



Interim report

Third quarter 2023



# Vår Energi in brief

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. Vår Energi has around 1 000 employees, equity stakes in 39 fields and produced net 209 kboepd of oil and gas in the first nine months of 2023.

The Company has a target to increase production to around 400 kboepd<sup>1</sup> by end-2025 while reducing production cost to approximately USD 8 per boe<sup>2</sup> from around USD 13.5 in 2022, as new projects come on stream and effects from improvement measures are achieved. Material cash flow generation and an investment grade balance sheet enable attractive and resilient dividend distributions. For the fourth quarter of 2023, Vår Energi guides for a dividend of USD 270 million, and the Company reiterates its plan to distribute around 30% of cash flow from operations after tax (CFFO) in 2023.

Vår Energi is listed on Oslo Stock Exchange (OSE) under the ticker "VAR".

Vår Energi is committed to delivering a better future. The Company's ambition is to be the safest operator, the partner of choice and an ESG leader with a tangible and concrete plan to reduce emissions from our operations by 50% within 2030. To learn more, please visit: [www.varenergi.no](http://www.varenergi.no).

<sup>1</sup>Including the acquisition of Neptune Energy's Norwegian oil and gas assets  
<sup>2</sup>Real 2021 USD

<b>About Vår Energi</b>	<b>2</b>
Key figures	3
<b>Highlights</b>	<b>4</b>
<b>Key metrics and targets</b>	<b>5</b>
<b>Operational review</b>	<b>7</b>
Projects and developments	10
Exploration	11
HSSE	12
<b>Financial review</b>	<b>14</b>
Key figures	14
Statement of financial position	16
Statement of cash flow	17
Outlook	18
Alternative Performance Measures	19
<b>Financial statements</b>	<b>20</b>
<b>Notes</b>	<b>27</b>

# Key figures third quarter 2023

Second quarter 2023 in brackets

## Production

kboepd

210

(202)

## Petroleum revenues

USD million

1 616

(1 432)

## EBIT

USD million

907

(778)

## Profit before tax

USD million

920

(701)

## CFFO

USD million

975

(231)

## Capex

USD million

650

(687)

## FCF

USD million

324

(-456)

## NIBD/EBITDAX

x

0.5

(0.4)



# Third quarter 2023 highlights

Vår Energi delivers strong financial performance, material dividend distribution and is on plan to deliver high growth and value creation.

**Strong financial performance**

- Total income in the quarter was USD 1 621 million, an increase of 13% from the second quarter
- Achieved realised price of USD 85 per boe in the quarter with gas price realisation USD 27 per boe above spot market
- Cash flow from operations (CFFO) was USD 975 million, an increase from USD 231 million in the previous quarter

**Attractive and predictable shareholder distribution**

- Dividend of USD 270 million (NOK 1.204 per share) for the third quarter will be distributed on 16 November
- Dividend guidance of USD 270 million for the fourth quarter of 2023, bringing total full-year distribution to approximately 30% of CFFO after tax

**Delivering production and improved opex**

- Production of 210 kboepd in the quarter, an increase of 4% from the second quarter
- On track to meet 2023 production guidance of 210-220 kboepd and exit the year at over 230 kboepd
- Quarterly unit production cost reduced to below guidance at USD 14.0 per boe

**Safety and ESG leadership**

- Continued safe operations with no serious incidents
- Rated A+ in Position Green’s ESG100 ranking

**On track for growth and value creation**

- Good progress on portfolio of 11 development projects, including start-up of Breidablikk and Tommeliten Alpha ahead of schedule and on budget in October 2023
- Balder X and Johan Castberg capex estimates revised, while maintaining targeted production start-up
- Three successful exploration wells in the quarter, year-to-date success rate of around 80%
- Neptune Energy Norway acquisition expected to close first quarter of 2024
- Production target increased to around 400 kboepd by end-2025, inclusive of the Neptune assets

“We are on plan to deliver on our strategy for growth and value creation. I’m pleased to report strong financial results in the quarter supported by good performance at our operated assets and increased commodity prices. We continue to provide a stable and predictable dividend in line with strategy and our growth trajectory will give increased capacity to sustain this.

Vår Energi is one of the fastest growing E&P companies in Europe, underpinned by a portfolio of quality development projects that are making good progress towards completion. With Breidablikk and Tommeliten Alpha coming on stream ahead of schedule this month we reached a key milestone to deliver value accretive growth. Together with the Neptune Energy Norway acquisition, set to close in Q1 2024, our production is expected to double to around 400 kboepd by the end of 2025.”

Nick Walker, the CEO of Vår Energi

KPIs (USD million unless otherwise stated)	Q3 2023	Q2 2023	Q3 2022	YTD 2023	YTD 2022
Actual serious injury frequency (x, 12 months rolling)	-	-	0.1	-	0.1
CO <sub>2</sub> emissions intensity (operated licenses, kg/boe)	11.1	11.5	10.2	11.1	8.7
Production (kboepd)	209.7	202.5	214.5	208.9	222.0
Production cost (USD/boe)	14.0	15.5	13.4	14.2	13.3
Cash flow from operations before tax	1 239	1 285	2 027	4 458	6 275
Cash flow from operations (CFFO)	975	231	1 503	2 563	5 239
Free cash flow (FCF)	324	(456)	904	583	3 445
Dividends paid	270	270	260	840	485

# Key metrics and targets

Income statement	Unit	Q3 2023	Q2 2023	Q3 2022	YTD 2023	YTD 2022
Total income	USD million	1 621	1 436	2 526	5 151	7 454
EBIT	USD million	907	778	1 363	3 117	4 838
Profit/(loss) before taxes	USD million	920	701	1 071	2 897	4 063
Net profit/(loss)	USD million	189	98	(50)	482	448
Earnings per share	USD	0.08	0.04	(0.02)	0.19	0.18
<b>Other financial key figures</b>						
Production cost	USD/boe	14.0	15.5	13.4	14.2	13.3
Net interest-bearing debt (NIBD)	USD million	3 120	3 148	2 056	3 120	2 056
Leverage ratio (NIBD/EBITDAX)		0.5	0.4	0.2	0.5	0.2
Dividend per share	USD	0.11	0.11	0.10	0.34	0.19
<b>Production</b>						
Total production	kboepd	209.7	202.5	214.5	208.9	222.0
- Oil	kboepd	125.6	114.7	122.0	119.8	124.1
- Gas	kboepd	70.9	73.1	78.8	75.3	82.8
- NGL	kboepd	13.2	14.7	13.7	13.8	15.1
<b>Sales</b>						
Crude oil	mmboe	11.9	10.0	10.1	32.5	33.3
Gas	mmboe	5.8	6.0	6.6	18.4	20.6
NGL	mmboe	1.4	1.5	1.4	3.7	4.5
<b>Realised prices</b>						
Crude oil	USD/boe	87.1	78.5	107.8	83.3	107.4
Gas	USD/boe	90.8	98.5	203.9	123.8	172.3
NGL	USD/boe	42.5	37.5	61.8	43.2	68.5

## Targets and outlook

### 2023 guidance (USD million unless otherwise stated)

Full Year Production	kboepd	210 - 220
Exit Production Rate	kboepd	>230
Production cost	USD/boe	14.5 - 15.5
Development capex		2 400 - 2 700
Exploration and abandonment capex		~250
Dividends for Q3 2023 to be distributed in November		270
Dividend guidance for Q4 payable in Q1 2024		270
Q4 tax payment estimate <sup>1</sup>		~600

### Long-term financial and operational targets<sup>2</sup>

End-2025 production target	kboepd	~400
End-2025 production cost <sup>3</sup>	USD/boe	~8.0
Leverage through the cycle	NIBD/EBITDAX	< 1.3x

<sup>1</sup> Assumed NOK/USD 10.5

<sup>2</sup> Including the acquisition of Neptune Energy's Norwegian oil and gas assets

<sup>3</sup> In real 2021 terms

# Acquisition of Neptune Energy's Norwegian oil and gas assets

On 23 June, Vår Energi agreed with Neptune Energy Group Holdings Limited to acquire 100% of the shares of Neptune Energy Norge AS ("Neptune Norway") for a cash consideration based on an agreed enterprise value of USD 2 275 million to accelerate growth and value creation. In conjunction with the transaction, Eni S.p.A agreed to acquire the remaining assets of the Neptune group, excluding Germany, in a separate transaction. Completion of both transactions is inter-conditional.

The acquisition will add scale, diversification and longevity to Vår Energi's portfolio. It is in line with the plan for growth and value creation, path to ESG leadership and attractive distributions presented at the 2023 Capital Markets Update. The acquired assets are complementary to Vår Energi's current portfolio and highly cash generative with low production cost and limited near-term investments. The transaction will strengthen the Company's position in all existing hub areas and combine two strong organisations with extensive NCS experience. It will be financed through available liquidity and credit facilities and is expected to strengthen future dividend capacity

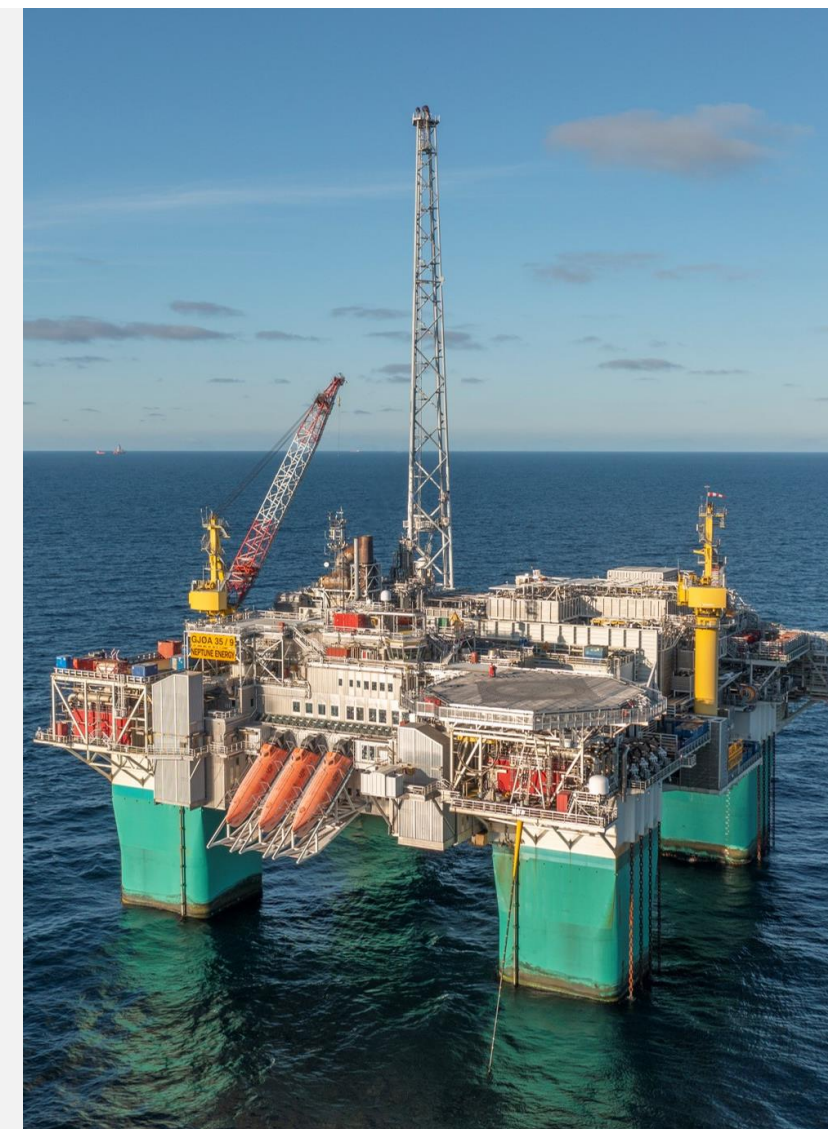
The effective date will be 1 January 2023, with expected completion of the transaction in the first quarter of 2024, subject to the above-mentioned inter-conditionality and certain customary closing conditions. Following completion, Neptune Norway will be merged into Vår Energi. All Neptune Norway employees will become employees of Vår Energi upon the consolidation of the two companies.

In the third quarter the acquisition was cleared by the Norwegian Competition Authority and approved by the Norwegian Ministry of Petroleum and Energy. An integration project team has been established to ensure day-one readiness and successful integration of the two organisations.

<sup>1</sup> Neptune group ASR 2022.



- 12 producing assets, of which 3 operated, located in Vår Energi's strategic hub areas
- 7 operated by Equinor, Vår Energi's largest NCS partner
- 2P reserves of 265 mmboe<sup>1</sup> (end-2022)
- Daily production of 66 kboepd in H1 2023, of which 60% gas
- Attractive commodity mix and strategic ownership in Snøhvit LNG – amplifying the position in the Barents Sea
- Highly cash generative portfolio with low-cost, limited near-term capex and low emissions
- Team of ~300 highly dedicated oil and gas professionals



# Operational review

Vår Energi's net production of oil, liquids and natural gas averaged 209.7 kboepd in the third quarter of 2023, an increase of 4% from previous quarter mainly due to improved performance from the new developments Fenja, Hyme and Bauge. Planned turnarounds continued to impact production in the quarter. Compared to the third quarter of 2022, production decreased by -2% mainly due to natural field decline.

