



First quarter 2022

Quarterly report



We are Vår Energi

Vår Energi is a leading independent upstream oil and gas Company on the Norwegian continental shelf (NCS). The Company is founded on more than 50 years of NCS operations, a robust and diversified asset portfolio with ongoing development projects centred around hubs, and a strong exploration track record. In 2021, Vår Energi produced net 246 kboepd of oil and gas from 36 fields.

The Company has a target to increase production to 350 kboepd by end 2025 while reducing production cost to USD 8 per boe from USD 12 in 2021 as new projects come onstream and effects from improvement measures are achieved. Material cash flow generation and an investment-grade balance sheet enable attractive and resilient dividend distributions. Vår Energi guides for a dividend of USD 1 billion for 2022. From 2023 and onwards, the Company plans to distribute 20–30% of cash flow from operations after tax (CFFO).

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

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

To learn more, please visit www.varenergi.no.

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First quarter key figures

Q4 in brackets

Production
kboepd

242
(259)

Petroleum revenues
USD million

2 483
(2 282)

EBIT
USD million

1 674
(1 235)

Profit before tax
USD million

1 651
(1 124)

CFFO
kboepd

2 182
(922)

Capex
USD million

622
(710)

FCF
USD million

1 561
(213)

NIBD / EBITDAX

0.6
(1.1)

First quarter 2022 highlights

Vår Energi reported USD 2 491 million in total income for the first quarter of 2022, an increase of 10% from the previous quarter, primarily driven by higher oil and gas prices. EBIT was USD 1 674 million (+36%) and cash flow from operations (CFFO) was USD 2 182 million (+137%) in the quarter. The Company raised its dividend guidance for 2022 to USD 1 billion, under current market conditions, from the previously communicated USD 800 million. This includes USD 225 million to be paid in May for the first quarter and guidance for a further USD 260 million to be paid for the second quarter.

- One actual serious incident in the first quarter of 2022, a subsea leakage on Balder based on hydrocarbons release rate, however the environmental impact was minor
- Production of 242 kboepd, a decrease from 259 kboepd in the fourth quarter of 2021 due to the adjustment of the gas conversion factor, minor operational impacts and natural decline
- Average weighted realised price of USD 119.8 per boe in the quarter (oil USD 99.6 per boe and gas 164.3 per boe)
- Production cost of USD 12.1 per boe, down from USD 13.4 per boe in the previous quarter due to lower maintenance activities with full-year 2022 guidance maintained at USD 12.5 to 13.5 per boe
- Major development projects progressing according to schedule, increased macro and supply chain uncertainties
- USD 3 799 million in available liquidity (cash and undrawn facilities)
- Leverage ratio further reduced to 0.6x at the end of the quarter from 1.1x at end 2021 on strong cash flow from operations, increased cash and lower debt
- Board of Directors declares dividend of USD 0.09 per share for the first quarter, totalling USD 225 million to be distributed in May

KPIs (USD million unless otherwise stated)	Q1 2022	Q4 2021	Q1 2021	FY 2021
Actual serious injury frequency (x, 12 months rolling)	0.1	-	-	-
CO ₂ emissions intensity (operated licenses, kg/boe)	7.6	8.1	8.5	9.5
Production (kboepd)	242	259	272	246
Production cost (USD/boe)	12.1	13.4	9.9	12.0
Cash flow from operations before tax	2 365	1 495	696	4 274
Cash flow from operations (CFFO)	2 182	922	930	4 438
Free cash flow (FCF)	1 561	213	384	1 854
Dividends	-	262	213	950

“The current commodity price environment reflects the significant uncertainties created by Russia’s invasion of Ukraine in February. The war comes on top of already tight energy markets as global demand recovers from the Covid-19 pandemic. Combined with increased inflation and disturbances in global supply chains, this adds uncertainty with regards to the future global economic development. Against this backdrop, Vår Energi leveraged its leading position on the NCS and maintained a solid operational performance with material gas volumes delivered to customers in Europe. This is reflected in exceptional cash flow generation for the quarter and in our raised dividend guidance for 2022 of USD 1 billion.”

Torger Rød, CEO of Vår Energi.

Key metrics and targets

Production (kboepd)	Q1 2022	Q4 2021	Q1 2021	FY 2021
Crude oil	137.0	142.6	143.2	136.9
Gas	85.1	94.6	100.0	86.7
NGL	19.9	21.3	28.9	22.2
Total	241.9	258.6	272.1	245.8
Realised prices (USD/boe)	Q1 2022	Q4 2021	Q1 2021	FY 2021
Crude oil price	99.6	80.4	60.6	70.4
Gas price	163.4	148.3	35.4	79.5
NGL price	72.6	60.6	35.5	45.0
Average (volume-weighted)	119.8	103.4	49.2	70.9
Financials (USD million unless otherwise stated)	Q1 2022	Q4 2021	Q1 2021	FY 2021
Total income	2 491	2 274	1 064	6 073
EBIT	1 674	1 235	553	2 910
Profit / (loss) before income taxes	1 651	1 124	499	2 498
Net earnings	414	209	162	622
Earnings per share (USD)	0.17	0.08	0.06	0.25
Dividend per share (USD)	-	0.10	0.09	0.38
NIBD / EBITDAX (including leasing)	0.6	1.1	2.1	1.1

Targets and outlook

2022 guidance

Production (kboepd)	230–245
Production cost (USD/boe)	12.5–13.5
Development capex (USD million)	2 300–2 600
Exploration and abandonment capex (USD million)	200
Dividends for 2022, paid quarterly (USD million)	1 000
Dividends for Q2 2022 (USD million)	260
First half 2022 cash tax payment (USD million) ¹	~530
Other: Final payment as part of the 2019 acquisition of ExxonMobil's non-operated assets on the NCS (USD million)	300–350

Long-term financial targets

End 2025 production target (kboepd)	More than 350
Medium term production cost (USD/boe)	8.0
Leverage through the cycle (NIBD/EBITDAX)	1.3

¹ Assumed NOK/USD 8.50.

Operational review

Total production	Q1 2022	Q4 2021	Q1 2021	FY 2021
Total production (mmboe)	21.8	23.8	24.5	89.7
Operated (kboepd)	48.5	50.8	46.1	44.9
Partner operated (kboepd)	193.4	207.7	226.1	201.0
Total production (kboepd)	241.9	258.6	272.1	245.8
Operated (kboepd)	20%	20%	17%	18%
Partner operated (kboepd)	80%	80%	83%	82%

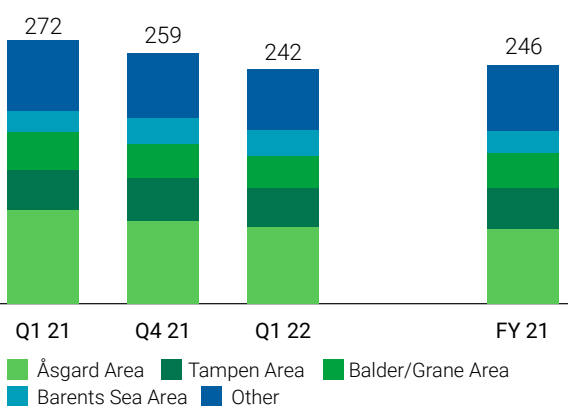
Production by type (kboepd)	Q1 2022	Q4 2021	Q1 2021	FY 2021
Crude oil	137.0	142.6	143.2	136.9
Gas	85.1	94.6	100.0	86.7
NGL	19.9	21.3	28.9	22.2
Total	241.9	258.6	272.1	245.8

Production by type (percentage)	Q1 2022	Q4 2021	Q1 2021	FY 2021
Crude oil	57%	55%	53%	56%
Gas	35%	37%	37%	35%
NGL	8%	8%	11%	9%
Total	100%	100%	100%	100%

Volumes sold / lifted (mmboe)	Q4 2021	Q3 2021	Q4 2020	FY 2021
Crude oil	12.4	12.3	11.6	49.0
Gas	7.1	8.0	7.6	28.0
NGL	1.2	1.8	2.0	8.2
Total	20.7	22.1	21.1	85.2

Total production

kboepd



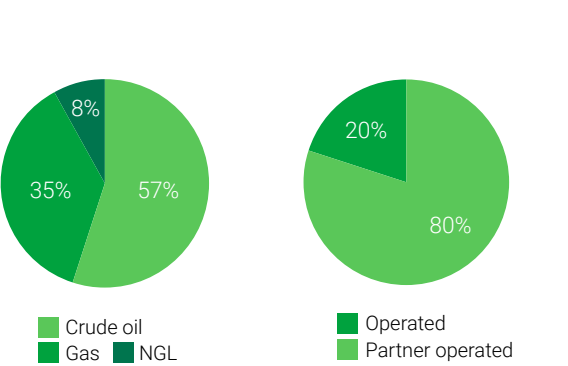
Production

The Company’s production of oil, liquids and natural gas averaged 242 kboepd in the first quarter of 2022, a 6% reduction compared to a production of 259 kboepd in the fourth quarter of 2021, due to the adjustment of the gas conversion factor, other operational impacts and natural depletion.

