exploration expenses in 2022 were USD 72 million, an increase from USD 57 million in 2021. The increase is mainly related to higher dry well expenses in 2022 compared to previous year.

Depreciation and amortisation amounted to USD 1 448 million in 2022, a decrease from USD 1 705 million in 2021. Impairment losses in 2022 amounted to USD 658 million. In 2021, impairment losses and reversals amounted to USD 1 million. Impairment is recognised when the book value of an asset or a cash-generating unit (CGU) exceeds the recoverable amount. Impairment is correspondingly reversed if the conditions for the impairment are no longer present (except for goodwill). The impairment losses in 2022 are mainly related to three CGUs; Balder Area, Brage and Morvin. Other operating expenses were USD 137.7 million in 2022 (USD 110.5 million).

Operating profit for 2022 was USD 6 369 million compared to an operating profit of USD 3 059 million in 2021.

2022 net financial expenses were USD 116 million, a decrease from USD 269 million in 2021. Vår Energi recognised a net foreign exchange loss of 397 million, compared to a loss of USD 142 million in 2021. The 2022 tax expense was USD 4 919 million, compared to a tax expense of USD 1 992 million in 2021.

Total profit in 2022 was USD 936 million compared to USD 654 million recorded in 2021.

Financial position

Total assets as at 31 December 2022 amounted to USD 18 797 million, compared with USD 19 799 million a year earlier. Total non-current assets were USD 17 077 million, a reduction from USD 18 326 million at end of 2021.

Net additions in tangible assets in 2022 amounted to USD 701 million and related mainly to the Company's investments in its production facilities, development projects and exploration activities and currency translation effects. Total depreciation and impairment charges amounted to USD 2 106 million.

Total current assets increased to USD 1 720 million from USD 1 473 million in 2021. The increase was mainly caused by higher cash and cash equivalents.

The cash position at year end was USD 445 million, up from USD 224 million in 2021. In addition, at year end 2022, the Company had USD 3 600 million in undrawn credit facilities bringing total available liquidity to USD 4 045 million.

Total equity as at 31 December 2022 was USD 1 482 million, down from USD 1 516 million at end of 2021. This corresponds to an equity ratio of 7.9% compared to 7.7% the previous year.

Total non-current liabilities at year-end were USD 14 007 million (USD 16 062 million), reflecting a reduction in interest-bearing loans and borrowings and strong cash flow from operations in 2022. Total current liabilities were USD 3 309 million (USD 2 221 million), reflecting an increase in taxes payable and current interest-bearing loans.

Total interest-bearing debt (including leasing) was USD 3 165 million at year-end 2022, a decrease from USD 5 152 million in 2021. EBITDAX was USD 8 547 million in 2022 and free cash flow (FCF) amounted to USD 3 089 million. Due to the strong cash flow generated in 2022 the Company reduced its leverage ratio (NIBD/EBITDAX) to 0.3x at year-end 2022 from 1.0x a year earlier.

Cash flow

Cash flow from operating activities (CFFO) was USD 5 682 million (+24%) compared to USD 4 580 million in 2021. The increase in operating cash flow was mainly due to increased profit due to higher product prices. The difference between CFFO and operating profit is mainly explained by depreciation and amortisation in the period, impairment and tax payments.

Net cash used for investment activities was 2 663 million in 2022 compared to USD 2 633 million in 2021. Expenditures on property, plant and equipment were USD 2 516 million in 2022, stable from USD 2 480 million in 2021.

Net cash used in financing activities was USD 2 903 million in 2022, compared to net cash used in financing of USD 1 976 million in 2021. The Company's cash position was USD 445 million at 31 December 2022 compared to USD 224 million previous year.

Dividend

Vår Energi's material cash flow generation and Investment Grade balance sheet support attractive and resilient distributions. In 2022, the Company paid a total dividend of USD 775 million. The dividend was paid in quarterly instalments. In February 2023, Vår Energi declared a further dividend of USD 300 for the fourth quarter of 2022, which was distributed to shareholders in March 2023.

Going concern statement

A key objective of the Company is to have sufficient liquidity to be able to finance its operations and investments in accordance with the company's business plan and portfolio commitments. The Board of Directors confirms that the financial statements of the Company have been prepared under the going concern assumption in accordance with the Norwegian Accounting Act, section 3-3-a. The Board of Directors considers Vår Energi as well positioned to continue its operations, based on the current balance sheet, production and cash flow forecasts and projected investments and expenses.

Accounting standards

The accounting policies used in the IFRS Financial Statements for 2022 are consistent with those used in the 2021 Financial Statements, except for a change in valuation of over-/underlift.

EU Taxonomy

Vår Energi will prepare reporting required under the EU Taxonomy Regulation, pending the final processing of the regulation by the EEA Joint Committee and its implementation into Norwegian law. The preliminary analysis indicates that a material share of the Company's revenue and investments are outside the scope of the taxonomy in its current form, but that the activities related to gas production and sales and investments in low-carbon and zero emission activities may qualify as sustainable investments.

Corporate governance

Vår Energi is committed to providing information in an open, transparent, and timely manner to our shareholders and stakeholders. On 16 February 2022, the Company was listed on Oslo Børs (Oslo Stock Exchange - OSE). As of 31 December 2022, Eni International B.V. and Point Resources Holding AS were the two largest shareholders with 63.1% and 20.7%, respectively.

In connection with the listing on Oslo Stock Exchange, The Company adopted and implemented a corporate governance regime which complies with the Norwegian Code of Practice for Corporate Governance dated 14 October 2021 (the "Corporate Governance Code" - www.nues.no). Please see the separate corporate governance section of this annual report for further information.

Information about shareholder matters

The shares of Vår Energi ASA are freely transferable. There are two classes of shares in the company, A and B shares, where B class shares have certain appointment rights in relation to the board. Except for this, all shares carry equal rights. The Company emphasise equal treatment of its shareholders.

The Company has a share saving programme for its employees. The shares are purchased quarterly by DNB after the company has placed a purchase order. DNB buys shares in the open stock market and allocates these quarterly to employees included in the programme.

Agreements covering the debt financing of the company, including both bank financing and senior notes issued, contain standard clauses regarding change of control, which would allow lenders or holders of notes to request repayment if certain restrictions are met.

For more detail on share capital and shareholders see note 23 in the financial statement.

Transparency Act

According to the Transparency Act the Company shall carry out due diligence assessments. These assessments are included in the 2022 Sustainability Report available on www.varenergi.no.

Director and Officer's Liability Insurance

Vår Energi has implemented a Directors and Officers insurance scheme for the Board of Directors and key managers. The insurance covers personal legal liabilities including defence and legal costs.

Reporting of payments to governments

Vår Energi has prepared a report on government payments in accordance with the Norwegian Accounting Act Section 3-3 d) and the Norwegian Securities Trading Act Section 5-5a. It states that companies engaged in activities within the extractive industries shall annually prepare and publish a report containing information about their payments to governments at country and project level. The report is provided in a separate section of the annual report and on the Company's website.

Risks and risk management

Vår Energi's financial and operating results are subject to a variety of risks inherent in the oil and gas business. Many of these risks are outside of the company's control and could adversely affect business activities, the financial and operating results, and/or the Company's financial condition.

The company's corporate risk management framework ensures effective management of threats and opportunities relevant to the business. Managing threats and opportunities is essential to the business planning to achieve Vår Energi's strategic objectives. Implementation of appropriate measures to mitigate risk or capture opportunities is an integral part in Vår Energi's way of working. The framework promotes a bottom-up approach for managing risks arising from the business activities and a top-down approach to support and challenge.

The Board of Directors is responsible for risk management as part of providing strategic oversight and stewardship of the Company. This includes approving the annual budget and four-year business plan, evaluating risks to the delivery of the plan and agreeing financial and operational targets. Key strategic risks and opportunities are reviewed periodically by the executive management and Board of Directors.

The risks described below may impact the Company's business activities, the financial and operating results, and/or the financial condition. Vår Energi's operational, financial, strategic and compliance risks and mitigation of those risks are also described in the Prospectus published in February 2022, available on www.varenergi.no.

Operational risks

The Board of Directors recognises the risks associated with the Company's operational assets. The regulation of activities on the NCS provides a sound framework for managing these risks, and the Company takes an active and responsible approach as a partner. Future production of oil and gas is dependent on the Company's ability to find, or acquire, and develop reserves.

Major operational incidents could occur as drilling, production and decommissioning activities will never be completely risk-free. Further, there are risks related to the integrity of the Company's assets, risks associated with the reported reserves and resources, risks associated with inability to expand reserves or find replacement reserves and risks associated with third-party contractors or operators, as a large share of the Company's assets are operated by others. The Company's risk management includes contingency plans to minimise the potential impact of operational incidents.

Costs of development projects or exploration efforts are also uncertain. As a result of these risks, the Company may incur costs that could adversely affect the Company's financial position or its reputation as a player on the Norwegian Continental Shelf.

Market risks

Vår Energi operates in the crude oil and natural gas market and fluctuations in hydrocarbon prices may therefore impact revenues, reserve estimates, profitability and the rate of growth. Commodity price risks represent the Company's most important market risk. Vår Energi uses commodity price hedging to manage this risk and secure cash flow from sale of crude oil and gas.

At the end of 2022, the Company had established a hedging programme for 2023 with 100% of planned after-tax volumes for oil were covered by monthly settled oil price put options with a strike price of USD 50 per barrel. To align after-tax cash flows and adjust for different tax treatment of financial derivatives and the underlying oil production, 28.2% of the planned production volume is hedged.

Vår Energi uses fixed price contracts for up to 30% of gas sales for down-side protection. Such fixed price transactions have been executed for the three first quarters of 2023.

Financial risks

The Company is exposed to market fluctuations in foreign exchange rates and interest rates. These fluctuations could impact the Company directly or indirectly as they may influence credit-institutions' and investors' appetite to provide loans to, or invest in, the Company.

The Company considers its overall credit risk or financial risk of license partners to be low, and procedures are in place to assess credit risk and financial risks related to existing and new license partners and suppliers. The Company is highly focused on active risk management through hedging, liquidity focus and insurance.

The Company has insured its pro-rata liability on the NCS in line with the best industry practices and has offshore insurance programmes covering the following risks (non-exhaustive):

- Loss of production income
- Physical damage to assets
- Control of well
- Third party liability

Currency risk

Vår Energi is exposed to market fluctuations in foreign exchange rates, as the Company's expenses to a large degree are denominated in NOK, while the income, as well as the price of oil, predominantly is denominated in USD. Exchange fluctuations between NOK and USD may consequently have an impact on the Company's cash flow and financial condition.

Interest rate risk

The Company's financing arrangements is a mix of fixed rate and floating interest rates, where fixed rates dominate (>80%). Vår Energi has currently not entered any arrangements to hedge the interest rate exposure and is therefore exposed to interest rate fluctuations.

Liquidity risk

The Company's future capital requirements depend on many factors, and the Company may need additional funds to fulfil its commitments and further develop exploration and development programmes to support the strategic direction of the Company. Liquidity risk is the risk that the Company will not be able to meet the obligations of financial liabilities when they are due. Vår Energi's liquidity planning is based on short-term (12 months) and long-term forecasts. These are updated regularly, for various scenarios, and form part of the basis for the decision-making by the Company's leadership team and the Board of Directors.

External risk

The business landscape in which the Company operates can change rapidly. The risks of fluctuations in commodity prices are addressed under financial risks, but the Company also faces other external risks that could affect its financial position over time. For instance, there can be no assurance that legislation, including tax regulations, will not be changed in a manner that could adversely affect the Company.

Climate risk

Vår Energi's business and results of operations could be adversely affected by climate change and the adoption of new climate change laws, policies and regulations. Growing concerns about climate change and greenhouse gas emissions have led to the adoption of various regulations and policies and future global policy may be further influenced by climate-related action from both government and third-party organisations. Vår Energi has implemented an Enterprise Risk Management process that is applied at all levels across the entire organisation. The Company is committed to deliver a better future and producing oil and gas in an energy efficient way with low emissions with a key priority that is embedded in the sustainable development goals and strategy.

Other risks

On 24 February 2022, Russia invaded Ukraine. Since then, the war has continued with significant consequences for the global political and economic environment. The invasion is widely condemned in the international community and sanctions have been imposed on the Russian businesses, certain Russian nationals, and the Russian state. The war has caused business disruptions, impacted the global economy and commodity prices, and impacted volatility in international debt and equity markets. Significant uncertainty remains with regards to the extent and duration of military conflict and how it will affect the global economy and markets, as well as the Company's performance over time.

The invasion and subsequent sanctions have had a material impact on global energy markets. Oil and gas prices initially increased from already high levels before the invasion. Russia was a leading exporter of gas, oil, coal and other materials to Europe. Export volumes have since been curbed by damages to infrastructure and sanctions limiting trade. There is significant uncertainty regarding the potential impact on safe and reliable energy supply, as well as to the market prices of oil, gas and other commodities which may impact the Company's future operations and results.

The conflict has also led to an increased awareness to threats to the petroleum sector. High production of oil and gas and high regularity on the Norwegian Continental Shelf is important for European energy security. The Company cooperates closely with the relevant authorities and its partners within the oil and gas industry. Security measures are in place to protect personnel, installations and operations.

Internal control and audit

Vår Energi has established internal control functions to prevent mistakes and frauds related to financial reporting. The internal controls are periodically assessed and modified to comply with changes in the organisation and business activities. A compliance function has been established to monitor internal controls with respect to compliance with internal guidelines and external laws and regulations. Any material deviations from the established internal control design will be reported to the Management, the Risk and Compliance Committee, the Audit Committee and the Board of Directors.

Vår Energi has established an internal audit department that independently provides assurance on the effectiveness of governance, risk management and compliance, including how the first and second lines of control achieve risk management and control objectives. Internal Audit is also responsible for the whistleblowing function within the Company.

Vår Energi's Management System – VEMS

Vår Energi governance and corporate risk management approach is based on the Company's integrated Management System. Vår Energi's Management System (VEMS) is an interactive web-based system available to all personnel working in or for the Company. VEMS is process-oriented, developed around a set of business process maps with supportive links to governing and key documentation including Norwegian regulatory requirements, Company requirements and international standards and procedures. VEMS sets out all mandatory policies, standards and controls necessary to manage key activities and associated risks and thereby ensure that stakeholder's needs and expectations are met or exceeded. VEMS also shows how Vår Energi manages its business through its assets, its processes and its people (organisation) and thereby creates a sound basis for the achievement of the Company's objectives and value creation for stakeholders. Furthermore, VEMS works as a management tool to communicate company requirements and demonstrate compliance with both Norwegian regulatory and corporate requirements.

VEMS is a vital part of the Company culture and essential for facilitating Vår Energi in reaching its objectives. It provides a set of tools for strategic planning and tactical implementation of policies, practices, guidelines, processes and procedures, and common direction and guidance for effective execution of work in all parts of the organisation.

Events after the reporting period

On 10 January 2023, Vår Energi was awarded 12 new production licenses in the 2022 Awards in Predefined Areas (APA) covering mature areas on the NCS, five as operator, increasing the total of licenses to 148. The licenses awarded are considered to have a good strategic fit with Vår Energi's existing license portfolio, strengthening the Company's presence in strategic hubs while also offering attractive opportunities to potentially expand into new prospective sectors on the NCS.

The Company has decided to withdraw from the Barents Blue project as the cooperation agreement expired on 31 January 2023. This decision will not impact Vår Energi's position in the Barents Sea, and the work to find a comprehensive gas export solution continues.

Outlook

Vår Energi has an ambition to deliver value-driven growth to support attractive and resilient long-term dividend distributions. The Company targets production of more than 350 kboepd by end 2025, corresponding to over 50% growth compared to the 2022 production level of 220 kboepd. For 2023 the production guidance is 210 to 230 kboepd.

The end 2025 ambition is based on:

- Material long-lived reserves and resources
- Improved recovery, utilising leading reservoir technology and infill drilling to enhance and drive facilities and reservoir outperformance
- Development of a robust pipeline of sanctioned projects centred around strategic hubs, including Balder X, Johan Castberg and Breidablikk

Growth levers beyond 2025 include maturing and developing unsanctioned projects, continuing to leverage best-in-class NCS exploration capabilities to deliver new potential commercial discoveries and executing on value accretive M&A in hub areas.

Based on the potential for improving operations in currently producing fields and the attractive cost profile in sanctioned developments, Vår Energi has an ambition to reduce production cost per boe to USD 8 by year-end 2025 from USD 13.5 in 2022. This represents a reduction of more than 40%.

For 2023, the Company guidance for development capex is USD 2 400-2 700 million and USD 250 million in exploration and abandonment capex.

To ensure continuous access to capital at competitive cost, retaining Investment Grade credit ratings is a priority for Vår Energi. As such, the Company targets a NIBD/EBITDAX of below 1.3x through the cycle.

Vår Energi's material cash flow generation and investment grade balance sheet support attractive and resilient distributions. The company plans to distribute a dividend of USD 270 million for the first quarter 2023. For 2023, the dividend is planned to be approximately 30% of CFFO after tax. From 2023 and onwards, the Company plans to distribute 20-30% of cash flow from operations after tax, as part of the shareholder distribution policy.

Sandnes, 29 March 2023
The Board of Directors of Vår Energi ASA
Signed electronically

Thorhild Widvey
Chair

Liv Monica Bargem Stubholt
Deputy Chair

Francesco Gattei
Director

Guido Brusco
Director

Clara Andreoletti
Director

Marica Calabrese
Director

Fabio Ignazio Romeo
Director

Ove Gusevik
Director

Martha Skjæveland
Director,
employee representative

Hege Susanne Blåsternes
Director
employee representative

Bjørn Nysted
Director,
employee representative

Jan Inge Nesheim
Director,
employee representative

Torger Rød
Chief Executive Officer

Payments to governments report

Payments to governments is prepared in accordance with the Norwegian Accounting Act Section § 3-3 d) and Securities Trading Act § 5-5 a). It states that companies in the extractive industry are required annually to disclose payments to governments per country and project.

Vår Energi had a tax payment of USD 2 678 million (excluding interest) in corporate tax to the Norwegian Government in 2022. The corresponding tax in 2021 amounted to a repayment of USD 164 million.

Area fees per license paid as operator in 2022 to the Norwegian authorities on behalf of the joint ventures (100% figures) are presented in the table to the right.

Net Profit interest (NPI) payment to the Norwegian authorities amounted to USD 12.7 million in 2022. The NPI payment is related to licenses awarded in the second licensing round and collected by Petoro.

CO_2 and NO_X fees are considered to be taxes paid on consumptions and exempted from this reporting similar to Value Added Taxes.

When companies are required to report payments to government, it is also mandatory to report on investments, sales income, production volumes and purchases of goods and services in the country in which companies have activities within the extractive industries. Vår Energi operates only on the Norwegian Continental Shelf. This reporting requirement is therefore deemed to be met by the financial statements as specified below:

- Total net investments in 2022 amounted to USD 2 663 million, as specified in the cash flow analysis in the financial statements
- Petroleum revenues in 2022 amounted to USD 9 781 million, as specified in Note 5 to the financial statements
- Total production in 2022 was 80 319 thousand barrels of oil equivalents, as specified in Note 6 to the financial statements

For information about purchases of goods and services, reference is made to the Income Statement and the related notes.

Area fees paid / (refunded)

(USD thousand)

License	Amount
PL393 [1]	3 593
PL229	1 924
PL489	1 319
PL229E	604
PL122	572
PL027	486
PL028/ PL028S	171
PL001	191
PL001 CS/DS	95
PL027 FS	28
Total [1]	**8 983**

[1] A total of USD 6 391 thousand refers to area fee 2023, whereas USD 626 thousand refers to area fee for the period of 05.22 to 05.23. For PL393, the area fee was USD 1 754 thousand for each of the years 2022 and 2023, paid in 2022.

Corporate governance

Corporate governance report

Vår Energi is committed to provide information in an open, transparent, and timely manner to its shareholders and stakeholders. On 16 February 2022, the Company was listed on Oslo Børs (Oslo Stock Exchange - OSE). As at 31 December 2022, Eni International B.V. and Point Resources Holding AS were the Company's two largest shareholders with 63.1% and 20.7%, respectively.

1. Implementation and reporting on corporate governance

In connection with the listing on Oslo Stock Exchange the Company adopted and implemented a corporate governance regime compliant with the most current version of the Norwegian Code of Practice for Corporate Governance (the "Corporate Governance Code") dated 14 October 2021.

The Board of Directors has approved a "The Corporate Governance Policy" (the CG Policy) which is based on the Corporate Governance Code issued by the Norwegian Corporate Governance Board (www.nues.no). The CG Policy addresses the framework of guidelines and principles regulating the interaction between the Company's shareholders, the Board of Directors, the CEO and the Company's executive committee. The CG Policy supplements the Company's Code of Ethics and other Policies and Management System Guidelines (MSGs).

The Board provides a report on the Company's corporate governance practices in the annual report which addresses each individual section of the Corporate Governance Code based on the "comply or explain" principle should the Company's practices differ from the recommendation of the code. As at 31 December 2022, the Company deviated from section five of the Corporate Governance Code:

- The Company has two share classes with deviating voting rights in respect of Board elections, whereby the holder of the Class B shares shall be entitled to appoint four of the shareholder-elected directors to the Board of Directors. There are no specific measures in place regulating the exercise of the influence which follows from holding a majority of the shares in the Company.

2. The business

Vår Energi ASA is a leading independent upstream oil and gas company. The Company's business is as defined by article 3 in the Articles of Association, last updated 15 February 2022.

"The business of the company is exploration for and production and sale of oil and gas and other business in connection therewith. The business of the Company may be operated through participation in other companies."

The Board of Directors has established objectives, strategies and risk profile for Vår Energi's activities within the scope of the definition of its business, to create value for its shareholders in a sustainable manner, also considering economic, social and environmental factors. The company's objectives, strategies and risk profile are subject to annual review by the Board. The company's objectives, principal strategies and corporate responsibility framework are further described in the annual report and sustainability report available at www.varenergi.no.

3. Equity and dividends

Equity and capital structure

As of 31 December 2022, the company's equity was USD 1 482 million, which is equivalent to 8% of total assets. The Board of Directors considered the capital structure at year-end to be satisfactory in relation to the company's objectives, strategy and risk profile.

Dividend policy

The Company is committed to create long-term value for its shareholders. Vår Energi targets to distribute dividends of around 20-30% of after-tax operating cash flow (CFFO) quarterly. The dividend will be contingent on the Company's financial position and the business outlook, to ensure that the Company can prudently manage future obligations, business cycles and opportunities for strategic development.

The annual general meeting (AGM) on 4 May 2022 authorised the Board to resolve and declare dividends during 2022 based on the Company's annual financial statements for 2021. The authorisation is valid until the Company's annual general meeting in 2023.

For the financial year 2022, the Company distributed a total of USD 1 075 million in dividends, of which USD 775 was paid during the year, and USD 300 million was distributed in March 2023. The dividends were paid quarterly in line with policy. The dividends were paid in NOK per share, totalling approximately NOK 4.303 per share for the year.

Board authorisations

As at 31 December 2022, the Board held the following authorisations granted by an extraordinary general meeting on 15 February 2022.