For the fourth quarter 2023, Vår Energi has no scheduled turnarounds and expects positive production impact from the early start-up of Breidablikk and Tommeliten Alpha developments and infill drilling wells coming on stream, taking the estimated 2023 exit rate to above 230 kboepd<sup>1</sup>.

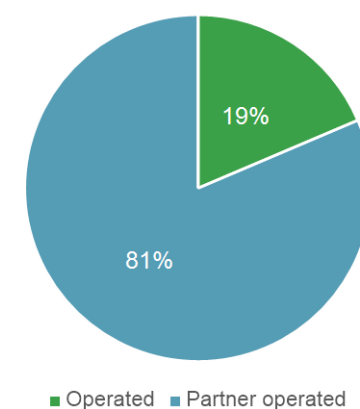
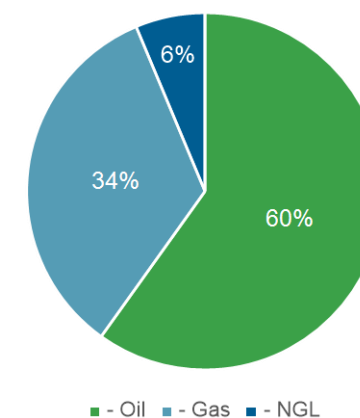
Total production cost was USD 14.0 per boe in the third quarter of 2023 compared to USD 15.5 in the previous quarter. The decrease is mainly due to higher production.

For the first nine months of 2023, production cost was USD 14.2 per boe, which is below the Company's production cost guidance of USD 14.5-15.5 per boe in 2023.

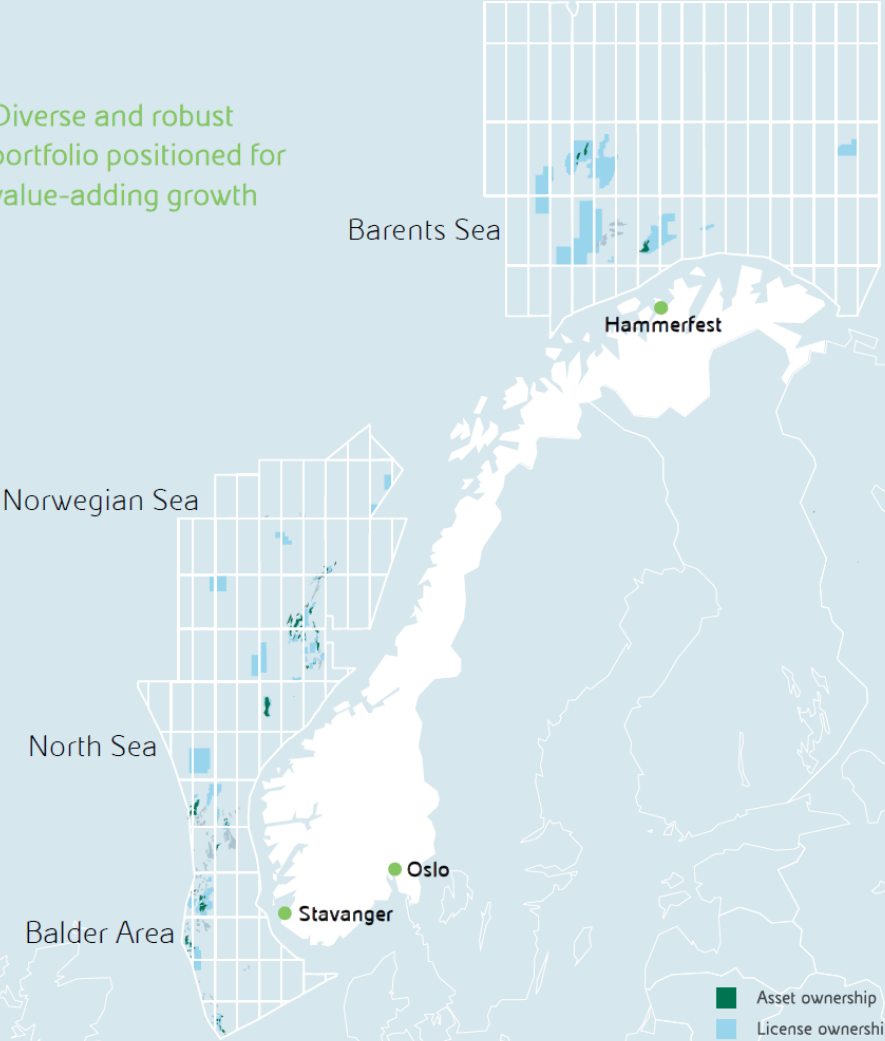
<sup>1</sup>December average

Production (kboepd)	Q3 2023	Q2 2023	Q3 2022	YTD 2023	YTD 2022
Balder Area	30.9	27.2	29.4	28.8	29.4
Barents Sea	17.5	17.9	19.2	17.9	21.6
North Sea	71.2	73.1	76.9	75.6	76.4
Norwegian Sea	90.1	84.2	89.0	86.5	94.5
<b>Total Production</b>	<b>209.7</b>	<b>202.5</b>	<b>214.5</b>	<b>208.9</b>	<b>222.0</b>

Production split Q3 2023



Diverse and robust portfolio positioned for value-adding growth



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 existing infrastructure and optimising value creation throughout the asset portfolio.

### Balder Area

Production (kboepd)	Q3 2023	Q2 2023	Q1 2023	Q4 2022	Q3 2022
Balder	19.2	15.6	15.7	15.9	12.2
Grane	9.9	10.9	11.7	12.7	15.3
Svalin	0.8	0.7	0.8	0.4	0.7
Ringhorne Øst	1.0	0.0	0.0	0.7	1.1
<b>Total Balder Area</b>	<b>30.9</b>	<b>27.2</b>	<b>28.2</b>	<b>29.8</b>	<b>29.4</b>

The production increase in the Balder area was mainly due to start-up of a new well drilled from the Ringhorne platform which is performing better than expected. The planned turnaround, high-activity period (HAP) and riser replacement on Balder were all successfully completed within plan and budget during the quarter. The HAP lasted from May to September and included key upgrades and maintenance associated with the Balder FPU<sup>1</sup> life extension.

The production efficiency for Balder/Ringhorne was 79% in the third quarter, down from 83% in the previous quarter due to the two-week planned turnaround in August.

<sup>1</sup>Floating Production Unit



## Barents Sea

Production (kboepd)	Q3 2023	Q2 2023	Q1 2023	Q4 2022	Q3 2022
Goliat	17.5	17.9	18.4	19.5	19.2
<b>Total Barents Sea</b>	<b>17.5</b>	<b>17.9</b>	<b>18.4</b>	<b>19.5</b>	<b>19.2</b>

The operated Goliat asset continued to deliver strong performance during the quarter with production efficiency of 99%, increased from 93% in the second quarter due to excellent operations and no turnarounds or maintenance in the quarter. The production was stable compared to the previous quarter.

Vår Energi sees substantial opportunities for further growth and value creation in the Barents Sea region and has contracted a drilling rig for a two-year drilling program in cooperation with Equinor starting in the last half of 2024.

## North Sea

Production (kboepd)	Q3 2023	Q2 2023	Q1 2023	Q4 2022	Q3 2022
Ekofisk	17.6	18.7	19.9	21.1	21.3
Snorre	18.1	16.5	19.0	21.8	17.9
Statfjord Area	11.0	8.6	12.7	12.6	12.3
Fram	6.7	11.4	11.8	10.4	10.6
Sleipner Area	7.5	9.7	10.1	7.6	5.0
Other	10.3	8.1	9.3	9.4	9.7
<b>Total North Sea</b>	<b>71.2</b>	<b>73.1</b>	<b>82.8</b>	<b>82.9</b>	<b>76.9</b>

Production from the North Sea area decreased by -1.9 kboepd in the quarter. This included turnarounds at the Equinor operated Fram (Troll C) and Sleipner fields. The turnaround at Troll C has extended three weeks into the fourth quarter, and has impacted the production at Fram. Statfjord Øst IOR produced its first oil in the quarter. The Hywind Tampen floating wind farm, which provides power to Snorre and Gullfaks, was officially opened in August.

## Norwegian Sea

Production (kboepd)	Q3 2023	Q2 2023	Q1 2023	Q4 2022	Q3 2022
Åsgard	27.0	30.7	29.3	29.2	30.2
Mikkel	11.9	12.6	14.3	12.6	16.4
Tyrihans	14.1	13.7	12.5	13.0	13.4
Ormen Lange	6.8	4.5	10.6	10.9	10.7
Fenja	10.4	4.8	-	-	-
Trestakk	5.7	4.9	5.5	4.8	5.2
Heidrun	3.8	4.7	4.5	4.8	5.0
Bauge/Hyme	3.8	2.9	-	-	-
Other	6.6	5.5	8.2	6.8	8.1
<b>Total Norwegian Sea</b>	<b>90.1</b>	<b>84.2</b>	<b>85.0</b>	<b>82.1</b>	<b>89.0</b>

Production from the Norwegian Sea increased by 5.9 kboepd from the previous quarter mainly due to improved regularity at the Njord platform which hosts the production from the Fenja, Bauge, and Hyme fields. Turnaround and pigging activities impacted Ormen Lange production in July and September. The pigging continued in the first nine days of October.

# Projects and developments

Vår Energi participates in several significant development projects on the NCS which support the Company's target of producing around 400 kboepd by end-2025. Production commenced on Breidablikk and Tommeliten Alpha ahead of schedule in October supporting the Company's strategy for growth and value creation. The rest of the Company's project portfolio progressed according to schedule in the third quarter, including the larger developments of Balder X and Johan Castberg. Overall, 7 out of the 9 projects are progressing in accordance to estimates and plan, 5 projects are more than 50% completed.

High activity on the NCS, supply chain challenges and the war in Ukraine have contributed to cost inflation and resource constraints which have impacted the Balder X and Johan Castberg projects through lower productivity and increased expected capex to completion. The latter reflecting additional man-hours to maintain progress, as well as higher prices and rates for equipment, offshore support vessels and labour.

## Balder X

The upgrade of the Jotun FPSO<sup>1</sup> is ongoing with high construction activity at the Rosenberg yard. The project has successfully met key milestones with the re-float and heavy lift installations completed on plan. Current focus is on executing the remaining construction work and commissioning. Drilling and subsea activities are progressing according to schedule and the Jotun FPSO is more than 85% complete.

The Balder X targeted start-up is maintained in the third quarter 2024. Due to a tighter supplier market, mitigate schedule risk and improve construction productivity the capex estimate has increased by approximately USD 340 million net pre-tax to Vår Energi.

## Johan Castberg

The development is progressing according to schedule start-up in the fourth quarter 2024. The FPSO is currently at Stord (Norway) and all modules have been installed. Completion and commissioning activities of the FPSO are progressing with a high activity level. Preparation for the inshore phase prior to sail away is ongoing. During the quarter, the capex estimate has increased by approximately USD 390 million net pre-tax to Vår Energi. The increased capex estimate for Johan Castberg is mainly due to the transfer of more work than planned from Singapore to the yard in Norway, increased complexity and lower than expected productivity. Market prices for marine operations, drilling and completion services have also increased since the previous project update.

## Breidablikk

Production from the Breidablikk field in the North Sea commenced in October, ahead of plan and on budget. The project took just over three years to complete, following the PDO submission in September 2020. The original plan was to start production from five wells in the first quarter of 2024. The project is on stream ahead of schedule and the number of wells drilled has increased to eight, adding extra production potential from day one. The remaining wells will be drilled and completed by end 2025. The Breidablikk development includes a subsea solution of 22 wells from four templates. Pipelines and cables have been installed between the subsea facility and the Grane platform, which has been modified to receive the well stream.

## Tommeliten Alpha

The Tommeliten Alpha development project, located 25km south-west of the Ekofisk field, commenced production in October ahead of plan and on budget.



<sup>1</sup> Floating Production Storage and Offloading

# Exploration

In the quarter, Vår Energi's leading exploration capabilities were reaffirmed by a 100% success rate. The overall exploration success rate year-to-date is around 80%.

During the third quarter, Vår Energi participated in the Equinor operated Crino-Mulder and Crino side-track discovery wells, in PL090. The wells were drilled about 4 km west of the Fram field and 130 km northwest of Bergen. The licensees will now assess the discovery in relation to existing infrastructure in the Fram area, along with other discoveries in the area. Equinor has declared the discovery commercially viable.

Vår Energi also participated in the OKEA operated Kim exploration well in the Brage field area (PL055), which resulted in a small oil discovery. An assessment of a potential development well from the Brage platform is planned.