With effect from 1 January 2022, the Company adjusted its gas conversion factor from 6.65 to 6.29 boe per 1 000 Sm³ gas to be in line with Norwegian industry practice based on typical properties on the NCS. The adjustment reduces reported production volume in the first quarter by approximately 5.0 kboepd. Previous periods have not been restated. For comparison, applying the same conversion

Production split

Q1 2022, percentage based on kboepd



factor in the fourth quarter, production would be 253 kboepd.

Production from operated assets in the quarter was 49 kboepd (20%) whereas production from partner-operated assets was 193 kboepd (80%).

Production of crude oil and NGL (liquids) in the first quarter amounted to 65% (63% in the fourth quarter) whereas gas production was 35% (37% in the fourth quarter).

Volumes lifted / sold

Total volumes produced in the first quarter were 22 mmboe whereas volumes sold in the quarter amounted to 21 mmboe

Production – hubs (kboepd)	Q1 2022	Q4 2021	Q1 2021	FY 2021
Åsgard area	79.4	85.1	96.8	77.4
Tampen area	39.4	44.8	41.0	41.9
Balder/Grane area	33.5	34.6	38.9	36.0
Barents sea area	26.7	27.4	22.7	22.7
Other	63.0	66.6	72.7	67.8
Total production per hub (kboepd)	241.9	258.6	272.1	245.8

Production – hubs (percentage)	Q1 2022	Q4 2021	Q1 2021	FY 2021
Åsgard area	33%	33%	36%	31%
Tampen area	16%	17%	15%	17%
Balder/Grane area	14%	13%	14%	15%
Barents sea area	11%	11%	8%	9%
Other	26%	26%	27%	28%
Total production per hub (kboepd)	100%	100%	100%	100%

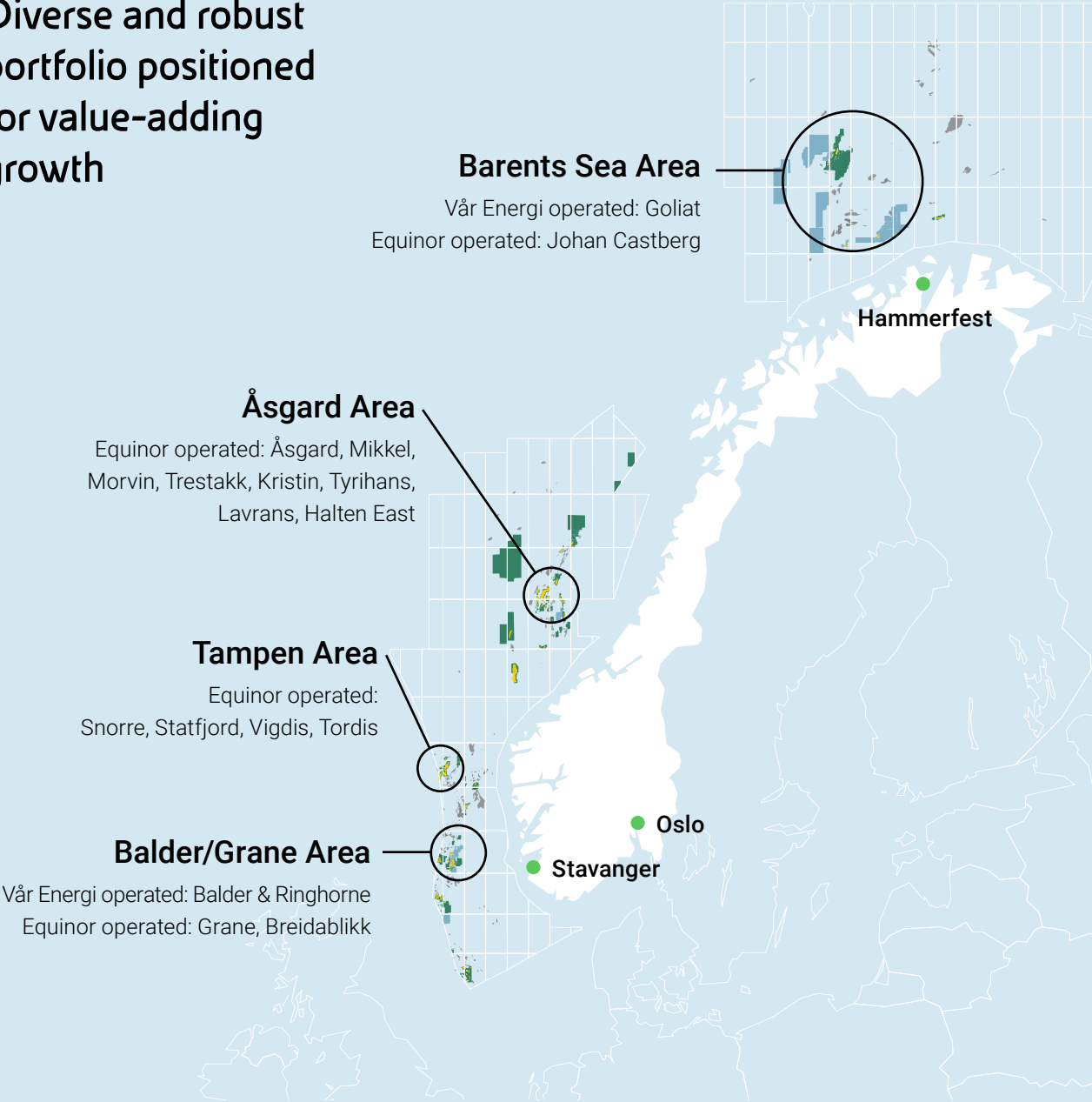
Åsgard area

First quarter production from the Åsgard Area was 79.4 kboepd (33% of total production), down from 85.1 kboepd in the previous quarter. The lower production, mainly on Åsgard, Mikkell and Morvin when compared to the previous quarter, was due to the change in the gas conversion factor combined with some minor downtime, natural decline on Åsgard and Mikkell, and an allocation repayment related to Morvin.

Tampen area

Production from the Tampen Area was 39.4 kboepd in the first quarter (16% of total production), down from 44.8 kboepd in the previous quarter. The lower production was due to Statfjord well integrity downtime, Statfjord B turnaround and natural decline. Tordis well downtime also contributed to the lower production.

Diverse and robust portfolio positioned for value-adding growth



Balder/Grane area

First quarter production from the Balder/Grane Area was 33.5 kboepd (14% of total production), down from 34.6 kboepd in the previous quarter. The lower production in the Balder/Grane area when compared to the previous quarter, was due to lower production efficiency at Balder. Grane production was in line with the previous quarter.

Barents Sea area

Production from the Barents Sea Area (Goliat) was 26.7 kboepd in the first quarter (11% of total production), down from 27.4 kboepd in the previous quarter. Production from Goliat was marginally lower than the previous quarter due to natural well decline.

Other

Production from other assets, including Ekofisk, Ormen Lange, Fram and Sleipner, was 63.0 kboepd during the first quarter (26% of total production), down from 66.6 kboepd in the previous quarter. The lower production compared to the fourth quarter of 2021 was driven by a compressor failure on Sleipner B, temporary reduction in Ekofisk processing capacity and natural decline. Production at Fram increased in the quarter following completion of compressor repairs.

Production cost

Total production cost was USD 12.1 per boe in the first quarter of 2022 (-10%) compared to USD 13.4 in the fourth quarter, mainly due to seasonally lower maintenance.

For more information, see production cost detailed in the financial review section.

Projects and developments

Vår Energi is participating in several significant development projects on the NCS which support the Company’s production target of producing more than 350 kboepd by end 2025. Main development projects such as Johan Castberg, Balder X, and Breidablikk and Fenja progressed generally according to plans in the first quarter.

While Covid-19, supply chain disruptions, cost increases currently experienced by the energy sector also affect Vår Energi, time to market for the Company’s value-adding growth projects and developments remain a key priority.

Balder X

- Results from the inspection program on the Jotun FPSO, which was completed in the fourth quarter 2021, have been incorporated into the integrated execution schedule maintaining first oil in fourth quarter 2023
- The drilling program is ongoing with one out of 15 wells completed
- Final equipment orders will be placed in the second quarter 2022
- The 2022 subsea installation campaign is ongoing with the vessel mobilised on the field as per plan
- Continuous focus on mitigating project risks and effects such as challenging weather impacting drilling, additional engineering hours, increased procurement scope after Jotun FPSO inspection, and continued Covid-19 effects

Johan Castberg

- FPSO Hull and Living Quarter sail-away from Singapore 17 February 2022, arrived at Stord (Norway) on 8 April
- Phase 1 drilling campaign completed ahead of time and below budget, phase 2 planned to commence mid-2024
- Heavy lift campaign including turret installation planned for second/ third quarter 2022
- SPS¹ and SURF² activities progressing according to plan, preparing for 2022 marine operations to install Permanent Reservoir Monitoring (PRM) and flowlines
- First oil planned in fourth quarter 2024

Production cost (USD/boe)	Q1 2022	Q4 2021	Q1 2021	FY 2021
Production cost	9.4	11.0	7.2	9.3
Transportation cost	2.7	2.5	2.7	2.7
Total production cost	12.1	13.4	9.9	12.0

¹ Subsea Production System
² Subsea Umbilicals, Riser and Flowlines

Breidablikk

- All four subsea templates successfully installed during first quarter 2022
- Drilling program to commence in May 2022 with the Deepsea Aberdeen drilling rig
- Breidablikk project scope at Grane platform incorporated in Grane
- High Activity Period (HAP) which started early April with flotel bridge linked to Grane platform
- First oil planned in first quarter 2024

Fenja

- DeepSea Yantai drilling rig expected to return to Fenja and complete the ongoing drilling campaign by third quarter 2022
- Njord A (host) has arrived at the Njord field
- Fenja project progressing according to plan
- First oil planned in first quarter 2023

Other

- Eldfisk Nord (2P reserves of 8.6 mmboe) FID in the first quarter, PDO submission planned end April
- Halten East (2P reserves of 20 mmboe) FID expected in Q2

Exploration

On 18 January 2022, Vår Energi was awarded 10 new production licenses, five of which as operator, in the 2021 Awards in Predefined Areas (APA) covering mature areas on the NCS. The licenses awarded have a good strategic fit with Vår Energi’s existing license portfolio, strengthening the Company’s presence in its strategic hubs while also offering attractive opportunities to potentially expand into new prospective sectors on the NCS.