- An authorisation to increase the Company's share capital by up to NOK 39 942 500 through issuances of new ordinary shares. The authorisation may be used for the purpose of raising equity capital for investments within the Company's scope of operations and general corporate purposes, or as consideration in connection with acquisitions, mergers, de-mergers or other transactions. The shareholder's preferential rights may be set aside. The authorisation is valid until the AGM in 2023, but at the latest expires on 30 June 2023.
- An authorisation to acquire shares in the Company (treasury shares) for an aggregate nominal value of up to NOK 3 994 250, for use i.e., in connection with incentive programmes as well as to deliver bonus shares pursuant to terms of the Company's IPO. When acquiring treasury shares the consideration per share may not be less than NOK 1 and may not exceed NOK 200. The authorisation is valid until 15 February 2024.

4. Equal treatment of shareholders

Pre-emption rights to subscribe

According to the Norwegian Public Limited Liability Companies Act, the Company's shareholders have pre-emption rights in share offerings against cash contribution. Such pre-emption rights may, however, be set aside, either by the General Meeting or by the Board of Directors if the General Meeting has granted a board authorisation which allows for this. Any resolution to set aside pre-emption rights will be justified by the common interests of the company and the shareholders, and such justification will be publicly disclosed through a stock exchange notice from the company. There were no such resolutions in 2022.

Trading in own shares

In the event of a share buy-back programme, the Board of Directors will aim to ensure that all transactions pursuant to such a programme will be carried out either through the trading system or at prevailing prices at Oslo Børs. In the event of such programme, the Board of Directors will take the company's and shareholders' interests into consideration and aim to maintain transparency and equal treatment of all shareholders. If there is limited liquidity in the company's shares, the company shall consider other ways to ensure equal treatment of all shareholders. All shares acquired by Vår Energi during 2022 were acquired through the trading system at Oslo Børs.

5. Shares and negotiability

There are two classes of shares in the Company, where one class (the B shares) has certain appointment rights in relation to the Board, save for this all shares carry equal rights. The Company emphasises equal treatment of its shareholders.

The ordinary shares of the Company are freely transferable on Oslo Børs. The class B shares are not transferable as specified in article 8 of the Articles of Association.

6. General meetings

All shareholders have the right to participate in the general meetings of the Company, which exercise the highest authority of the Company. The AGM shall normally be held before 31 May each year. The 2022 AGM was held on 4 May.

The full notice for general meetings shall be sent to shareholders no later than 21 calendar days prior to the meeting and shall provide the shareholders with sufficient details to make an assessment of all the cases to be considered as well as the relevant information regarding procedures of attendance and voting. The notice and related documents may be sent to or made available for the shareholders by electronic communication, to the extent allowed in the Company's articles of association.

Notices for general meetings shall provide information on the procedures shareholders shall observe in order to participate in and vote at the general meeting. The notices set out: (i) the procedure for representation at the meeting through a proxy, including a form to appoint a proxy, and (ii) the right for shareholders to propose resolutions in respect of matters to be dealt with by the general meeting.

The cut-off for confirmation of attendance is set as short as practically possible and the Board will arrange matters so that shareholders who are unable to attend in person, will be able to vote by proxy. A form of proxy will be distributed with the notice.

7. Election committee

The Company has an election committee as set out in the Articles of Association. The extraordinary general meeting on 26 January 2022 appointed the following two members to the election committee with a term until the Company's AGM in 2024: Philip Duncan Hemmens (Chair) and Lars Christian Bacher.

The committee members were appointed considering the interests of shareholders in general. Both are considered independent of the executive management team and the Board.

The instructions for the election committee were issued in 2022 and approved by the Company's general meeting. The committee's main task is to propose to the general meeting (i) candidates to be elected as members of the board other than the members of the board to be elected by the Class B shares, (ii) candidates to be elected as members of the election committee, and (iii) remuneration of the members of the board and the election committee.

Each proposal is justified on an individual basis. All shareholders are entitled to nominate candidates to the Board of Directors, and information on how to propose candidates can be found by contacting ir@varenergi.no.

There have been no meetings in the election committee in 2022.

8. The Board of Directors – composition and independence

Pursuant to article six of the Company's articles of association, the Board has eight members elected by the shareholders at a general meeting, in addition to any employee representatives. Board members shall be elected for periods not exceeding two years at a time, with the possibility of re-election.

At 31 December 2022, the Board of Directors comprised of 12 members, four of which were shareholder-elected, four were appointed by the holder of class B shares and four elected by and among the employees. The Company does not have a corporate assembly.

The Chair of the Board was appointed from the independent directors.

Name	Role	Considered independent of main shareholders	Served since	Term expires	Participation Board meetings 2022	Shares in Vår Energi (direct/ indirect) at 31 Dec 2022
Thorhild Widvey	Chair	Yes	26 Jan 22	AGM 2024	100%	62 142
Liv Monica Bargem Stubholt	Deputy chair	Yes	26 Jan 22	AGM 2024	91%	41 785
Francesco Gattei	Member	No [1]	26 Jan 22	AGM 2024	91%	-
Guido Brusco	Member	No [1]	26 Jan 22	AGM 2024	64%	-
Clara Andreoletti	Member	No [1]	26 Jan 22	AGM 2024	100%	-
Marica Calabrese	Member	No [1]	26 Jan 22	AGM 2024	100%	-
Ove Gusevik	Member	No [2]	26 Jan 22	AGM 2024	100%	-
Fabio Ignazio Romeo	Member	Yes	26 Jan 22	AGM 2024	91%	-
Jan Inge Nesheim	Employee rep. [3]		26 Mar 20	AGM 2024	100%	22 587
Martha Skjæveland	Employee rep. [3]		04 May 22	AGM 2024	100%	4 870
Bjørn Nysted	Employee rep. [3]		04 May 22	AGM 2024	100%	19 076
Hege Susanne Blåsternes	Employee rep. [3]		04 May 22	AGM 2024	100%	5 901

[1] Affiliated with the largest shareholder Eni International B.V.
[2] Affiliated with the second largest shareholder Point Resources Holding AS
[3] Elected by and among employees

All of the shareholder-elected members of the Board of Directors are considered independent of the company's executive management and material business contacts.

The Board has the necessary competence to act independently and function well as a team. Information on the expertise of the members of the Board of Directors is included in the Company's annual report and the website. The Board considers its composition to be diverse and reprepresents required competencies and capacities including financial and industrial experience. Board members are encouraged to own shares in the Company.

9. The work of the Board of Directors

The Board of Directors is responsible for the overall management of the Company and shall supervise the Company's day-to-day management and the Company's activities in general.

Responsibility of the Board of Directors

The Board prepares an annual plan for its work with special emphasis on goals and strategy. The Board's primary responsibilities shall be (i) participating in the development and approval of the Company's strategy, (ii) performing necessary control functions and (iii) acting as an advisory body for the executive management team. Its duties are not static, and the focus will depend on the Company's ongoing needs. The Board is also responsible for ensuring that the operation of the Company is compliant with the Company's values and ethical guidelines. The chair of the Board is responsible for ensuring that the Board's work is performed in an effective and correct manner.

The Board ensures that the Company has proper management with internal distribution of responsibilities and duties. A division of work has been established between the Board and the executive management team. The CEO is responsible for the executive management of the Company.

All members of the Board receive regular information about the Company's operational and financial development. The Company's strategies are subject to regular review and evaluation by the Board. The Board shall prepare an annual evaluation of its work. In 2022, the Board conducted a total of 11 Board meetings. Reference is further made to the Rules of Procedures for the Board of Directors of Vår Energi ASA.

Transactions with related parties

Any transactions, agreements or arrangements between the Group and the Company's shareholders, members of the Board, members of the executive management team or close associates of any such parties may only be entered into as part of the ordinary course of business and on arm's length market terms. All such transactions shall, where relevant, comply with the procedures set out in the Norwegian Public Limited Liability Companies Act and the Corporate Governance Code. Note 30 of the Company's financial statements provides further information about transactions with related parties in accordance with applicable accounting principles.

Board members shall immediately notify the Board and members of the executive management team shall immediately notify the CEO (who, where relevant, will notify the Board) if they have any material direct or indirect interest in any transaction to be entered into by the Group.

The Board of Directors' consideration of material matters in which the chairman of the Board is, or has been, personally involved, shall be chaired by some other member of the Board. There were no such cases in 2022.

Sub-committees of the Board of Directors

Audit committee

The Board has established an Audit Committee in accordance with the rules of the Norwegian Public Limited Liability Companies Act and the listing rules of the Oslo Stock Exchange (OSE). The Board has issued instructions to the Audit Committee, last updated 15.02.2022.

As at 31 December 2022, the Audit Committee comprised of Liv Monica Stubholt (Chair), Ove Gusevik, Francesco Gattei and Bjørn Nysted. A majority of the members are independent of the company's executive management, and at least one member has qualifications within accounting or auditing.

The audit committee's objective is to act as a preparatory body in connection with the Board's supervisory roles with respect to audit, financial reporting and the effectiveness of the Company's internal control and risk management system, as well as other tasks assigned to the committee in accordance with the provisions set forth in the audit committee instructions.

The Committee supports the Board in the administration and exercise of its responsibility for supervision in accordance with applicable provisions of the Norwegian Public Limited Liability Companies Act and other relevant legislation.

In 2022, the Audit Committee conducted a total of seven meetings with 100% participation.

Remuneration committee

The Board has established a Remuneration Committee. The committee reviews and recommends to the Board the remuneration policy for the Company's Executive and Senior Management, and provides general advice related to compensation.

As at 31 December 2022, the Remuneration Committee comprised of Thorhild Widvey (Chair), Guido Brusco and Martha Skjæveland.

In 2022, the Remuneration Committee conducted a total of three meetings with 100% participation.

Safety & Sustainability committee

The Board has also established a Safety & Sustainability committee to assist the Board in reviewing the performance of the Company within safety and sustainability.

As at 31 December 2022, the Safety & Sustainability Committee comprised of Marica Calabrese (Chair), Fabio Ignazio Romeo, Jan Inge Nesheim and Hege Susanne Blåsternes.

In 2022, the Safety & Sustainability Committee conducted a total of two meetings with 100% participation.

The Board's evaluation of its own work

The Board of Directors conducts an annual assessment of its performance and expertise, which is presented to the Election committee. As there have been no meetings in the Election committee during 2022, the annual assessment has not been shared with the Election committee.

10. Risk management and internal control

The Board shall ensure that the Company has sound internal control and risk management routines that are appropriate in relation to the extent and nature of the Company's activities. Risk management and internal control routines shall also encompass the Company's corporate values and ethical guidelines. Reference is further made to the Policy on HSSEQ as approved by the Board on 16 September 2020 and the Code of Ethics approved by the Board on 24 October 2022. Both documents are available at www.varenergi.no.

The objective of the risk management and the internal control system is to manage exposure to risks in order to ensure successful conduct of the Company's business, to support the quality of its financial reporting and ensure compliance with laws and regulations.

The Board carries out an annual review of the Company's most important areas of exposure to risk and its internal control arrangements. The Company prepares a statement of its financial policy, providing details of the Company's handling of financial risks, hedging, funding policies, etc, which is included in the annual report. The Board also provides an account in the annual report of the main features of the Company's internal control and risk management systems as they relate to the Company's financial reporting.

11. Remuneration of the Board of Directors

The AGM determines the Board's remuneration annually, based on a recommendation from the election committee included in the notice to the general meeting. The remuneration is reasonable and reflects the Board's responsibilities, work, time invested and the complexity of the enterprise. Detailed information on the remuneration of the Board members is specified note 7 of the financial statements.

The Board shall be informed if individual Board members perform tasks for the Company other than exercising their role as Board members. Work in sub-committees is compensated in addition to the remuneration received for Board membership.

12. Salary and other remuneration for executive personnel

The Board, based on proposal from the Remuneration Committee, has issued guidelines for the remuneration of the CEO and the executive management team. The salary level should not be of a size that could harm the Company's reputation or above the norm in comparable companies. The salary level should, however, ensure that the Company is able to attract and retain executive employees with the desired expertise and experience. The guidelines were approved by the AGM on 4 May 2022.

The Board decides the salary, bonus and other compensation of the CEO based on an evaluation of the CEO's and the Company's overall performance. Any fringe benefits shall be in line with market practice and should not be substantial in relation to the CEO's basic salary. The Board annually carries out an assessment of the salary and other remuneration to the CEO. The CEO determines the remuneration of executive employees within the guidelines and instructions provided by the Board. See note 7 of the financial statements for more information on salary and other remuneration for executive personnel.

One member of the Executive committee, the Chief Financial Officer, is employed by ENI SPA and has a separate arrangement with regard to compensation and benefits.

13. Information and communication

The Board and the executive management team assign considerable importance to giving the shareholders relevant and current information about the Company and its activity areas. Emphasis is placed on ensuring that the shareholders receive the same and simultaneous information.

Sensitive information will be handled internally in a manner that minimises the risk of leaks.

The Company has routines for who is allowed to speak on behalf of the Company on different subjects and who is responsible for submitting information to the market and investor community. The CEO, CFO and Head of Investor Relations will be the main contact persons of the Company in such respects.

The Board ensures that the shareholders are given the opportunity to make known their points of view at and outside the general meeting.

Reference is made to the Investor Relations Policy approved by the Board on 15 February 2022 available on www.varenergi.no.

14. Take-overs

In the event of a take-over process, the Board and the executive management team each have an individual responsibility to ensure that the Company's shareholders are treated equally and that there are no unnecessary interruptions to the Company's business activities. The Board has a particular responsibility in ensuring, to the extent possible, that the shareholders have sufficient information and time to assess the offer.

In the event of a take-over process, the Board shall ensure that:

a. the Board will not seek to hinder or obstruct any takeover bid for the Company's operations or shares unless there are particular reasons for doing so;
b. the Board will not undertake any actions intended to give shareholders or others an unreasonable advantage at the expense of other shareholders or the Company;
c. the Board will not institute measures with the intention of protecting the personal interests of its members at the expense of the interests of the shareholders; and
d. the Board shall be aware of the particular duty it has for ensuring that the values and interests of the shareholders are protected.

In the event of a take-over bid, the Board will, in addition to complying with relevant legislation and regulations, seek to comply with the recommendations in the Corporate Governance Code unless there are specific reasons not to. This includes obtaining a valuation from an independent expert. On this basis, the Board will seek to make a recommendation as to whether the shareholders should accept the bid.

15. Auditor

The Company's auditor is PwC. The auditor is appointed by the general meeting and is independent of Vår Energi ASA. The auditor is invited to attend all general meetings.

Each year, the auditor presents to the Board a plan for the implementation of the audit work and a written confirmation that the auditor satisfies established requirements as to independence and objectivity.

The auditor is present at Board meetings that deal with the annual accounts. Whenever necessary, and at least once per year, the Board and/or audit committee meets with the auditor to review the Company's accounting principles, risk areas, internal control routines, etc.

The board has established guidelines for use of the auditor for other services than audit. Only the Company's CEO and/or CFO have the authority to enter into agreements in respect of such counselling assignments.

A review of the auditor's compensation for audit work and remuneration associated with other concrete assignments is presented to the AGM and in note 8 of the financial statements.

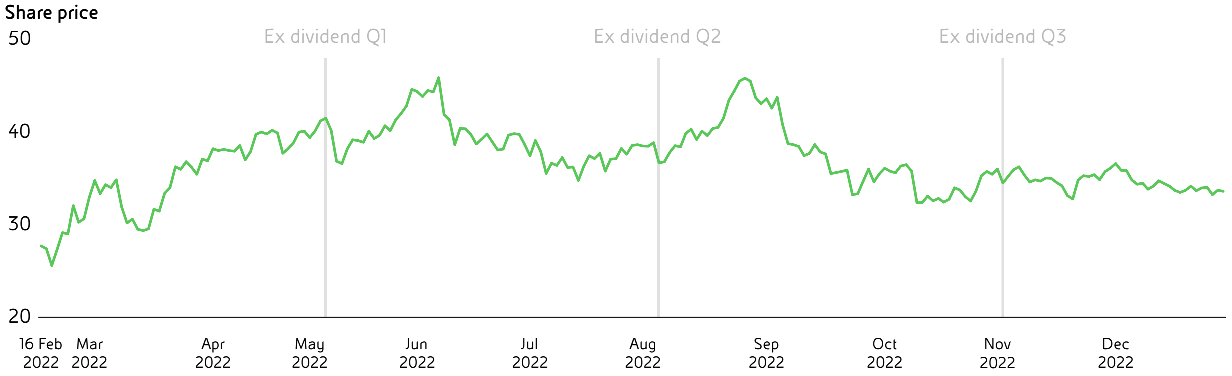
In connection with the auditor's presentation to the Board of the annual work plan, the Board should specifically consider if the auditor to a satisfactory degree also carries out a control function.

Shareholder information

Share price development

Vår Energi ASA has two classes of shares. There were 2 496 406 246 ordinary shares and 4 Class B shares issued at the end of 2022, each with a nominal value of NOK 0.16. The number of shares issued is unchanged since the IPO 16 February 2022.

The Company's shares listed on Euronext Oslo Stock Exchange (OSE) 16 February 2022 at NOK 28.00 per share. In 2022, the shares traded between NOK 25.56 and NOK 47.20 per share. During the year, 1 557.3 million shares were traded in total.



Major shareholders and voting rights

Vår Energi ASA had 29 025 registered shareholders in the Norwegian Central Securities Depository (VPS) on 31 December 2022, up from two shareholders (ENI Sp.A and Point Resources Holding) at the end of 2021. The 20 largest shareholders owned 91%. The percentage of issued shares held by foreign shareholders was 70.27%. All the shares registered by name carry equal voting rights. The shares are freely negotiable.

Vår Energi ASA's 20 largest shareholders as at 31 December 2022

No.	Name	No. of shares	Holding %
1	Eni International BV	1 574 616 035	63.08
2	POINT RESOURCES HOLDING AS	517 635 559	20.74
3	JPMorgan Chase Bank, N.A., London	42 817 057	1.72
4	Folketrygdfondet	18 821 721	0.75
5	JPMorgan Chase Bank, N.A., London	15 688 203	0.63
6	Geveran Trading Co Ltd	12 762 876	0.51
7	State Street Bank and Trust Comp	11 882 536	0.48
8	Verdipapirfondet Alfred Berg Gamba	9 420 000	0.38
9	JPMorgan Chase Bank, N.A., London	9 119 362	0.37
10	JPMorgan Chase Bank, N.A., London	8 131 806	0.33
11	State Street Bank and Trust Comp	7 741 550	0.31
12	Danske Invest Norske Instit. II.	7 570 000	0.3
13	The Bank of New York Mellon SA/NV	5 829 371	0.23
14	Verdipapirfondet KLP AksjeNorge In.	5 756 193	0.23
15	UBS Switzerland AG	4 804 979	0.19
16	Verdipapirfondet DNB Norge	4 676 717	0.19
17	Pareto Invest Norge AS	4 581 338	0.18
18	The Bank of New York Mellon SA/NV	4 156 465	0.17
19	Verdipapirfondet Alfred Berg Aktiv	3 452 790	0.14
20	Verdipapirfondet Alfred Berg Norge	3 287 192	0.13

An overview of the 20 largest shareholders is available on the Vår Energi ASA website, updated daily.

Corporate actions

	Date
Q4 2022 dividend payment of NOK 1.226 per share, totalling USD 300 million	03 Mar 2023
Allocation of bonus shares to eligible investors granted by the Company's shareholders Eni International B.V and Point Resources Holding	23 Feb 2023
Purchase and allocation of 351 152 shares to employee share saving programme	08 Dec 2022
Q3 2022 dividend payment of NOK 1.225 per share, totalling USD 290 million	09 Nov 2022
Purchase and allocation of 236 108 shares to employee share saving programme	07 Sep 2022
Q2 2022 dividend payment of NOK 1.025 per share, totalling USD 260 million	11 Aug 2022
Purchase and allocation of 210 665 shares to employee share saving programme	07 Jun 2022
Q1 2022 dividend payment of NOK 0.827 per share, totalling USD 225 million	12 May 2022
First day of trading on Euronext Oslo Stock Exchange (OSE)	16 Feb 2022

Dividends and dividend policy

Vår Energi ASA is committed to delivering attractive and sustainable returns to its shareholders, enabled by material cash flow generation and an investment-grade balance sheet. For 2022, the Company distributed a total of USD 1 075 million in dividends to its shareholders, paid on a quarterly basis.

From 2023 onwards, the Board of Directors at Vår Energi ASA has introduced a flexible dividend policy whereby the ambition is to distribute 20-30% of cash flow from operations (CFFO) after tax in dividend over the cycle. The dividend level is subject to a quarterly assessment considering the Company's underlying financial performance, macro environment and other eligible factors. For 2023, the dividend is expected to be approximately 30% of CFFO (after tax).

The 2022 AGM granted the Board of Directors an authorisation to resolve and declare dividends based on the Company's annual financial statements for 2021. The authorisation is valid until the 2023 AGM. Dividend is declared on a quarterly basis and paid to shareholders approximately two weeks after date of approval.

Analyst coverage

Nine Nordic and seven international investment banks had active coverage of Vår Energi ASA at the end of 2022. For contact details, please see the company website www.investors.varenergi.no.

General Meetings and Board authorisations

An extraordinary general meeting on 15 February 2022 granted the Board of Directors the following authorisations:

1. Authorisation to increase the share capital by up to NOK 39 942 500 in connection with investments or potential merger and acquisitions
2. Authorisation to acquire treasury shares in Vår Energi ASA for up to a maximum nominal value of NOK 3 994 250 in connection with incentive programmes as well as bonus shares pursuant to terms of the Company's IPO

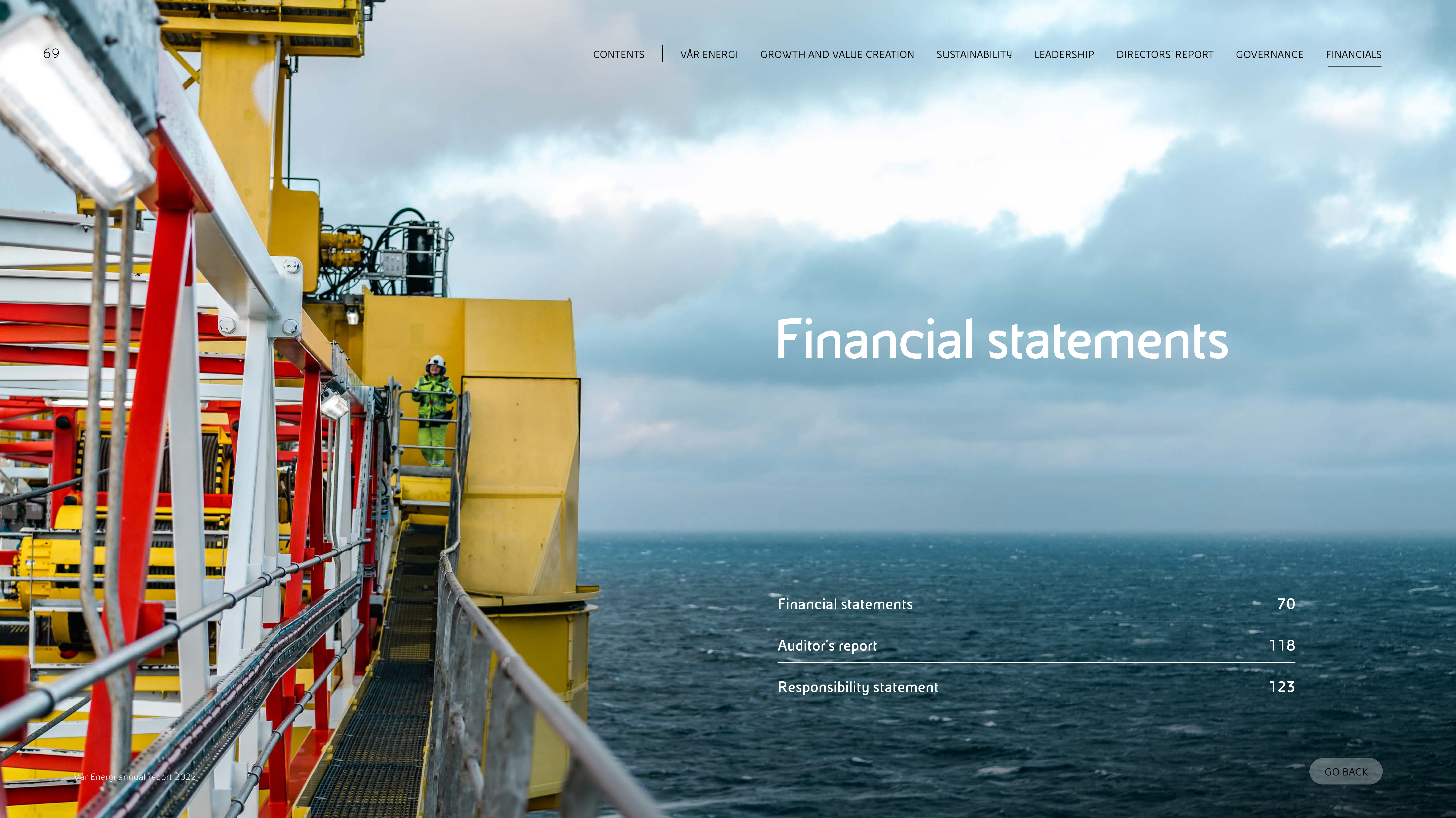
Further information can be found in the minutes from the Annual General Meeting, available from the Company's website www.varenergi.no and www.newsweb.no.