Further, the Company participated in the DNO operated Norma discovery well in PL984 located 20 km northwest of the Balder hub. The preliminary size of the discovery and the recoverable oil equivalent volume is in the range of 13-145 mmboe gross.<sup>1</sup>

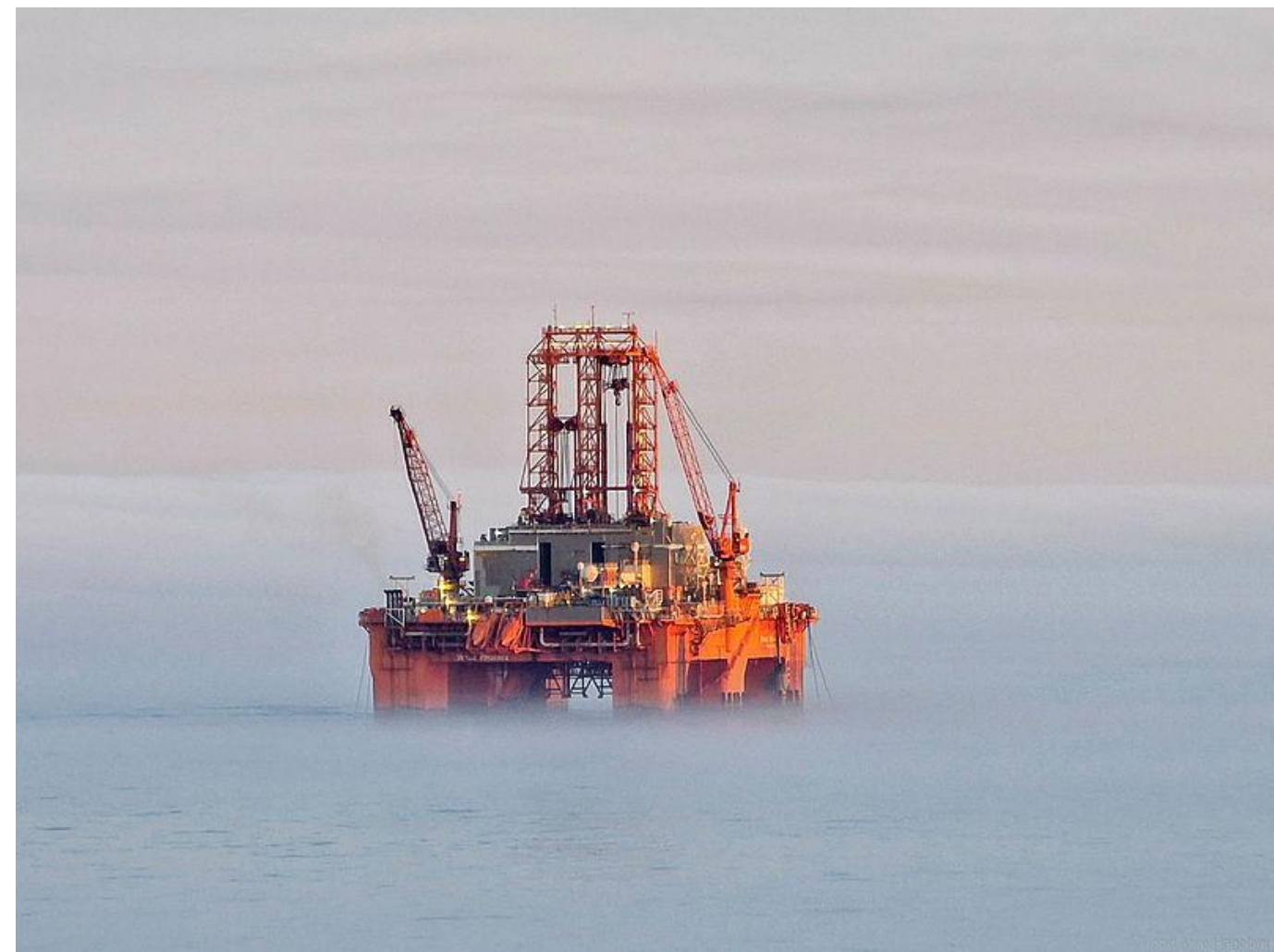
The planned 2023 exploration drilling campaign includes nine exploration wells targeting more than 50 mmboe of total risked resources. Three of these wells are operated by Vår Energi. At end of the third quarter six wells have been drilled. The preliminary result year to date is around 40 mmboe of total discovered resources<sup>2</sup>.

Two operated wells and one partner operated well are scheduled to be drilled in the fourth quarter, all located in the Balder area.

During the third quarter, Vår Energi submitted applications for 16 licenses for the 2023 Awards in Predefined Areas (APA). The award of new production licenses is expected in early 2024.

<sup>1</sup> Vår Energi's share 20%

<sup>2</sup> Vår Energi net





# Health, safety, security and the environment (HSSE)

Key HSSE indicators	Unit	Q3 2023	Q2 2023	Q1 2023	Q4 2022	Q3 2022
Serious incident frequency (SIF Actual) <sup>1</sup> 12M rolling avg	Per mill. exp. Hours	0.0	0.0	0.0	0.1	0.1
Serious incident frequency (SIF) <sup>1</sup> 12M rolling avg	Per mill. exp. Hours	0.5	0.6	0.5	1.0	1.3
Total recordable injury frequency (TRIF) <sup>2</sup> 12M rolling avg	Per mill. exp. Hours	1.9	2.8	3.8	3.2	3.7
Significant spill	Count	0	0	0	0	0
Process safety events Tier and 2 <sup>3</sup>	Count	0	0	0	1	0
CO <sub>2</sub> emissions intensity <sup>4,5</sup>	Kg CO <sub>2</sub> /boe	11.1	11.5	13.0	10.2	10.2

The Company continues to deliver safe operations and is progressing the implementation of safety tools and improvement initiatives. During the quarter, Vår Energi recorded a positive trend within safety and improved its performance.

The 12-month rolling average SIF rate was 0.5, with no actual serious incidents in the quarter. Vår Energi maintains a relentless focus on improving safety performance related to dropped objects, which were the main driver of SIF incidents in 2022. Current performance reflects a significant improvement compared to 2022.

The 12-month rolling average TRIF was 1.9 in the third quarter, compared to 2.8 in the second quarter 2023.

The improvement is driven by consistent proactive safety work related to both yard activities for the ongoing development projects and on operated assets. Safety initiatives continue to be implemented and learnings are shared to drive continuous improvement. Furthermore, Vår Energi maintains focus on major accident potential and monitors key indicators through the Company's major accident risk indicator system.

Vår Energi and its contractors are working to improve the deployment of key safety tools, such as the Always Safe Annual Wheel, the Life-Saving Rules and the Company's internal TIR tool (Take Time, Involve, Report).

<sup>1</sup> SIF: Serious incident and near-misses per million worked hours. Includes actual and potential consequence. SIF Actual: incidents that have an actual serious consequence.

<sup>2</sup> TRIF: Personal injuries requiring medical treatment per million worked hours. Reporting boundaries SIF & 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.

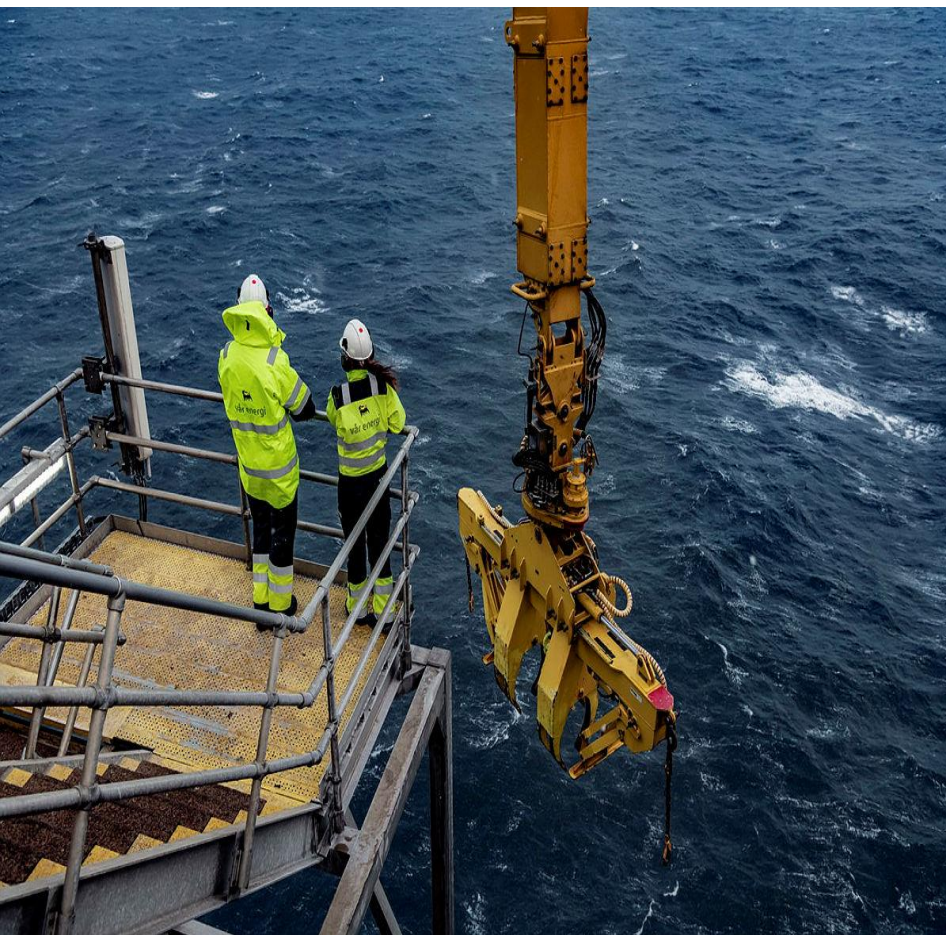
<sup>3</sup> Classified according to IOGP RP 456.

<sup>4</sup> Direct Scope 1 emissions of CO<sub>2</sub> (kg) from exploration and production (Operational control, equity share) divided by total equity share production (boe) from Marulk, Goliat, Balder and Ringhorne East.

<sup>5</sup> Emission numbers corrected based on EU/ETS verification March 2023







## ESG and decarbonisation

Ensuring access to energy for all while transitioning toward a low-carbon economy is a major challenge for Vår Energi and for the society. Reference is made to Vår Energi's Sustainability Report for 2022 for further details and the Company's approach towards reduced emissions and sustainable development.

The Company has a clear path to approximately 50% emissions reduction by 2030 for scope 1 and 2<sup>1</sup>. Key initiatives are electrification of Balder/Grane area in collaboration with Equinor, Balder area optimisation through Jotun FPSO in production and Balder FPU removal, and continuous energy management.

In September, Vår Energi's sustainability reporting was ranked A+ in Position Green's ESG100 report. It rated Vår Energi among the top 5% of the 100 largest companies by market value on the Oslo Stock

Exchange, characterised by "excellent reporting". The Company was ranked 12<sup>th</sup> of 307 rated oil and gas producers by Sustainalytics.

The third quarter scope 1 CO<sub>2</sub> emissions intensity for operated assets was 11.1 kg CO<sub>2</sub> per boe, versus 11.5 kg CO<sub>2</sub> per boe in the second quarter 2023.

The 2023 emission numbers are preliminary until the EU ETS verification for 2023 is completed by the end of the first quarter 2024.

<sup>1</sup> Baseline year 2005

# Financial review

## Key figures

Key figures (USD million)	Q3 2023	Q2 2023	Q3 2022	YTD 2023	YTD 2022
Total income	1 621	1 436	2 526	5 151	7 454
Production costs	(286)	(293)	(205)	(831)	(798)
Other operating expenses	(39)	(24)	(28)	(110)	(90)
<b>EBITDAX</b>	<b>1 296</b>	<b>1 119</b>	<b>2 293</b>	<b>4 209</b>	<b>6 565</b>
Exploration expenses	(36)	(18)	(12)	(75)	(50)
<b>EBITDA</b>	<b>1 260</b>	<b>1 101</b>	<b>2 281</b>	<b>4 134</b>	<b>6 515</b>
Depreciation and amortisation	(353)	(323)	(346)	(1 017)	(1 116)
Impairment loss and reversals	-	(0)	(573)	-	(562)
Net financial income/(expenses)	(28)	(30)	(34)	(88)	(96)
Net exchange rate gain/(loss)	41	(47)	(258)	(132)	(679)
<b>Profit/(loss) before taxes</b>	<b>920</b>	<b>701</b>	<b>1 071</b>	<b>2 897</b>	<b>4 063</b>
Income tax (expense)/income	(731)	(603)	(1 121)	(2 416)	(3 614)
<b>Profit/(loss) for the period</b>	<b>189</b>	<b>98</b>	<b>(50)</b>	<b>482</b>	<b>448</b>

Total income in the third quarter amounted to USD 1 621 million, an increase of USD 184 million compared to previous quarter mainly due to increase in sold volumes and higher commodity prices. Sold volumes increased by 9% to 19.0 mmboe in the quarter. Realised crude prices increased by 11 % in the quarter to USD 87.1 per boe while realised gas price decreased by 8 % in the quarter to USD 90.8 per boe.