Key exploration priorities for 2022 include the drilling of the Vår Energi operated Lupa and Countach wells adjacent to the Goliat field in the Barents Sea, and the partner-operated potential high-impact well Ormen Lange Deep, and follow-up of partner-operated wells in general.

All planned exploration wells in 2022 are located close to the Company’s key hubs (near field exploration for high margin barrels) and in case of a discovery, will be considered for early development.

During the first quarter, Vår Energi participated in the dry Statfjord Kile well. The Ormen Lange Deep and Snorre Lomvi Upflank wells are currently being drilled with the outcome of both exploration wells expected to be announced in the second quarter.

Health, safety, security and the environment (HSSE)

Vår Energi’s highest priority is to carry out its activities without causing harm to people or the environment.

Key HSSE indicators	Unit	Q1 2022	Q4 2021	Q3 2021	Q2 2021	Q1 2021
Serious incident frequency (SIF Actual) ¹ 12M roll avg	Per mill. exp. hours	0.1	0.0	0.0	0.0	0.0
Serious incident frequency (SIF) ¹ 12M roll avg	Per mill. exp. hours	1.6	1.3	1.3	1.3	1.2
Total recordable injury frequency (TRIF) ² 12M roll avg	Per mill. exp. hours	2.5	3.2	3.1	5.0	4.6
Acute spill	x	1	0	0	0	0
Process safety events Tier 1 and 2 ³	x	2	0	3	1	1
CO ₂ emissions intensity ⁴	Kg CO ₂ /boe	7.6	8.1	12.3	9.7	8.5

The Company’s strong focus on implementation of the safety improvement initiatives continued through the first quarter of 2022 and a positive trend on Total Recordable Injury Frequency (TRIF)² was observed. The Actual Serious Incidents Frequency (SIF Actual)¹ reflects the Balder subsea incident based on the hydrocarbon volume release rate. No personnel were injured, and the leak had minor environmental impact. The incident investigation found that the leak occurred due to failure of a clamp connection fixing a subsea flow base to a subsea site at 130 meters below the surface. The incident is classified as a Tier 1 process safety event. Corrective measures are

being implemented and will be followed up closely, and learnings will be shared.

The 12-month rolling average SIF rate was 1.6, an increase from the 1.3 in the fourth quarter 2021. All incidents, except one (ref. above), were classified as serious due to potential rather than actual consequences. The majority of the incidents were related to dropped objects. For the first quarter, the 12-month rolling average TRIF was 2.5 compared to 3.2 in the fourth quarter of 2021.

All incidents were managed according to the Company’s management system, improvements have been implemented and learnings are shared to enable continuous improvement. Further, Vår Energi focuses on major accident potential and continuously monitors key indicators through the Company’s major accident risk indicator system (MARI).

To continuously strengthen the culture and focus on safety, and to extend the positive TRIF trend in the first quarter, Vår Energi will, together with its contractors, continue to build on key measures, such as the Always Safe Annual Wheel, the Life Saving Rules and the Company’s internal TIR tool (Take Time, Involve, Report).

Climate

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

The CO₂ emissions intensity (operational control, equity share) in the first quarter is estimated to 7.6 kg per boe.

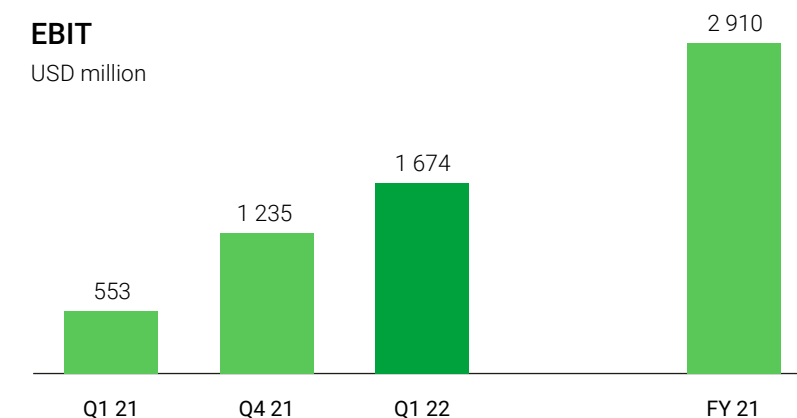
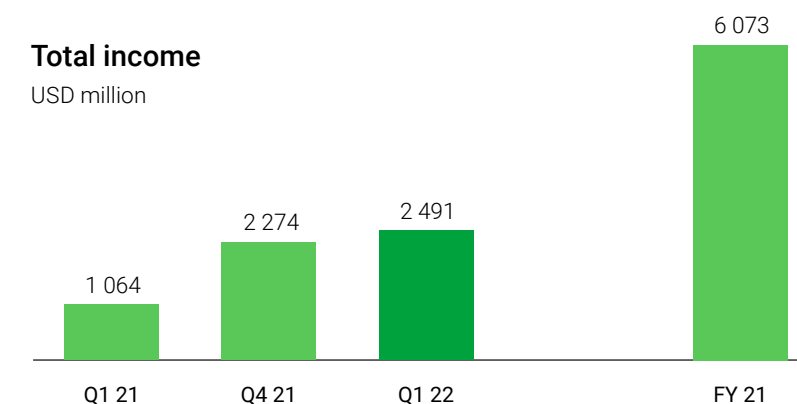
¹ SIF: Serious incident and near-misses per million worked hours. Includes actual and potential consequence. SIF Actual: incidents that have an actual serious consequence.
² TRIF: Personal injuries requiring medical treatment per million worked hours. Reporting boundaries SIF & TRIF: Health and safety 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.
³ Classified according to IOGP RP 456.
⁴ Direct Scope 1 emissions of CO₂ (kg) from exploration and production (Operational control, equity share) divided by total equity share production (boe) from Marulk, Goliat, Balder and Ringhorne East.

Financial review

Consolidated statements of income

USD million	Q1 2022	Q4 2021	Q1 2021	FY 2021
Total income	2 491	2 274	1 064	6 073
Production costs	(341)	(342)	(196)	(1 290)
Exploration expenses	(12)	(11)	(9)	(57)
Depreciation and amortisation	(441)	(470)	(489)	(1 705)
Impairment loss and reversals	11	(178)	204	(1)
Other operating expenses	(33)	(38)	(21)	(110)
Total operating cost	(816)	(1 039)	(511)	(3 163)
Operating profit / (loss) (EBIT)	1 674	1 235	553	2 910
Net financial income / (expenses)	(29)	(106)	(58)	(269)
Net exchange rate gain / (loss)	6	(6)	4	(142)
Profit / (loss) before income taxes	1 651	1 124	499	2 498
Income tax (expense) / income	(1 237)	(915)	(337)	(1 876)
Profit / (loss) for the period	414	209	162	622
Total income (USD million)	Q1 2022	Q4 2021	Q1 2021	FY 2021
Petroleum revenues	2 483	2 282	1 039	6 043
Other operating income	8	(7)	25	29
Total income	2 491	2 274	1 064	6 073

Total income in the first quarter was USD 2 491 million (+10%) compared to USD 2 274 in the previous quarter.



Revenues from sale of petroleum products in the first quarter amounted to USD 2 483 million, an increase of USD 201 million when compared to the USD 2 282 million reported for the fourth quarter 2021. Higher product prices impacted petroleum revenues positively by USD 341 million whereas lower volumes sold impacted petroleum revenues negatively with USD 140 million.

Petroleum revenues from sale of liquids (USD 1 325 million) amounted to 53% of total petroleum revenues whereas revenues from sale of gas (USD 1 158 million) amounted to 47%. During the first quarter, the Company continued to divert gas from injection to gas sales. Vår Energi also reduced methanol production at Tjeldbergodden and added the ethane to the gas export from Kårstø to generate additional revenues.

The average oil price realised in the first quarter was USD 99.6 per boe, up from USD 80.4 per boe in the previous quarter. The average realised gas price in the quarter was USD 163.4 per boe, up from USD 148.3 per boe in the previous quarter.