Financial calendar 2023

Event	Date
Full-year and Q4 report, Capital Markets Update	16 Feb 2023
Annual General Meeting	04 May 2023
Interim report - Q1	24 Apr 2023
Half-yearly interim report - Q2	25 Jul 2023
Interim report - Q3	24 Oct 2023

IR Policy

Vår Energi's IR policy can be found at www.varenergi.no.



Financial statements

Financial statements

Statement of comprehensive income

USD 1000, except earnings per share data	Note	2022	Restated 2021
Petroleum revenues	5	9 780 543	6 043 375
Other operating income	5	47 088	29 357
Total income		**9 827 630**	**6 072 732**
Production costs	3, 6	(1 143 139)	(1 141 021)
Exploration expenses	10, 13	(72 063)	(57 138)
Depreciation and amortisation	14, 15	(1 447 966)	(1 704 561)
Impairment loss and reversals	13, 14, 16, 33	(657 922)	(982)
Other operating expenses	9	(137 721)	(110 483)
Total operating expenses		**(3 458 811)**	**(3 014 186)**
Operating profit / (loss)		**6 368 820**	**3 058 546**
Net financial income / (expenses)	11	(115 889)	(269 489)
Net exchange rate gain / (loss)	11	(397 039)	(142 371)
Profit / (loss) before taxes		**5 855 891**	**2 646 687**
Income tax (expense) / income	3, 12	(4 919 489)	(1 992 331)
Profit / (loss) for the period		**936 402**	**654 356**
Other comprehensive income:			
Items that may be reclassified to profit or loss:			
Currency translation differences		(203 234)	(63 113)
Net gain / (loss) on put options used for hedging		5 173	6 919
Other comprehensive income for the period, net of tax		**(198 060)**	**(56 194)**
Total comprehensive income		**738 342**	**598 162**
Earnings per share			
EPS Basic	3, 23	0.38	0.26
EPS Diluted	3, 23	0.38	0.26

Balance sheet statement

USD 1000	Note	31 Dec 2022	Restated 31 Dec 2021
ASSETS			
Non-current assets			
Intangible assets			
Goodwill	13	2 019 512	2 531 897
Capitalised exploration wells	13	225 287	199 981
Other intangible assets	13	93 515	104 520
Tangible fixed assets			
Property, plant and equipment	14	14 562 237	15 188 917
Right of use assets	15	175 423	298 432
Financial assets			
Investment in shares	17	763	853
Other non-current assets		532	1 809
Total non-current assets		**17 077 268**	**18 326 409**
Current assets			
Inventories	18	265 811	301 329
Trade receivables	19, 30	796 317	745 921
Other current receivables and financial assets	3, 20	213 286	201 809
Cash and cash equivalents	22	444 607	223 588
Total current assets		**1 720 020**	**1 472 647**
TOTAL ASSETS		**18 797 288**	**19 799 056**

Balance sheet statement

USD 1000	Note	31 Dec 2022	Restated 31 Dec 2021
EQUITY AND LIABILITIES			
Equity			
Share capital	23	45 972	45 972
Share premium		1 868 181	2 643 181
Other equity	3	(432 582)	(1 173 324)
Total equity		**1 481 571**	**1 515 828**
Non-current liabilities			
Interest-bearing loans and borrowings	24	2 452 589	4 493 426
Deferred tax liabilities	12, 3	8 127 971	7 953 676
Asset retirement obligations	25	3 156 126	3 235 640
Lease liabilities, non-current	29	113 334	216 208
Other non-current liabilities	26	156 544	162 870
Total non-current liabilities		**14 006 564**	**16 061 820**
Current liabilities			
Asset retirement obligations, current	25	60 012	61 536
Accounts payable	30	368 589	422 155
Taxes payable	12	1 778 222	801 432
Interest-bearing loans, current	24	500 000	333 149
Lease liabilities, current	29	99 312	108 880
Other current liabilities	3, 27	503 019	494 256
Total current liabilities		**3 309 154**	**2 221 408**
Total liabilities		**17 315 718**	**18 283 228**
TOTAL EQUITY AND LIABILITIES		**18 797 288**	**19 799 056**

Sandnes, 29 March 2023
The Board of Directors of Vår Energi ASA
Signed electronically

Thorhild Widvey
Chair

Liv Monica Bargem Stubholt
Deputy Chair

Francesco Gattei
Director

Guido Brusco
Director

Clara Andreoletti
Director

Marica Calabrese
Director

Fabio Ignazio Romeo
Director

Ove Gusevik
Director

Martha Skjæveland
Director,
employee representative

Hege Susanne Blåsternes
Director
employee representative

Bjørn Nysted
Director,
employee representative

Jan Inge Nesheim
Director,
employee representative

Torger Rød
Chief Executive Officer

Statement of changes in equity

				Other equity			
USD 1000	Note	Share capital	Share premium	Other equity	Translation differences	Hedge reserve	Total equity
Balance at 1 January 2021 before restatement		**45 972**	**3 593 181**	**(1 595 366)**	**(160 173)**	**(28 737)**	**1 854 877**
Impact of restatement	3	-	-	11 040	639	-	11 679
Balance at 1 January 2021 after restatement		**45 972**	**3 593 181**	**(1 584 326)**	**(159 534)**	**(28 737)**	**1 866 556**
Profit / (loss) for the period		-	-	654 356	-	-	654 356
Other comprehensive income / (loss)		-	-	-	(63 113)	6 919	(56 194)
Total comprehensive income / (loss)		-	-	654 356	(63 113)	6 919	598 162
Dividends paid		-	(950 000)	-	-	-	(950 000)
Other		-	-	1 111	-	-	1 111
Balance at 31 December 2021		**45 972**	**2 643 181**	**(928 860)**	**(222 647)**	**(21 818)**	**1 515 828**
Balance at 1 January 2022		**45 972**	**2 643 181**	**(928 860)**	**(222 647)**	**(21 818)**	**1 515 828**
Profit / (loss) for the period		-	-	936 402	-	-	936 402
Other comprehensive income / (loss)		-	-	-	(203 234)	5 173	(198 060)
Total comprehensive income / (loss)		-	-	936 402	(203 234)	5 173	738 342
Dividends paid		-	(775 000)	-	-	-	(775 000)
Share-based payments	23	-	-	2 401	-	-	2 401
Balance at 31 December 2022		**45 972**	**1 868 181**	**9 943**	**(425 880)**	**(16 644)**	**1 481 571**

Statement of cash flows

USD 1000	Note	2022	Restated 2021
Profit / (loss) before income taxes	3	5 855 891	2 646 687
Adjustments to reconcile profit before tax to net cash flows:			
- Depreciation and amortisation	14, 15	1 447 966	1 704 561
- Impairment loss and reversals	13, 14	657 922	982
- (Gain) / loss on sale and retirement of assets	5	31 721	(2 232)
- Impairment of exploration wells	10, 13	30 600	5 887
- Accretion expenses (asset retirement obligation)	11, 25	94 243	94 733
- Unrealised (gain) / loss on foreign currency transactions and balances	11	81 175	558 940
- Other non-cash items and reclassifications		299 499	(161 069)
Working capital adjustments:			-
- Changes in inventories, accounts payable and receivables		(155 346)	(437 761)
- Changes in other current balance sheet items	20, 27	25 059	34 734
Contingent consideration paid related to prior business combination		-	(30 000)
Income tax received / (paid)	12	(2 686 852)	164 439
Net cash flows from operating activities		**5 681 877**	**4 579 902**

USD 1000	Note	2022	Restated 2021
Cash flows from investing activities			
Expenditures on exploration and evaluation assets	13	(77 050)	(104 318)
Expenditures on property, plant and equipment	14	(2 516 097)	(2 480 298)
Payment for decommissioning of oil and gas fields	25	(70 318)	(70 418)
Proceeds from sale of assets (sales price)		300	24 398
Expenditures on goodwill and other intangible assets		-	(295)
Net cash used on business combination		-	(2 208)
Net cash used in investing activities		**(2 663 165)**	**(2 633 140)**
Cash flows from financing activities			
Dividends paid		(775 000)	(950 000)
Net proceeds from bond issue	21, 24	2 463 523	-
Net proceeds/(payments) of revolving credit facilities	21, 24	(4 020 500)	4 494 104
Net proceeds/(payments) of reserve based lending facility	21, 24	-	(5 335 000)
Payment of other loans and borrowings	21, 24	(300 000)	-
Payment of principal portion of lease liability	29	(110 447)	(43 790)
Interest paid	3	(160 803)	(141 532)
Net cash from financing activities		**(2 903 227)**	**(1 976 218)**
Net change in cash and cash equivalents		**115 485**	**(29 456)**
Cash and cash equivalents, beginning of period		223 588	272 411
Effect of exchange rate fluctuation on cash		105 534	(19 367)
Cash and cash equivalents, end of period		**444 607**	**223 588**

Notes to the financial statements

Note 1 Corporate information

The financial statements of Vår Energi ASA for the twelve months period ended 31 December 2022 were authorised for issue in accordance with a Board resolution on 29 March 2023.

Vår Energi ASA is a public limited liability company incorporated and domiciled in Norway and the Company's shares are listed on Oslo Stock Exchange. The head office is located at Vestre Svanholmen 1, 4313 Sandnes, Norway.

Vår Energi is an independent exploration and production (E&P) company with a diverse portfolio of production, development and exploration assets on the Norwegian Continental Shelf (NCS).

Vår Energi ASA has two subsidiaries per 31 December 2022 which are not consolidated into group accounts for 2022 due to materiality considerations.

Restructuring of subsidiaries directly or indirectly owned by Vår Energi ASA took place during 4Q 2022. Dividends were paid to Vår Energi ASA which reduced investments in subsidiaries to zero. There are no business activities in the two remaining subsidiaries as of 31 December 2022. The balance sheets of the subsidiaries hold tax positions of USD 31 225 thousand which are offset by receivables towards Vår Energi ASA.

Below table show the group structure per 31 December 2022.

Shares in subsidiaries

Name	Business location	Voting/Ownership 2022
Vår Energi Marine AS	Sandnes, Norway	100%
PR Jotun DA	Sandnes, Norway	5%

Shares in subsidiaries indirectly owned

Name	Business location	Voting/Ownership 2022
PR Jotun DA	Sandnes, Norway	95%

Note 2 Summary of IFRS accounting principles

2. Significant accounting policies

2.1 Basis of preparation

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by The European Union (EU).

The financial statements have been prepared on a historical cost basis, except for certain financial instruments that have been measured at fair value. The financial statements have been prepared based on the assumption of going concern.

All figures in the financial statements are presented in USD and all values are rounded to the nearest thousand (000), except when otherwise indicated. Vår Energi's functional currency is NOK, but the Company has chosen to present its financial statements in USD, primarily as this is the common presentation currency among upstream oil & gas companies.

Transactions in foreign currencies are recorded at the exchange rate on the transaction date. Monetary items are valued at year-end exchange rates and the corresponding currency loss/gain is recognised in profit or loss.

For presentation purposes, balance sheet items are translated from functional currency to presentation currency by using spot rates of exchange at the balance sheet date. Items within profit & loss and other comprehensive income are translated from functional currency to presentation currency by using quarterly average exchange rates, or rates at the dates of the transactions if significantly different. For share capital and share premium historical exchange rates are used. I.e. these equity items are not re-translated and the cumulative translation adjustment (CTA) only include the cumulative differences between opening and closing rates on total net assets, and average to closing rates on retained earnings and other performance statement items, such as revaluation gains or cash flow hedging reserves.

Comparative information has been provided for the previous period.

2.2 Summary of significant accounting policies

Revenue and over- and underlift balances

Revenue from the sale of liquids or gas is recognised at the point in time when Vår Energi's contractual performance obligations have been fulfilled and control is transferred to the customer. This will generally be at the time of delivery which is also when title passes to the customer. Revenues are recognised on the basis of volumes lifted and sold to customers during the period (sales method). To the extent the Company has lifted and sold more than its entitled share of production based on the ownership interest, an accrual is recognised at cost. To the extent the Company has lifted and sold less than its entitled share of production, costs are deferred for the underlift

Interests in joint arrangements

Vår Energi has interests in licences on the Norwegian Continental Shelf. IFRS defines a joint arrangement as an arrangement over which two or more parties have joint control. Joint control is the contractually agreed sharing of control which exists only when decisions about the relevant activities (being those that significantly affect the returns of the arrangement) require unanimous consent of the parties sharing control.

Under IFRS 11 Joint Arrangements, a joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities, relating to the arrangement. Vår Energi recognises investments in joint operations (oil and gas production licences) by reporting its share of related revenues, expenses, assets, liabilities and cash flows under the respective items in the Company's financial statements.

For those licences that are not deemed to be joint arrangements pursuant to the definition in IFRS 11 as there is no joint control ("undivided interests"), the Company recognises its share of related expenses, assets, liabilities and cash flows in the same way as under IFRS 11. The terms "joint operations" and "undivided interests" are used interchangeably throughout the financial statements.

Income taxes

Income taxes include current taxes payable or refundable, adjustments of prior years' taxes payable and deferred taxes. The deferred taxes are calculated using the full liability method, under which tax on temporary differences between the carrying amounts of assets and liabilities and their tax bases are recognised. Deferred tax assets are recognised to the extent it is probable that the asset will be realised. An "uncertain tax treatment" is a tax treatment relating to which there is uncertainty whether the relevant tax authority will accept the tax treatment under the local tax law. Uncertain tax positions are recognised and presented as assets or liabilities depending on whether an outflow or inflow of economic resources embodying economic benefits has become probable. Taxes relating to items recognised in OCI are recognised in OCI.

Exploration costs

Exploration drilling costs are treated in accordance with the successful efforts method; each well making the basis for the evaluation. Costs related to exploration wells in progress and exploration wells with finds are capitalised until the evaluation of the well has been completed. Such capitalised costs may remain capitalised for more than one year. The main criteria for keeping exploration costs capitalised are that there is a plan for future activity in the licence area and a development decision is expected in the near future. To the extent that no resources are discovered, or recovery of the resources is considered commercially unviable, the capitalised exploration expenditures are charged to the profit or loss. Other exploration costs, including seismic studies, are expensed as incurred.

Development expenditures

The development phase commences when the licence partners have decided field evaluation. Direct and indirect expenditures and financing costs related to development projects are capitalised.

Property, plant and equipment

Property, plant and equipment (PPE) are measured at depreciated cost adjusted for impairments. Capital spare parts are defined as critical, often tailormade long-lead items purchased in connection with development of a field and are recognised as PPE. Upon disposal or retirement, the difference between any proceeds and the carrying amount is recognised as gains or losses.

Maintenance is expensed as incurred, whereas costs for improving and upgrading production facilities are added to the acquisition cost and depreciated with the related asset.

Depreciation

Offshore installations are depreciated in accordance with the unit-of-production method based on proven reserves (the ratio between annual production quantity and the reserves, whereupon the reserves are updated quarterly). Onshore assets are depreciated over the estimated useful life, according to the straight-line method, 3-15 years.

Impairment

Tangible fixed assets are assessed for potential impairment when events or changes in circumstances indicate that the book value of the assets is higher than their recoverable amounts. The unit of account for assessment of impairment is the lowest level for which independent cash inflows are possible to identify. For oil and gas assets, this is typically the field or licence level, but can also be at a hub level. Impairment is recognised when the carrying amount of the cash generating unit (CGU), including any allocated goodwill, exceeds the recoverable amount. The recoverable amount is the higher of the asset's fair value less costs of disposal and its value in use. When estimating value in use and fair value less costs of disposal, expected future cash flows are discounted to the net present value applying a discount rate after tax that reflects the current market valuation of the time value of money and risks specific to the asset or CGU. The discount rate is derived from a weighted average cost of capital (WACC) determination. For the purpose of impairment testing the lifetime of the field is normally determined to be the time when the operating cash flows from the field becomes negative. A previously recognised impairment can only be reversed if changes to the estimates used for the calculation of the recoverable amount have been observed. Reversals are recognised in profit or loss. After a reversal, the depreciation amount is adjusted on a prospective basis in order to distribute the asset's revised book value, minus any residual value, on a systematic basis over the asset's expected remaining life.

Inventories

Consumable spare parts and drilling stock are measured at weighted average cost. Physical stock of crude oil is measured at production cost.

Asset retirement obligations

Vår Energi recognises an asset retirement obligation (ARO) to the extent it has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the obligation amount can be made. The obligation generally arises when the asset is installed at the field location. Vår Energi recognises its share of the estimated AROs based on its working interest in the various fields both for Vår Energi operated fields and partner operated fields. When the liability is initially recognised, the present value of the estimated costs is capitalised by increasing the carrying amount of the related tangible oil and gas asset and depreciated over the useful life of the asset (generally by the application of the unit-of-production method).

The discount rate used to discount the liability is based on a risk free interest rate that reflects current market assessments and the risks specific to the liability, and does not include the Company's credit risk. The periodic unwinding of the discount is recognised in profit or loss as financial items.

The term of the discount rates used is aligned with the estimated timing of the removal, plugging and decommissioning activities at the fields. Changes in the estimated timing or cost of decommissioning are dealt with prospectively by recording an adjustment to the provision and a corresponding adjustment to assets.

Upon retirement of the Gassled pipelines, the costs of ARO will be recharged to the users (shippers) of the pipelines based on shipped volumes. As a shipper Vår Energi has incurred such liabilities. These liabilities have also been recognised as the net present value of estimated future retirement costs on the basis of accumulated shipped volumes in Other non-current liabilities.

Pension liability

Vår Energi has a defined contribution pension plan that satisfies the statutory requirements in the Norwegian law on required occupational pension ("lov om obligatorisk tjenestepensjon"). Contributions are paid to pension insurance plans and charged to profit or loss in the period to which the contributions relate. Once the contributions have been paid, there are no further payment obligations.

Leasing commitments

At the inception of a contract, Vår Energi assesses whether the contract is, or contains, a lease.

The lease liability is recognised at the commencement date and measured at the present value of the remaining lease payments, discounted using the Company's incremental borrowing rate at the commencement date. The borrowing rate is derived from the terms of the Company's existing credit facilities. RoU assets are depreciated over the lease term.

Vår Energi applies the exemption for short term leases (12 months or less) and low value leases. As such, related lease payments are not recognised in the balance sheet but expensed or capitalised in line with the accounting treatment for other non-lease expenses. The inclusion of non-lease components may vary across different lease categories, but for the most material classes of assets (rigs and supply vessels), the Company has excluded the non-lease components when measuring the lease liability.

Vår Energi, as operator of an unincorporated joint operation, from time to time, enters into a lease contract as the sole signatory and recognises on the balance sheet: (i) the entire lease liability if, based on the contractual provisions and any other relevant facts and circumstances, it has primary responsibility for the liability towards the third party supplier; and (ii) the entire right-of-use asset, unless, the terms and conditions of the joint operation and other arrangements are separately negotiated with the non-operators and effectively extinguish Vår Energi's primary obligation for the lease with the third-party supplier.

If a lease contract is signed by all the partners, Vår Energi recognises its share of the right-of-use asset and lease liability on the balance sheet based on its working interest. If Vår Energi does not have primary responsibility for the lease liability, it does not recognise any right-of-use asset and lease liability related to the lease contract. Whether a contract is entered into on behalf of the licence is subject to a contract specific assessment.

Other lease contracts, such as offices and supply vessels not linked to specific fields, are recognised on a gross basis even when the related cashflows are charged to the licence partners. For such contracts, the partner's share of the costs recovered by the Company are presented as other income.

Operators on licences in which Vår Energi is a partner may enter into lease contracts in their own name at the initial signing, and subsequently formally sublease the related asset to operated licences. In such cases, the sublease will be the basis for determining both the right of use, commencement, and the duration of the lease (and the application of the short-term lease exemption).

Financial assets and liabilities

Vår Energi's financial assets and liabilities comprise non-listed equity instruments, derivative financial instruments (assets and liabilities), receivables, cash and cash equivalents, payables, other current and non-current liabilities. The classification of financial assets and liabilities at initial recognition depends on the financial instrument's contractual cash flow characteristics and the Company's business model for managing them.

Vår Energi classifies its financial instruments in the following categories:
- Financial assets and liabilities at amortised cost
- Derivative financial assets and liabilities designated as accounting hedge instruments (cash flow hedges) for which the effective portion is recognised at fair value through other comprehensive income
- Financial assets at fair value through profit and loss

Vår Energi measures financial assets at amortised cost if both of the following conditions are met:
- The financial instrument is held within a business model with the objective to hold the instruments in order to collect contractual cash flows and the contractual terms of the financial instrument give rise on specified dates to or requires cash flows that are solely payments of principal and interest on the principal amount outstanding. Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment testing. Gains and losses are recognised in profit or loss when the instrument is derecognised, modified or impaired. The Company's financial instruments at amortised cost includes trade receivables and other short-term deposits, trade payables and other current and non-current liabilities. Receivables are initially recognised at fair value less estimated credit losses (impairment losses). Accounts receivables that do not contain a significant financing component are measured at the transaction price determined under IFRS 15.

Derivative financial instruments

Vår Energi uses derivative financial instruments, such as Brent Crude put options, to hedge its commodity price risks on future oil production volumes (cash flow hedges). Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and subsequently re-measured at fair value. The put options are measured using market inputs such as observable forward curves, interest rates and time to maturity. Implied volatilities from market observable option prices are used when the price of the option is modelled. The Company has designated these put options as cash flow hedges relating to expected future production and sales of crude oil, and applied hedge accounting. The effective portion of the gain or loss on the hedging instrument is recognised in other comprehensive income (OCI) and the hedge reserve in equity, while any ineffective portion is recognised immediately in profit or loss. Amounts accumulated in the hedge reserve is reclassified to profit or loss when the hedged transaction affects profit or loss.