Production cost in the third quarter amounted to USD 286 million, a decrease of USD 7 compared to the previous quarter mainly driven by

less well interventions and seasonal maintenance, partly offset by strengthening of NOK versus USD in the quarter. The average production cost per barrel produced decreased to USD 14.0 in the quarter, compared to USD 15.5 in previous quarter. See note 3 for further details on production cost.

Exploration expenses in the third quarter increased to USD 36 million compared to USD 18 million in prior quarter, reflecting the expensed abandoned well, Rondelstøtt, drilled in second quarter.

Depreciation and amortisation in the third quarter amounted to USD 353 million, an increase of USD 30 million compared to previous quarter. The change is mainly related to increased production.

There were no impairments in the third quarter. Further information is provided in note 11.

Net exchange rate gain in the third quarter amounted to USD 41 million, due to the strengthening of NOK versus USD in the period. See note 6 for further details on exchange rate gain/(loss).

Profit before taxes in the third quarter amounted to USD 920 million compared to USD 701 million in the prior quarter. Income tax expense in the third quarter amounted to USD 731 million, an increase of USD 128 million compared to previous quarter. The effective tax rate for the quarter was 80%, mainly impacted by financial items taxed at 22%.

Profit for the period amounted to USD 189 million, an increase of USD 90 million compared to the previous quarter, mainly due to higher production and higher commodity prices.

## Revenues and prices

<b>Total income (USD million)</b>	Q3 2023	Q2 2023	Q3 2022	YTD 2023	YTD 2022
Revenue from crude oil sales	1 035	788	1 092	2 703	3 577
Revenue from gas sales	522	589	1 339	2 273	3 540
Revenue from NGL sales	58	55	88	161	309
<b>Total Petroleum Revenues</b>	<b>1 616</b>	<b>1 432</b>	<b>2 520</b>	<b>5 137</b>	<b>7 426</b>
Other Operating Income	5	4	7	14	28
<b>Total Income</b>	<b>1 621</b>	<b>1 436</b>	<b>2 526</b>	<b>5 151</b>	<b>7 454</b>
<b>Sales volumes (boe 1000)</b>					
Sales of crude	11 876	10 038	10 133	32 456	33 309
Sales of gas	5 752	5 984	6 567	18 351	20 550
Sales of NGL	1 374	1 473	1 428	3 722	4 511
<b>Total Sales Volumes</b>	<b>19 002</b>	<b>17 495</b>	<b>18 128</b>	<b>54 529</b>	<b>58 370</b>
<b>Realised prices (USD/boe)</b>					
Crude oil	87.1	78.5	107.8	83.3	107.4
Gas	90.8	98.5	203.9	123.8	172.3
NGL	42.5	37.5	61.8	43.2	68.5
<b>Average realised prices</b>	<b>85.0</b>	<b>81.9</b>	<b>139.0</b>	<b>94.2</b>	<b>127.2</b>

Vår Energi obtained an average realised price of USD 85.0 per boe in the quarter. The realised gas price of USD90.8 per boe was a result of fixed price contracts and flexible gas sales agreements, allowing for optimisation of indices. In the third quarter, fixed price sales represented 23% of total sales with an average price of USD 193 per boe. For the first nine months of 2023, Vår Energi's realised gas price is roughly USD 47 per boe above spot.

Vår Energi continue to execute fixed price transactions. As of 30 September 2023, the Company has entered into the following transactions:

- Approximately 22% of the gas production for the fourth quarter 2023 has been sold on a fixed price basis at an average price around 126 USD per boe
- For the first three quarters of 2024, Vår Energi has sold approximately 23% of its estimated gas production on a fixed price basis at an average price around 128 USD per boe.
- For the fourth quarter of 2024, Vår Energi has sold approximately 5% of its estimated gas production with pricing linked to the Gas Year Ahead product with a pricing period from 1 October 2023 to 30 September 2024.

At the end of the third quarter, Vår Energi has also hedged approximately 100% of the post-tax crude oil production until the third quarter of 2024, with put options at a strike price of USD 50 per boe.

## Statement of financial position

USD million	30 Sep 2023	30 Jun 2023	31 Dec 2022
Goodwill	1 874	1 848	2 020
Property, plant and equipment	14 308	13 914	14 562
Other non-current assets	432	460	496
Cash and cash equivalents	595	111	445
Other current assets	911	834	1 275
<b>Total assets</b>	<b>18 121</b>	<b>17 168</b>	<b>18 797</b>
Equity	1 027	1 085	1 482
Interest-bearing loans and borrowings	3 578	3 099	2 953
Deferred tax liabilities	8 599	8 145	8 128
Asset retirement obligations	2 718	2 830	3 216
Taxes payable	1 093	952	1 778
Other liabilities	1 106	1 058	1 741
<b>Total equity and liabilities</b>	<b>18 121</b>	<b>17 168</b>	<b>18 797</b>
Cash and cash equivalents	595	111	445
Revolving credit facilities	2 500	3 000	3 600
<b>Total available liquidity</b>	<b>3 095</b>	<b>3 111</b>	<b>4 045</b>
<b>Adjusted Net interest-bearing debt (NIBD)</b>	<b>3 120</b>	<b>3 148</b>	<b>2 721</b>
EBITDAX 4 quarters rolling	6 191	7 188	8 473
<b>Leverage ratio (NIBD/EBITDAX)</b>	<b>0.5</b>	<b>0.4</b>	<b>0.3</b>

Total assets at the end of the third quarter amounted to USD 18 121 million, an increase from USD 17 168 million at the end of the previous quarter. Non-current assets were USD 16 614 million and current assets were USD 1 506 million at the end of the third quarter.

Total equity amounted to USD 1 027 million at the end of the third quarter, corresponding to an equity ratio of about 6%. Total equity amounted to USD 1 085 million in the previous quarter.

Cash and cash equivalents at the end of the third quarter were USD 595 million. During the quarter USD 500 million of the USD 3 000 million working capital revolving credit facility was utilised. With USD 2 500 million in undrawn credit facilities, total available liquidity amounted to USD 3 095 million at the end of the quarter. Total available liquidity was USD 3 111 million at the end of the previous quarter.

NIBD at end of the third quarter was USD 3 120 million, a decrease of USD 28 million from the previous quarter.

The Company has a solid financial position with a leverage ratio (NIBD/EBITDAX) of 0.5x at the end of the third quarter, up 0.1 compared to the end of the previous quarter.



## Statement of cash flow

USD million	Q3 2023	Q2 2023	Restated Q3 2022	4TD 2023	Restated 4TD 2022
Cash flow from operating activities	975	231	1 503	2 563	5 239
Cash flow used in investing activities	(653)	(696)	(603)	(1 998)	(1 849)
Cash flow from financing activities	156	(197)	(310)	(388)	(2 150)
Effect of exchange rate fluctuation	6	4	16	(26)	36
<b>Net change in cash and cash equivalents</b>	<b>484</b>	<b>(658)</b>	<b>607</b>	<b>151</b>	<b>1 275</b>
<b>Cash and cash equivalents, end of period</b>	<b>595</b>	<b>111</b>	<b>1 499</b>	<b>595</b>	<b>1 499</b>
<b>Net cash flows from operating activities (CFFO)</b>	<b>975</b>	<b>231</b>	<b>1 503</b>	<b>2 563</b>	<b>5 239</b>
CAPEX	650	687	599	1 980	1 794
<b>Free cash flow</b>	<b>324</b>	<b>(456)</b>	<b>904</b>	<b>583</b>	<b>3 445</b>
<b>Capex coverage (CFFO)/Capex</b>	<b>1.5</b>	<b>0.3</b>	<b>2.5</b>	<b>1.3</b>	<b>2.9</b>

Cash flow from operating activities (CFFO) was USD 975 million in the third quarter, an increase of USD 744 million from the previous quarter. This was mainly due to one tax instalment paid in the third quarter compared to two instalments in the second quarter and higher income.

Net cash used in investing activities was USD -653 million in the quarter, whereof USD 625 million was related to PP&E expenditures. Investments in the Balder Area, at Johan Castberg and Bredablikk represented 70% of these expenditures.

Net cash inflow from financing activities amounted to USD 156 million in the quarter, up USD 352 million from the previous quarter. This is mainly due to utilisation of USD 500 million of the working capital revolving credit facility in the third quarter. Vår Energi paid a dividend of USD 270 million both in May and August.

Free cash flow (FCF) was USD 324 million in the quarter, compared to USD -456 million in the previous quarter. The increase is mainly driven by one tax instalment paid in the third quarter and the USD 500 million of utilised credit.

The capex coverage was 1.5 in the third quarter, up from 0.3 in the previous quarter.

**Outlook**

Vår Energi has an ambition to deliver value-driven growth to support attractive and resilient long-term dividend distributions.

The Company has narrowed its production guidance to 210 - 220 kboepd. The 2023 exit rate is expected to be more than 230 kboepd.

For 2023, the Company expects development capex between USD 2 400 and 2 700 million and USD 250 million in exploration and abandonment capex.

Vår Energi's material cash flow generation and investment grade balance sheet support attractive and resilient dividend distributions. For the fourth quarter of 2023, Vår Energi plans to pay a dividend of USD 270 million.

Vår Energi's policy is to distribute 20-30% of cash flow from operations after tax in shareholder returns. For 2023, the Company expects a dividend of approximately 30% of CFFO after tax.

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.

The Company is working towards the planned completion of the Neptune Energy Norway transaction in the first quarter of 2024, with focus on optimising capital structure, organisational integration and capturing synergies from the combination.

**Transactions with related parties**

For details on transactions with related parties, see note 22 in the Financial Statements.

**Subsequent events**

See note 24 in the Financial Statements.

**Risks and uncertainty**

Vår Energi is exposed to a variety of risks associated with oil and gas operations on the NCS, exploration, reserve and resource estimates and estimates for capital and operating cost expenditures are associated with uncertainty, and the production performance of oil and gas fields may be variable over time. Maintenance and turnaround activities are typically scheduled in the second and third quarter of the calendar year due to more favourable weather conditions and may impact production should execution take longer than planned.

The ripple effects of the Covid-19 pandemic, Russia's invasion of Ukraine and the European energy crisis have increased geopolitical tension and led to constrained supply chains and global inflationary pressures. Resource availability is also impacted by an increased activity level on the NCS due to the temporary tax regime, stimulating investments and submissions of PDOs. These factors may affect the planned progress and cost of Vår Energi's ongoing development projects, which involve advanced engineering work, extensive procurement activities and complex construction work.

To combat inflation, central banks worldwide have pursued tight monetary policies which have caused an economic slowdown and further impact market and financial risk, including, but not limited to, commodity price fluctuations, exchange rates, interest rates and capital requirements.

The Company's operational, financial, strategic, climate and compliance risks and the mitigation of these risks are described in the annual report for 2022, available on [www.varenergi.no](http://www.varenergi.no).

## Alternative performance measures (APMs)

In this interim 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 measurements 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 are commonly reported by companies in the markets in which it competes and are widely used in comparing and analysing performance across companies within its industry.

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

- "Capex" is defined by Vår Energi as expenditures on property, plant and equipment (PP&E) and expenditures on exploration and evaluation assets 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.
- "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.