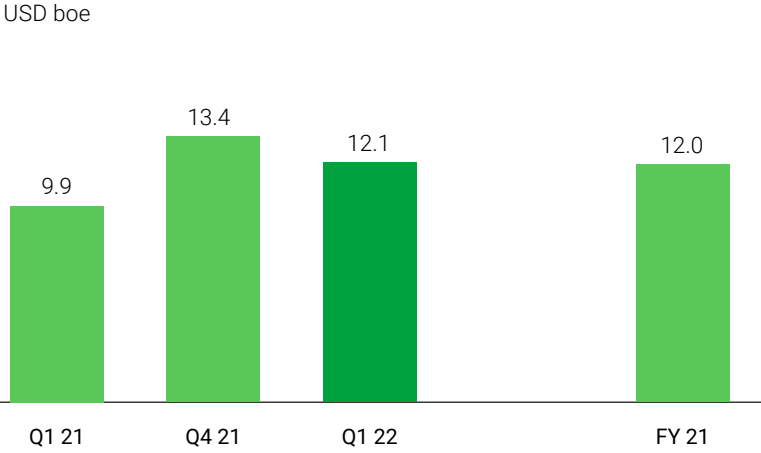
During the first quarter 2022, the Company has hedged approximately 70% of its first quarter 2023 oil production after tax by acquiring brent put options at a strike price of USD 50/boe. In 2022, Vår Energi has entered into forward gas sales contracts. Vår Energi has sold 9.2% of its estimated 2022 gas production at a fixed price, generating sales revenues of USD 407 million at an average price of USD 155.7 per boe.

Revenue split by petroleum type (USD million)	Q1 2022	Q4 2021	Q1 2021	FY 2021
Revenue from crude oil sales	1 238	990	701	3 448
Revenue from gas sales	1 158	1 184	268	2 227
Revenue from NGL sales	87	108	69	368
Gain from realised crude put options	-	-	-	-
Total petroleum revenues including results from hedging activities	2 483	2 282	1 039	6 043

Revenue split by petroleum type (percentage)	Q1 2022	Q4 2021	Q1 2021	FY 2021
Revenue from crude oil sales	50%	43%	67%	57%
Revenue from gas sales	47%	52%	26%	37%
Revenue from NGL sales	4%	5%	7%	6%
Gain from realised crude put options	-	-	-	-
Total	100%	100%	100%	100%

Realised prices (USD/boe)	Q1 2022	Q4 2021	Q1 2021	FY 2021
Crude oil	99.6	80.4	60.6	70.4
Gas	163.4	148.3	35.4	79.5
NGL	72.6	60.6	35.5	45.0
Average (volume-weighted)	119.8	103.4	49.2	70.9

Production cost



Production cost

Total production cost (produced volumes) in the first quarter amounted to USD 264 million, a reduction of 18% when compared to the USD 320 million in the fourth quarter.

The lower production cost was mainly due to lower maintenance activities when compared to the last quarter. In addition, the fourth quarter production cost included one-off own restructuring costs, restructuring costs billed from partners and revised bonus provisions.

Production cost (sold volumes) was USD 341 million in the first quarter, a reduction of USD 1 million when compared to the previous quarter. Production cost (sold volumes) in the quarter included an increase of overlift cost due to higher product prices.

Vår Energi maintains its full-year 2022 guidance for production cost per barrel at USD 12.5 to 13.5.

USD million	Q1 2022	Q4 2021	Q1 2021	FY 2021
Cost of operations	162	216	142	688
Transportation and processing	58	59	65	243
Environmental taxes	34	34	23	102
Insurances	9	12	11	46
Production cost (produced volumes)	264	320	242	1 079
Back-up cost shuttle tankers	(1)	15	2	33
Adjustment of over/underlift (-)	68	(9)	(61)	117
Premium expense for crude put options	11	16	13	60
Production (sold volumes)	341	342	196	1 290
Total produced volumes (mmbøe)	21.8	23.8	24.5	89.7
Production cost (USD/boe)	12.1	13.4	9.9	12.0

Exploration expenses

Exploration expenses in the first quarter amounted to USD 12 million, an increase of 1 USD million from USD 11 million in the previous quarter as the dry Statfjord Kile well was expensed in the quarter.

Depreciation, depletion, amortisation (DD&A)

DD&A in the first quarter was USD 441 million (-6%) compared to USD 470 million in the previous quarter. The reduction was mainly due to the lower production.

Impairments

Impairment reversals amounted to USD 11 million in the first quarter mainly related to reversal of previous Brage impairment following higher price assumptions. In the fourth quarter, impairment loss amounted to USD 178 million, mainly driven by a revised baseline for sanctioned projects.

For more details on impairments and reversal of impairments, see [note 11](#) in the consolidated financial statements.

Operating profit (EBIT)

EBIT for the first quarter was USD 1 674 million, up 36% from USD 1 235 million reported in the fourth quarter.

Net finance

Net financial expenses in the first quarter were USD 29 million and the net exchange rate gain amounted to USD 6 million. For more details, see [note 6](#) in the consolidated financial statements.

Tax

The income tax expense in the first quarter was USD 1 237 million (+35%) compared to USD 915 million in the fourth quarter.

Profit for the period

Profit in the first quarter was USD 414 million, up 99% from USD 209 million in the previous quarter

Condensed consolidated statements of financial position

Financial position (USD million)	Q1 2022	Q4 2021	Q1 2021	FY 2021
Intangible assets	2 861	2 836	3 067	2 836
Tangible fixed assets	16 077	15 487	16 040	15 487
Financial assets	2	3	3	3
Current assets	1 728	1 552	1 198	1 552
Total assets	20 668	19 878	20 309	19 878
Total equity	1 900	1 472	1 800	1 472
Non-current liabilities	15 158	15 908	17 441	15 908
Current liabilities	3 610	2 498	1 067	2 498
Total liabilities	18 768	18 406	18 508	18 406
Total Equity and Liabilities	20 668	19 878	20 309	19 878

Available liquidity	Q1 2022	Q4 2021	Q1 2021	FY 2021
Cash and cash equivalents	539	224	82	224
RBL	-	-	609	-
RCF	3 260	2 080	600	2 080
Available liquidity	3 799	2 303	1 291	2 303

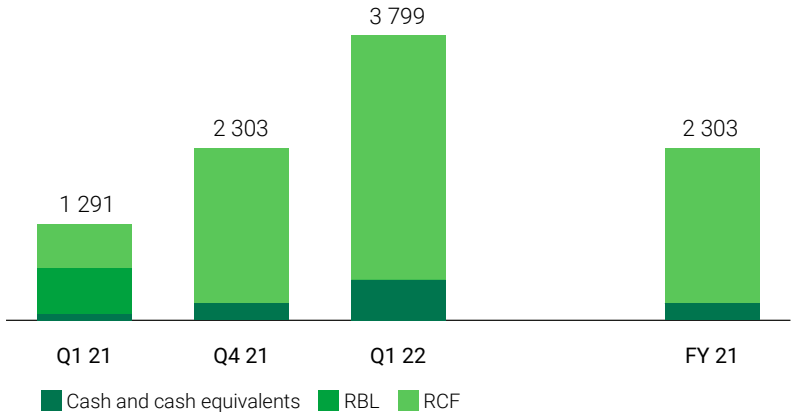
Total assets at the end of the first quarter amounted to USD 20 668 million. The increase from the USD 19 878 at the end of the fourth quarter is mainly due to capitalised expenditures on the Company's key development projects.

Tangible fixed assets including property, plant and equipment (PP&E) at the end of the period were USD 16 077 million and are detailed in [note 9](#) in the consolidated financial statements.

Total equity amounted to USD 1 900 million (+29%), corresponding to an equity ratio of 9%.

Available liquidity

USD million



Total cash and cash equivalents at the end of the first quarter were USD 539 million. In addition, at the end of the first quarter, the Company had USD 3 260 million in undrawn credit facilities bringing total available liquidity up to USD 3 799 million at the end of the quarter.

Interest bearing debt

Total interest-bearing debt (incl. leasing) at the end of the first quarter was USD 3 954 million, a decrease from USD 5 152 million at the end of the previous quarter. For more details, see [note 17](#) and [21](#) in the consolidated financial statements.

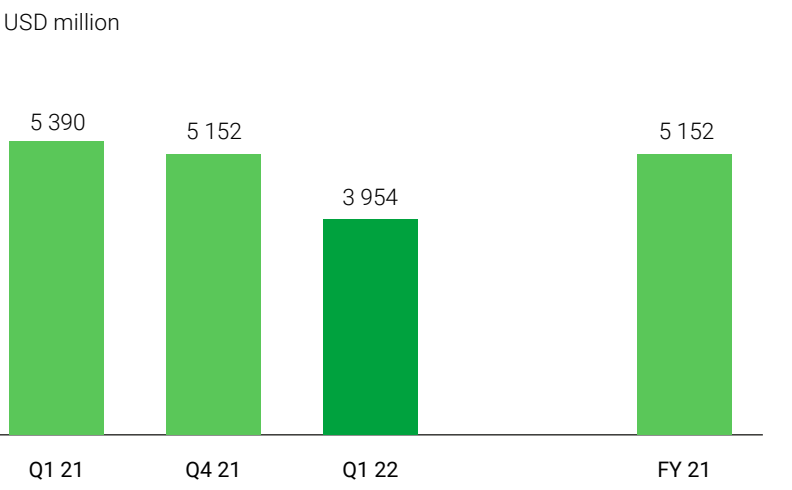
EBITDAX was USD 2 117 million in the quarter and free cash flow (FCF) was USD 1 561 million.