Option premiums paid (time value at date of purchase) are treated as cost of hedging and presented in operating expenses when the hedged transaction affects profit or loss, while the intrinsic value ("in-the-money value") on put options exercised are presented in gains on cash flow hedges in petroleum revenues. As option premiums are paid at exercise or expiry they are presented as current liabilities in the balance sheet.

Contracts to buy or sell a non-financial item that can be settled net in cash or another financial instrument, or by exchanging financial instruments, as if the contracts were financial instruments, are accounted for as financial instruments. However, contracts that are entered into and continue to be held for the purpose of the receipt or delivery of a non-financial item in accordance with the Company's expected purchase, sale or usage requirements, also referred to as own-use contracts, are not accounted for as financial instruments. Such sales and purchases of physical commodity volumes are reflected in profit or loss as Petroleum revenues and Other operating expenses, respectively. This is applicable to a number of contracts for the sale of natural gas, which are recognised upon delivery of the volumes.

Cash flow statement

The statement of cash flows has been prepared in accordance with the indirect method. Cash consist of cash, bank deposits and short-term deposits in affiliated banks.

Sale and swaps of assets

Sale of assets on the Norwegian continental shelf are carried out on an after-tax basis according to the petroleum tax act § 10. When entering into agreements regarding the purchase/ swap of assets, the parties agree on an effective date for the takeover of the net cash flow (usually 1 January in the calendar year, which is also normally the effective date for tax purposes).

In the period between the effective date and the completion date, the seller will include revenues and expenditures relating to its sold share of the licence in its financial statements. In accordance with the purchase agreement, there is a settlement with the seller of the net cash flows from the asset in the period from the effective date to the completion date (pro & contra settlement). The pro & contra settlement will result in an adjustment to the seller's losses/gains and to the cost of the assets for the purchaser, in that the settlement (after a tax reduction) is deemed to be part of the consideration in the transaction. Revenues and expenses from the relevant licence are included in the purchaser's profit or loss from the acquisition date.

For tax purposes, the purchaser will include the net cash flow (pro & contra) and any other income and costs as from the effective date. When acquiring licences that are defined as asset acquisitions, no provision is made for deferred tax in accordance with the initial recognition exemption.

A gain or loss related to an after-tax-based sale of assets includes the release of tax liabilities previously recognised related to the assets. The resulting after-tax gain or loss is recognised in full in Other income in profit or loss.

Important accounting judgments, estimates and assumptions

The preparation of financial statements in accordance with IFRS requires management to make judgements, estimates and assumptions that have an effect on the application of accounting principles and the reported assets, liabilities, income and expenses. The main significant judgements management has made regarding the application of accounting principles are the following:

Identifying a lease within joint operating arrangements

When applying IFRS 16 Leases in situations where the asset is being used in a joint arrangement or in relation to an undivided interest, significant judgement is required in determining what party is the primary obligor, whether the arrangement constitutes or contains a lease, commencement date, lease term and whether there is a sublease arrangement.

Oil and gas reserves

Oil and gas reserves are estimated by the Company's experts in accordance with industry standards. The estimates are based on Vår Energi's own assessment of internal information and information received from operators. Reserves are certified by an external party, which also issues an independent reserves report. Oil and gas reserves consist of the estimated quantities of crude oil, natural gas and condensates shown by geological and technical data to be recoverable with reasonable certainty from known reservoirs under existing economic and operational conditions, i.e. on the date that the estimates are prepared. Current market prices are used when establishing the estimates.

Reserves and production volumes are used to calculate the depreciation of oil and gas fields by applying the unit-of-production method. Reserve estimates are also used as basis for impairment testing of licence-related assets and goodwill. Changes in petroleum prices and cost estimates may change reserve estimates and accordingly economic cut-off, which may impact the timing of assumed decommissioning and removal activities. Changes to reserve estimates can also result from updated production and reservoir information. Future changes to oil and gas reserves can have a material effect on depreciation, life of field, impairment of licence-related assets and goodwill, and operating results.

Successful Effort Method - exploration and exploration potential

Expenses relating to the drilling of exploration wells and exploration potential (presented in other intangible assets) are temporarily recognised on the balance sheet as capitalised exploration expenditures and other intangible assets, pending an evaluation of potential oil and gas discoveries. If resources are not discovered, or if recovery of the resources is considered technically or commercially unviable, the costs of exploration wells and exploration potential are expensed. Judgments as to whether these assets should remain capitalised or be expensed at the reporting date may materially affect the operating result for the period.

Fair value measurement

The fair values of non-financial assets and liabilities are required to be determined, for example in a business combination, to determine the allocation of purchase price in an asset deal or when the recoverable amount of an asset or CGU is based on fair value less costs to sell. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use. Vår Energi uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. The fair value of oil fields in the production and development phase is generally based on discounted cash flow models, where the determination of inputs to the models may require significant judgement, as described in the section below regarding impairment.

Impairment/reversal of impairment

Changes in the expected future value/cash flows of CGUs results in impairment if the estimated recoverable amount is lower than the book value (including any allocated goodwill) or the reversal of previously recognised impairments if the recoverable value is higher than the book value (impairment of goodwill is not reversed). Estimation of recoverable amounts involves the use of judgement and assumptions, including the modelling of future cash flows to estimate the CGUs value in use or fair value less costs of disposal.

Impairment assessments require long-term assumptions concerning a number of often volatile economic factors, including future oil prices, oil production, currency exchange rates and discount rates. Such assumptions require the estimation of relevant factors such as long-term prices, the levels of capex and opex, production estimates, decommissioning costs and impact from climate changes. These evaluations are also necessary to determine a CGU's fair value unless information can be obtained from an actual observable market transaction. See individual notes on Property, plant and equipment and intangible assets, including goodwill and note on Impairment for details of impairments.

Asset retirement obligations

There is significant uncertainty in the estimate of ARO. These estimates are based on currently applicable laws and regulations, and existing technologies. Many decommissioning activities will take place decades into the future, and the technology and related costs are expected to evolve over time. The estimates include costs based on expected removal concepts using existing technology and estimated costs of maritime operations, hiring of lifting vessels and drilling rigs. As a result, there may be significant adjustments to the estimates of ARO and associated assets that can affect future financial results.

Income taxes

Income taxes are significant amounts in Vår Energi's financial statements. There may be uncertainties related to interpretation of applicable tax laws and regulations regarding amounts in Vår Energi's filed tax returns. In cases of uncertain tax treatments, it may take a long time to complete the discussions with the tax authorities or to reach resolutions of the appropriate tax positions. The carrying values of income tax related assets and liabilities are based on Vår Energi's interpretations of applicable laws, regulations and relevant court decisions. The quality of these estimates, including the most likely outcomes of uncertain tax treatments, is highly dependent upon proper application of very complex sets of rules and the recognition of changes in applicable rules.

Standards and amendments issued but not yet effective

Certain new accounting standards and amendments to standards are issued, but not yet effective as of 31 December 2022. These standards and amendments are not expected to have a material impact on the Company in the current or future reporting periods.

Note 3 Summary of restatements

Restatements in 2022 include change in presentation of payment of borrowing costs in the statement of cash flows, change in accounting principles for overlift/underlift from Q4 2022 and correction of NGL overlift/underlift.

Restatement of interest paid in cash flow statement

Vår Energi decided during Q2 2022 to change its accounting principles related to presentation of interest payments in the cash flows statement. Interest payments are restated to be shown as financing activities in the statement of cash flows. In prior reporting periods, these cash flows were presented as operational activities. The reason behind the change is that interest payments are directly linked to Vår Energi's financing activities and the change is in line with peers and upcoming changes in IAS 1. Comparative figures have been restated accordingly and the impact on relevant previous periods is included in the table below.

Restating impact on Statement of Cash Flow

Net cash flows from operating activities

USD 1000	2021
Before restatement	4 438 371
Impact of restatement	141 532
After restatement	4 579 902

Net cash from financing activities

USD 1000	
Before restatement	(1 834 686)
Impact of restatement	(141 532)
After restatement	(1 976 218)

Restatement of overlift/underlift of NGL lifted at the Kårstø terminal

Vår Energi has corrected calculation of overlift/underlift of NGL lifted at the Kårstø terminal due to data quality issues in allocation of liftings at field level. Overlift/underlift of NGL from the fields that are lifted at the Kårstø terminal is recognised at the net position of the company's total portfolio. This was previously calculated at field level.

Restatement of overlift/underlift due to change in accounting principles

Vår Energi has elected to change its accounting policy for measurement of overlift to measure both overlift/underlift at cost as we believe this will provide more relevant information about financial performance and financial position of the Company. In addition, this change will also make Vår Energi more comparable to peer companies on the NCS. In prior reporting periods, the overlift was recognised for the fair value / sale price while the underlift was measured at the lower of production cost and sale price.

Comparative figures have been restated accordingly and the impact on relevant comparison periods is included in the table below.

Restating impact on Balance Sheet Statement

USD 1000	Note	01 Jan 2021	31 Dec 2021
Underlift before restatement		142 257	189 105
Impact of restatement		(67 948)	(78 888)
Underlift after restatement	20	74 309	110 217
Overlift before restatement		166 175	317 605
Impact of restatement		(121 034)	(276 428)
Overlift after restatement	27	45 142	41 177
Equity before restatement		1 854 877	1 472 369
Impact of restatement		11 679	43 459
Equity after restatement		1 866 556	1 515 828
Deferred tax before restatement		7 342 952	7 799 594
Impact of restatement		41 407	154 082
Deferred tax after restatement	12	7 384 359	7 953 676

Restating impact on Statement of Comprehensive Income

USD 1000	Note	2021
Adjustment of (over)/under lift before restatement		(116 947)
Impact of restatement		148 960
Adjustment of (over)/under lift after restatement	6	32 013
Income tax (expense) / income before restatement		(1 876 143)
Impact of restatement		(116 188)
Income tax (expense) / income after restatement	12	(1 992 331)
Earnings per share before restatement		0.25
Impact of restatement		0.01
Earnings per share after restatement		0.26

Impact of restatement include both NGL correction and change in accounting policy for measurement of overlift.

Difference between impact in P&L vs. change in equity is related to translation effects.

Note 4 Segment information

Vår Energi operates within the geographical area Norway and the business is entirely related to exploration for and production of petroleum in Norway. Vår Energi's activities are considered to have a homogeneous risk and return profile before tax. Vår Energi operates within a single operating segment which matches the internal reporting to the executive management.

Note 5 Income

Petroleum revenues USD 1000	EU/UK	Norway	2022	2021
Revenue from crude oil sales	4 669 095		4 669 095	3 448 157
Revenue from gas sales	4 423 340	308 942	4 732 282	2 227 332
Revenue from NGL sales	365 029	14 137	379 166	367 885
Total petroleum revenues	**9 457 464**	**323 079**	**9 780 543**	**6 043 375**
Sales of crude (boe 1000) (unaudited)			45 923	49 006
Sales of gas (boe 1000) (unaudited)			27 115	28 011
Sales of NGL (boe 1000) (unaudited)			5 796	8 180

Other operating income (USD 1000)	2022	2021
Gain/(loss) from sale of assets	300	2 232
Partner share of lease cost	13 529	8 001
ExxonMobil settlement	10 882	-
Other operating income	22 377	19 124
Total other operating income	**47 088**	**29 357**

Increase of other operating income mainly reflect final settlement with ExxonMobil related to the 2019 business combination.

Note 6 Production costs

USD 1000		2022	Restated 2021
Cost of operations		701 441	688 120
Transportation and processing		213 551	243 150
Environmental taxes		122 988	101 658
Insurance premium		48 786	46 466
Production cost based on produced volumes		**1 086 766**	**1 079 394**
Back-up cost shuttle tankers		19 245	33 148
Changes in overlift/underlift	3	(2 411)	(32 013)
Premium expense for crude put options	21	39 540	60 492
Production cost based on sold volumes		**1 143 139**	**1 141 021**
Total produced volumes (boe 1000) (unaudited)		80 319	89 732
Production cost per boe produced (USD/boe) (unaudited)		**13.5**	**12.0**

The changes in overlift/underlift are due to timing of liftings vs. production.

Note 7 Staff costs and remuneration

USD 1000	2022	2021
Salary expenses	152 286	195 324
Social security tax (incl. pension and social charges for foreign personnel)	29 766	25 262
Pension cost, defined contribution scheme	14 298	14 976
Other personnel expenses	8 216	4 945
Total	**204 567**	**240 508**
Average number of employees	960	921

The share charged to partners in operated joint ventures amounted to USD 34 176 thousand (USD 41 306 thousand in 2021).

Vår Energi has a defined contribution pension plan that satisfies the statutory requirements in the Norwegian law on required occupational pension ("lov om obligatorisk tjenestepensjon"). Contributions are paid to pension insurance plans and charged to the profit or loss in the period to which the contributions relate. Once the contributions have been paid, there are no further payment obligations.

Employee share savings plan

Vår Energi ASA's share saving program gives employees the opportunity to buy shares in Vår Energi ASA for 5% of the base salary. If the shares are retained for two full calendar years with continuous employment after the end of the saving year, the employees will be awarded a bonus share for each share they have purchased. This will be settled by Vår Energi ASA buying shares in the market. The award is treated as equity settled. In 2022 employees subscribed for USD 4 195 thousand when Vår Energi was listed on the Oslo Stock Exchange 16 February 2022, and USD 2 908 thousand as a part of the share saving plan.

Key management personnel compensation 2022 *

USD 1000, except total number of shares and owing interest	Position	Salary	Annual Variable Pay**	Other	Payment in kind	Pension costs	Long-term incentive plan	Total number of shares	Owing interest
Torger Rød[1]	Chief Executive Officer	682	333	338	2	101	203	107 784	-
Rune Oldervoll	EVP Exploration & Production	303	65	-	9	42	73	46 544	-
Atle Reinseth[2]	EVP Project Development & Supply Chain Management	81	21	68	1	20	-	-	-
Ingrid Sølvberg[3]	EVP Technology, Drilling & Subsurface	-	-	-	-	-	-	-	-
Ove Andrè Årdal	SVP Commercial	252	74	-	8	80	62	23 792	-
Tone Rognstad[4]	SVP People & Communication	223	76	130	2	36	63	29 434	-
Aksel Luhr	General Counsel	238	68	-	2	33	58	28 252	-
Ellen W. Hoddell[5]	SVP Safety & Sustainability	34	46	-	1	8	51	11 947	-
Stefano Pujatti[6]	Chief Financial Officer	453	73	-	40	-	-		-
Ove Mikal Helle	SVP Internal Audit	242	57	-	9	34	58	15 699	-
Tor Tangvald	VP internal Audit	261	70	-	2	102	-	-	-
Charlotte Vedø[7]	VP Corporate Services	201	43	-	8	54	-	-	-
Alessandro Barberis[8]	VP Exploration	270	28	-	36	-	-	-	-
Ørjan Jentoft[9]	VP Partner Operated Assets	272	57	-	8	17	-	-	-
Bjørn Thore Ribesen[10]	VP Field Development & Projects	288	61	-	8	18	-	-	-
Annethe Gjerde[11]	VP Contract & Procurement	202	50	-	2	17	-	-	-
Total compensation		**4 000**	**1 121**	**537**	**139**	**562**	**568**	**263 452**	

1 Other: as per prospectus - bonus paid by successful IPO 2022
2 Employed since October 2022. Other: as per contract - compensation for documented loss of bonus with previous employer
3 Employed since December 2022
4 Employed 01.01.2022. Other: as per contract - compensation for documented loss of bonus with previous employer
5 Appointed in November 2022
6 Expatriated from ENI SPA
7 Left the Executive Management group October 2022, compensation prorated for 2022
8 Expatriated from ENI SPA. Left the Executive Management group October 2022
9 Left the Executive Management group October 2022, compensation prorated for 2022
10 Left the Executive Management group October 2022, compensation prorated for 2022
11 Left the Executive Management group October 2022, compensation prorated for 2022

* Remuneration is paid in NOK and converted to USD using a yearly average USD/NOK-rate
** Numbers represent actual bonus earned in 2022

Key management personnel compensation 2021 *

USD 1000, except total number of shares and owing interest	Position	Salary	Annual Variable Pay**	Other	Payment in kind	Pension costs	Long-term incentive plan	Total number of shares	Owing interest
Torger Rød[1]	Chief Executive Officer	369	343	-	1	66	-	-	-
Kristin Kragseth[2]	Chief Executive Officer	425	-	-	3	41	-	-	-
Stefano Pujatti[3]	Chief Financial Officer	406	81	-	-	-	-	-	-
Rune Oldervoll	Vice President Operations	333	116	-	8	45	-	-	-
Ove André Årdal	Vice President Commercial	275	110	-	7	85	-	-	-
Alessandro Barberis[4]	Vice President Exploration	127	31	-	-	-	-	-	-
Denis Palermo[5]	Vice President Exploration	205	-	-	-	-	-	-	-
Ørjan Jentoft	Vice President Partner Operated Assets	338	127	-	8	49	-	-	-
Annethe Gjerde	Vice President Contracts & Procurement	257	93	-	2	36	-	-	-
Bjørn Thore Ribesen	Vice President Field Development & Projects	394	124	-	8	52	-	-	-
Aksel Luhr	General Counsel	262	92	-	2	36	-	-	-
Charlotte Vedø	Vice President Corporate Services	261	93	-	9	85	-	-	-
Ove M. Helle	Vice President Safety & Sustainability	265	93	-	2	36	-	-	-
Tor B. Tangvald	Vice President Internal Audit	290	101	-	2	111	-	-	-
Total compensation		**4 208**	**1 404**	**-**	**51**	**643**	**-**	**-**	**-**

[1] Employed since June 2021.
[2] Employed until end of May 2021
[3] Paid by Eni S.p.A. Inpat on shadow payroll - figures are based on contract. Amount is gross paid. Pension is handled by Eni S.p.A.
[4] Seconded from Eni S.p.A to Vår Energi since September 2021.
[5] Employed until end of October 2021, figures are based on contract. Amount is gross paid. Pension is handled by EIRL (Eni International Resources Ltd)

* Remuneration is paid in NOK and converted to USD using a yearly average USD/NOK-rate.
** Numbers represent actual bonus earned in 2021.

Board of Directors remuneration 2022 *

USD 1000	Position	Board of Directors	Audit Committee	Safety & Sustainability Committee	Remuneration Committee	Sum
Thorhild Widvey	Chair Board of Directors, Chair Safety & Sustainability Com.	96	-	-	7	103
Liv Monica Bargem Stubholt [1]	Deputy Chair Board of Directors, Chair Audit Committee	45	23	-	-	68
Francesco Gattei	Board of Directors - Elected by Eni [2]	-	-	-	-	-
Gudio Brusco	Board of Directors - Elected by Eni [2]	-	-	-	-	-
Clara Andreoletti	Board of Directors - Elected by Eni [2]	-	-	-	-	-
Marica Calabrese	Board of Directors - Elected by Eni [2]	-	-	-	-	-
Ove Gusevik	Board of Directors member	45	14	-	-	59
Fabio Ignazio Romeo	Board of Directors member	45	-	14	-	59
Jan Inge Nesheim	Board of Directors - Employee representative	26	-	4	-	30
Martha Skjæveland	Board of Directors - Employee representative	26	-	-	4	30
Bjørn Nysted	Board of Directors - Employee representative	26	4	-	-	30
Hege Susanne Blåsternes	Board of Directors - Employee representative	26	-	4	-	30
Total compensation		**336**	**40**	**21**	**10**	**408**

[1] Paid to Advokatfirmaet Selmer AS
[2] Directors elected by Eni shall not receive any remuneration

* Remuneration is paid in NOK and converted to USD using a yearly average USD/NOK-rate

In 2021 none of the members of the Board of Directors, including the chair received any remuneration from Vår Energi for their responsibility as a Director.

Vår Energi has made arrangements to provide subsidised loans to local employees. No other loans, guarantees or other commitments have been granted to any member of the Board or to any member of the Management.

The CEO and other members of Executive Management have a termination period of 6 months. Upon termination of employment initiated by the Company, the CEO is entitled to a severance pay of 12 months. Other members of Executive Management are normally entitled to six months' severance pay. No other employee has entered into employment agreements which provide for any special benefits upon termination. None of the Board members has a service contract and none will be entitled to any benefits upon termination.

Vår Energi has a bonus scheme for all employees calculated according to achieved objectives. In addition to bonus based on the general element, Management can receive an additional bonus if certain KPI targets are met (the KPI element) and on individual performance (the individual element).

The Management takes part in the general pension plan as described in this note. In addition, Vår Energi has, on an administrative basis, established an arrangement granting a 15% deposit of salary above 12G. "G" is the bacic amount in the National Insurance Scheme. As of 1 May 2022 1G was USD 11.91 thousand.

Guidelines and adherence to the guidelines for management compensation

The Board makes guidelines for executive remuneration, including the CEO's remuneration and other terms and conditions of employment. These guidelines set out the main principles applied in determining the salary and other remuneration of executive personnel and are addressed as a separate item at the General Meeting.

In 2022, the Company`s remuneration policy has been in accordance with the guidelines of remuneration decided by the Annual General Meeting 4 May 2022.

Note 8 Auditor's fee

USD 1000	2022	2021
Statutory audit	545	445
Other attestations and quarterly reviews	1 051	434
Other services [1]	104	70
Reinvoiced to Eni S.p.A.	(68)	-
Total fee	**1 631**	**949**

[1] Services other than audit in 2022 provided by the auditors mainly related to non-financial process improvement activities. In 2021 services other than audit provided by the auditors mainly related to project support and assistance to offshore operations department and non-financial process improvement activities.

Note 9 Other operating expenses

USD 1000	Note	2022	2021
R&D expenses		31 535	32 183
Pre-production costs		24 761	20 612
Guarantee fee decommissioning obligation	28	22 190	22 138
Administration expenses	8	26 331	26 499
Other expenses		32 905	9 051
Total other operating expenses		**137 721**	**110 483**

Other expenses include disposal of the Brasse licences in 4Q 2022.

Note 10 Exploration expenses

USD 1000	Note	2022	2021
Seismic		4 741	2 989
Area Fee		7 861	9 762
Dry well expenses	13	30 600	5 887
Other exploration expenses		28 861	38 501
Total exploration expenses		**72 063**	**57 138**

Dry well expenses in 2022 are mainly related to the wells PL901 7122/6-3 S Rødhette, PL209 6305/5-C-3 H Ormen Lange Deep, the 34/4-18 S Statfjord Kile Well and the PL124 6507/8-11 Othello North.

Note 11 Financial items

USD 1000	Note	2022	2021
Other financial income		10 011	14 043
Interests on debts and borrowings	17	(129 782)	(143 462)
Interest on lease debt		(9 312)	(7 819)
Capitalised interest cost, development projects		130 974	49 034
Amortisation of fees and expenses		(17 801)	(73 495)
Accretion expenses (asset retirement obligation)	25	(94 243)	(94 733)
Other financial expenses		(5 737)	(13 056)
Net financial income / (expenses)		(115 889)	(269 489)
Unrealised exchange rate gain / (loss)		(81 175)	(558 940)
Realised exchange rate gain / (loss)		(315 864)	416 570
Net exchange rate gain / (loss)		(397 039)	(142 371)
Net financial items		**(512 929)**	**(411 859)**

Increase of capitalised interest cost in 2022 is mainly due to increased interest rate after refinancing in November 2022 with USD 2 000 million in bond financing.