# Financial statements with note disclosures

Unaudited statement of comprehensive income	21	Note 11	Impairment	35
Unaudited balance sheet statement	22	Note 12	Trade receivables	37
Unaudited statement of changes in equity	24	Note 13	Other current receivables and financial assets	37
Unaudited statement of cash flows	25	Note 14	Financial instruments	37
Notes	27	Note 15	Cash and cash equivalents	39
Note 1 Summary of IFRS accounting principles and prior year restatements	27	Note 16	Share capital and shareholders	39
Note 2 Income	28	Note 17	Financial liabilities and borrowings	40
Note 3 Production costs	28	Note 18	Asset retirement obligations	41
Note 4 Other operating expenses	29	Note 19	Other current liabilities	41
Note 5 Exploration expenses	29	Note 20	Commitments, provisions and contingent consideration	41
Note 6 Financial items	30	Note 21	Lease agreements	42
Note 7 Income taxes	31	Note 22	Related party transactions	43
Note 8 Intangible assets	33	Note 23	License ownerships	44
Note 9 Tangible assets	34	Note 24	Subsequent events	44
Note 10 Right of use assets	35			



## Unaudited statement of comprehensive income

USD 1000, except earnings per share data	Note	Q3 2023	Q2 2023	Restated Q3 2022	YTD 2023	Restated YTD 2022
Petroleum revenues	2	1 615 635	1 431 985	2 519 830	5 137 003	7 426 071
Other operating income		5 019	4 372	6 614	13 882	27 609
<b>Total income</b>		<b>1 620 653</b>	<b>1 436 357</b>	<b>2 526 443</b>	<b>5 150 885</b>	<b>7 453 680</b>
Production costs	1, 3	(286 167)	(292 939)	(204 896)	(831 374)	(797 916)
Exploration expenses	5, 8	(35 747)	(17 947)	(11 897)	(75 362)	(50 403)
Depreciation and amortisation	9, 10	(352 997)	(323 324)	(345 503)	(1 016 644)	(1 115 533)
Impairment loss and reversals	8, 9, 11	-	-	(572 531)	-	(561 667)
Other operating expenses	4	(38 657)	(24 329)	(28 459)	(110 166)	(90 485)
<b>Total operating expenses</b>		<b>(713 568)</b>	<b>(658 539)</b>	<b>(1163 286)</b>	<b>(2 033 545)</b>	<b>(2 616 004)</b>
<b>Operating profit/(loss)</b>		<b>907 086</b>	<b>777 818</b>	<b>1 363 157</b>	<b>3 117 340</b>	<b>4 837 676</b>
Net financial income/(expenses)	6	(28 261)	(29 724)	(34 324)	(87 583)	(96 466)
Net exchange rate gain/(loss)	6	40 995	(46 680)	(258 099)	(132 469)	(678 500)
<b>Profit/(loss) before taxes</b>		<b>919 820</b>	<b>701 415</b>	<b>1 070 734</b>	<b>2 897 288</b>	<b>4 062 710</b>
Income tax (expense)/income	1, 7	(731 292)	(603 319)	(1 120 796)	(2 415 703)	(3 614 339)
<b>Profit/(loss) for the period</b>		<b>188 528</b>	<b>98 096</b>	<b>(50 061)</b>	<b>481 584</b>	<b>448 371</b>
<b>Other comprehensive income</b>						
Items that may be reclassified subsequently to the income statement						
Currency translation differences		24 409	(31 990)	(107 350)	(93 999)	(317 309)
Net gain/(loss) on put options used for hedging		(2 259)	(1 476)	(5 068)	(3 839)	2 491
<b>Other comprehensive income for the period, net of tax</b>		<b>22 150</b>	<b>(33 466)</b>	<b>(112 418)</b>	<b>(97 839)</b>	<b>(314 818)</b>
<b>Total comprehensive income</b>		<b>210 678</b>	<b>64 630</b>	<b>(162 479)</b>	<b>383 746</b>	<b>133 553</b>
<b>Earnings per share</b>						
EPS Basic	1, 16	0.08	0.04	(0.02)	0.19	0.18
<b>EPS Diluted</b>	1, 16	<b>0.08</b>	<b>0.04</b>	<b>(0.02)</b>	<b>0.19</b>	<b>0.18</b>

## Unaudited balance sheet statement

USD 1000	Note	30 Sep 2023	30 Jun 2023	31 Dec 2022
<b>ASSETS</b>				
<b>Non-current assets</b>				
<b>Intangible assets</b>				
Goodwill	8	1 874 035	1 848 163	2 019 512
Capitalised exploration wells	8	256 984	266 112	225 287
Other intangible assets	8	79 541	78 443	93 515
<b>Tangible fixed assets</b>				
Property, plant and equipment	9	14 308 054	13 914 276	14 562 237
Right of use assets	10	94 200	115 463	175 423
<b>Financial assets</b>				
Investment in shares		1 367	698	763
Other non-current assets		136	214	532
<b>Total non-current assets</b>		<b>16 614 316</b>	<b>16 223 370</b>	<b>17 077 268</b>
<b>Current assets</b>				
Inventories		233 489	232 898	265 811
Trade receivables	12, 22	423 661	366 430	796 317
Other current receivables and financial assets	1, 13	253 862	234 876	213 286
Cash and cash equivalents	15	595 306	110 909	444 607
<b>Total current assets</b>		<b>1 506 318</b>	<b>945 113</b>	<b>1 720 020</b>
<b>TOTAL ASSETS</b>		<b>18 120 635</b>	<b>17 168 482</b>	<b>18 797 288</b>

## Unaudited balance sheet statement - continued

USD 1000	Note	30 Sep 2023	30 Jun 2023	31 Dec 2022
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
Share capital	16	45 972	45 972	45 972
Share premium		1 028 181	1 298 181	1 868 181
Other equity	1	(47 534)	(259 226)	(432 582)
<b>Total equity</b>		<b>1 026 618</b>	<b>1 084 927</b>	<b>1 481 571</b>
<b>Non-current liabilities</b>				
Interest-bearing loans and borrowings	17	3 577 878	3 098 689	2 452 589
Deferred tax liabilities	7,1	8 599 059	8 145 018	8 127 971
Asset retirement obligations	18	2 645 738	2 768 674	3 156 126
Lease liabilities, non-current	21	39 300	61 486	113 334
Other non-current liabilities		75 952	74 273	156 544
<b>Total non-current liabilities</b>		<b>14 937 927</b>	<b>14 148 140</b>	<b>14 006 564</b>
<b>Current liabilities</b>				
Asset retirement obligations, current	18	72 520	61 065	60 012
Accounts payables	22	288 402	271 561	368 589
Taxes payable	7	1 092 568	952 248	1 778 222
Interest-bearing loans, current	17	-	-	500 000
Lease liabilities, current	21	98 265	98 335	99 312
Other current liabilities	1,19	604 334	552 206	503 019
<b>Total current liabilities</b>		<b>2 156 090</b>	<b>1 935 415</b>	<b>3 309 154</b>
<b>Total liabilities</b>		<b>17 094 017</b>	<b>16 083 555</b>	<b>17 315 718</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>18 120 635</b>	<b>17 168 482</b>	<b>18 797 288</b>

Sandnes, 23 October 2023  
Signed Electronically

**Thorhild Widvey**  
Chair

**Francesco Gattei**  
Director

**Clara Andreoletti**  
Director

**Fabio Ignazio Romeo**  
Director

**Martha Skjæveland**  
Director,  
employee representative

**Bjørn Nysted**  
Director,  
employee representative

**Liv Monica Bargem Stubholt**  
Deputy Chair

**Guido Brusco**  
Director

**Marica Calabrese**  
Director

**Ove Gusevik**  
Director

**Hege Susanne Blåsternes**  
Director,  
employee representative

**Jan Inge Nesheim**  
Director,  
employee representative

**Nicolas John Robert Walker**  
Chief Executive Officer

## Unaudited statement of changes in equity

USD 1000	Note	Share capital	Share premium	Other equity			Total equity
				Other equity	Translation differences	Hedge reserve	
<b>Balance at 1 January 2022</b>		<b>45 972</b>	<b>2 643 181</b>	<b>(928 860)</b>	<b>(222 647)</b>	<b>(21 818)</b>	<b>1 515 828</b>
Profit/(loss) for the period		-	-	448 371	-	-	448 371
Other comprehensive income/(loss)		-	-	-	(317 309)	2 492	(314 818)
Total comprehensive income/(loss)		-	-	448 371	(317 309)	2 492	133 553
Dividends paid		-	(485 000)	-	-	-	(485 000)
Share-based payment		-	-	1 252	-	-	1 252
<b>Balance at 30 September 2022</b>		<b>45 972</b>	<b>2 158 181</b>	<b>(479 237)</b>	<b>(539 956)</b>	<b>(19 326)</b>	<b>1 165 633</b>
		-	-	-	-	-	-
<b>Balance at 30 September 2022</b>		<b>45 972</b>	<b>2 158 181</b>	<b>(479 237)</b>	<b>(539 956)</b>	<b>(19 326)</b>	<b>1 165 633</b>
Profit/(loss) for the period		-	-	488 032	-	-	488 032
Other comprehensive income/(loss)		-	-	-	114 076	2 682	116 758
Total comprehensive income/(loss)		-	-	488 032	114 076	2 682	604 789
Dividends paid		-	(290 000)	-	-	-	(290 000)
Share-based payments		-	-	1 148	-	-	1 148
<b>Balance at 31 December 2022</b>		<b>45 972</b>	<b>1 868 181</b>	<b>9 943</b>	<b>(425 880)</b>	<b>(16 645)</b>	<b>1 481 571</b>
		-	-	-	-	-	-
<b>Balance at 31 December 2022</b>		<b>45 972</b>	<b>1 868 181</b>	<b>9 943</b>	<b>(425 880)</b>	<b>(16 645)</b>	<b>1 481 571</b>
Profit/(loss) for the period		-	-	481 584	-	-	481 584
Other comprehensive income/(loss)		-	-	-	(93 999)	(3 839)	(97 839)
<b>Total comprehensive income/(loss)</b>		<b>-</b>	<b>-</b>	<b>481 584</b>	<b>(93 999)</b>	<b>(3 839)</b>	<b>383 746</b>
Dividends paid		-	(840 000)	-	-	-	(840 000)
Share-based payments		-	-	3 027	-	-	3 027
Other		-	-	(1 725)	-	-	(1 725)
<b>Balance at 30 September 2023</b>		<b>45 972</b>	<b>1 028 181</b>	<b>492 829</b>	<b>(519 880)</b>	<b>(20 484)</b>	<b>1 026 618</b>

## Unaudited statement of cash flows

USD 1000	Notes	Q3 2023	Q2 2023	Restated Q3 2022	YTD 2023	Restated YTD 2022
Profit/(loss) before income taxes	1	919 820	701 415	1 070 734	2 897 288	4 062 710
<b>Adjustments to reconcile profit before tax to net cash flows:</b>						
- Depreciation and amortisation	9, 10	352 997	323 324	345 503	1 016 644	1 115 533
- Impairment loss and reversals	8, 9	-	-	572 531	-	561 667
- Expensed capitalised dry wells	5, 8	19 509	169	2 276	36 751	25 406
- Accretion expenses (asset retirement obligation)	6, 18	25 417	22 705	23 519	72 499	69 877
- Unrealised (gain)/loss on foreign currency transactions and balances	6	(56 667)	(46 865)	286 807	71 025	640 818
- Realised (gain)/loss on foreign currency financing transactions		19 625	80 009	-	99 633	78 123
- Other non-cash items and reclassifications		(27 300)	9 498	(75 777)	(34 463)	(81 991)
<b>Working capital adjustments:</b>						
- Changes in inventories, accounts payable and receivable		(44 199)	167 952	(221 106)	310 296	(122 269)
- Changes in other current balance sheet items	13, 19	29 319	26 601	22 880	(11 491)	(74 848)
Income tax received/(paid)	7	(263 792)	(1 053 930)	(524 208)	(1 895 048)	(1 036 413)
<b>Net cash flow from operating activities</b>		<b>974 729</b>	<b>230 877</b>	<b>1 503 160</b>	<b>2 563 134</b>	<b>5 238 612</b>
Expenditures on exploration and evaluation assets	8	(24 661)	(29 152)	(2 734)	(96 823)	(30 081)
Expenditures on property, plant and equipment	9	(625 802)	(657 934)	(596 013)	(1 883 156)	(1 763 174)
Payment for decommissioning of oil and gas fields	18	(2 141)	(8 834)	(3 879)	(18 104)	(55 504)
<b>Net cash used in investing activities</b>		<b>(652 604)</b>	<b>(695 920)</b>	<b>(602 626)</b>	<b>(1 998 082)</b>	<b>(1 848 758)</b>

## Unaudited statement of cash flows – continued

USD 1000	Note	Q3 2023	Q2 2023	Restated Q3 2022	YTD 2023	Restated YTD 2022
<b>Cash flows from financing activities</b>						
Dividends paid		(270 000)	(270 000)	(260 000)	(840 000)	(485 000)
Net proceeds from bond issue		-	656 405	-	656 405	496 906
Net proceeds/(payments) of revolving credit facilities	17	494 955	(500 000)	-	(5 045)	(2 020 500)
Payment of principal portion of lease ability	21	(23 678)	(23 449)	(27 719)	(70 614)	(84 877)
Interest paid	1	(45 487)	(59 622)	(21 952)	(129 210)	(56 681)
<b>Net cash from financing activities</b>		<b>155 790</b>	<b>(196 666)</b>	<b>(309 672)</b>	<b>(388 465)</b>	<b>(2 150 152)</b>
<b>Net change in cash and cash equivalents</b>						
		<b>477 915</b>	<b>(661 709)</b>	<b>590 862</b>	<b>176 588</b>	<b>1 239 702</b>
Cash and cash equivalents, beginning of period		110 909	768 843	892 046	444 607	223 588
Effect of exchange rate fluctuation on cash held		6 483	3 774	16 098	(25 888)	35 717
<b>Cash and cash equivalents, end of period</b>		<b>595 306</b>	<b>110 909</b>	<b>1 499 006</b>	<b>595 306</b>	<b>1 499 006</b>



Notes

(All figures in USD 1000 unless otherwise stated)

The interim condensed financial statements for the period ended 30 September 2023 have been prepared in accordance with IAS 34 Interim Financial Reporting. Thus the interim financial statements do not include all information required by IFRSs and should be read in conjunction with the 2022 annual financial statements. The interim financial statements reflect all adjustments which are, in the opinion of management, necessary for a fair statement of the financial position, results of operations and cash flows for the dates and interim periods presented. Interim period results are not necessarily indicative of results of operations or cash flows for an annual period. These interim financial statements have not been subject to review or audit by independent auditors.