Due to the strong cash flow generated and repayments of interest-bearing debt in the first quarter the Company reduced its leverage ratio (NIBD including leasing/EBITDAX) to 0.6x at the end of the quarter, down from 1.1x at year-end 2021.

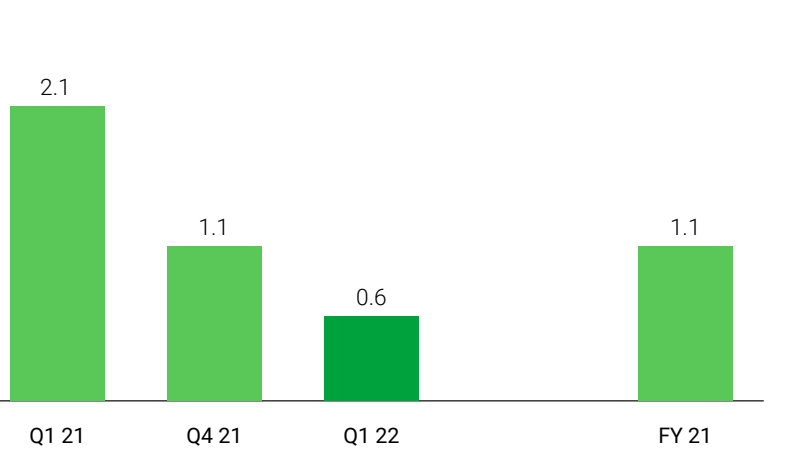
Interest bearing debt excl. leasing (USD million)	Q1 2022	Q4 2021	Q1 2021	FY 2021
Adjusted total interest bearing debt / EBITDAX	0.6	1.0	2.1	1.0
Adjusted net interest-bearing debt / EBITDAX	0.5	1.0	2.0	1.0

Interest bearing debt incl. leasing (USD million)	Q1 2022	Q4 2021	Q1 2021	FY 2021
Interest-bearing loans and borrowings	3 316	4 493	5 236	4 493
Interest-bearing loans, current	338	333	-	333
Lease liabilities, non-current	191	216	116	216
Lease liabilities, current	108	109	38	109
Total interest bearing debt (TIBD)	3 954	5 152	5 390	5 152
Cash and cash equivalents	539	224	82	224
Net interest bearing debt (NIBD)	3 415	4 928	5 308	4 928
EBITDAX 4 quarters rolling	5 942	4 672	2 536	4 672
Total interest bearing debt / EBITDAX	0.7	1.1	2.1	1.1
Net interest-bearing debt / EBITDAX	0.6	1.1	2.1	1.1

Total interest-bearing debt (TIBD)



NIBD / EBITDAX



Condensed consolidated statements of cash flow

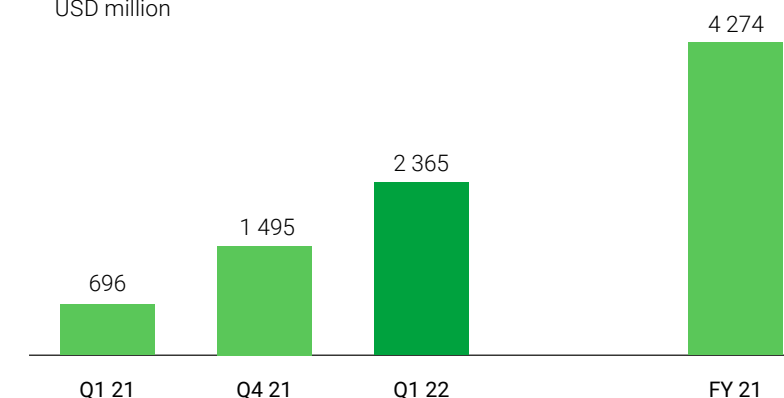
Consolidated statements of cash flows (USD million)	Q1 2022	Q4 2021	Q1 2021	FY 2021
Cash flow from operating activities (CFFO)	2 182	922	930	4 438
Cash flows used in investing activities	(650)	(722)	(541)	(2 633)
Cash flows from financing activities	(1 215)	(218)	(578)	(1 835)
Net change in cash and cash equivalents	317	(18)	(190)	(30)
Cash and cash equivalents, beginning of period	224	264	272	272
Effect of exchange rate fluctuation on cash held	(2)	(22)	-	(19)
Cash and cash equivalents, end of period	539	224	82	224

Cash flow from operating activities (CFFO) was USD 2 182 million in the first quarter, an increase of 137% from USD 922 million in the previous quarter. The increase is due to higher achieved product prices in the first quarter, lower tax payments and working capital adjustments. For more information, see [note 12](#) in the consolidated financial statements.

Cash flows used in investing activities (USD million)	Q1 2022	Q4 2021	Q1 2021	FY 2021
Expenditures on exploration and evaluation assets	6	7	24	104
Expenditures on property, plant and equipment	615	703	522	2 480
Payment for decommissioning of oil and gas fields	29	14	16	70
Proceeds from sale of assets (sales price)	-	(4)	(21)	(24)
Expenditures on goodwill and other intangible assets	-	3	-	-
Net cash used on business combination	-	-	-	2
Total cash flows used in investing activities	650	722	541	2 633

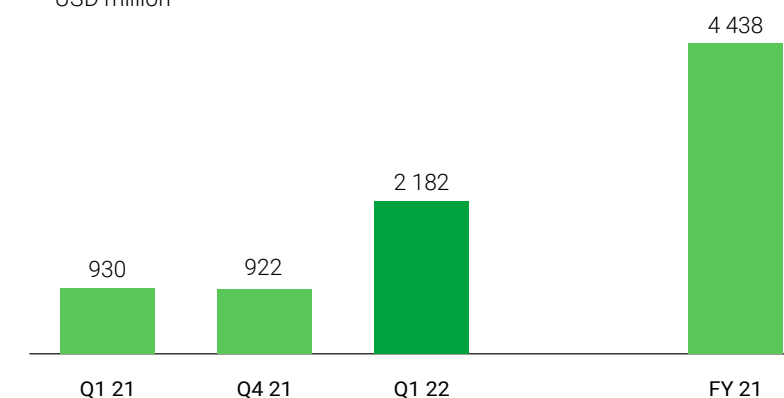
Cash flow from operations before tax

USD million



Cash flow from operations (CFFO)

USD million



Condensed consolidated statements of cash flow – continued

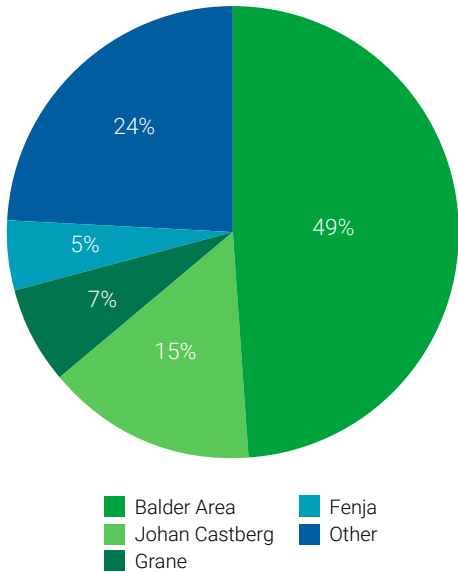
Expenditures on PP&E (USD million, %)	Q1 2022	Q1 2022	Q4 2021	Q4 2021	Q1 2021	Q1 2021	FY 2021	FY 2021
Balder area	299	49%	341	49%	196	37%	1 150	46%
Johan Castberg	92	15%	91	13%	78	15%	320	13%
Fenja	30	5%	45	6%	15	3%	103	4%
Grane	45	7%	37	5%	51	10%	159	6%
Snorre	24	4%	26	4%	33	6%	151	6%
Statfjord area	28	5%	23	3%	14	3%	83	3%
Sleipner area	3	-	20	3%	2	-	31	1%
Ekofisk area	25	4%	20	3%	22	4%	89	4%
Goliat	6	1%	15	2%	54	10%	110	4%
Tommeliten	8	1%	13	2%	1	-	18.4	1%
Other	55	9%	72	10%	57	11%	265	11%
Total expenditures on PP&E	615	100%	703	100%	523	100%	2 480	100%

Net cash flow from investing activities in the first quarter was USD 650 million. Expenditures on property, plant and equipment (PP&E) were USD 615 million and expenditures in the Balder Area, Johan Castberg and Fenja totalled approximately 70% of total expenditures on PP&E.

Capex coverage	Q1 2022	Q4 2021	Q1 2021	FY 2021
Expenditures on exploration and evaluation assets	6	7	24	104
Expenditures on PP&E	615	703	522	2 480
Capex	621	710	546	2 585
CFFO	2 182	922	930	4 438
Capex coverage (x)	3.5	1.3	1.7	1.7

Capex coverage in the first quarter was 3.5x, up from 1.3x in the previous quarter.

Expenditures on PP&E, first quarter 2022



Cash flows used in financing activities (USD million)	Q1 2022	Q4 2021	Q1 2021	FY 2021
Dividends paid	-	(262)	(213)	(950)
Net proceeds/(payments) of revolving credit facility	(1 181)	4 494	-	4 494
Net proceeds/(payments) of reserve based lending facility	-	(4 440)	(355)	(5 335)
Payment of other loans and borrowings	-	-	-	-
Payment of principal portion of lease liability	(34)	(10)	(11)	(44)
Cash acquired in business combination	-	-	-	-
Total cash flows used in investing activities	(1 215)	(218)	(578)	(1 835)

Net cash outflow from financing activities amounted to USD 1 215 million in the first quarter mainly due to repayments on the Company’s revolving credit facility. The corresponding amount for the fourth quarter was USD 218 million.