Vår Energi's functional currency is NOK, whilst interest bearing loans and bonds are in USD. A down payment of USD 2 500 million on the bridge facility was completed in 2022 causing a realised exchange rate loss of USD 282 million.

Note 12 Income Taxes

USD 1000	2022	Restated 2021
Current period tax payable / (receivable)	3 851 161	1 147 119
Prior period adjustments to current tax	20 828	15 917
Current tax expense / (income)	**3 871 989**	**1 163 036**
Deferred tax expense / (income)	**1 047 499**	**829 295**
Tax expense / (income) in profit and loss	**4 919 489**	**1 992 331**
Effective tax rate in %	**84%**	**75%**
Tax expense / (income) in put option used for hedging	(341)	1 965
Tax expense / (income) in total comprehensive income	**4 919 148**	**1 994 296**

The tax calculation in 2022 is based on the new cash flow based petroleum tax legislation, enacted by the Norwegian Parliament in June 2022 with effect from 01.01.22. The main feature of the new legislation is that investments from 1 January 2022 can be expensed when incurred for special petroleum tax purposes, replacing the 6 years depreciation. The uplift deduction will be discontinued for investment not covered by the temporary 2020 tax regime.

Reconciliation of tax expense	Tax rate	2022	Restated 2021
Marginal (78%) tax rate on profit / loss before tax	78.0%	4 567 829	2 064 416
Tax effect of uplift	71.8%	(211 687)	(377 467)
Impairment of goodwill	78.0%	184 022	158 388
Tax effects of items taxed at other than marginal (78%) tax rate [1]	56.0%	314 393	136 792
Tax effects of new legislation on other items [2]		50 885	-
Other permanent differences, prior period adjustments and change in estimates of uncertain tax positions	78.0%	14 047	10 202
Tax expense / (Income)		**4 919 489**	**1 992 331**

[1] The effects of items taxed at other than marginal (78%) tax rate are mainly impacted by fluctuation in currency exchange rate on the company's external borrowings and working capital.
[2] Tax effects in 2022 of USD 50.9 million related to an updated valuation allowance for lack of statutory tax deduction at effective rate 6.204% related to abandonment without anticipated tax shield.

Temporary timing differences at end of period	2022	2021
Tangible fixed assets	9 787 501	10 919 602
Capitalised exploration cost	225 287	199 981
Other intangible assets	93 515	104 520
Abandonment obligation	(3 274 814)	(3 357 278)
Financial instruments over OCI	(21 339)	(21 932)
Other	141 719	137 112
Basis for deferred ordinary taxes	**6 951 868**	**7 982 004**
Uplift recognised as part of business combinations	-	(19 607)
Additional depreciation for special tax	4 288 592	3 304 522
Temporary differences not relevant for special tax	(110 830)	(199 716)
Ordinary tax deductible for special tax	(2 010 081)	-
Basis for deferred special taxes	**9 119 549**	**11 067 205**
Ordinary tax 22.0%	(1 529 411)	(1 756 041)
Special tax 71.8% / 56.0% [1]	(6 547 836)	(6 197 635)
Valuation allowance for lack of statutory tax deduction at effective rate 6.2%r elated to abandonment	(50 724)	-
Net deferred tax asset / (liability) as of closing balance	**(8 127 971)**	**(7 953 676)**

Breakdown of tax effect on temporary differences	2022	2021
Tangible fixed assets	(10 353 775)	(10 320 384)
Capitalised exploration cost	(175 733)	(155 985)
Other intangible assets	(72 945)	(81 526)
Abandonment obligation	2 503 762	2 618 677
Lease liabilities	165 873	246 074
Financial instruments over OCI	4 695	4 825
Other Provisions	(199 848)	(265 357)
Net deferred tax asset / (liability) as of closing balance	**(8 127 971)**	**(7 953 676)**

[1] In the new tax regime (enacted June 2022), the formal corporate tax rate is 22%, whereas the special tax rate is 71.8%. However, since the corporate tax may be deducted in the special tax base, the effective corporate tax is only 6.204%. Thus, the overall combined tax rate remains stable at 78% (from 2022 increasing somewhat to 78.004%).

Deferred tax asset / (liability)	2022	Restated 2021
Deferred tax asset / (liability) at beginning of period	(7 953 676)	(7 384 359)
Current period deferred tax income / (expense)	(1 047 499)	(829 295)
Deferred taxes recognised directly in OCI or equity	341	(1 965)
Currency translation effects	872 864	261 944
Net deferred tax asset / (liability) as of closing balance	**(8 127 971)**	**(7 953 676)**

Calculated tax (payable) / receivable	2022	2021
Tax (payable) / receivable at beginning of period	(801 432)	506 349
Current period payable taxes	(3 851 161)	(1 147 119)
Payable taxes related to business combinations	-	969
Net tax payment / (tax refund)	2 686 852	(164 439)
Prior period adjustments and change in estimate of uncertain tax positions	(20 828)	(15 917)
Currency translation effects	208 347	18 726
Net tax (payable) / receivable as of closing balance	**(1 778 222)**	**(801 432)**

Note 13 Intangible assets

USD 1000	Note	Goodwill	Other intangible assets	Capitalised exploration wells	Total
Cost as at 1 January 2021		**5 175 509**	**107 732**	**113 327**	**5 396 567**
Additions		-	295	104 318	104 613
Additions through business combination		2 208	-	-	2 208
Reclassification		-	-	(4 593)	(4 593)
Disposals / expensed exploration wells		-	-	(5 887)	(5 887)
Currency translation effects		(168 327)	(3 507)	(7 185)	(179 019)
Cost as at 31 December 2021		**5 009 390**	**104 520**	**199 981**	**5 313 891**
Depreciation and impairment as at 1 January 2021		**(2 354 669)**	**-**	**-**	**(2 354 669)**
Provision for impairment reversal / (loss)		(203 061)	-	-	(203 061)
Currency translation effects		80 238	-	-	80 238
Depreciation and impairment as at 31 December 2021		**(2 477 492)**	**-**	**-**	**(2 477 492)**
Net book value as at 31 December 2021		**2 531 897**	**104 520**	**199 981**	**2 836 399**

USD 1000	Note	Goodwill	Other intangible assets	Capitalised exploration wells	Total
Cost as at 1 January 2022		**5 009 390**	**104 520**	**199 981**	**5 313 891**
Additions		-	-	77 050	77 050
Disposals / expensed exploration wells	10	-	-	(30 600)	(30 600)
Currency translation effects		(527 451)	(11 005)	(21 145)	(559 601)
Cost as at 31 December 2022		**4 481 939**	**93 515**	**225 287**	**4 800 740**
Depreciation and impairment as 1 January 2022		**(2 477 492)**	**-**	**-**	**(2 477 492)**
Impairment loss	16, 33	(235 913)	-	-	(235 913)
Currency translation effects		250 980	-	-	250 980
Depreciation and impairment as at 31 December 2022		**(2 462 426)**	**-**	**-**	**(2 462 426)**
Net book value as at 31 December 2022		**2 019 512**	**93 515**	**225 287**	**2 338 314**

Other intangible assets include exploration potentials acquired through business combinations and measured according to the successful efforts method.

Note 14 Tangible assets

USD 1000	Note	Wells and production facilities	Facilities under construction	Other property, plant and equipment	Total
Cost as at 1 January 2021		**15 045 348**	**3 778 102**	**23 011**	**18 846 461**
Additions		867 496	1 595 281	17 521	2 480 298
Estimate change asset retirement cost	25	(922 730)	-	-	(922 730)
Reclassification		114 861	(105 327)	-	9 534
Disposals		(21 837)	-	-	(21 837)
Currency translation effects		(465 561)	(154 627)	(1 183)	(621 370)
Cost as at 31 December 2021		**14 617 577**	**5 113 429**	**39 350**	**19 770 356**
Depreciation and impairment as at 1 January 2021		**(3 245 385)**	**-**	**(7 100)**	**(3 252 485)**
Depreciation		(1 663 998)	-	(6 951)	(1 670 948)
Impairment reversal / (loss)		202 079	-	-	202 079
Currency translation effects		139 536	-	380	139 916
Depreciation and impairment as at 31 December 2021		**(4 567 768)**	**-**	**(13 671)**	**(4 581 439)**
Net book value as at 31 December 2021		**10 049 809**	**5 113 429**	**25 679**	**15 188 917**

USD 1000	Note	Wells and production facilities	Facilities under construction	Other property, plant and equipment	Total
Cost as at 1 January 2022		**14 617 577**	**5 113 429**	**39 350**	**19 770 356**
Additions		665 016	1 832 590	18 491	2 516 097
Estimate change asset retirement cost	25	266 380	-	-	266 380
Reclassification		143 700	(29 043)	-	114 657
Disposals		-	(32 021)	-	(32 021)
Currency translation effects		(1 582 375)	(577 449)	(4 253)	(2 164 077)
Cost as at 31 December 2022		**14 110 298**	**6 307 507**	**53 587**	**20 471 393**
Depreciation and impairment as at 1 January 2022		**(4 567 768)**	**-**	**(13 671)**	**(4 581 439)**
Depreciation		(1 408 863)	(74)	(9 180)	(1 418 117)
Impairment reversal / (loss)	16, 33	(422 008)	-	-	(422 008)
Currency translation effects		510 825	1	1 583	512 408
Depreciation and impairment as at 31 December 2022		**(5 887 814)**	**(73)**	**(21 268)**	**(5 909 156)**
Net book value as at 31 December 2022		**8 222 484**	**6 307 434**	**32 319**	**14 562 237**

Capitalised interests for facilities under construction were USD 130 974 thousand in 2022 and USD 49 034 thousand in 2021.

Rate used for capitalisation of interests was 3.8% in 2022 and 2.7% in 2021.

Effective from 1 January 2022, Vår Energi has changed reserves classification system from U.S. Securities and Exchange Commission (SEC) to SPE-PRMS (Petroleum Resources Management System). The impacts in UOP-depreciation rates are limited with increased total proved reserves of 0.7%.

Note 15 Right of use assets

USD 1000	Offices	Rigs, helicopters and supply vessels	Warehouse	Total
Cost as at 1 January 2021	**77 236**	**108 728**	**12 360**	**198 323**
Additions	-	208 819	-	208 819
Reclassification	-	(4 941)	-	(4 941)
Currency translation effects	(1 406)	(8 423)	1 186	(8 643)
Cost as at 31 December 2021	**75 830**	**304 183**	**13 546**	**393 558**
Depreciation and impairment as at 1 January 2021	**(8 806)**	**(51 792)**	**(3 880)**	**(64 477)**
Depreciation	(5 859)	(25 531)	(2 223)	(33 613)
Currency translation effects	(1 042)	4 399	(393)	2 964
Depreciation and impairment as at 31 December 2021	**(15 707)**	**(72 924)**	**(6 496)**	**(95 126)**
Net book value as at 31 December 2021	**60 123**	**231 259**	**7 050**	**298 432**

USD 1000	Offices	Rigs, helicopters and supply vessels	Warehouse	Total
Cost as at 1 January 2022	**75 830**	**304 183**	**13 546**	**393 558**
Additions	4 081	2 596	-	6 677
Reclassification	-	(73 006)	-	(73 006)
Currency translation effects	(13 178)	(28 473)	1 610	(40 042)
Cost as at 31 December 2022	**66 732**	**205 300**	**15 155**	**287 188**
Depreciation and impairment as at 1 January 2022	**(15 707)**	**(72 924)**	**(6 496)**	**(95 126)**
Depreciation	(4 091)	(23 748)	(2 010)	(29 849)
Provision for impairment reversal / (loss)	-	-	-	-
Disposals	-	-	-	-
Currency translation effects	2 115	10 486	609	13 211
Depreciation and impairment as at 31 December 2022	**(17 683)**	**(86 186)**	**(7 896)**	**(111 765)**
Net book value as at 31 December 2022	**49 049**	**119 114**	**7 259**	**175 423**

See note 29 for the lease liability.

Note 16 Impairment

Impairment testing

Impairment tests of individual cash-generating units (CGUs) are performed quarterly when impairment triggers are identified, and full impairment testing is performed annually. Impairment testing of fixed assets and related intangible assets, including technical and ordinary goodwill were performed as of 31 December 2022.

Key assumptions applied for impairment testing purposes as of 31 December 2022 are based on Vår Energi's macroeconomic assumptions. Below is an overview of the key assumptions applied:

Prices

Future price level is a key assumption and has significant impact on the net present value. The oil and gas prices are based on the forward curve for the next three-year period and from the fourth year the oil and gas prices are based on the company's long-term price assumptions. Vår Energi's long term oil price assumption increased from 65 USD/BBL (real) per 31 December 2021 to 70 USD/BBL (real) per 31 December 2022 and long-term gas price assumption increased from 35.5 USD/BOE (real) per 31 December 2021 to 56.2 USD/BOE (real) per 31 December 2022.

The nominal oil prices (USD/BBL) applied in the impairment tests are as follows:

Year	31 Dec 2021	31 Dec 2022
2023	68.9	80.1
2024	68.1	75.5
2025	69.4	75.3

The nominal gas prices (NOK/SM3) as applied in impairment tests are as follows:

Year	31 Dec 2021	31 Dec 2022
2023	61.6	132.4
2024	40.6	106.0
2025	38.1	70.4

Oil and gas reserves

Future cash flows are calculated based on expected production profiles and estimated proven, probable and risked possible reserves.

Production (mmboe) per period as applied in the impairment test:

Year	31 Dec 2021	31 Dec 2022
2023 - 2026	451	435
2027 - 2031	325	353
2032 - 2036	156	163
2037 - 2041	83	83
2042 - 2054	59	62

Future expenditure

Future capex, opex and abandonment cost are calculated based on the expected production profiles and the best estimate of the related cost.

Discount rate

The discount rate is derived from the Company's weighted average cost of capital ("WACC"). The capital structure considered in the WACC calculation is derived from the capital structures of an identified peer group and market participants with consideration given to optimal structures. The cost of equity is derived from the expected return from an investor of the Company. The cost of debt is based on the interest-bearing borrowings for a market participant specific to the assets acquired. The beta factors are evaluated annually based on publicly available market data about the identified peer group. The post tax nominal discount rate increased from 7.0% per 31 December 2021 to 8.0% per 31 December 2022.

Currency rates

While there are inherent uncertainties in the assumptions, the foreign currency assumptions reflect management's best estimate of the foreign currency development over the life of the assets. The impairment testing per 31 December 2022 is using 9.50 NOK/USD for 2023 and 9.00 NOK/USD from 2024 onwards and 9.90 NOK/EUR for both short and long term. The currency rates used per 31 December 2021 were 8.50 NOK/USD and 9.90 NOK/EUR for both short and long term.

Inflation
Inflation rate on the functional currency NOK assumed per 31 December 2022 was 4.0% for 2023 and 2.0% from 2024 onwards. The long term inflation rate per 31 December 2021 was assumed to be 1.9%.

Impairment testing of goodwill
The technical goodwill recognised in previous business combinations is allocated to each CGU for the purpose of impairment testing. Hence, technical goodwill is included in the impairment testing of the CGU, and the technical goodwill is written down before the asset. The carrying value of the CGU is the sum of tangible assets, intangible assets, technical goodwill and deferred taxes as of the assessment date. When deferred tax liabilities from the acquisitions decreases as a result of depreciation, more goodwill is exposed for impairment. This may lead to future impairment charges even though other assumptions remain stable as goodwill is not depreciated.

The ordinary goodwill is tested for impairment on an operating segment level. If the net recoverable amount calculated as total of NPV less Net book value (NBV) for the offshore asset portfolio exceeds the carrying value of ordinary goodwill, no impairment is recorded.

Impairment charge/reversal
The impairment testing for 2022 identified impairment to three CGUs; Balder Area (USD 640 million), Brage (USD 16 million) and Morvin (USD 2 million). The Balder impairment is mainly related to updated cost, schedule and production profile for the Balder X project.

No impairment triggers for ordinary goodwill.

Cash generating unit (USD 1000)	Net carrying value	Recoverable amount	Impairment/ reversal (-)	Impairment allocated: Goodwill	Impairment allocated: PP&E	Deferred tax impact
Balder Area	1 375 411	1 052 038	640 248	233 998	406 250	(316 875)
Brage	4 075	608	15 758	-	15 758	(12 291)
Morvin	13 209	11 293	1 916	1 916	-	-
Total			657 922	235 913	422 008	(329 166)

Sensitivity analysis
The table below shows how the impairment or reversal of impairment of assets and technical goodwill would be affected by changes in the various assumptions, given that the remaining assumptions are constant.

Assumption (USD 1000)	Change	Change in impairment after: Increase in assumption	Change in impairment after: Decrease in assumption
Oil and gas prices	+/-25%	(445 000)	3 407 000
Production profile	+/- 5%	(64 000)	919 000
Discount rate	+/- 1% point	224 000	(190 000)

The sensitivities are created for illustration purposes, based on a simplified method and assumes no changes in other input factors. Significant reductions are likely to result in changes in business plans, cut-offs as well as other factors used when estimating an asset's recoverable amount. Changes in such input factors would likely significantly reduce the actual impairment amount compared to the illustrative sensitivity above. The impact of the sensitivities is mainly related to the Balder Area.

Climate related risks
The climate related risk assessment is generally described in the company's sustainability reporting and note 33 Climate Risk. Financial reporting and impairment testing includes a step up of CO_2 tax/fees from current levels to approximately NOK 2 000 per ton in 2030.

Scenarios from the International Energy Agency have been included in a sensitivity test as presented below. The price assumptions in those senarios have been provided by IEA at 2030 and 2050 in 2021 real terms. For the sensitivity calculation, a linear development between spot price at year end 2022 and IEA price in 2030, as well as between 2030 and 2050 have been applied. The table below summarises how the impairment charge would increase (+) or decrease (-) using the oil and gas price assumptions in the following scenarios:

IEA Scenario (USD 1000)	Change in impairment Net Zero	Announced pledges	Stated policies
Balder Area	2 265 000	(273 000)	(420 000)
Grane	110 000	-	-
Snorre	73 000	-	-
Other	2 000	(12 000)	(18 000)
Total	**2 450 000**	**(285 000)**	**(438 000)**

Scenario price ranges	Oil USD/bbl		Gas USD/mmbtu	
Real terms (USD 2021)	2030	2050	2030	2050
Net Zero	35	24	4.6	3.8
Announced Pledges	64	60	7.9	6.3
Stated Policies	82	95	8.5	9.2

Impairment testing in 2021

The 2021 macro assumptions are shown in tables and text in this note.

The 2021 impairments of USD 203 million were mainly related to revised baseline for sanctioned projects while the 2021 impairment reversals of USD 202 million were mainly related to higher price assumptions.

The following impairments/reversals of impairments were recorded in 2021:

Cash generating unit (USD 1000)	Impairment goodwill	Impairment reversal
Balder Area	113 273	-
Fenja	72 200	-
Goliat	-	137 410
Tor	-	39 790
Other	17 588	24 879
Total	**203 061**	**202 079**

Note 17 Investment in shares and other non-current assets

USD 1000	Business Location	Ownership	31 Dec 2022	31 Dec 2021
Norpipe Oil AS	Tananger, Norway	6.52%	155	173
Tjeldbergodden Utvikling AS	Kjørsvikbugen, Norway	0.48%	61	68
Ormen Lange Eiendom DA	Tananger, Norway	6.34%	547	612
Investment in shares			**763**	**853**
Alve slot fee			532	1 809
Total other non-current assets			**532**	**1 809**

The investments in shares are at historical cost. No adjustment to fair value due to the immaterial values.

Other non-current assets mainly consists of slot fee prepayment, where Marulk is paying a fee to Alve for use of umbilical at Alve.

Note 18 Inventories

USD 1000	31 Dec 2022	31 Dec 2021
Spare parts and drilling material	223 529	258 726
Physical oil inventory	42 281	42 603
Total inventory	**265 811**	**301 329**

Note 19 Trade receivables

USD 1000	Note	31 Dec 2022	31 Dec 2021
Trade receivables - related parties	30	478 714	424 834
Trade receivables - external parties		382 405	412 627
Sale of trade receivables		(64 802)	(91 540)
Total trade receivables		**796 317**	**745 921**

Vår Energi has Credit Discount Agreements with several banks. Under the arrangements the ownership, including credit risk, of invoices for oil cargos sold are transferred to the respective banks, and the receivables to which the payments relate are derecognised from Vår Energi's balance sheet. Payments to the banks are made when Vår Energi receives payments from the customers.

Trade receivables are presented net of payments received from the banks for the sold invoices, as Vår Energi has retained the right to receive payments from the customers and obligation to pay these cash flows to the banks without material delay, but only to the extent Vår Energi collects the payments from the customers.

Note 20 Other current receivables and financial assets

USD 1000	Note	31 Dec 2022	Restated 31 Dec 2021
Underlift of hydrocarbons	3	101 889	110 217
Prepaid expenses		30 672	8 305
Brent crude put options - financial assets	21	14 805	17 407
Other		65 920	65 880
Total other current receivables and financial assets		**213 286**	**201 809**

Note 21 Financial instruments

Capital management

For the purpose of Vår Energi's capital management, capital includes equity attributable to the equity holders and current and non-current debt financing. The primary objective of the Company's capital management is to ensure that it maintains a solid balance sheet and investment grade credit rating in order to support its business and maximise shareholder value

The Company manages its capital structure and makes adjustments in light of changes in economic conditions and planned activities in order to meet requirements of the financial covenants and support the Company's investment grade credit rating provided by Moody's and S&P. To maintain or adjust the capital structure, the Company may issue new or refinance existing debt using both bank loans or bonds, adjust the dividend payment to shareholders, return capital to shareholders, issue new shares or sell assets. As part of the refinancing to an unsecured financing structure, obtaining external credit rating and the initial public offering, the Company's financial policies were reviewed and updated.

In order to achieve this overall objective, the Company's capital management, amongst other things, aims to ensure that it meets financial covenants attached to its interest-bearing loans and borrowings that form part of its capital structure requirements. Breaches in the financial covenants would permit the bank to immediately call interest-bearing loans and borrowings. There have been no breaches in the financial covenants of any interest-bearing loans and borrowings in the current or prior period.

The Company monitors the leverage ratio using net interest bearing debt (NIBD) divided by rolling 12 months earnings before interest, tax, depreciation, amortisation and exploration expenses (EBITDAX). Net interest-bearing debt is defined as interest-bearing loans and borrowings less cash and short-term deposits.

Please refer to note 24 for more details related to financial liabilities and borrowings.

Risk Management

Vår Energi recognises that effectively managing risks and opportunities is essential to the Company's long-term success and is a key enabler in achieving Vår Energi's strategic objectives. The Board of Directors is responsible for risk management as part of its role in providing strategic oversight and stewardship of the Company. This includes approving the annual budget and four-year business plan, evaluating risks to the delivery of the plan and agreeing financial and operational targets. Key strategic risks and opportunities are also reviewed quarterly by the Risk and Compliance Committee and on a regular basis by the Board.