These interim financial statements were authorised for issue by the Company Board of Directors on 23 October 2023.

**Note 1   Summary of IFRS accounting principles and prior year restatements**

The accounting principles adopted in the preparation of the interim condensed financial statements are consistent with those followed in the preparation of the annual financial statements for the year ended 31 December 2022. Vår Energi has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

During second quarter 2023, Vår Energi entered into interest rates swaps which are accounted for as a fair value hedge in accordance with IFRS 9, Financial Instruments.

**Restatement of over/underlift**

Effecting from fourth quarter 2022, Vår Energi changed its accounting policy for measurement of overlift to measure both overlift and underlift at cost. Vår Energi believes this provides more relevant information about financial performance and financial position of the Company and makes Vår Energi more comparable to peer companies on the NCS.

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

USD 1000			
Restating impact on Balance Sheet Statement		Note	30 Sep 2023
Overlift before restatement			60 661
Impact of restatement			(38 176)
Overlift after restatement	19		22 485
Equity before restatement			1 157 234
Impact of restatement			8 399
Equity after restatement			1 165 633
Deferred tax before restatement			6 939 035
Impact of restatement			29 777
Deferred tax after restatement	7		6 968 812

USD 1000			
Restating impact on Statement of Comprehensive Income		Note	Q3 2022      YTD 2022
Adjustment of (over)/under lift before restatement			164 635      59 189
Impact of restatement			(90 416)      (8 003)
Adjustment of (over)/under lift after restatement	3		74 219      51 186
Income tax (expense)/income before restatement			(1 191 320)      (3 620 582)
Impact of restatement			70 524      6 243
Income tax (expense)/income after restatement	7		(1 120 796)      (3 614 339)

## Note 2 Income

Petroleum revenues (USD 1000)	Q3 2023	Q2 2023	Q3 2022	YTD 2023	YTD 2022
Revenue from crude oil sales	1 034 740	787 587	1 092 481	2 703 397	3 576 793
Revenue from gas sales	522 491	589 211	1 339 028	2 272 673	3 540 366
Revenue from NGL sales	58 403	55 187	88 321	160 933	308 912
<b>Total petroleum revenues</b>	<b>1 615 635</b>	<b>1 431 985</b>	<b>2 519 830</b>	<b>5 137 003</b>	<b>7 426 071</b>
Sales of crude (boe 1000)	11 876	10 038	10 133	32 456	33 309
Sales of gas (boe 1000)	5 752	5 984	6 567	18 351	20 550
Sales of NGL (boe 1000)	1 374	1 473	1 428	3 722	4 511

## Note 3 Production Costs

USD 1000	Note	Q3 2023	Q2 2023	Restated Q3 2022	YTD 2023	Restated YTD 2022
Cost of operations		174 490	195 113	167 334	526 951	511 516
Transportation and processing		44 067	43 767	54 761	136 111	171 382
Environmental taxes		34 267	32 172	30 074	96 717	92 274
Insurance premium		16 582	15 246	11 443	48 003	32 914
<b>Production cost based on produced volumes</b>		<b>269 407</b>	<b>286 298</b>	<b>263 613</b>	<b>807 782</b>	<b>808 087</b>
Back-up cost shuttle tankers		2 320	3 595	6 650	6 661	11 285
Changes in over/(underlift)	1	5 120	(5 520)	(74 219)	(10 302)	(51 186)
Premium expense for crude put options	14	9 320	8 565	8 852	27 232	29 729
<b>Production cost based on sold volumes</b>		<b>286 167</b>	<b>292 939</b>	<b>204 896</b>	<b>831 374</b>	<b>797 916</b>
Total produced volumes (boe 1000)		19 296	18 427	19 737	57 021	60 601
<b>Production cost per boe produced (USD/boe)</b>		<b>14.0</b>	<b>15.5</b>	<b>13.4</b>	<b>14.2</b>	<b>13.3</b>

**Note 4 Other operating expenses**

USD 1000	Q3 2023	Q2 2023	Q3 2022	YTD 2023	YTD 2022
R&D expenses	10 707	3 616	9 485	30 370	35 497
Pre-production costs	8 055	8 160	5 206	27 036	17 203
Guarantee fee decommissioning obligation	4 357	4 428	6 863	13 853	18 504
Administration expenses	5 568	8 125	6 906	20 813	19 280
Other expenses	9 969	(0)	-	18 094	-
<b>Total other operating expenses</b>	<b>38 657</b>	<b>24 329</b>	<b>28 459</b>	<b>110 166</b>	<b>90 485</b>

Other expenses in third quarter 2023 are related to write down of obsolete inventory.

**Note 5 Exploration expenses**

USD 1000	Note	Q3 2023	Q2 2023	Q3 2022	YTD 2023	YTD 2022
Seismic		10 884	11 720	1 366	22 195	1 985
Area fee		1 943	1 567	2 069	5 810	6 083
Dry well expenses	8	19 508	169	2 276	36 751	25 406
Other exploration expenses		3 411	4 491	6 186	10 606	16 929
<b>Total exploration expenses</b>		<b>35 747</b>	<b>17 947</b>	<b>11 897</b>	<b>75 362</b>	<b>50 403</b>

Dry well expenses in Q3 2023 are mainly related to the abandoned well 6405/7-3 S Rondelottet on PL1005 drilled in the second quarter.

## Note 6 Financial items

USD 1000	Note	Q3 2023	Q2 2023	Q3 2022	YTD 2023	YTD 2022
Interest income		1 505	3 561	2 884	7 428	3 293
Other financial income		81	236	45	316	478
Interests on debts and borrowings	17	(67 403)	(60 161)	(35 378)	(184 965)	(78 394)
Interest on lease debt		(1 485)	(1 612)	(1 992)	(4 900)	(7 149)
Capitalised interest cost, development projects		67 155	61 045	27 865	185 676	68 933
Amortisation of fees and expenses		(4 228)	(3 897)	(2 513)	(11 831)	(9 477)
Accretion expenses (asset retirement obligation)	18	(25 417)	(22 705)	(23 519)	(72 499)	(69 877)
Other financial expenses		2 294	(4 137)	(1 716)	(3 993)	(4 272)
Change in fair value of interest rate hedges (ineffectiveness)		(763)	(2 053)	-	(2 816)	-
<b>Net financial income/(expenses)</b>		<b>(28 261)</b>	<b>(29 724)</b>	<b>(34 324)</b>	<b>(87 583)</b>	<b>(96 466)</b>
Unrealised exchange rate gain/(loss)		56 667	46 865	(286 807)	(71 025)	(640 818)
Realised exchange rate gain/(loss)		(15 671)	(93 545)	28 709	(61 443)	(37 683)
<b>Net exchange rate gain/(loss)</b>		<b>40 995</b>	<b>(46 680)</b>	<b>(258 099)</b>	<b>(132 469)</b>	<b>(678 500)</b>
<b>Net financial items</b>		<b>12 734</b>	<b>(76 404)</b>	<b>(292 423)</b>	<b>(220 052)</b>	<b>(774 966)</b>

Vår Energi's functional currency is NOK. The strengthening of NOK during the third quarter of 2023 caused net exchange rate gains of USD 41 million, mainly related to interest bearing loans and bonds in USD and EUR.

## Note 7 Income taxes

USD 1000	Q3 2023	Q2 2023	Restated Q3 2022	YTD 2023	Restated YTD 2022
Current period tax payable/(receivable)	384 753	216 392	1 063 507	1 346 785	3 001 311
Prior period adjustment to current tax	(97)	(3 342)	238	(3 439)	7 937
<b>Current tax expense/(income)</b>	<b>384 655</b>	<b>213 050</b>	<b>1 063 745</b>	<b>1 343 346</b>	<b>3 009 248</b>
<b>Deferred tax expense/(income)</b>	<b>346 637</b>	<b>390 269</b>	<b>57 050</b>	<b>1 072 358</b>	<b>605 091</b>
<b>Tax expense/(income) in profit and loss</b>	<b>731 292</b>	<b>603 319</b>	<b>1 120 796</b>	<b>2 415 703</b>	<b>3 614 339</b>
<b>Effective tax rate in %</b>	<b>80%</b>	<b>86%</b>	<b>105%</b>	<b>83%</b>	<b>89%</b>
<b>Tax expense/(income) in put option used for hedging</b>	<b>(675)</b>	<b>(551)</b>	<b>529</b>	<b>(1 576)</b>	<b>724</b>
<b>Tax expense/(income) in other comprehensive income</b>	<b>730 618</b>	<b>602 768</b>	<b>1 121 324</b>	<b>2 414 127</b>	<b>3 615 063</b>

Reconciliation of tax expense	Tax rate	Q3 2023	Q2 2023	Restated Q3 2022	YTD 2023	Restated YTD 2022
Marginal (78%) tax rate on profit/loss before tax	78%	717 496	547 131	835 215	2 260 000	3 169 076
Tax effect of uplift	71,8%	(9 511)	(12 241)	(49 478)	(32 231)	(148 011)
Impairment of goodwill	78%	-	-	182 528	-	182 528
Tax effects of items taxed at other than marginal (78%) tax rate <sup>1</sup>	56%	22 005	68 637	146 591	181 276	373 695
Tax effects of new legislation on other items	-	-	-	-	-	20 482
Other permanent differences, prior period adjustments and change in estimates of uncertain tax positions	78%	1 301	(209)	5 939	6 657	16 570
<b>Tax expense/(income)</b>		<b>731 292</b>	<b>603 319</b>	<b>1 120 796</b>	<b>2 415 703</b>	<b>3 614 339</b>

<sup>1</sup>The effects of items taxed at other than marginal (78%) tax rate are mainly impacted by interest and fluctuation in currency exchange rate on the company's external borrowings and working capital.



### Note 7 Income taxes - continued

			Restated		Restated
Deferred tax asset/(liability)	Q3 2023	Q2 2023	Q3 2022	YTD 2023	YTD 2022
Deferred tax asset/(liability) at beginning of period	(8 145 018)	(7 975 099)	(7 547 947)	(8 127 971)	(7 953 676)
Current period deferred tax income/(expense)	(346 637)	(390 269)	(57 050)	(1 072 358)	(605 091)
Deferred taxes recognised directly in OCI or equity	675	551	(529)	1 576	(724)
Currency translation effects	(108 079)	219 799	636 714	599 693	1 590 679
<b>Net deferred tax asset/(liability) as of closing balance</b>	<b>(8 599 059)</b>	<b>(8 145 018)</b>	<b>(6 968 812)</b>	<b>(8 599 059)</b>	<b>(6 968 812)</b>

			Restated		Restated
Calculated tax payable	Q3 2023	Q2 2023	Q3 2022	YTD 2023	YTD 2022
Tax payable at beginning of period	(952 248)	(1 845 929)	(2 033 759)	(1 778 222)	(801 432)
Current period payable taxes	(384 753)	(216 392)	(1 063 507)	(1 346 785)	(3 001 311)
Net tax payment	263 792	1 053 930	524 208	1 895 048	1 036 413
Prior period adjustments and change in estimate of uncertain tax positions	97	3 342	(238)	3 439	(7 937)
Currency translation effects	(19 456)	52 800	194 979	133 951	395 949
<b>Net tax payable as of closing balance</b>	<b>(1 092 568)</b>	<b>(952 248)</b>	<b>(2 378 317)</b>	<b>(1 092 568)</b>	<b>(2 378 317)</b>

## Note 8 Intangible assets

USD 1000	Goodwill	Other intangible assets	Capitalised exploration wells	Total
<b>Cost as at 1 January 2023</b>	<b>4 481 939</b>	<b>93 515</b>	<b>225 287</b>	<b>4 800 740</b>
Additions	-	-	72 162	72 162
Reclassification	-	(7 292)	7 292	-
Disposals/expensed exploration wells	-	0	(17 242)	(17 242)
Currency translation effects	(380 277)	(7 780)	(21 387)	(409 444)
<b>Cost as at 30 June 2023</b>	<b>4 101 661</b>	<b>78 443</b>	<b>266 112</b>	<b>4 446 216</b>
<b>Depreciation and impairment as at 1 January 2023</b>	<b>(2 462 426)</b>	<b>-</b>	<b>-</b>	<b>(2 462 426)</b>
Currency translation effects	208 929	-	-	208 929
<b>Depreciation and impairment as at 30 June 2023</b>	<b>(2 253 498)</b>	<b>-</b>	<b>-</b>	<b>(2 253 498)</b>
<b>Net book value as at 30 June 2023</b>	<b>1 848 163</b>	<b>78 443</b>	<b>266 112</b>	<b>2 192 718</b>