Outlook

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

The Company targets production of more than 350 kboepd by end 2025, corresponding to over 50% growth compared to the midpoint of the guided 2022 range of 230–245 kboepd. The end 2025 ambition is based on:

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

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

Based on the potential for improving operations in currently producing fields and the attractive cost profile in sanctioned developments, Vår Energi has an ambition to reduce production cost per boe to USD 8 in the medium term from USD 12 in 2021. This represents a reduction of 33%.

For 2022, the Company maintains its guidance for USD 2 300–2 600 million in development capex and USD 200 million in exploration and abandonment capex.

Vår Energi's material cash flow generation and investment-grade balance sheet support attractive and resilient distributions. For 2022, the Company guides for a dividend of USD 1 billion. For the first quarter of 2022, Vår Energi will pay a dividend of USD 225 million in May and the Company guides for a further USD 260 million to be paid for the second quarter.

From 2023 and onwards, the Company plans to distribute 20–30% of cash flow from operations 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 1.3x through the cycle.

Transactions with related parties

For details on transactions with related parties, see [note 22](#) in the consolidated financial statements.

Subsequent events

On 4 April, Vår Energi was awarded the Polaris CO₂ storage license in the Barents Sea, together with its partners Equinor (operator) and Horisont Energi. The CO₂ storage reservoir is located some 100 km off the coast of Finnmark, Norway. It represents a key component of the Barents Blue project which is being developed towards concept selection. The project partnership plans to utilise the Polaris reservoir to permanently store CO₂ captured at the Barents Blue facility near Hammerfest. The facility will produce carbon neutral ammonia by reforming natural gas from the Barents Sea to clean, blue ammonia, using carbon capture and storage.

For information and other subsequent events, see [note 24](#) in the consolidated financial statements.

Risks and risk management

Vår Energi is exposed to a variety of risks associated with oil and gas operations. Risk management is an integral part of the Company's business activities, and the business areas consequently have the main responsibility for managing risks arising from its business activities.

A detailed analysis of Vår Energi's operational, financial and external risks, and mitigation of those risks through risk management, is described in the prospectus published in February 2022 and the 2021 annual report, both available on www.varenergi.no.

Accounting policies and alternative performance measures (APMs)

Accounting policies

These financial statements are the unaudited Interim Consolidated Financial Statements of Vår Energi for the first quarter of 2021. The Interim Financial Statements are prepared in accordance with the International Accounting Standard 34 (IAS 34) – Interim Financial Reporting.

These Interim Financial Statements should be read in conjunction with the Consolidated Financial Statements for 2021 as they provide an update of previously reported information.

The accounting policies used in the Interim Financial Statements are consistent with those used in the 2021 Consolidated IFRS Financial Statements.

Alternative performance measures (“APMs”)

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

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

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

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

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

- “CAPEX” is defined by Vår Energi as expenditures on property, plant and equipment as presented in the cash flow statements within cash flow from investing activities.
- “CAPEX Coverage” is defined by Vår Energi as cash flow from operating activities as presented in the cash flow statements (“CFFO”), as a ratio to CAPEX.
- “EBITDAX” is defined by Vår Energi as profit/(loss) for the period before income tax (expense)/income, net financial items, net exchange rate gain/(loss), depreciation and amortisation, impairments and exploration expenses.
- “EBITDAX margin” is defined by Vår Energi as EBITDAX and EBITDA as a percentage of total income, respectively.

- “Free cash flow” (“FCF”) is defined by Vår Energi as CFFO less CAPEX and expenditures on exploration and evaluation assets.
- “Net interest-bearing debt” or “NIBD” is defined by Vår Energi as interest-bearing loans and borrowings and lease liabilities (“Total interest-bearing debt” or “TIBD”) less cash and cash equivalents.
- “Adjusted net interest-bearing debt” or “Adjusted NIBD” is defined by Vår Energi as TIBD excluding lease liabilities (“Adjusted total interest-bearing debt” or “Adjusted TIBD”) less cash and cash equivalents.
- “NIBD/EBITDAX” is defined by Vår Energi as NIBD as a ratio of EBITDAX.
- “Adjusted NIBD/EBITDAX” is defined by Vår Energi as Adjusted NIBD as a ratio of EBITDAX.
- “TIBD/EBITDAX” is defined by Vår Energi as interest-bearing loans and borrowings and lease liabilities as a ratio of EBITDAX.
- “Adjusted TIBD/EBITDAX” is defined by Vår Energi as interest-bearing loans and borrowings (but excluding lease liabilities) as a ratio of EBITDAX.

EBITDA and EBITDAX

EBITDA and EBITDAX in the first quarter of 2022 amounted to USD 2 105 million and USD 2 117 million, respectively. The increase in EBITDA and EBITDAX from the fourth quarter is due to higher oil and gas prices.

USD million	Q1 2022	Q4 2021	Q1 2021	FY 2021
Profit / (loss) for the period	414	209	162	622
Income tax (expense)/income	(1 237)	(915)	(337)	(1 876)
Net financial income / (expenses)	(29)	(106)	(58)	(269)
Net exchange rate gain / (loss)	6	(6)	4	(142)
Depreciation and amortisation	(441)	(470)	(489)	(1 705)
Impairment loss and reversals	11	(178)	204	(1)
EBITDA	2 105	1 883	838	4 615
Exploration expenses	(12)	(11)	(9)	(57)
EBITDAX	2 117	1 895	847	4 672
Total income	2 491	2 274	1 064	6 073
EBITDA margin	85%	83%	79%	76%
EBITDAX margin	85%	83%	80%	77%

Financial statements with note disclosures

Unaudited consolidated financial statements

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Unaudited consolidated statement of comprehensive income

USD 1000, except earnings per share data	Note	Q1 2022	Q4 2021	Q1 2021	YTD 2022	YTD 2021
Petroleum revenues	2	2 482 788	2 281 923	1 038 985	2 482 788	1 038 985
Other operating income	2	7 720	(7 495)	25 041	7 720	25 041
Total income		2 490 508	2 274 428	1 064 026	2 490 508	1 064 026
Production costs	3	(340 937)	(342 267)	(195 798)	(340 937)	(195 798)
Exploration expenses	5, 8	(12 077)	(11 338)	(8 765)	(12 077)	(8 765)
Depreciation and amortisation	9, 10	(441 239)	(469 501)	(489 018)	(441 239)	(489 018)
Impairment loss and reversals	8, 9, 11	10 865	(178 482)	203 637	10 865	203 637
Other operating expenses	4	(32 912)	(37 514)	(21 170)	(32 912)	(21 170)
Total operating expenses		(816 300)	(1 039 102)	(511 115)	(816 300)	(511 115)
Operating profit / (loss)		1 674 208	1 235 326	552 911	1 674 208	552 911
Net financial income / (expenses)	6	(28 886)	(105 749)	(58 034)	(28 886)	(58 034)
Net exchange rate gain / (loss)	6	5 877	(5 623)	3 933	5 877	3 933
Profit/(loss) before taxes		1 651 199	1 123 954	498 810	1 651 199	498 810
Income tax (expense) / income	7	(1 237 005)	(915 311)	(337 045)	(1 237 005)	(337 045)
Profit / (loss) for the period		414 194	208 644	161 766	414 194	161 766
Other comprehensive income:						
Items that may be reclassified subsequently to the income statement:						
Currency translation differences		15 724	(9 267)	(721)	15 724	(721)
Net gain / (loss) on put options used for hedging		(2 370)	8 884	(4 892)	(2 370)	(4 892)
Other comprehensive income for the period, net of tax		13 354	(383)	(5 613)	13 354	(5 613)
Total comprehensive income		427 548	208 261	156 153	427 548	156 153
Earnings per share						
EPS Basic	16	0.17	0.08	0.06	0.17	0.06
EPS Diluted	16	0.17	0.08	0.06	0.17	0.06

Unaudited consolidated balance sheet statement

USD 1000	Note	31 Mar 2022	31 Dec 2021	31 Mar 2021
ASSETS				
Non-current assets				
Intangible assets				
Goodwill	8	2 552 592	2 531 897	2 823 388
Capitalised exploration wells	8	202 769	199 981	135 969
Other intangible assets	8	105 374	104 520	107 829
Tangible fixed assets				
Property, plant and equipment	9	15 803 767	15 188 917	15 914 045
Right of use assets	10	272 741	298 432	125 692
Financial assets				
Investment in shares		860	853	882
Other non-current assets		1 517	1 809	2 483
Total non-current assets		18 939 620	18 326 409	19 110 288
Current assets				
Inventories		313 391	301 329	280 160
Trade receivables	12 , 22	499 468	745 921	301 620
Other receivables, prepaid assets and financial instruments	13	376 452	280 697	353 570
Tax receivable	7	-	-	180 795
Cash and cash equivalents	15	538 739	223 588	82 082
Total current assets		1 728 051	1 551 534	1 198 227
TOTAL ASSETS		20 667 671	19 877 943	20 308 515