Vår Energi is subject to various controllable and uncontrollable risks associated with the nature of the oil and gas business operations. Companies operating in the oil and gas industry are exposed to a variety of operational, financial and external risks that may not be entirely possible to eliminate even with robust risk management routines and experiences.

Operational risks

The Board of Directors recognises the risks associated with the Company's operational assets. The regulation of activities on the NCS provides a sound framework for handling these risks, and the Company takes an active and responsible approach as a partner. Future production of oil and gas is dependent on the Company's ability to find, or acquire, and develop reserves.

Costs of development projects or exploration efforts are also uncertain. As a result of these risks, the Company may incur costs that could adversely affect the Company's financial position or its reputation as a player on the NCS. The Company intends to act as a sound, responsible and technically competent partner across the whole spectrum of activities in all its operations. Vår Energi works actively with our partners and has established mitigating actions to reduce the possibility of operational incidents occurring.

Commodity price risk

Vår Energi operates in the crude oil and natural gas market and fluctuations in hydrocarbon prices have a significant effect on the Company's revenues. Commodity price risk represent the Company's most important market risk. To manage this risk, Vår Energi protects cash flows from sale of crude oil through entering into commodity price hedging instruments and cash flows from sale of natural gas through entering into fixed price gas sales contracts. In order to reduce the risk related to oil price fluctuations, the Company has established an oil price hedging program for 2023 where 100% of planned after-tax volumes for oil have been hedged by acquiring monthly settled oil price put options. To align after-tax cash flows and adjust for different tax treatment of financial derivatives and the underlying oil production, 28% of the planned production volume is hedged. Approximately 19% of the Company's expected gas production in 2023 has been sold on fixed price terms as of 31 December 2022. An additional 5% of expected gas production for 2023 is sold at Gas Year Ahead basis where the price will be fixed by start of the Gas Year 2023, i.e. October 2023.

Financial risks

The Company is exposed to market fluctuations in commodity prices, foreign exchange rates and interest rates.

The main financial risks Vår Energi is exposed to are:
- Fluctuation in foreign exchange rates due to currency mismatch between income and cost currencies, including tax payments
- Fluctuation in interest rates leading to a fluctuation in finance costs
- Funding and liquidity risk due to unavailability of funding, deposits or loss of income
- Credit risk of customers and other counterparties

Currency risk

Vår Energi is receiving proceeds in USD, EUR and GBP. The sale of crude oil is denominated in USD, whereas natural gas sales are mainly denominated in EUR with a minor part being denominated in GBP. Cash expenditures (OPEX, CAPEX, G&A and tax payments) are split between NOK, USD and EUR. Bonds and interest bearing loans are in USD. Currency risk is mainly linked to a change in the value of NOK vs USD and EUR. The main currency risk relates to debt denominated in USD, but also exposure to receivables and payables per year-end has been included in the below sensitivity tables.

The table below shows the Group's main exposure in USD as of 31 December:

Exposure (USD 1 000)	31 Dec 2022	31 Dec 2021
Interest-bearing loans and bonds	3 000 000	4 853 649
Receivables due in USD	385 841	368 423
Receivables due in EUR	352 148	311 737
Payables due in USD	53 453	49 730
	2 315 464	4 223 219

The following table demonstrates the sensitivity to a reasonably possible change in the foreign exchange rate, with all other variables held constant, of the Company's profit before tax due to changes in the carrying value of monetary assets and liabilities at the reporting date.

Exposure (USD 1 000) **Increase/decrease in foreign exchange rate** USD/NOK	Effect on profit before tax for the year ended 31 December 2022 Increase/(Decrease)	Effect on profit before tax for the year ended 31 December 2021 Increase/(Decrease)
10%	(231 546)	(422 322)
-10%	231 546	422 322

Interest rate sensitivity

Interest rate risk arises from the effects fluctuations in underlying market rates may have on future cash flows. At present, the main source of interest rate risk for Vår Energi is the floating interest rate in the interest-bearing loans and borrowings line items, namely the Bridge facility, see table in note 24, which as at year end 2022 amounted to USD 500 million.

The following table demonstrates the sensitivity to a reasonable possible change in interest rates on the Company's profit before tax from the impact of changes in interest rates on floating rate borrowings with all other variables held constant. Note that the rate will never be lower than the margin, i.e. if the SOFR rate (Secured Overnight Financing Rate) + CAS (Compounded Reference Rate) is below zero, this will result in the interest rate being equal to the agreed margin, hence downward sensitivity has been set to -0.15% for 2021. For 2022 upward and downward sensitivity for 2022 has been set to 1%. In the current volatile economic environment reasonable possible changes could be significantly higher. A 2% sensitivity would double the effect and a 3% would triple the effect.

Exposure (USD 1 000) **Increase/decrease in interest rate**	Effect on profit before tax for the year ended 31 December 2022 Increase/(Decrease)	Effect on profit before tax for the year ended 31 December 2021 Increase/(Decrease)
1.00%	(5 000)	(48 536)
-1.00%	5 000	
-0.15%		7 280

Liquidity risk

The Company's future capital requirements depend on many factors, and the Company may need additional funds to fulfil its commitments and further develop exploration and development programs to support the strategic direction of the Company. Liquidity risk is the risk that the Company will not be able to meet the obligations of financial liabilities when they become due.

Risk levels are analysed by at least quarterly updates of cash flow projections for the strategic plan period and comparing with available liquidity during the period. Additional updates will be made if significant macroeconomic changes occur.

The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of credit facilities, bank loans and debt capital markets.

See note 24 for an overview of available credit facilities and bonds issued.

The table below shows the payment structure for the Company's financial commitments, based on undiscounted contractual payments:

Year ended 31 December 2022

USD 1000	On demand	< 1 year	1 - 2 years	2 - 5 years	> 5 years	Total
Interest-bearing loans	-	523 747	-	-	-	523 747
Bond USD Senior Notes	-	155 000	180 000	1 027 500	2 437 500	3 800 000
Lease liabilities	-	99 312	-	104 792	41 390	245 494
	-	**778 059**	**180 000**	**1 132 292**	**2 478 890**	**4 569 241**

Year ended 31 December 2021

USD 1000	On demand	< 1 year	1 - 2 years	2 - 5 years	> 5 years	Total
Interest-bearing loans and borrowings	-	45 263	3 159 085	1 435 376	-	4 639 724
Deferred payment ExxonMobil 2022	-	333 149	-	-	-	333 149
Lease liabilities		108 880	-	195 053	45 091	349 024
	-	**487 292**	**3 159 085**	**1 630 429**	**45 091**	**5 321 897**

The long-term loans were refinanced in November 2021. The new loans are no longer using LIBOR interest rate as reference. The reference rate for all existing long term loans are now SOFR (Secured Overnight Financing Rate).

Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. Vår Energi is exposed to credit risk from its operating activities and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments. In 2022 Vår Energi sold the crude oil to Eni and ExxonMobil trading entities and natural gas primarily to Eni trading entities and other major international oil and gas players. Towards the end of 2022, Eni became the sole offtaker of crude oil. We consider the risk related to Eni to be negligible. The Company only uses investment grade and highly reputable banks as counterparties. Based on this, credit risk is considered limited.

The Company primarily sells to investment grade customers and have established procedures to assess credit risk. Payment performance is closely monitored for both license partners and customers. Overall, the credit risk is considered to be low based on the financial strenght of the counterparties and the procedures in place.

Categories of financial assets and liabilities

The Company has the following categories of financial assets and liabilities: derivative financial assets and liabilities recognised at fair value through profit or loss, derivative financial assets and liabilities designated as accounting hedge instruments (cash flow hedges) for which the effective portion is recognised at fair value through other comprehensive income, accounts receivables that do not contain a significant financing component are measured at the transaction price determined under IFRS 15, cash and cash equivalents measured at fair value, loans and borrowings and other liabilities measured at amortised cost.

2022 USD 1000	Note	Financial assets/ liabilities at fair value through profit and loss	Cash, cash equivalents and receivables, payables	Financial liabilities measured at amortised cost	Cash flow hedge fair value through OCI	Total
Assets						
Trade receivable	19	-	796 317	-	-	796 317
Investments in shares	17	763	-	-	-	763
Cash and cash equivalents	22	-	444 607	-	-	444 607
Oil put options asset	20	-	-	-	14 805	14 805
Other short term receivables	20	-	65 920	-	-	65 920
Total financial assets		**763**	**1 306 843**	**-**	**14 805**	**1 322 411**
		-	-	-	-	-
Liabilities		-	-	-	-	-
Accounts payable		-	368 589	-	-	368 589
Net payables to joint operations	27	-	378 167	-	-	378 167
Employees, accrued public charges and other payables	27	-	50 748	-	-	50 748
Deferred payment for option premiums	27	-	-	36 143	-	36 143
Bond USD Senior Notes	24	-	-	2 500 000	-	2 500 000
Bridge credit facility	24	-	-	500 000	-	500 000
Prepaid loan and bond expenses	24	-	-	(47 411)	-	(47 411)
Total financial liabilities		**-**	**797 504**	**2 988 732**	**-**	**3 786 236**

2021 USD 1000	Note	Financial assets/ liabilities at fair value through profit and loss	Cash, cash equivalents and receivables, payables	Financial liabilities measured at amortised cost	Cash flow hedge fair value through OCI	Total
Assets						
Trade receivable	19	-	745 921	-	-	745 921
Investments in shares	17	853	-	-	-	853
Cash and cash equivalents	22	-	223 588	-	-	223 588
Oil put options asset	20	-	-	-	17 407	17 407
Other short term receivables	20	-	65 880	-	-	65 880
Total financial assets		**853**	**1 035 389**	**-**	**17 407**	**1 053 649**
		-	-	-	-	-
Liabilities		-	-	-	-	-
Accounts payable		-	422 155	-	-	422 155
Net payables to joint operations	27	-	408 426	-	-	408 426
Employees, accrued public charges and other payables	27	-	5 314	-	-	5 314
Deferred payment for option premiums	27	-	-	39 339	-	39 339
Bridge and working capital facility	24	-	-	4 520 500	-	4 520 500
Prepaid loan expenses	24	-	-	(27 074)	-	(27 074)
Deferred payment ExxonMobil 2022	24	333 149	-	-	-	333 149
Total financial liabilities		**333 149**	**835 895**	**4 532 765**	**-**	**5 701 809**

Fair Value

Management assessed that the fair values of cash and short-term deposits, trade receivables, trade payables, bank overdrafts, and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments. Derivative assets and liabilities are, as described above, measured at fair value. And they have been determined to constitute level 2 fair value measurements. Investment in shares (in the fair value through profit or loss category) are measured at fair values using level 3 fair value estimates. See below discussion related to fair value hierarchy.

Carrying amounts of long term floating rate loans are assumed to approximate fair value due to short term interest rate periods. See below table for a comparison of carrying amounts of bonds measured at amortised cost with the fair value based on trading values:

USD 1000	Note	Financial liabilities measured at amortised cost	Fair value based on trading at Year End [1]
Bond USD Senior Notes	24	2 500 000	2 525 800
Prepaid expenses bond	24	(36 420)	-
Total		**2 463 580**	**2 525 800**

[1] Year End meaning closest to 31 December 2022

Derivative financial instruments

The Company uses derivative financial instruments, such as Brent crude put options to hedge its commodity price risks.

As of 31 December 2021 and 2022, the Company had the following volumes of Brent crude oil put options in place and with the following strike prices:

Hedging instruments	Volume (no of put options outstanding at balance sheet date) in thousands (BBL)	Excercise price (USD per BBL)
Brent crude oil put options 31 Dec 2021, exercisable in 2022	14 349	47
Brent crude oil put options 31 Dec 2022, exercisable in 2023	14 038	50

Brent crude put options - financial assets

USD 1 000	2022	2021
The beginning of the period	17 407	26 354
New Brent crude put options	36 143	39 339
Change in fair value	(38 745)	(48 286)
The end of the period	**14 805**	**17 407**

As of 31 December 2022, the fair value of outstanding Brent Crude oil put options amounted to USD 14 805 thousand. Unrealised gains and losses are recognised in OCI. Note that the cost price (option premium agreed at the inception of the contracts) for the options is paid at the time of realisation (time of exercise or expiration) and that this deferred payment is presented as current liabilities in the balance sheet, see below table.

Brent crude put options – deferred premiums

USD 1 000	Note	2022	2021
The beginning of the period		(39 339)	(58 263)
Settlement	6	39 540	60 492
New Brent crude put options		(36 143)	(39 339)
FX-effect		(200)	(2 229)
The end of the period		**(36 143)**	**(39 339)**

All outstanding put option contracts at 31 December 2022 are due to expire in 2023. The full intrinsic value ("in the money value") of the options at the time of expiry, if any, has been presented in petroleum revenues. No gain included in petroleum revenue for 2021 and 2022. The premiums paid for the put options of USD 58 263 thousand in 2021 and USD 39 339 thousand in 2022 have been accounted for as cost of hedging and recycled from OCI to the profit or loss in the period in which the hedged revenues were realised, and presented as production costs.

Change in Hedge Reserve

USD 1000	2022	2021
The beginning of the period	(21 932)	(31 908)
Realised cost of hedge	39 339	58 262
Change in fair value	(38 745)	(48 286)
The end of the period	**(21 338)**	**(21 932)**

End of period 2022 after tax balance is USD 16 644 thousand.

Reconciliation of liabilities arising from financing activities

The table below shows a reconciliation between the opening and the closing balances in the statement of financial position for liabilities arising from financing activities.

			Non-cash changes			
USD 1000	31 Dec 2021	Cash flows	Amortisation/ Accretion	Currency	Other	31 Dec 2022
Long-term interest-bearing debt	4 520 500	(4 020 500)	-	-	(500 000)	-
Short-term interest-bearing debt	-	-	-	-	500 000	500 000
Bond USD Senior Notes	-	2 500 000	-	-	-	2 500 000
Deferred payment ExxonMobil [1]	333 149	(300 000)	18 091	1 095	(52 335)	-
Prepaid loan expenses	(27 074)	(36 477)	17 801	1 320	(2 981)	(47 411)
Totals	4 826 575	(1 856 977)	35 892	2 415	(55 316)	2 952 589

[1] USD 352.335 thousand was paid to ExxonMobil 30 December 2022 (USD 300.000 thousand plus interest).

			Non-cash changes			
USD 1000	31 Dec 2020	Cash flows	Amortisation/ Accretion	Currency	Other	31 Dec 2021
Long-term interest-bearing debt	-	4 520 500	-	-	-	4 520 500
Long-term interest-bearing debt (RBL)	5 335 000	(5 335 000)	-	-	-	-
Deferred payment ExxonMobil	320 490	-	12 659	-	-	333 149
Prepaid loan expenses	(71 939)	(26 396)	73 495	(2 234)	-	(27 074)
Totals	5 583 551	(840 896)	86 154	(2 234)	-	4 826 575

Fair value hierarchy

The fair value of the financial instruments is included at the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following methods and assumptions were used to estimate the fair values:

The Company enters into derivative financial instruments with various counterparties, principally financial institutions with investment grade credit ratings. Derivatives measured using valuation techniques with market observable inputs are mainly commodity option contracts. The most frequently applied valuation techniques include forward pricing and swap models that use present value calculations. The models incorporate various inputs including the credit quality of counterparties and forward rate curves of the underlying commodity. As at 31 December 2022, the marked-to-market value of derivative asset positions is net of a credit valuation adjustment attributable to derivative counterparty default risk. The changes in counterparty credit risk had no material effect on financial instruments recognised at fair value.

All assets and liabilities, for which fair value is measured or disclosed in the financial statements, are categorised within the fair value hierarchy, described as follows, based on the lowest-level input that is significant to the fair value measurement as a whole:

- Level 1 input in the form of listed (unadjusted) prices in active markets for identical assets or liabilities.
- Level 2 – input other than listed prices of assets and liabilities included in Level 1 that is observable for assets or liabilities, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 – input for assets or liabilities for which there is no observable market data (non-observable input).

Note 22 Cash and cash equivalents

USD 1000	31 Dec 2022	31 Dec 2021
Bank deposits, unrestricted	434 693	214 133
Bank deposit, restricted, employee taxes	9 914	9 454
Total bank deposits	**444 607**	**223 588**

Note 23 Share capital and shareholders

Vår Energi ASA was listed on the Oslo Stock Exchange 16 February 2022, and as a consequence of this, company bylaws, voting rights and composition of the board was changed.

In 2021, the share capital was 399 425 shares at par value NOK 1 000. Every share had equal voting rights, one share corresponded to one vote.

As of 31 December 2022, the total share capital of the Company is USD 45 972 thousand or NOK 399 425 thousand. The share capital is divided into 2 496 406 246 ordinary shares and four Class B shares. Each share has a nominal value of NOK 0.16. The ordinary shares represent NOK 399 424 999.36 of the total share capital, while the Class B shares represent NOK 0.64 of the total share capital.

All shares rank pari passu and have equal rights in all respect, including with respect to voting rights and dividends and other distributions, except from the class B shares. 4 members to the board, will be elected by the general meeting with a simple majority among the votes cast for Class B shares. Such number to be reduced if the holder of the Class B shares holds less shares of the Company.

Earnings per share are calculated by dividing the net result attributable to shareholders by the number of shares after the listing on Oslo Stock Exchange. The calculation for all periods presented have been adjusted retrospectively to the new number of shares.

Vår Energi ASA's share saving program gives employees the opportunity to buy shares in Vår Energi ASA through monthly salary deductions. If the shares are retained for two full calendar years with continuous employment after the end of the saving year, the employees will be awarded a bonus share for each share they have purchased. This will be settled by Vår Energi ASA buying shares in the market. The award is treated as equity settled, hence it will not affect earnings per share.

USD 1000	2022	2021
Profit for the year attributable to ordinary equity holders	936 402	654 356
Number of shares after the listing on Oslo Stock Exchange (in thousand)	2 496 406	2 496 406
Earnings per share in USD	**0.38**	**0.26**
Earnings per share in USD diluted	**0.38**	**0.26**

Overview of the 20 largest shareholders registered as of 31 December 2022	Type of account	Number of shares (in 1000)	Owing interest
ENI INTERNATIONAL BV	Ordinary	1 574 616	63.1%
POINT RESOURCES HOLDING AS	Ordinary	517 636	20.7%
JPMorgan Chase Bank, N.A., London	Nominee	42 817	1.7%
FOLKETRYGDFONDET	Ordinary	18 822	0.8%
JPMorgan Chase Bank, N.A., London	Nominee	15 688	0.6%
GEVERAN TRADING CO LTD	Ordinary	12 763	0.5%
State Street Bank and Trust Comp	Nominee	11 883	0.5%
VERDIPAPIRFONDET ALFRED BERG GAMBA	Ordinary	9 420	0.4%
JPMorgan Chase Bank, N.A., London	Nominee	9 119	0.4%
JPMorgan Chase Bank, N.A., London	Nominee	8 132	0.3%
State Street Bank and Trust Comp	Nominee	7 742	0.3%
DANSKE INVEST NORSKE INSTIT. II.	Ordinary	7 570	0.3%
The Bank of New York Mellon SA/NV	Nominee	5 829	0.2%
VERDIPAPIRFONDET KLP AKSJENORGE IN	Ordinary	5 756	0.2%
UBS Switzerland AG	Nominee	4 805	0.2%
VERDIPAPIRFONDET DNB NORGE	Ordinary	4 677	0.2%
PARETO INVEST NORGE AS	Ordinary	4 581	0.2%
The Bank of New York Mellon SA/NV	Nominee	4 156	0.2%
VERDIPAPIRFONDET ALFRED BERG AKTIV	Ordinary	3 453	0.1%
VERDIPAPIRFONDET ALFRED BERG NORGE	Ordinary	3 287	0.1%
OTHER		223 654	9.0%
Total number of shares		**2 496 406**	**100%**

Note 24 Financial liabilities and borrowings

Interest-bearing loans and borrowings

USD 1000	Coupon/ Int. Rate	Maturity	31 Dec 2022	31 Dec 2021
Bond USD Senior Notes (22/27)	5.00%		500 000	-
Bond USD Senior Notes (22/28)	7.50%		1 000 000	-
Bond USD Senior Notes (22/32)	8.00%		1 000 000	-
Bridge facility	1.00%+SOFR +CAS	Nov 2023	500 000	3 000 000
RCF Working capital facility	1.08%+SOFR +CAS	Nov 2024	-	1 420 500
RCF Liquidity facility	1.13%+SOFR +CAS	Nov 2026	-	-
RCF Credit facility	1.13%+SOFR +CAS	Mar 2023	-	100 000
Deferred payment ExxonMobil			-	333 149
Prepaid loan expenses			(47 411)	(27 074)
Total interest-bearing loans and borrowings			**2 952 589**	**4 826 575**
Of which current and non-current:				
Interest-bearing loans, current			500 000	333 149
Interest-bearing loans and bonds, non-current			2 452 589	4 493 426

Credit facilities - utilised and unused amount

USD 1000	31 Dec 2022	31 Dec 2021
Drawn amount RCF credit facility	500 000	4 520 500
Undrawn amount credit facilities [1]	3 600 000	2 079 500

[1] Where current share is USD 600 million as of 31 December 2022

In 2022, Vår Energi ASA made three issuances of senior notes in the US debt capital markets. The inaugural issue of USD 500 million of 5% Senior Notes due in May 2027 was made on 18 May 2022. On 15 November 2022 Vår Energi ASA issued USD 1000 million of 7.5% Senior Notes due in January 2028 and USD 1000 million of 8.0% Senior Notes due in November 2032. The senior notes are registered on the Luxembourg Stock Exchange ("LuxSE") and coupon payments are made semi-annually. The proceeds have been used for partial repayment of the bridge facility. The senior notes have no financial covenants.

As of 31 December 2022, Vår Energi's senior unsecured facilities agreement entered into with a group of 12 international banks contains of three separate facilities amounting to USD 3.5 billion; (1) bridge to bond facility of USD 500 million which including extension options at the borrower's discretion has a final maturity 1 November 2023, (2) working capital revolving credit facility of USD 1.5 billion maturing 1 November 2024 and (3) liquidity facility of USD 1.5 billion maturing 1 Nov 2026. The facilities have no amortisation structure and all amounts outstanding fall due at maturity. The facilities have covenants covering leverage (net interest-bearing debt to 12 months rolling EBITDAX not to exceed 3.5) and interest coverage (EBITDA to 12 months rolling interest expenses shall exceed 5) which will be tested at the end of each calendar quarter.

The interest rate payable for each of the facilities is determined by timing and the company's credit rating taking the aggregate of the Secured Overnight Financing Rate (SOFR) and the Credit Adjustment Spread (CAS) and adding the applicable margin for the present period as shown in the table above.

Deferred payment to ExxonMobil is part of the consideration for the 2019 acquisition of ExxonMobil's ownership interests in Partner-Operated fields and licenses on the Norwegian Continental Shelf and was fully repaid in 2022 in accordance with the sales and purchase agreement.

Note 25 Asset retirement obligations

USD 1000	2022	2021
Beginning of period	**3 297 176**	**4 286 451**
Change in estimate	266 380	(922 730)
Accretion of discount	94 243	94 733
Payment for decommissioning of oil and gas fields	(70 318)	(70 418)
Currency translation effects	(371 343)	(90 860)
Total asset retirement obligations	**3 216 138**	**3 297 176**
Short-term	60 012	61 536
Long-term	3 156 126	3 235 640

Breakdown by decommissioning period	2022	2021
2022-2030	339 511	269 534
2031-2040	1 721 737	1 989 456
2041-2057	1 154 890	1 038 186

Change in estimate include updated discount rates and revised cost estimates.