USD 1000	Note	Goodwill	Other intangible assets	Capitalised exploration wells	Total
<b>Cost as at 1 July 2023</b>		<b>4 101 661</b>	<b>78 443</b>	<b>266 112</b>	<b>4 446 216</b>
Additions		-	-	24 661	24 661
Reclassification		-	-	(17 259)	(17 259)
Disposals/expensed exploration wells	5	-	-	(19 509)	(19 509)
Currency translation effects		57 417	1 098	2 979	61 494
<b>Cost as at 30 September 2023</b>		<b>4 159 079</b>	<b>79 541</b>	<b>256 984</b>	<b>4 495 603</b>
<b>Depreciation and impairment as at 1 July 2023</b>		<b>(2 253 498)</b>	<b>-</b>	<b>-</b>	<b>(2 253 498)</b>
Currency translation effects		(31 546)	-	-	(31 546)
<b>Depreciation and impairment as at 30 September 2023</b>		<b>(2 285 043)</b>	<b>-</b>	<b>-</b>	<b>(2 285 043)</b>
<b>Net book value as at 30 September 2023</b>		<b>1 874 035</b>	<b>79 541</b>	<b>256 984</b>	<b>2 210 560</b>

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

## Note 9 Tangible assets

USD 1000	Note	Wells and production facilities	Facilities under construction	Other property, plant and equipment	Total
<b>Cost as at 1 January 2023</b>		<b>14 110 298</b>	<b>6 307 507</b>	<b>53 587</b>	<b>20 471 393</b>
Additions		454 629	908 275	10 620	1 373 525
Estimate change asset retirement cost	18	(140 921)	-	-	(140 921)
Reclassification		747 787	(712 041)	-	35 746
Disposals		-	(8 273)	-	(8 273)
Currency translation effects		(1 210 882)	(559 498)	(4 767)	(1 775 147)
<b>Cost as at 30 June 2023</b>		<b>13 960 912</b>	<b>5 935 971</b>	<b>59 440</b>	<b>19 956 323</b>
<b>Depreciation and impairment as at 1 January 2023</b>		<b>(5 887 887)</b>	<b>-</b>	<b>(21 268)</b>	<b>(5 909 156)</b>
Depreciation		(647 047)	-	(5 960)	(653 006)
Currency translation effects		518 159	-	1 957	520 115
<b>Depreciation and impairment as at 30 June</b>		<b>(6 016 775)</b>	<b>-</b>	<b>(25 272)</b>	<b>(6 042 047)</b>
<b>Net book value as at 30 June 2023</b>		<b>7 944 137</b>	<b>5 935 971</b>	<b>34 168</b>	<b>13 914 276</b>

USD 1000	Note	Wells and production facilities	Facilities under construction	Other property, plant and equipment	Total
<b>Cost as at 1 July 2023</b>		<b>13 960 912</b>	<b>5 935 971</b>	<b>59 440</b>	<b>19 956 323</b>
Additions		254 541	429 364	7 651	691 557
Estimate change asset retirement cost	18	(172 646)	-	-	(172 646)
Reclassification		76 751	(41 619)	-	35 132
Disposals		-	-	-	-
Currency translation effects		191 258	75 005	745	267 007
<b>Cost as at 30 September 2023</b>		<b>14 310 817</b>	<b>6 398 721</b>	<b>67 836</b>	<b>20 777 373</b>
<b>Depreciation and impairment as at 1 July 2023</b>		<b>(6 016 775)</b>	<b>-</b>	<b>(25 272)</b>	<b>(6 042 047)</b>
Depreciation		(343 633)	-	(4 050)	(347 683)
Currency translation effects		(79 286)	-	(303)	(79 589)
<b>Depreciation and impairment as at 30 September</b>		<b>(6 439 695)</b>	<b>-</b>	<b>(29 624)</b>	<b>(6 469 319)</b>
<b>Net book value as at 30 September 2023</b>		<b>7 871 122</b>	<b>6 398 721</b>	<b>38 211</b>	<b>14 308 054</b>

Capitalised interests for facilities under construction were USD 61 045 thousand in second quarter 2023 and USD 65 754 thousand in third quarter 2023.

Rate used for capitalisation of interests was 7.55% in second quarter 2023 and 7.55% in third quarter 2023.

**Note 10** Right of use assets

USD 1000	Offices	Rigs, helicopters and supply vessels	Warehouse	Total
<b>Cost as at 1 January 2023</b>	<b>66 732</b>	<b>205 300</b>	<b>15 155</b>	<b>287 188</b>
Reclassification	-	(35 746)	-	(35 746)
Currency translation effects	(5 951)	(16 057)	(1 352)	(23 360)
<b>Cost as at 30 June 2023</b>	<b>60 781</b>	<b>153 497</b>	<b>13 804</b>	<b>228 081</b>
<b>Depreciation and impairment as at 1 January 2023</b>	<b>(17 683)</b>	<b>(86 186)</b>	<b>(7 896)</b>	<b>(111 765)</b>
Depreciation	(2 328)	(6 825)	(1 488)	(10 641)
Currency translation effects	2 015	6 611	1 162	9 788
<b>Depreciation and impairment as at 30 June 2023</b>	<b>(17 997)</b>	<b>(86 400)</b>	<b>(8 221)</b>	<b>(112 618)</b>
<b>Net book value as at 30 June 2023</b>	<b>42 784</b>	<b>67 096</b>	<b>5 582</b>	<b>115 463</b>
<b>Cost as at 1 July 2023</b>	<b>60 781</b>	<b>153 497</b>	<b>13 804</b>	<b>228 081</b>
Reclassification	-	(17 872)	-	(17 872)
Currency translation effects	839	2 400	191	3 429
<b>Cost as at 30 September 2023</b>	<b>61 620</b>	<b>138 024</b>	<b>13 994</b>	<b>213 639</b>
<b>Depreciation and impairment as at 1 July 2023</b>	<b>(17 997)</b>	<b>(86 400)</b>	<b>(8 221)</b>	<b>(112 618)</b>
Depreciation	(1 279)	(3 293)	(743)	(5 315)
Currency translation effects	(362)	(933)	(210)	(1 505)
<b>Depreciation and impairment as at 30 September 2023</b>	<b>(19 638)</b>	<b>(90 626)</b>	<b>(9 174)</b>	<b>(119 438)</b>
<b>Net book value as at 30 September 2023</b>	<b>41 982</b>	<b>47 398</b>	<b>4 820</b>	<b>94 200</b>

**Note 11** Impairment**Impairment testing**

Impairment tests of individual cash-generating units (CGUs) are performed quarterly when impairment triggers are identified. Due to updated cost and schedule for the Balder X project and the significant goodwill on the balance sheet, a full impairment testing of fixed assets and related intangible assets were performed as of 30 September 2023.

No impairments nor reversals of historical impairments were identified per 30 September 2023.

Key assumptions applied for impairment testing purposes as of 30 September 2023 are based on Vår Energi's macroeconomic assumptions. Below is an overview of the key assumptions applied:

**Prices**

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 is 70 USD/bbl (real) and long-term gas price assumption is 56.2 USD/boe (real).

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

Year	31 Dec 2022	30 Jun 2023	30 Sep 2023
2023	80.1	73.8	92.9
2024	75.5	72.7	84.9
2025	75.3	73.7	79.0

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

Year	31 Dec 2022	30 Jun 2023	30 Sep 2023
2023	132.4	73.6	82.2
2024	106.0	89.9	87.7
2025	70.4	71.4	73.7

Note 11 Impairment - continued

Oil and gas reserves

Future cash flows are calculated based on expected production profiles and estimated proven, probable and risked possible reserves. Production profiles per 30 September 2023 were slightly reduced versus 30 June 2023 profiles.

Year mmboe	31 Dec 2022	30 Jun 2023	30 Sep 2023
2024 - 2026	351	351	348
2027 - 2031	353	353	353
2032 - 2036	163	163	161
2037 - 2041	83	83	80
2042 - 2054	62	62	61

Future expenditure

Future capex, opex and abandonment cost are calculated based on the expected production profiles and the best estimate of the related cost. Balder X updated to latest forecast.

Discount rate

The post tax nominal discount rate used is 8.0 percent, unchanged vs. 30 June 2023.

Currency rates

The currency rates used are 10.50 NOK/USD for 2023, 9.50 NOK/USD for 2024 and 9.00 NOK/USD from 2025 onwards. Euro currency rate of 9.90 NOK/EUR used for both short and long term.

Inflation

Inflation for 2024 is assumed to be 4%. The long-term inflation rate beyond 2024 is assumed to be 2.0%. Impairment testing per 30 June 2023 assumed yearly inflation rate of 2%.

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	Decrease in assumption
Oil and gas prices	+/- 25%	(387 000)	2 336 000
Production profile	+/- 5%	(387 000)	430 000
Discount rate	+/- 1% point	146 000	(150 000)

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 in the annual report. Financial reporting and impairment testing includes a step up of CO<sub>2</sub> tax/fees from current levels to approximately NOK 2 000 per ton in 2030.



Note 12 Trade receivables

USD 1000	Note	30 Sep 2023	30 Jun 2023	31 Dec 2022
Trade receivables - related parties	22	569 994	255 549	478 714
Trade receivables - external parties		122 531	110 881	382 405
Sale of trade receivables		(268 864)	-	(64 802)
<b>Total trade receivables</b>		<b>423 661</b>	<b>366 430</b>	<b>796 317</b>

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. This quarter was the first where Vår Energi introduced Credit Discount Agreements on gas sales, in addition to oil sales.

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 13 Other current receivables and financial assets

USD 1000	Note	30 Sep 2023	30 Jun 2023	31 Dec 2022
Net underlift of hydrocarbons		124 023	110 374	101 889
Prepaid expenses		54 025	44 331	30 672
Brent crude put options - financial assets	14	6 236	12 240	14 805
Other		69 579	67 932	65 920
<b>Total other current receivables and financial assets</b>		<b>253 862</b>	<b>234 876</b>	<b>213 286</b>

Note 14 Financial instruments

Derivative financial instruments

Vår Energi uses derivative financial instruments to manage exposures in fluctuations in interest rates and commodity prices.

In May 2023 an interest rate swap was entered into for the same amount as the EUR 600 000 thousand Senior Note. Under the swap, the company receives a fixed amount equal to the coupon payment for the EUR senior notes and pay a floating rate to the swap providers. The interest rate swap will be accounted for as a fair value hedge. Interest swaps are reflected at fair value with fair value changes to be accounted for as other financial income/expenses. Bond debt are booked at nominal value initially. The fair value is adjusted to reflect changes in interest level with fair value changes are accounted for as other financial income/expenses. Inefficiencies in hedging are measured and booked against fair value of bond debt and accounted for as other financial income/expenses (note 6).

As of 30 September 2023, Vår Energi 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)	Exercise price (USD per bbl)
Brent crude oil put options 30.09.2023, exercisable in 2023	3 600	50
Brent crude oil put options 30.09.2023, exercisable in 2024	11 550	50

## Note 14 Financial instruments – continued

### Brent crude put options – financial assets

USD 1000	Q3 2023	2022	Q3 2022
The beginning of the period	12 240	17 407	18 046
New Brent crude put options	6 678	36 143	7 001
Change in fair value	(12 682)	(38 745)	(5 046)
<b>The end of the period</b>	<b>6 236</b>	<b>14 805</b>	<b>20 001</b>

As of 30 September 2023, the fair value of outstanding Brent Crude oil put options amounted to USD 6 236 thousand.

Unrealised gains and losses are recognised in OCI. Note that the cost price (time value 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 1000	Note	Q3 2023	2022	Q3 2022
The beginning of the period		(35 606)	(39 339)	(36 327)
Settlement	3	9 320	39 540	8 852
New Brent crude put options		(6 678)	(36 143)	(7 001)
FX-effect		12	(200)	(146)
<b>The end of the period</b>		<b>(32 952)</b>	<b>(36 143)</b>	<b>(34 622)</b>

The full intrinsic value ("in the money value") of the options at the time of expiry, if any, is presented in petroleum revenues. The premiums paid for the put options are accounted for as cost of hedging and recycled from OCI to the income statement in the period in which the hedged revenues are realised, and presented as production costs

### Change in Hedge Reserve

USD 1000	Q3 2023	2022	Q3 2022
The beginning of the period	(23 365)	(21 932)	(18 280)
Realised cost of hedge	9 331	39 339	8 705
Brent crude put options - financial assets	(12 682)	(38 745)	(5 046)
<b>The end of the period</b>	<b>(26 716)</b>	<b>(21 338)</b>	<b>(14 621)</b>

After tax balance as of 30 September 2023 is USD 20 839 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.

USD 1000	31 Dec 2022	Cash flows	Non-cash changes			30 Sep 2023
			Amortisation/ Accretion	Currency	Fair Value Adj.	
Long-term interest-bearing debt	-	500 000	-	-	-	500 000
Short-term interest-bearing debt	500 000	(500 000)	-	-	-	-
Bond USD Senior Notes	2 500 000	-	-	-	-	2 500 000
Bond EUR Senior Notes	-	664 437	-	(28 796)	(10 592)	625 049
Prepaid loan expenses	(47 411)	(13 077)	11 831	1 486	-	(47 171)
<b>Totals</b>	<b>2 952 589</b>	<b>651 360</b>	<b>11 831</b>	<b>(27 310)</b>	<b>(10 592)</b>	<b>3 577 878</b>

**Note 15** Cash and cash equivalents

USD 1000	30 Sep 2023	30 Jun 2023	31 Dec 2022
Bank deposits, unrestricted	588 952	103 771	434 693
Bank deposit, restricted, employee taxes	6 355	7 138	9 914
<b>Total bank deposits</b>	<b>595 306</b>	<b>110 909</b>	<b>444 607</b>

**Note 16** Share capital and shareholders

As of 30 September 2023, 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 4 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 of by the 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.