Unaudited consolidated balance sheet statement – continued

USD 1000	Note	31 Mar 2022	31 Dec 2021	31 Mar 2021
EQUITY AND LIABILITIES				
Equity				
Share capital	16	45 972	45 972	45 972
Share premium		2 643 181	2 643 181	3 380 681
Other equity		(789 236)	(1 216 783)	(1 626 425)
Total equity		1 899 917	1 472 369	1 800 228
Non-current liabilities				
Interest-bearing loans and borrowings	17	3 316 057	4 493 426	5 236 198
Deferred tax liabilities	7	7 934 656	7 799 594	7 579 941
Asset retirement obligations	18	3 552 873	3 235 640	4 351 607
Lease liabilities, non-current	21	191 341	216 208	115 697
Other non-current liabilities		162 642	162 870	157 489
Total non-current liabilities		15 157 569	15 907 737	17 440 931
Current liabilities				
Asset retirement obligations, current	18	35 552	61 536	27 000
Accounts payables	22	416 973	422 155	311 881
Taxes payable	7	1 802 687	801 432	14 834
Interest-bearing loans, current	17	337 816	333 149	-
Lease liabilities, current	21	108 458	108 880	38 296
Other current liabilities	19	908 699	770 685	675 344
Total current liabilities		3 610 185	2 497 837	1 067 356
Total liabilities		18 767 754	18 405 574	18 508 287
TOTAL EQUITY AND LIABILITIES		20 667 671	19 877 943	20 308 515

Sandnes, 26 April 2022
The Board of Directors of Vår Energi ASA

Thorhild Widvey
Chair

Liv Monica Bargem Stubholt
Deputy Chair

Francesco Gattei
Director

Guido Brusco
Director

Clara Andreoletti
Director

Marica Calabrese
Director

Fabio Romeo
Director

Ove Gusevik
Director

Kjersti Selvik
Director,
employee representative

Laurits Hosar
Director,
employee representative

Jan Inge Nesheim
Director,
employee representative

Christine Vorland
Director,
employee representative

Torger Rød
Chief Executive Officer

Unaudited consolidated statement of changes in equity

USD 1000	Other equity					
	Share capital	Share premium	Other equity	Translation differences	Hedge reserve	Total equity
Balance at 1 January 2021	45 972	3 593 181	(1 595 366)	(160 173)	(28 737)	1 854 877
Profit / (loss) for the period	-	-	161 766	-	-	161 766
Other comprehensive income / (loss)	-	-	-	(721)	(4 892)	(5 613)
Total comprehensive income / (loss)	-	-	161 766	(721)	(4 892)	156 153
Dividends paid	-	(212 500)	-	-	-	(212 500)
Other	-	-	1 699	-	-	1 699
Balance at 31 March 2021	45 972	3 380 681	(1 431 902)	(160 894)	(33 629)	1 800 228
Profit / (loss) for the period	-	-	459 819	-	-	459 819
Other comprehensive income / (loss)	-	-	-	(61 401)	11 811	(49 590)
Total comprehensive income / (loss)	-	-	459 819	(61 401)	11 811	410 229
Dividends paid	-	(737 500)	-	-	-	(737 500)
Other	-	-	(588)	-	-	(588)
Balance at 31 December 2021	45 972	2 643 181	(972 671)	(222 295)	(21 818)	1 472 369
Balance at 1 January 2022	45 972	2 643 181	(972 671)	(222 295)	(21 818)	1 472 369
Profit / (loss) for the period	-	-	414 194	-	-	414 194
Other comprehensive income / (loss)	-	-	-	15 724	(2 370)	13 354
Total comprehensive income / (loss)	-	-	414 194	15 724	(2 370)	427 548
Dividends paid	-	-	-	-	-	-
Other	-	-	-	-	-	-
Balance at 31 March 2022	45 972	2 643 181	(558 477)	(206 571)	(24 188)	1 899 917

Unaudited consolidated statement of cash flows

USD 1000	Note	Q1 2022	Q4 2021	Q1 2021	YTD 2022	YTD 2021
Profit / (loss) before income taxes		1 651 199	1 123 954	498 810	1 651 199	498 810
Adjustments to reconcile profit before tax to net cash flows:						
- Depreciation and amortisation	9, 10	441 239	469 501	489 018	441 239	489 018
- Impairment loss and reversals	8, 9	(10 865)	178 482	(203 637)	(10 865)	(203 637)
- (Gain) / loss on sale and retirement of assets	2	-	16 871	(19 103)	-	(19 103)
- Impairment of exploration wells	5, 8	5 098	(2 260)	1 112	5 098	1 112
- Accretion expenses (asset retirement obligation)	6, 18	24 282	26 140	21 571	24 282	21 571
- Unrealised (gain) / loss on foreign currency transactions and balances	6	(28 037)	339 470	19 471	(28 037)	19 471
- Other non-cash items and reclassifications		33 816	(233 784)	42 074	33 816	42 074
Working capital adjustments:						
- Changes in inventories, accounts payable and receivables		231 642	(406 924)	(72 276)	231 642	(72 276)
- Changes in other current balance sheet items		35 447	7 607	(42 750)	35 447	(42 750)
Income tax received / (paid)	7	(183 309)	(572 400)	233 853	(183 309)	233 853
Interest received	6	26	4 047	1 669	26	1 669
Interest paid	6	(18 381)	(28 221)	(39 466)	(18 381)	(39 466)
Net cash flows from operating activities		2 182 157	922 484	930 347	2 182 157	930 347
Cash flows from investing activities						
Expenditures on exploration and evaluation assets	8	(6 233)	(6 930)	(23 679)	(6 233)	(23 679)
Expenditures on property, plant and equipment	9	(615 206)	(702 632)	(522 355)	(615 206)	(522 355)
Payment for decommissioning of oil and gas fields	18	(28 839)	(13 865)	(15 721)	(28 839)	(15 721)
Proceeds from sale of assets (sales price)		-	3 829	20 670	-	20 670
Expenditures on goodwill and other intangible assets		-	(295)	-	-	-
Net cash used on business combination		-	(2 208)	-	-	-
Net cash used in investing activities		(650 278)	(722 101)	(541 084)	(650 278)	(541 084)

Unaudited consolidated statement of cash flows – continued

USD 1000	Note	Q1 2022	Q4 2021	Q1 2021	YTD 2022	YTD 2021
Cash flows from financing activities						
Dividends paid		-	(262 000)	(212 500)	-	(212 500)
Net proceeds/(payments) of revolving credit facilities	17	(1 180 500)	4 494 104	-	(1 180 500)	-
Net proceeds/(payments) of reserve based lending facility	17	-	(4 440 000)	(355 000)	-	(355 000)
Payment of principal portion of lease liability	21	(34 215)	(10 482)	(10 934)	(34 215)	(10 934)
Net cash from financing activities		(1 214 715)	(218 378)	(578 434)	(1 214 715)	(578 434)
Net change in cash and cash equivalents						
		317 163	(17 995)	(189 171)	317 163	(189 171)
Cash and cash equivalents, beginning of period		223 588	263 671	272 411	223 588	272 411
Effect of exchange rate fluctuation on cash held		(2 012)	(22 088)	(1 158)	(2 012)	(1 158)
Cash and cash equivalents, end of period		538 739	223 588	82 082	538 739	82 082

¹ Net proceeds of revolving credit facility is offset with prepaid loan expenses of USD 26.4 million.

Notes

(All figures in USD 1000 unless otherwise stated)

The interim condensed consolidated financial statements for the period ended 31 March 2022 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 Group’s 2021 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 26 April 2022.

Note 1 Summary of IFRS accounting principles

The accounting principles adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group’s annual consolidated financial statements for the year ended 31 December 2021. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Note 2 Income

Petroleum revenues (USD 1000)	Q1 2022	Q4 2021	Q1 2021	YTD 2022	YTD 2021
Revenue from crude oil sales	1 237 876	990 270	701 226	1 237 876	701 226
Revenue from gas sales	1 157 688	1 183 799	268 434	1 157 688	268 434
Revenue from NGL sales	87 224	107 853	69 326	87 224	69 326
Total petroleum revenues	2 482 788	2 281 923	1 038 985	2 482 788	1 038 985
Sales of crude (boe 1000)	12 433	12 315	11 564	12 433	11 564
Sales of gas (boe 1000)	7 087	7 984	7 580	7 087	7 580
Sales of NGL (boe 1000)	1 201	1 780	1 954	1 201	1 954
Other operating income (USD 1000)	Q1 2022	Q4 2021	Q1 2021	YTD 2022	YTD 2021
Gain/(loss) from sale of assets	-	(16 871)	19 103	-	19 103
Other operating income	7 720	9 376	5 938	7 720	5 938
Total other operating income	7 720	(7 495)	25 041	7 720	25 041

The majority of sales are to international customers in EU and UK.

Other operating income is mainly related to other partners’ share of lease cost recovered by the Company.