The estimate is based on executing a concept for abandonment in accordance with the Petroleum Activities Act and international regulations and guidelines. The calculations assume inflation rates of 4.0% in 2023 and 2.0% from 2024 onwards and discount rates between 3.1% - 3.2% per 31 December 2022. For year end 2021 the inflation rates were 1.8% - 2.3% and the discount rates between 1.15% - 3.0%. The discount rates are based on risk-free interest without addition of credit margin.

Payment for decommissioning of oil and gas fields (abex) is mainly related to Balder Area (USD 35 300 thousand compared to USD 29 054 tousand in 2021), Ekofisk/Tor (USD 22 000 thousand compared to USD 39 693 tousand in 2021) and Åsgard (USD 12 600 thousand compared to USD 5 228 tousand in 2021).

Note 26 Other non-current liabilities

USD 1000	Note	31 Dec 2022	31 Dec 2021
Contingent consideration	28	76 950	78 187
Deferred gain		9 259	10 852
Removal provision Gassled	25	70 336	73 832
Total other non-current liabilities		**156 544**	**162 870**

Deferred gain relates to the 2017 transaction of the office buidling located in Grenseveien 6, 4313 Sandnes. Point Resources AS sold the shares in ExxonMobil Property Norway AS and immediately entered into a finance lease for the office building. The excess of sales proceeds is deferred and amortised over the lease term (20 years).

Note 27 Other current liabilities

USD 1000	Note	31 Dec 2022	Restated 31 Dec 2021
Overlift of hydrocarbons	3	37 961	41 177
Net payables to joint operations		378 167	408 426
Employees, accrued public charges and other payables		50 748	5 314
Deferred payment for option premiums - oil puts	21	36 143	39 339
Total other current liabilities		**503 019**	**494 256**

The liability for oil put options relates to cost of oil put options that under the purchase agreement is due for payment at the time of settlement of the option (exercise/expiry) and is not a measure of fair value.

Note 28 Commitments, provisions and contingent consideration

Other contractual obligations

Minimum work programs

Vår Energi is required to participate in the approved work programs for the licences. Together with the licence partners there is also an obligation to participate in exploration wells according to the license agreements. Remaining drilling commitments at 31 December 2022 are eight wells, with an estimated cost of USD 95 995 thousand.

Commitments

Vår Energi has entered into contractual commitments to secure planned activities. The numbers disclosed in the table below, represents Vår Energi's share of capital and operation expenditures from its participation in operated and non-operated exploration, development and production projects, as well as corporate activities. The current main development projects are Johan Castberg, Balder Future and Breidablikk. The table below excludes contracts reported as lease, as disclosed in note 29 Lease agreements.

USD 1000	31 Dec 2022	31 Dec 2021
Within one year	272 660	266 234
After one year but not more than five years	80 366	199 463
More than five years	2 738	3 273
Total commitments other than leases	**355 764**	**468 970**

Liability for damages/insurance

Vår Energi's operations involve risk for damages, including pollution. Installations and operations are covered by an operations insurance policy.

Guarantees

Vår Energi has contingent liabilities in respect of agreements with pipeline and processing companies, whereby it may be required to provide such companies with additional funds against future transportation and processing of petroleum liquids and natural gas delivered by Vår Energi to these companies.

Eni International B.V. has issued a guarantee to ExxonMobil for the seller's subsidiary removal cost obligations per Norwegian Law, in connection with Vår Energi's asset acquisitions from ExxonMobil in 2017 and 2019. Vår Energi pays and expenses an annual fee to Eni International B.V, see note 9. The total estimated net present value of the fee payments as of 31 December 2022 is USD 257 000 thousand, with a payment profile that is reduced according to the payment profile of decommissioning of asset acquired from ExxonMobil in 2017 and 2019.

Provisions and Contingencies

As part of the purchase agreement between Point Resources AS and ExxonMobil in 2017, Point Resources AS agreed to pay a contingent consideration related to possible development of the Forseti structure. The total consideration shall in no event exceed USD 110 000 thousand, and will be paid on the earlier of 1 March 2024 and completion of the Forseti Drilling Program. In June 2021, a minimum payment of USD 30 000 thousand was paid. Vår Energi is due to pay USD 2 per barrel if the P50 reserves estimate exceeds 15 million BOE. As of 31 December 2022, the net present value of the remaining consideration was estimated to USD 76 950 thousand and was recognised as a liability.

During the normal course of its business, Vår Energi will be involved in disputes, including tax disputes. The Company has made accruals for probable liabilities related to litigation and claims based on management's best judgment and in line with IAS37 and IAS12.

Note 29 Lease agreements

Vår Energi has entered into lease agreements for drilling rigs, helicopter, storage vessel and other vessels to secure planned activities.

The Company has lease agreements for offices in Sandnes, Oslo and Hammerfest. The most significant office contract is the lease of the main office building in Vestre Svanholmen 1, Sandnes.

Vår Energi also has leases for supply vessels, helicopters and warehouses supporting operation at Balder and Goliat, where the most significant are for the supply vessels operating at Goliat.

Non-lease components such as the service element of rig and helicopter commitments are not included as part of the lease debt. As at 31 December 2022 the service share of these contracts amount to USD 113 million (USD 136 million in 2021).

The total expenditure relating to short-term leases which are not recognised as part of lease liabilities was USD 4 million (USD 18 million in 2021).

See note 15 for the Right of use assets.

USD 1000	2022	2021
Opening Balance lease debt	**325 088**	**164 482**
New lease debt in period	6 149	208 819
Payments of lease debt	(116 893)	(48 401)
Interest expense on lease debt	9 245	7 819
Currency exchange differences	(10 942)	(7 631)
Total lease debt	**212 646**	**325 088**

Breakdown of the lease debt to short-term and long-term liabilities	31 Dec 2022	31 Dec 2021
Short-term	99 312	108 880
Long-term	113 334	216 208
Total lease debt	**212 646**	**325 088**

Lease debt split by activities	31 Dec 2022	31 Dec 2021
Offices	55 941	66 525
Rigs, helicopters and supply vessels	149 140	250 811
Warehouse	7 566	7 752
Total	**212 646**	**325 088**

Nominal lease debt maturity breakdown	31 Dec 2022	31 Dec 2021
Within one year	99 312	108 880
Two to five years	104 792	195 053
After five years	41 390	45 091
Total	**245 494**	**349 024**

Note 30 Related party transactions

Vår Energi has a number of transactions with other wholly owned or controlled companies by the shareholders. The related party transactions reported is with entities owned or controlled by the majority ultimate shareholder of Vår Energi, Eni SpA. Revenues are mainly related to sale of oil, gas and NGL while the expenditures are mainly related to technical services, seconded personnel, insurance guarantees and rental cost.

Current assets

USD 1000	31 Dec 2022	31 Dec 2021
Trade receivables		
Eni Trade & Biofuels SpA	251 129	160 533
Eni SpA	129 270	123 884
Eni Global Energy Markets	97 768	138 342
Other	546	2 075
Total trade receivables	**478 714**	**424 834**

All receivables are due within 1 year.

Current liabilities

USD 1000	31 Dec 2022	31 Dec 2021
Account Payables		
Eni International BV	21 740	21 336
Eni Global Energy Markets	22 063	24 547
Eni SpA	11 751	19 387
Other	1 340	915
Total account payables	**56 894**	**66 185**

Sales revenue

USD 1000	2022	2021
Eni Trade & Biofuels SpA	2 759 010	1 910 883
Eni SpA	1 472 251	703 428
Eni Global Energy Markets	629 765	473 372
Total sales revenue	**4 861 026**	**3 087 683**

Operating and capital expenditures

USD 1000	2022	2021
Eni Trade & Biofuels SpA	48 841	29 020
Eni International BV	22 138	21 904
Eni SpA	21 462	46 294
Eni Global Energy Markets	(5 155)	21 590
Eni International Resources Ltd.	2 026	2 019
Other	455	1 616
Total operating and capital expenditures	**89 768**	**122 443**

Note 31 License ownerships

Fields	WI %	Operator	Licenses	Concession period expires
BALDER	90.0%	Vår Energi	PL 001/PL 027/PL 027C/PL 169/PL 028	2030
BAUGE	17.5%	Equinor	PL 348/PL 348B	2029
BRAGE	12.3%	Wintershall Dea	PL 053B/PL 055/PL 185/PL 055B/PL 055D	2030
BREIDABLIKK	34.4%	Equinor	PL001DS/PL027FS/PL169/PL169B2	2030
BØYLA	20.0%	Aker BP	PL340/PL340BS	2029
EKOFISK	12.4%	ConocoPhillips	PL 018/PL 018 B	2028
ELDFISK	12.4%	ConocoPhillips	PL 018	2028
EMBLA	12.4%	ConocoPhillips	PL 018	2028
FENJA	45.0%	Neptune Energy	PL 586	2039
FRAM	25.0%	Equinor	PL 090 / 090E	2024
FROSK	20.0%	Aker BP	PL340	2029
GOLIAT	65.0%	Vår Energi	PL229	2042
GRANE	28.3%	Equinor	PL 001CS/PL 169B1	2030
GUNGNE	13.0%	Equinor	PL 046	2028
HALTEN ØST	24.6%	Equinor	PL074CS/PL074B/PL263/PL263B/PL312/PL312B/PL473	2042
HEIDRUN	5.2%	Equinor	PL 095/PL 124	2024/2025
HYME	17.5%	Equinor	PL 348	2029
JOHAN CASTBERG	30.0%	Equinor	PL 532	2049
KRISTIN	16.7%	Equinor	PL 134D	2027
LAVRANS	15.0%	Equinor	PL199	2033
MARULK	20.0%	Vår Energi	PL 122	2025
MIKKEL	48.4%	Equinor	PL 092/PL 121	2024
MORVIN	30.0%	Equinor	PL 134B/P L034C	2027

Fields	WI %	Operator	Licenses	Concession period expires
NORNE	6.9%	Equinor	PL 128/PL 128 B	2026
ORMEN LANGE	6.3%	Norske Shell	PL 208/PL 250	2041
RINGHORNE ØST	70.0%	Vår Energi	PL 027/PL 169E/PL 053B/PL 055/PL 185	2030
SIGYN	40.0%	Equinor	PL 072	2022
SKULD	11.5%	Equinor	PL 128	2026
SLEIPNER VEST	17.2%	Equinor	PL 029/PL 046	2028
SLEIPNER ØST	15.4%	Equinor	PL 046	2028
SNORRE	18.6%	Equinor	PL 057	2040
STATFJORD	21.4%	Equinor	PL 037	2026
STATFJORD NORD	25.0%	Equinor	PL 037	2026
STATFJORD ØST	20.6%	Equinor	PL 037/PL 089	2040
SVALIN	13.0%	Equinor	PL 169	2030
SYGNA	21.0%	Equinor	PL 037/PL 089	2040
TOMMELITEN ALPHA	9.1%	ConocoPhillips	PL044	2028
TOR	10.8%	ConocoPhillips	PL 006/PL 018	2028
TORDIS	16.1%	Equinor	PL 089	2040
TRESTAKK	40.9%	Equinor	PL 091/PL 091D	2029
TYRIHANS	18.0%	Equinor	PL 073/PL 073 B/PL 091	2029
URD	11.5%	Equinor	PL 128	2026
VERDANDE	10.5%	Equinor	PL128F	2026
VIGDIS	16.1%	Equinor	PL 089	2040
ÅSGARD	22.7%	Equinor	PL 062/PL 074/PL 094 /PL 094 B/PL 134/PL 237/PL 479	2027

Licenses	WI %	Operator
PL001	90%	Vår Energi
PL001 CS	100%	Vår Energi
PL001 DS	100%	Vår Energi
PL018	12%	ConocoPhillips
PL018 B	12%	ConocoPhillips
PL027	90%	Vår Energi
PL027 C	90%	Vår Energi
PL027 FS	100%	Vår Energi
PL027 HS	90%	Vår Energi
PL028	90%	Vår Energi
PL028 C	13%	Equinor
PL028 S	90%	Vår Energi
PL029	85%	Vår Energi
PL037	25%	Equinor
PL044	13%	ConocoPhillips
PL046	13%	Equinor
PL053 B	12%	Wintershall Dea
PL055	12%	Wintershall Dea
PL055 B	12%	Wintershall Dea
PL055 D	12%	Wintershall Dea
PL055 E	12%	Wintershall Dea
PL057	5%	Equinor
PL062	10%	Equinor
PL072	40%	Equinor
PL072 B	50%	Equinor
PL073	12%	Equinor
PL073 B	15%	Equinor
PL074	39%	Equinor
PL074 B	39%	Equinor

Licenses	WI %	Operator
PL074CS	39%	Equinor
PL074DS	39%	Equinor
PL074ES	39%	Equinor
PL089	16%	Equinor
PL090	25%	Equinor
PL090 E	25%	Equinor
PL090 I	25%	Equinor
PL091	41%	Equinor
PL091 D	41%	Equinor
PL091 E	41%	Equinor
PL091 F	41%	Equinor
PL092	55%	Equinor
PL094	34%	Equinor
PL094 B	22%	Equinor
PL095	5%	ConocoPhillips
PL107 B	5%	Equinor
PL107 D	5%	Equinor
PL121	35%	Equinor
PL122	20%	Vår Energi
PL122 B	20%	Vår Energi
PL122 C	20%	Vår Energi
PL122 D	20%	Vår Energi
PL124	5%	Equinor
PL128	12%	Equinor
PL128 B	7%	Equinor
PL128 D	12%	Equinor
PL128 E	12%	Equinor
PL134	30%	Equinor
PL134 B	30%	Equinor

Licenses	WI %	Operator
PL134 C	30%	Equinor
PL134 D	30%	Equinor
PL145	20%	ConocoPhillips
PL169	13%	Equinor
PL169 B1	7%	Equinor
PL169 B2	10%	Equinor
PL169 E	13%	DNO Norge
PL185	12%	Wintershall Dea
PL199	15%	Equinor
PL209	10%	Equinor
PL209 BS	10%	Equinor
PL219	50%	Equinor
PL220	15%	Equinor
PL229	65%	Vår Energi
PL229 B	65%	Vår Energi
PL229 E	50%	Vår Energi
PL229 G	50%	Vår Energi
PL229 H	65%	Vår Energi
PL237	22%	Equinor
PL250	6%	Shell
PL257	15%	Equinor
PL263 C	10%	Equinor
PL275	12%	ConocoPhillips
PL293	25%	Equinor
PL312	41%	Equinor
PL312 B	41%	Equinor
PL340	20%	Aker BP
PL340 BS	20%	Aker BP
PL348	18%	Equinor

Licenses	WI %	Operator
PL348 B	18%	Equinor
PL375	20%	Equinor
PL393	80%	Vår Energi
PL473	39%	Equinor
PL479	34%	Equinor
PL489	40%	Vår Energi
PL532	30%	Equinor
PL554	30%	Equinor
PL554 B	30%	Equinor
PL554 C	30%	Equinor
PL554 D	30%	Equinor
PL586	45%	Neptune
PL586B	45%	Neptune
PL608	30%	Equinor
PL784	20%	Aker BP
PL820S	30%	Vår Energi
PL820SB	30%	Vår Energi
PL869	20%	Aker BP
PL901	50%	Vår Energi
PL917	40%	Vår Energi
PL917 B	40%	Vår Energi
PL938	20%	Neptune
PL947	40%	Vår Energi
PL947 B	40%	Vår Energi
PL956	50%	Vår Energi
PL984	30%	DNO Norge
PL984 BS	30%	DNO Norge
PL985	30%	Vår Energi
PL1002	40%	Vår Energi

Licenses	WI %	Operator
PL1002B	40%	Vår Energi
PL1005	40%	Aker BP
PL1025 S	30%	Vår Energi
PL1025 SB	30%	Vår Energi
PL1042	30%	Aker BP
PL1043	40%	Vår Energi
PL1043B	40%	Vår Energi
PL1072	70%	Vår Energi
PL1072 B	70%	Vår Energi
PL1073	70%	Vår Energi
PL1074	40%	Vår Energi
PL1075	60%	Vår Energi
PL1078	30%	Equinor
PL1079	30%	Vår Energi
PL1080	30%	Equinor
PL1090	50%	Vår Energi
PL1096	30%	Vår Energi
PL1114	30%	Chrysaor Norge AS
PL1117	30%	OKEA ASA
PL1120	20%	DNO Norge AS
PL1121	30%	Equinor
PL1122	20%	ConocoPhillips
PL1131	40%	Vår Energi
PL1132	60%	Vår Energi
PL1139	20%	Lundin
PL1154	40%	Vår Energi
PL1163	20%	ConnocoPhillips
PL1168	50%	Vår Energi
PL1169	30%	Equinor

Note 32 Proved developed reserves (unaudited)

	MBOE
Production 2021	(89.7)
Changes in estimate 2021	100.0
Proved developed reserves as of 31 December 21	**373.8**
Production 2022	(80.3)
Change in gas conversion factor	(6.7)
Change in estimate 2022	25.0
Proved developed reserves as of 31 December 22	**311.8**

Effective from 1 January 2022, Vår Energi changed reserves classification system from U.S. Securities and Exchange Commission (SEC) to SPE-PRMS (Petroleum Resources Management System). The impacts were limited with increased total proved reserves of 5 mmboe.

Proved developed reserves as of 31 December 2022 are Vår Energi ASA's own evaluation based on Petroleum Resources Management System (PRMS) principles.

Total proved reserves, developed and undeveloped, as of 31 December 2022 were 673 mmboe.

As of 31 December 2022 (PRMS), the Company's total proved and probable reserves (2P) net to Vår Energi were 1070 mmboe, slightly down from 1 119 mmboe as of 31 December 2021 (SEC).

The reduction from 2021 to 2022 is mainly due to a combination of high production (80 mmboe) in 2022 and an update to the Company gas conversion factor (14 mmboe), partly offset by reserves increases/promotions and upward revisions of reserves following more favorable commodity prices during 2022.

Vår Energi's total proved and probable reserves are distributed in four major geograhpical regions: Balder Area 29%, Barents Sea Area 22%, Norwegian Sea Area 25% and North Sea Area 24%. 72% of the Company's proved and probable reserves were oil, whereas nearly 23% were gas and 5% were NGL.

The Company's five largest fields - Balder/Ringhorne, Johan Castberg, Snorre, Åsgard and Breidablikk account for approximately 55% of total proved and probable reserves.

The Company's reserve life index (RLI) at year-end 2022, calculated on the basis of proved and probable reserves, was 13.3 years.

Total contingent resources (3C) at year-end 2022 were 550 mmboe, a reduction of 12 mmboe compared to year-end 2021. The main reasons were reduction of 12 mmboe due to updated gas conversion factor and new project/drilling activities being matured from resources to the reserves category. This was partially offset by recent discoveries including Snøfonn Nord and Skavl Stø.

For further information see the Annual Statement of Reserves published on www.varenergi.no

Note 33 Climate risk

Climate risk as described in detail in our sustainability reporting, may have a significant impact on our financial reporting. Climate risk may be related to transitional risk and physical risk. Transitional risks relate to risks associated with transitioning to a lower-carbon economy and may comprise of market, reputational and policy risks. Physical risks are the risks which arise from the physical effects of climate change and environmental degradation and may arise through changes in weather patterns, temperature increases and other physical effects of climate change.

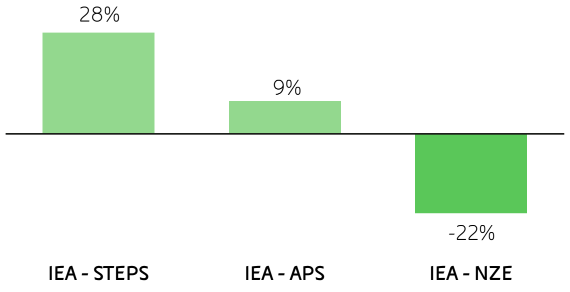
Vår Energi continually identifies and assesses the actual and potential impacts on sustainable development from our business and activities. Vår Energi is mainly impacted by transitional risks but could also be impacted by physical risk in a longer perspective.

Scenario analysis

Vår Energi acknowledges and adheres to the recommendations set forth by the Task Force on Climate Related Financial Disclosures (TCFD) and take climate risks and opportunities into account when developing strategies and financial plans. In line with the recommendations by TCFD, Vår Energi has conducted scenario analysis under the International Energy Agency (IEA) scenarios of future energy trends, in order to assess the impacts on the Company's business and financial performance. The Global Energy and Climate (GEC) Model includes key input data for three modelled scenarios; Stated Policies Scenario (STEPS), Announced Pledges Scenario (APS) and Net Zero Emissions by 2050 Scenario (NZE).

The figure below illustrates the changes in the net present value (NPV) of Vår Energi's portfolio under the scenarios described in IEA's World Energy Outlook (WEO) report subject to assumptions described below. The latest WEO report published in October 2022 further describes the scenarios mentioned above and can be found at www.iea.org.

Change in NPV of Vår Energi portfolio under IEA scenarios



Notes
1. The NPV of Vår Energi portfolio under the selected scenarios is compared to the NPV of the portfolio valued at Vår Energi's latest economic assumptions. Fixed exchange rates are used for all scenarios.
2. IEA defines the prices for 2030 and 2050 in real 2021 terms. Vår Energi assumes a linear price development from 2023-2030 and 2030-2050.

Oil and gas price scenarios by the IEA:

Scenario price ranges	Oil USD/bbl		Gas USD/mmbtu	
Real terms (USD 2021)	2030	2050	2030	2050
Net Zero	35	24	4.6	3.8
Announced Pledges	64	60	7.9	6.3
Stated Policies	82	95	8.5	9.2

Prices applied in the scenario assume a linear forecasted price development and do not take price fluctuations, changes in portfolio and costs into account. Further, the scenarios imply that no new oil and gas fields will be approved for development beyond already committed projects as of 2022. NGL prices are estimated to be 70% of oil prices and foreign exchange rates have been kept unchanged compared to base assumptions used for impairment purposes.

As illustrated in the figure above, the NPV of Vår Energi's portfolio is 28% higher under the IEA's STEPS scenario compared to the Company's latest planning and budget assumptions. Under the APS scenario, the NPV of the portfolio is 9% higher than the Vår Energi base case.

The Net Zero Emissions by 2050 scenario models a collapse in commodity prices of crude oil and natural gas dependent on a significant reduction in demand. Between 2021 and 2050, the demand for oil is expected to decline by around 80%, and natural gas to decline by more than 70%. Thus, this scenario entails ambitious policies and measures to reduce energy demand through behavioural change. As indicated in the above figure, the NPV of Vår Energi's portfolio is valued 22% lower compared to the base assumptions under this scenario.

Climate-related risk assessment

Vår Energi has implemented an Enterprise Risk Management process that is applied at all levels across the entire organisation. We are committed to deliver a better future and producing oil and gas in an energy efficient way with low emissions, a key priority that is embedded in our sustainable development goals and strategy. At the same time, we also see that the energy system and the oil and gas industry are in transition, and mitigating climate change is a global endeavour requiring economic and social transformation as we move towards a carbon neutral world. In this context, Vår Energi has processes in place that actively assess climate risk and opportunities and implement actions to mitigate risks and pursue opportunities that are identified.

We have conducted a climate risk and opportunity assessment based on the TCFD recommendations and framework.