## Note 17 Financial liabilities and borrowings

### Interest-bearing loans and borrowings

USD 1000	Coupon/int. Rate	Maturity	30 Sep 2023	30 Jun 2023	31 Dec 2022
Bond USD Senior Notes (22/27)	5.00%	May 2027	500 000	500 000	500 000
Bond USD Senior Notes (22/28)	7.50%	Jan 2028	1 000 000	1 000 000	1 000 000
Bond USD Senior Notes (22/32)	8.00%	Nov 2032	1 000 000	1 000 000	1 000 000
Bond EUR Senior Notes (23/29)	5.50%	Apr 2029	625 049	646 402	-
Bridge credit facility	1.25%+SOFR+CAS	Nov 2023	-	-	500 000
RCF Working capital facility	1.08%+SOFR+CAS	Nov 2026	500 000	-	-
RCF Liquidity facility	1.13%+SOFR+CAS	Nov 2026	-	-	-
RCF Credit facility			-	-	-
Prepaid loan expenses			(47 171)	(47 713)	(47 411)
<b>Total interest-bearing loans and borrowings</b>			<b>3 577 878</b>	<b>3 098 689</b>	<b>2 952 589</b>
<b>Of which current and non-current:</b>					
Interest-bearing loans, current			-	-	500 000
Interest-bearing loans and borrowings			3 577 878	3 098 689	2 452 589
<b>Credit facilities - Utilised and unused amount</b>					
USD 1000			30 Sep 2023	30 Jun 2023	31 Dec 2022
Drawn amount credit facility			500 000	-	500 000
Undrawn amount credit facilities			2 500 000	3 000 000	3 600 000

In 2023, Vår Energi ASA established the EMTN program and issued senior notes of EUR 600 million in May 2023 with a 5.5% coupon. In addition, Vår Energi ASA have three senior USD notes outstanding. The senior notes are registered on the Luxembourg Stock Exchange ("LuxSE") and coupon payments are made semi-annually for the USD notes and annually for the EUR notes. The senior notes have no financial covenants.

An interest rate swap was entered into in May 2023 for the same amount as the EUR Senior Note. Under the swap, the company receive a fixed amount equal to the coupon payment for the EUR senior notes and pay a floating rate to the swap providers.

Vår Energi's senior unsecured facilities per 30 September 2023 consist of the working capital revolving credit facility of USD 1.5 billion and the liquidity facility of USD 1.5 billion. On the 18th of September the working capital revolving credit facility was extended to 1 November 2026. The liquidity facility maturing 1 November 2026 remains unchanged. 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.

**Note 18 Asset retirement obligations**

USD 1000	Q3 2023	1Q - Q2 2023	2022
<b>Beginning of period</b>	<b>2 829 739</b>	<b>3 216 138</b>	<b>3 297 176</b>
Change in estimate	(172 646)	(140 920)	266 380
Accretion discount	25 417	47 082	94 243
Incurred removal cost	(2 141)	(15 963)	(70 318)
Currency translation effects	37 890	(276 598)	(371 343)
<b>Total asset retirement obligations</b>	<b>2 718 258</b>	<b>2 829 739</b>	<b>3 216 138</b>
Short-term	72 520	61 065	60 012
Long-term	2 645 738	2 768 674	3 156 126
<b>Breakdown by decommissioning period</b>	<b>30 Sep 2023</b>	<b>30 Jun 2023</b>	<b>31 Dec 2022</b>
2022-2030	306 403	303 065	339 511
2031-2040	1 464 176	1 530 447	1 721 737
2041-2057	947 679	996 227	1 154 890

Change in estimate during Q3 2023 is mainly related to updated discount rates.

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 an inflation rate of 4% in 2024 and 2.0% in future years and discount rates between 4.0% - 4.1% per 30 September 2023. The assumptions per 30 June 2023 were an inflation rate of 2.0% and discount rates between 3.5% - 4.0%. The discount rates are based on risk-free interest without addition of credit margin.

Third quarter 2023 payment for decommissioning of oil and gas fields (abex) is mainly related to Brage.

Vår Energi has a retirement obligation as a shipper in Gassled booked to other non-current liabilities in the balance sheet statement. Vår Energi has accrued USD 67 196 thousand for this purpose per 30 September 2023.

**Note 19 Other current liabilities**

USD 1000	Note	30 Sep 2023	30 Jun 2023	31 Dec 2022
Net overlift from hydrocarbons	1	46 339	25 740	37 961
Net payables to joint operations		355 286	330 010	378 167
Employees, accrued public charges and other payables		79 876	75 561	50 748
Contingent consideration, current		78 383	77 672	-
Deferred payment for option premiums - oil puts		32 952	35 606	36 143
Change in market value/fair value of SWAP	14	11 498	7 619	(0)
<b>Total other current liabilities</b>		<b>604 334</b>	<b>552 206</b>	<b>503 019</b>

Contingent consideration to ExxonMobil with expected payment in April 2024, reclassified from Other non-current liabilities in Q2 2023.

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 20 Commitments, provisions and contingent consideration**

During the normal course of its business, the company 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.

The company has significant contractual commitments for capital and operating expenditures from its participation in operated and partner operated exploration, development and production projects. The current main development projects are Johan Castberg, Balder Future and Breidablikk.

On the 23rd of June Vår Energi entered into an agreement with Neptune Energy Group Holdings Limited to acquire 100% of the shares of Neptune Energy Norge AS for a cash consideration based on an agreed enterprise value of USD 2 275 million. The effective date of the transaction will be 1 January 2023, with expected completion in the first quarter of 2024, subject to inter-conditionality and certain customary closing conditions, including regulatory approvals from the Norwegian Ministry of Petroleum and Energy and the Ministry of Finance. In the third quarter the acquisition was cleared by the Norwegian Competition Authority and approved by the Ministry of Petroleum and Energy.

## Note 21 Lease agreements

USD 1000	Q3 2023	1Q - Q2 2023	2022
<b>Opening Balance lease debt</b>	<b>159 822</b>	<b>212 646</b>	<b>325 088</b>
New lease debt in period	-	-	6 149
Payments of lease debt	(24 739)	(49 495)	(116 893)
Interest expense on lease debt	1 484	3 413	9 245
Currency exchange differences	998	(6 743)	(10 942)
<b>Total lease debt</b>	<b>137 565</b>	<b>159 822</b>	<b>212 646</b>
<b>Breakdown of the lease debt to short-term and long-term liabilities</b>	<b>30 Sep 2023</b>	<b>30 Jun 2023</b>	<b>2022</b>
Short-term	98 265	98 335	99 312
Long-term	39 300	61 486	113 334
<b>Total lease debt</b>	<b>137 565</b>	<b>159 822</b>	<b>212 646</b>
<b>Lease debt split by activities</b>	<b>30 Sep 2023</b>	<b>30 Jun 2023</b>	<b>2022</b>
Offices	49 045	49 321	55 941
Rigs, helicopters and supply vessels	83 696	105 013	149 140
Warehouse	4 824	5 488	7 566
<b>Total</b>	<b>137 565</b>	<b>159 822</b>	<b>212 646</b>

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.

There are no new lease agreements in Q3 2023.

See note 10 for the Right of use assets



Note 22 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	30 Sep 2023	30 Jun 2023	31 Dec 2022
<b>Trade receivables</b>			
Eni Trade & Biofuels SpA	508 152	185 464	251 129
Eni SpA	54 009	60 194	129 270
Eni Global Energy Markets	7 312	8 540	97 768
Other	521	1 351	546
<b>Total trade receivables</b>	<b>569 994</b>	<b>255 549</b>	<b>478 714</b>

All receivables are due within 1 year.

Current liabilities

USD 1000	30 Sep 2023	30 Jun 2023	31 Dec 2022
<b>Account payables</b>			
Eni International BV	13 305	8 870	21 740
Eni Global Energy Markets	-	7 776	22 063
Eni SpA	12 636	10 123	11 751
Other	6 289	1 019	1 340
<b>Total account payables</b>	<b>32 230</b>	<b>27 788</b>	<b>56 894</b>

Sales revenue

USD 1000	Q3 2023	Q2 2023	Q3 2022	YTD 2023	YTD 2022
Eni Trade & Biofuels SpA	1 089 790	832 621	647 634	2 816 624	2 001 682
Eni SpA	182 299	207 705	459 540	660 577	786 653
Eni Global Energy Markets	32 396	30 152	134 160	132 012	428 853
<b>Total sales revenue</b>	<b>1 304 485</b>	<b>1 070 478</b>	<b>1 241 334</b>	<b>3 609 213</b>	<b>3 217 188</b>

Operating and capital expenditures

USD 1000	Q3 2023	Q2 2023	Q3 2022	YTD 2023	YTD 2022
Eni Trade & Biofuels SpA	2 616	4 893	9 010	11 883	28 540
Eni International BV	4 368	4 296	6 877	13 722	18 481
Eni SpA	7 201	5 147	6 527	17 255	18 276
Other	293	435	2 389	1 080	4 315
<b>Total operating and capital expenditures</b>	<b>14 478</b>	<b>14 771</b>	<b>24 803</b>	<b>43 940</b>	<b>69 612</b>

**Note 23** License ownerships

Vår Energi has the following new licenses since 31 December 2022.

Fields	WI%	Operator
PL134E	30%	Equinor
PL554E	30%	Equinor
PL1002C	40%	Vår Energi
PL1173	50%	Vår Energi
PL1179	25%	Equinor
PL1185	20%	Equinor
PL1188	23%	Equinor
PL1189	23%	Equinor
PL1192	50%	Vår Energi
PL1194	30%	OMV
PL1196	70%	Vår Energi
PL1197	50%	Vår Energi

Asset transactions/Other changes

Fields	WI%	Operator	Changes
<b>Unitisation</b>			
Verdande	10%	Equinor	Working interest
<b>Additions</b>			
PL932	20%	Aker BP	Working interest
PL1025S/SB	30%	Vår Energi	Working interest
PL1076	50%	Equinor	Working interest
<b>Disposals</b>			
PL984	10%	DNO Norge	Working interest
PL1002/B	58%	Vår Energi	Working interest

**Note 24** Subsequent events

On 5 October 2023, Vår Energi signed an agreement with Petrolia NOCO AS for the disposal of the 12,2575% interest in the Brage Unit. Vår Energi net production from the field was 1.5 kboepd during first nine months of 2023 and had remaining net reserves of 1.9 mmboe at year-end 2022. The transaction is subject to normal regulatory approvals and is expected to close by year end 2023. The deal does not impact the Company's previously announced production guidance.

Vår Energi has elected to sell part of its gas on a fixed price/forward basis. Per 30 September 2023, Vår Energi has sold approximately 22% of the gas production for the fourth quarter 2023 on a fixed price basis at an average price around 126 USD per boe. For the first three quarters of 2024, Vår Energi has sold approximately 22% of its estimated gas production on a fixed price basis at an average price around 128 USD per boe.

# Industry terms

Term	Definition/description
boepd	Barrels of oil equivalent per day
boe	Barrels of oil equivalent
bbl	Barrels
CFFO	Cash flow from operations
E&P	Exploration and Production
FID	Final investment decision
FPSO	Floating, production, storage and offloading vessel
HAP	High activity period
HSEQ	Health, Safety, Environment and Quality
HSSE	Health, Safety, Security and Environment
IG	Investment grade
kboepd	Thousands of barrels of oil equivalent per day
mmbls	Standard millions of barrels
mmboe	Millions of barrels of oil equivalents
mmscf	Millions of standard cubic feet
MoF	Ministry of Finance
MPE	Ministry of Petroleum and Energy
NCS	Norwegian Continental Shelf

Term	Definition/description
NGL	Natural gas liquids
NPD	Norwegian Petroleum Directorate
OSE	Oslo Stock Exchange
PDO	Plan for Development and Operation
PIO	Plan for Installation and Operations
PRM	Permanent reservoir monitoring
PRMS	Petroleum Resources Management System
scf	Standard cubic feet
sm <sup>3</sup>	Standard cubic meters
SPT	Special petroleum tax
SPS	Subsea production system
SURF	Subsea umbilicals, riser and flowlines
1P reserves	The quantities of petroleum which can be estimated with reasonable certainty to be commercially recoverable, also referred to as "proved reserves".
2C resources	The quantities of petroleum estimated to be potentially recoverable from known accumulations, also referred to as "contingent resources".
2P reserves	Proved plus probable reserves consisting of 1P reserves plus those additional reserves, which are less likely to be recovered than 1P reserves.

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