Transitional risks

Vår Energi is mainly impacted by transitional risks, which may include the following:

Regulatory and legal risks

Vår Energi's business and results of operations could be adversely affected by the adoption of new climate change laws, policies and regulations. Growing concerns about climate change and greenhouse gas emissions have led to the adoption of various regulations and policies and future global policy may further influence climate related action from the government.

Future changes in climate related regulations, such as increased CO_2, NO_x or other emissions related taxes, are likely to impact Vår Energi's financial results through an increase in operating costs. Uncertainty exists related to development in actual quota prices going forward, and the timing of ramp-up of the total CO_2 costs towards 2030.

Another regulatory risk may be an implementation of new regulations to reduce or stop exploration activities and/or reduce tax relief on exploration activities on the NCS. If this risk were to materialise, it would potentially result in an inability to fully replace produced oil and gas reserves and continue to grow as a company due to the lack of new resources. There is also a risk that mature assets with higher emissions may not be granted extension of licence and will be decommissioned earlier than anticipated.

Lawsuits related to environmental harmful production or spills are also identified as climate related legal risks.

Market risk

In context of the ongoing energy transition process, the demand for oil and gas, and subsequently the price of oil and gas may decrease.

Vår Energi's financing arrangements consist mainly of fixed interest rates, but also some floating interest rates and the Company is therefore exposed to interest rate fluctuations. Regulations related to the availability of funding in the capital market and implementations of higher interest rates for companies in the oil and gas sector and/or with high production emissions may be identified as a regulatory risk.

By electrification of our assets, operational costs may increase if the electricity prices continue to increase or stay at the high 2022-levels.

Technological risk

Innovative technology and sources of energy may reduce the demand for oil and gas, such as renewable energy, hydrogen, electrification and batteries. Transitions into substitutional energy sources may have an impact on the financial results.

Reputational risk

We realise that our activities may have both positive and negative effects on communities and the environment, and we are continuously assessing the reputational risks of the Company in this context. From a general industry perspective, the climate related reputational risks associated with being in the oil and gas business could impact the Company in the form of negative media coverage, reduced attractiveness as an employer, operator or business partner and/or increased cost of or access to capital. The reputational risk in this context is dependent on how we respond to the climate related issues within our industry.

Physical risks

Extreme weather events such as storms, extreme waves and heavy rain may affect own production and supply chain logistics, resulting in halting or shutdown of production affecting the financial results. Installations may require improvement and investments to handle extreme weathers, increasing expenditures. It may also affect the assets in terms of reduced useful life and technical reserves.

Increased volatility in weather, sea-level rise and wave height are considered chronic physical risk factors that are climate related. These are all elements that would potentially affect the working environment (conditions) on our producing offshore assets as well as the long-term integrity of the installations.

Mitigating actions

Vår Energi is continuously assessing market trends with regards to financial impact and include sensitivity analysis (alternative price scenarios) in the process to evaluate the robustness of new projects.

Having set ambitious climate targets for our company, we are shifting our focus towards operationalising already developed plans for achieving GHG (greenhouse gas) reductions in line with our goals. One way of achieving reduction of direct emissions is by electrification of assets with renewable power from shore or offshore renewable energy sources. Our strategy is that all future greenfield developments where Vår Energi is the operator shall be electrified with power from shore or from offshore renewable sources. We are also exploring opportunities for further electrification from renewable sources of our existing fields to reduce GHG emissions.

Technological development is a key enabler with regards to mitigating climate risks and pursuing climate opportunities and plays a key part in Vår Energi's long term target to reach net zero Scope 1 and 2 emissions by 2030. Vår Energi's research and development (R&D) activities seek to provide advanced technical solutions supporting the Company's ambitions of reducing environmental impacts and improving production efficiency.

To manage the commodity price risk, Vår Energi protects cash flows from sale of crude oil through entering commodity price hedging instruments and cash flows from sale of natural gas through entering fixed price gas sales contracts. These mitigating actions help manage the price risk in the short-term as contracts are normally within the next 12 months.

Key targets and actions in 2022

Emissions reductions

Vår Energi has reduced the flaring at Balder, Ringhorne and Goliat through active use of flaring strategy and changing valves. The Company has increased the energy efficiency at Balder, Goliat and Jotun through running compressors at 50% load, rebundled the compressor train and modified water injection pumps, respectively.

The first production of renewable energy from Hywind Tampen started in November 2022, with delivery of power to the Gullfaks platform. Vår Energi holds a 10% partner share in the development project.

Risk management

Potential environmental impacts are included in Vår Energi's procurement process and may have up to a 30% weight in the decision model. Assessment of potential environmental impact are included in all investment decisions.

In 2022, Vår Energi published its first CDP Report (formerly known as Carbon Disclosure Project). The report is a voluntary reporting framework to disclose environmental information to stakeholders on an annual basis. Reporting of identified risks and opportunities, as well as targets and performance, contribute a large part of the report which can be found at www.varenergi.no.

Potential financial impacts

Estimates of future financial impacts related to increased operating costs due to increased tax on CO_2 emissions, decreased revenues due to reduced production capacity or reduced demand for oil and gas are included in Annex 3 in Vår Energi's Sustainability Report 2022.

A scenario of shutdown of production of oil and gas from 2050 in order to reach the KonKraft strategy of near zero scope 1 emissions by 2050 will have limited to no impact on the 2022 financials. This is due to limited assumed production and decommissioning cost after 2050.

If no exploration activity is allowed after 2022, an impairment of exploration bonus potential included in Other tangible assets of USD 47 million is estimated to be suffered.

An increase in the fixed interest rates on the Senior Notes by 100 points would impact the expected interest payments by USD 25 million (14% increase), whereas an increase by 200 points would impact the interest payments by USD 50 million (28% increase). Although such an increase is not applicable on the fixed rates at present, the scenario shows the possible increased exposure in the longer term.

Opportunities

Main identified climate-related opportunities with potential substantial financial impact identified by Vår Energi are:

- Shift in supplier: Vår Energi's assets being preferred in terms of lower emissions per produced boe, e.g. compared to non-NCS suppliers
- Electrification of assets may reduce production costs
- Underinvestment in the oil and gas industry may lead to increased prices on the commodities, in which may generate higher revenues
- Lower interest rates on loans due to lower emissions compared to other non-NCS producers
- Availability of capital; loan issuers may prefer companies with lower emissions

Offsetting our impacts

Vår Energi has an ambitious strategy to compensate for the remaining Scope 1 and 2 emissions from our production while we continue the work to reduce absolute Scope 1 and 2 emissions to near zero by 2050. To achieve these commitments, remaining GHG emissions will be balanced by permanently removing an equivalent volume of CO_2 by using available carbon offsetting mechanisms in the voluntary carbon market. We have developed a carbon credit policy to ensure the purchased carbon credits will be consistent with the Core Carbon Principles; High Quality Voluntary Carbon Credits Principles (icvcm.org).

Further, from 2021 we have started offsetting emissions from employee commuting, business travel and power for our office buildings, using the Trefadder solution. Through Trefadder, Vår Energi is supporting carbon capture by planting trees in Norwegian climate forests. Growing these forests will store more CO_2 and contribute to an improved environment, in addition to the positive social impact of creating local jobs.

The Company provides a more detailed analysis of climate risks and opportunities, financial impacts of climate change and implemented measures to ensure long-term value creation in the Sustainability Report available at www.varenergi.no

Note 34 Subsequent events

In January 2023, Vår Energi was awarded 12 licenses in the APA 2022 licensing round, of which five as operator. Vår Energi is offered licenses in both the North Sea, the Norwegian Sea and the Barents Sea - most of them in areas close to existing infrastructure.

Vår Energi has decided to withdraw from the Barents Blue project as the cooperation agreement expired on 31th January 2023. This decision will not impact Vår Energi's position in the Barents Sea, and the work to find a comprehensive gas export solution continues.

Vår Energi has elected to sell part of its gas on a fixed price/forward basis. For the 1st Quarter 2023, Vår Energi has sold 33% of the estimated gas production on a fixed price basis at an average price of 288 USD/boe. Vår Energi has also chosen to forward sell 20% of its estimated gas production in the 2nd and 3rd Quarter 2023 at an average sales price of 192 USD/boe. The current market situation is very much impacted by the war in Ukraine and the resulting reduced flow of gas from Russia into the European market.

Vår Energi operates only on the Norwegian Continental Shelf and market its petroleum products to customers in Norway, EU and UK. While not directly exposed to Russia's invasion of Ukraine, there is significant uncertainty regarding the potential impact on safe and reliable energy supply, as well as to the market prices of oil, gas and other commodities which may impact future operations and results.

Auditor's report

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To the General Meeting of Vår Energi ASA

Independent Auditor's Report

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Vår Energi ASA (the Company), which comprise the balance sheet statement as at 31 December 2022, the statement of comprehensive income, statement of changes in equity 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 statutory requirements, and
- the financial statements give a true and fair view of the financial position of the Company as at 31 December 2022, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by EU.

Our opinion is consistent with our additional report to the Audit Committee.

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 as required by 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.

To the best of our knowledge and belief, no prohibited non-audit services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided.

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Statsautoriserte revisorer, medlemmer av Den norske Revisorforening og autorisert regnskapsførerselskap

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We have been the auditor of the Company for 4 years from the election by the general meeting of the shareholders on 5 July 2019 for the accounting year 2019.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. The Company's business activities are largely unchanged compared to last year. We have not identified regulatory changes, transactions or other events that qualified as new key audit matters. The impairment assessment for goodwill and property, plant and equipment and estimation of asset retirement obligations have the same characteristics and risks this year as the previous year and consequently have been an area of focus also for the 2022 audit.

Key Audit Matters	How our audit addressed the Key Audit Matter
Impairment of goodwill and property, plant and equipment Vår Energi ASA has property, plant and equipment with a carrying amount of USD 14 562 237 thousands at 31 December 2022. In addition, the carrying value of goodwill (including technical goodwill) was USD 2 019 512 thousands at 31 December 2022. In line with Vår Energi's accounting policies for impairment of non-financial assets, management has assessed whether there are impairment or impairment reversal indicators. Based on identified impairment indicators, an impairment calculation was prepared.	We assessed management's identification of impairment or impairment reversal indicators and agreed that indicators were present. We obtained management's impairment calculation as of 31 December 2022. Management's identification of cash generating units were in line with our expectations. For relevant cash generating units, including allocated technical goodwill, we assessed the key inputs into the calculation of recoverable amount by: • comparison of management´s short-term price assumptions against external price forward curves, • comparison of long-term oil and gas price assumptions against long-term price assumptions communicated by peers and other publicly available sources, • tested CGU and underlying asset specific assumptions underlying the impairment test model (e.g. production profiles, capital expenditures, operating costs, removal costs),

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Auditor's report

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Management's assessment of recoverable amounts of goodwill and property, plant and equipment requires estimates and assumptions relating to operational and market factors and involves a significant amount of judgement. In addition, the calculation of recoverable amounts requires financial modelling of the cash flows related to the cash generating units, which can be inherently complex, and may require use of additional judgement.

Based on the results of the assessment of impairment triggers and the corresponding calculation of recoverable amounts, a total net impairment charge of USD 657 922 thousands was recognised in 2022. The impairment charges relate to impairments of technical goodwill of USD 235 913 thousands and impairments on property, plant and equipment of USD 422 008 thousands.

We focussed on this area because goodwill and property, plant and equipment constitute a significant share of total assets in the balance sheet, and because the assessment of recoverable amount is complex and involves significant management judgement which may have a direct impact on net profit.

Please refer to note 16 for a description of management's assessment of impairment.

- assessing the reasonableness of CGU and underlying asset specific assumptions by comparing current year actual data to data that were forecasted for the current year and comparing current year actual data to data forecasted for future years,
- reconciling removal costs and years in the impairment models towards the removal costs applied in the calculation of asset retirement obligations,
- evaluation of internal reserves estimation process, testing certain controls in the reserves process and comparing reserves volumes to external verifications of reserves. We also evaluated the professional qualifications and objectivity of management's internal and external experts (reservoir engineers) who performed the detailed preparation of, or audited, the reserve estimates and analysed production and other changes in reserves throughout the year,
- testing tax assumptions and calculations of tax basis and tax cash flows,
- assessing the calculation from post to pre tax impairment charge or reversal, and
- benchmarking of inflation, discount rates and exchange rates applied against external market data.

The valuation of goodwill and property, plant and equipment are inherently uncertain due to the judgemental nature of the underlying estimates.

We further assessed the mathematical and methodological integrity of management's impairment models.

Management determined that ordinary goodwill at the balance sheet date was not impaired. We obtained and considered management's assessment supporting the carrying value of goodwill at 31 December 2022. We also calculated the market capitalization at 31 December 2022 based on the quoted share price at year-end. We found support for the carrying value of oil and properties and ordinary goodwill as of 31 December 2022.

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We evaluated the appropriateness of the related note disclosures and found that they were reasonable.

We also assessed the sensitivity analysis and underlying calculations showing how the recoverable amounts of tangible assets and technical goodwill would be impacted by changes to underlying assumptions, such as change in hydrocarbon prices and discount rates. In addition, we considered consistency between the climate risk related disclosures in note 33 and the sensitivity analysis to the impairment testing in note 16.

Estimation of asset retirement obligations

Asset retirement obligations as of 31 December 2022 were calculated for operated and non-operated assets. Asset retirement obligations represent USD 3 216 138 thousands in the balance sheet as of 31 December 2022 and are accounted for as a non-current provision of USD 3 156 126 thousands and current provision of USD 60 012 thousands.

The estimation and measurement of asset retirement obligations requires a number of estimates and judgments to be applied. This includes timing of actual cash flows, amount of retirement costs and discount rate. The timing of removal is also dependent on the reserves estimation and is impacted by the commodity price outlook. The calculation of the asset retirement obligations requires financial modelling of cash flows related to the removal and decommissioning cost. Such modelling can be complex and may require use of additional judgement.

We obtained management's assessment and model for calculation of asset retirement obligations as at 31 December 2022 and held meetings with management to understand the nature and details of the calculation. We found the methodology to be in line with requirements in IFRS.

The decommissioning cost estimates for the non-operated assets are based on the respective Operators cost estimate. We obtained the cost estimate prepared by the external Operators of the non-operated fields from management. We checked that the external cost estimates were included as input in the calculation of the asset retirement obligation for the non-operated fields and challenged assumptions applied.

For the operated Balder, Ringhorne and Goliat fields, the cost estimates are based on Vår Energi's internal calculation and assessment. Vår Energi has involved a multi-discipline project team with professionals from various technical areas. The calculation of cost estimates for the Vår Energi operated fields are based on several cost inputs. We assessed the cost estimate assumptions applied for reasonableness. This included, but were not limited to, number of wells to be plugged, rig rates per day, decommissioning year and contingency level. We also tested the model used for calculating the asset retirement obligations and found that the model makes calculations as expected. We received management's assessment of the timing of

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We focused on this area due to the significant value the provision for asset retirement obligations represents in the balance sheet, and the level of management judgement used in determining the provision for asset retirement obligations.

Please refer to note 25 for a description of how management has accounted for the asset retirement obligations.

decommissioning and removal activities for each field. We benchmarked the inflation rate and the discount rate used in calculation of the asset retirement obligations. Our testing substantiated that management assumptions were fair.

We evaluated the appropriateness of the related note disclosures and found that they were reasonable.

Other Information

The Board of Directors and the Managing Director (management) are responsible for the information in the Board of Directors' report and the other information accompanying the financial statements. The other information comprises information in the annual report, but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the information in the Board of Directors' report nor the other information accompanying the financial statements.

In connection with our audit of the financial statements, our responsibility is to read the Board of Directors' report and the other information accompanying the financial statements. The purpose is to consider if there is material inconsistency between the Board of Directors' report and the other information accompanying the financial statements and the financial statements or our knowledge obtained in the audit, or whether the Board of Directors' report and the other information accompanying the financial statements otherwise appear to be materially misstated. We are required to report if there is a material misstatement in the Board of Directors' report or the other information accompanying the financial statements. We have nothing to report in this regard.

Based on our knowledge obtained in the audit, it is our opinion that the Board of Directors' report

- is consistent with the financial statements and
- contains the information required by applicable statutory requirements.

Our opinion on the Board of Director's report applies correspondingly to the statements on Corporate Governance and Corporate Social Responsibility, and to the report on payments to governments.

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Responsibilities of Management for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the EU, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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 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 judgement 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. We 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.

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- 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 a true and fair view.

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.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Report on Compliance with Requirement on European Single Electronic Format (ESEF)

Opinion
As part of the audit of the financial statements of Vår Energi ASA, we have performed an assurance engagement to obtain reasonable assurance about whether the financial statements included in the annual report, with the file name "VarEnergiASA-2022-12-31-en", have been prepared, in all material respects, in compliance with the requirements of the Commission Delegated Regulation (EU) 2019/815 on the European Single Electronic Format (ESEF

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Regulation) and regulation pursuant to Section 5-5 of the Norwegian Securities Trading Act, which includes requirements related to the preparation of the annual report in XHTML format, and iXBRL tagging of the consolidated financial statements.

In our opinion, the financial statements, included in the annual report, have been prepared, in all material respects, in compliance with the ESEF regulation.

Management's Responsibilities
Management is responsible for the preparation of the annual report in compliance with the ESEF regulation. This responsibility comprises an adequate process and such internal control as management determines is necessary.

Auditor's Responsibilities
For a description of the auditor's responsibilities when performing an assurance engagement of the ESEF reporting, see: https://revisorforeningen.no/revisjonsberetninger

Stavanger, 29 March 2023
PricewaterhouseCoopers AS

Gunnar Slettebø
State Authorised Public Accountant

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Statement by the Board of Directors and the Chief Executive Officer

Pursuant to the Norwegian Securities Trading Act Section 5-5 with related regulations, we hereby confirm that, to the best of our knowledge, the Company's and the group's financial statements for 2022 have been prepared in accordance with IFRS, as adopted by the EU, and requirements in accordance with the Norwegian Accounting Act. The information presented in the financial statements gives a true and fair view of the company's liabilities, financial position and results overall.

To the best of our knowledge, the Board of Directors' Report gives a true and fair view of the development, performance and financial position of the Company, and includes a description of the principal risk and uncertainty factors facing the Company and the Group.

In addition, we confirm to the best of our knowledge, that the report "Payment to governments" as provided in a separate section in this annual report, has been prepared in accordance with the requirements in the Norwegian Securities Trading Act Section 5-5a with related regulations.

Sandnes, 29 March 2023
The Board of Directors of Vår Energi ASA
Signed electronically

Thorhild Widvey
Chair

Liv Monica Bargem Stubholt
Deputy Chair

Francesco Gattei
Director

Guido Brusco
Director

Clara Andreoletti
Director

Marica Calabrese
Director

Fabio Ignazio Romeo
Director

Ove Gusevik
Director

Martha Skjæveland
Director,
employee representative

Hege Susanne Blåsternes
Director
employee representative

Bjørn Nysted
Director,
employee representative

Jan Inge Nesheim
Director,
employee representative

Torger Rød
Chief Executive Officer

Alternative Performance Measures (APMs)

In this report, in order to enhance the understanding of the Group's performance and liquidity, Vår Energi presents certain alternative performance measures ("APMs") as defined by the European Securities and Markets Authority ("ESMA") in the ESMA Guidelines on Alternative Performance Measures 2015/1057.

Vår Energi presents the APMs: CAPEX, CAPEX Coverage, EBITDAX, EBITDAX Margin, Free Cash Flow, NIBD, Adjusted NIBD, NIBD/EBITDAX Ratio, Adjusted NIBD/EBITDAX Ratio, TIBD/EBITDAX Ratio and Adjusted TIBD/EBITDAX Ratio.

The APMs are not measurement of performance under IFRS ("GAAP") and should not be considered to be an alternative to: (a) operating revenues or operating profit (as determined in accordance with GAAP), as a measure of Vår Energi's operating performance; or (b) any other measures of performance under GAAP. The APM presented herein may not be indicative of Vår Energi's historical operating results, nor is such measure meant to be predictive of the Group's future results.

Vår Energi believes that the APMs described herein is commonly reported by companies in the markets in which it competes and is widely used in comparing and analysing performance across companies within the Group's industry.

The APMs used by Vår Energi are set out below (presented in alphabetical order):

- "CAPEX" is defined by Vår Energi as expenditures on property, plant and equipment as presented in the cash flow statements within cash flow from investing activities.
- "CAPEX Coverage" is defined by Vår Energi as cash flow from operating activities as presented in the cash flow statements ("CFFO"), as a ratio to CAPEX.
- "EBITDAX" is defined by Vår Energi as profit/(loss) for the period before income tax (expense)/income, net financial items, net exchange rate gain/(loss), depreciation and amortisation, impairments and exploration expenses.
- "EBITDAX margin" is defined by Vår Energi as EBITDAX and EBITDA as a percentage of total income, respectively.
- "Free cash flow" ("FCF") is defined by Vår Energi as CFFO less CAPEX and expenditures on exploration and evaluation assets.
- "Net interest- bearing debt" or "NIBD" is defined by Vår Energi as interest-bearing loans and borrowings and lease liabilities ("Total interest-bearing debt" or "TIBD") less cash and cash equivalents.
- "Adjusted Net interest-bearing debt" or "Adjusted NIBD" is defined by Vår Energi as TIBD excluding lease liabilities ("Adjusted total interest-bearing debt" or "Adjusted TIBD") less cash and cash equivalents.
- "NIBD/EBITDAX" is defined by Vår Energi as NIBD as a ratio of EBITDAX.
- "Adjusted NIBD/EBITDAX" is defined by Vår Energi as Adjusted NIBD as a ratio of EBITDAX.
- "TIBD/EBITDAX" is defined by Vår Energi as interest-bearing loans and borrowings and lease liabilities as a ratio of EBITDAX.
- "Adjusted TIBD/EBITDAX" is defined by Vår Energi as interest bearing loans and borrowings (but excluding lease liabilities) as a ratio of EBITDAX.

Glossary

Term	Definition/description
E&P	Exploration and Production
FPSO	Floating, production, storage and offloading vessel
HSEQ	Health, Safety, Environment and Quality
HSSE	Health, Safety, Security and Environment
HSSEQ	Health, Safety, Security, Environment and Quality
Kboepd	Thousands of barrels of oil equivalent per day
mmboe	Millions of barrels of oil equivalents
MPE	Ministry of Petroleum and Energy
NCS	Norwegian Continental Shelf
NGL	Natural gas liquids
NPD	Norwegian Petroleum Directorate
PDO	Plan for Development and Operation
PRMS	Petroleum Resources Management System
Sm3	Standard cubic meters
1P reserves	The quantities of petroleum which can be estimated with reasonable certainty to be commercially recoverable, also referred to as "proved reserves".
2P reserves	Proved plus probable reserves consisting of 1P reserves plus those additional reserves, which are less likely to be recovered than 1P reserves.

General ESEF data (ParsePort)

Name of reporting entity or other means of identification	VÅR ENERGI ASA
Domicile of entity	Norway
Legal form of entity	Public limited liability company
Country of incorporation	Norway
Address of entity's registered office	Vestre Svanholmen 1, 4313 Sandnes, Norway
Principal place of business	Norway
Description of nature of entity's operations and principal activities	Oil and gas exploration, development and production
Name of parent entity	VÅR ENERGI ASA
Name of ultimate parent of group	VÅR ENERGI ASA

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