Note 3 Production costs

USD 1000	Q1 2022	Q4 2021	Q1 2021	YTD 2022	YTD 2021
Cost of operations	162 057	215 606	141 950	162 057	141 950
Transportation and processing	58 260	58 530	65 395	58 260	65 395
Environmental taxes	34 154	33 822	23 468	34 154	23 468
Insurances	9 300	11 800	11 474	9 300	11 474
Production cost based on produced volumes	263 771	319 758	242 287	263 771	242 287
Back-up cost shuttle tankers	(1 164)	15 290	2 004	(1 164)	2 004
Adjustment of over/(underlift)	67 687	(9 053)	(61 139)	67 687	(61 139)
Premium expense for crude put options	10 642	16 272	12 645	10 642	12 645
Production cost based on sold volumes	340 937	342 267	195 798	340 937	195 798
Total produced volumes (boe 1000) (unaudited)	21 775	23 788	24 489	21 775	24 489
Production cost per boe produced (USD/boe) (unaudited)	12.1	13.4	9.9	12.1	9.9

Note 4 Other operating expenses

USD 1000	Q1 2022	Q4 2021	Q1 2021	YTD 2022	YTD 2021
R&D expenses	15 830	10 799	3 901	15 830	3 901
Pre-production costs	6 192	6 027	5 548	6 192	5 548
Guarantee fee decommissioning obligation	4 877	5 476	5 538	4 877	5 538
Administration expenses	6 014	10 733	5 290	6 014	5 290
Other expenses	-	4 479	893	-	893
Total other operating expenses	32 912	37 514	21 170	32 912	21 170

Vår Energi participates in a variety of research and development (R&D) projects. The objective is to support ongoing and future activities carried out by the Company in the areas of exploration, development and production.

Vår Energi is engaged in large scale projects aiming to develop climate emissions reduction capabilities, such as carbon capture and storage (CCS) and low emissions technologies.

Vår Energi’s R&D portfolio includes about 40 projects, mainly administered in the form of Joint Industry Projects (JIPs) or consortia, but also as bilateral R&D contracts.

Note 5 Exploration expenses

USD 1000	Note	Q1 2022	Q4 2021	Q1 2021	YTD 2022	YTD 2021
Seismic		303	517	(23)	303	(23)
Area fee		1 900	2 495	2 680	1 900	2 680
Dry well expenses	8	5 099	(2 260)	1 112	5 099	1 112
Other exploration expenses		4 774	10 586	4 996	4 774	4 996
Total exploration costs		12 077	11 338	8 765	12 077	8 765

Dry well expenses in first quarter 2022 are related to the Statfjord Kile Well.

Note 6 Financial items

USD 1000	Note	Q1 2022	Q4 2021	Q1 2021	YTD 2022	YTD 2021
Other financial income		350	4 954	1 669	350	1 669
Interests on debts and borrowings	17	(19 983)	(30 151)	(39 466)	(19 983)	(39 466)
Interest on lease debt		(3 227)	(2 646)	(1 813)	(3 227)	(1 813)
Capitalised interest cost, development projects		21 471	9 498	10 327	21 471	10 327
Amortisation of fees and expenses		(2 789)	(58 416)	(4 970)	(2 789)	(4 970)
Accretion expenses (asset retirement obligation)	18	(24 282)	(26 140)	(21 569)	(24 282)	(21 569)
Other financial expenses		(425)	(2 847)	(2 214)	(425)	(2 214)
Net financial income / (expenses)		(28 886)	(105 749)	(58 034)	(28 886)	(58 034)
Unrealised exchange rate gain / (loss)		28 037	(339 470)	(19 471)	28 037	(19 471)
Realised exchange rate gain / (loss)		(22 160)	333 847	23 405	(22 160)	23 405
Net exchange rate gain / (loss)		5 877	(5 623)	3 933	5 877	3 933
Net financial items		(23 009)	(111 372)	(54 101)	(23 009)	(54 101)

Note 7 Income taxes

USD 1000		Q1 2022	Q4 2021	Q1 2021	YTD 2022	YTD 2021	
Current year tax payable / (receivable)		1 163 800	818 767	105 028	1 163 800	105 028	
Prior period adjustments to current tax		2 051	14 620	-	2 051	-	
Current tax expense / (income)		1 165 851	833 387	105 028	1 165 851	105 028	
Deferred tax expense / (income)		71 154	81 924	232 017	71 154	232 017	
Tax expense / (income) in profit and loss		1 237 005	915 311	337 045	1 237 005	337 045	
Effective tax rate in %		75%	81%	68%	75%	68%	
Tax expense / (income) in put option used for hedging		(668)	2 535	(1 380)	(668)	(1 380)	
Tax expense / (income) in other comprehensive income		1 236 337	917 846	335 665	1 236 337	335 665	
Reconciliation of tax expense							
	Tax rate	Q1 2022	Q4 2021	Q1 2021	YTD 2022	YTD 2021	
Corporate (78%) tax rate on profit / loss before tax		78%	1 287 935	876 684	389 072	1 287 935	389 072
Tax effect of uplift		56%	(60 679)	(106 926)	(78 410)	(60 679)	(78 410)
Impairment of goodwill		78%	-	129 679	-	-	-
Tax effects of items taxed at other than corporate (78%) tax rate		56%	7 565	(5 888)	25 849	7 565	25 849
Other permanent differences, prior period adjustments and change in estimates of uncertain tax positions		78%	2 184	21 761	533	2 184	533
Tax expense / (income)		1 237 005	915 311	337 045	1 237 005	337 045	

Note 7 Income taxes – continued

Deferred tax asset / (liability)	31 Mar 2022	31 Dec 2021	31 Mar 2021
Deferred tax asset / (liability) at beginning of period	(7 799 594)	(7 342 952)	(7 342 952)
Current year deferred tax income / (expense)	(71 154)	(713 107)	(232 017)
Deferred taxes related to business combinations	-	(2 208)	-
Deferred taxes recognised directly in OCI or equity	668	(1 965)	1 380
Currency translation effects	(64 577)	260 639	(6 352)
Net deferred tax asset / (liability) as of closing balance	(7 934 656)	(7 799 594)	(7 579 941)
Calculated tax receivable / (payable)	31 Mar 2022	31 Dec 2021	31 Mar 2021
Tax receivable / (payable) at beginning of period	(801 432)	506 349	506 349
Current year payable taxes	(1 163 800)	(1 147 119)	(105 028)
Payable taxes related to business combinations	-	969	-
Net tax payment / (tax refund)	183 309	(164 439)	(233 853)
Prior period adjustments and change in estimate of uncertain tax positions	(2 051)	(15 917)	-
Currency translation effects	(18 714)	18 726	(1 507)
Net tax (payable) / receivable as of closing balance	(1 802 687)	(801 432)	165 960

Note 8 Intangible assets

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

USD 1000	Note	Goodwill	Other intangible assets	Capitalised exploration wells	Total
Cost as at 1 January 2022		5 009 390	104 520	199 981	5 313 891
Additions		-	-	6 233	6 233
Disposals / expensed exploration wells		-	-	(5 098)	(5 098)
Currency translation effects		40 944	854	1 653	43 451
Cost as at 31 March 2022		5 050 334	105 374	202 769	5 358 477
Depreciation and impairment as at 1 January 2022		(2 477 492)	-	-	(2 477 492)
Currency translation effects		(20 250)	-	-	(20 250)
Depreciation and impairment as at 31 March 2022		(2 497 742)	-	-	(2 497 742)
Net book value as at 31 March 2022		2 552 592	105 374	202 769	2 860 735

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

Note 9 Tangible assets

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

USD 1000	Note	Wells and production facilities	Facilities under construction	Other property, plant and equipment	Total
Cost as at 1 January 2022		14 617 577	5 113 429	39 350	19 770 356
Additions		106 788	505 262	3 156	615 206
Estimate change asset retirement cost		266 158	-	-	266 158
Reclassification		63 417	(45 273)	-	18 144
Currency translation effects		124 084	47 131	359	171 574
Cost as at 31 March 2022		15 178 024	5 620 549	42 865	20 841 438
Depreciation and impairment as at 1 January 2022		(4 567 768)	-	(13 671)	(4 581 439)
Depreciation		(422 982)	-	(1 900)	(424 882)
Provision for impairment reversal / (loss)	11	10 865	-	-	10 865
Currency translation effects		(42 081)	-	(134)	(42 215)
Depreciation and impairment as at 31 March 2022		(5 021 967)	-	(15 705)	(5 037 672)
Net book value as at 31 March 2022		10 156 057	5 620 549	27 161	15 803 767

Capitalised interests for facilities under construction were USD 20 622 thousand in first quarter 2022 and USD 50 011 thousand for full year 2021.

Rate used for capitalisation was 2.7% in 2021 and 1.4% in first quarter 2022.

Change in estimate of asset retirement cost in 2021 and first quarter 2022 mainly related to updated discount and inflation rates.

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

Note 10 Right of use assets

USD 1000	Offices	Rigs, helicopters and supply vessels	Warehouse	Total
Cost as at 1 January 2021	77 236	108 727	12 360	198 323
Additions	-	208 819	-	208 819
Reclassification	-	(4 941)	-	(4 941)
Currency translation effects	(1 406)	(8 423)	1 186	(8 643)
Cost as at 31 December 2021	75 830	304 182	13 546	393 558
Depreciation and impairment as at 1 January 2021	(8 806)	(51 791)	(3 880)	(64 477)
Depreciation	(5 848)	(25 546)	(2 219)	(33 613)
Currency translation effects	(1 053)	4 413	(397)	2 964
Depreciation and impairment as at 31 December 2021	(15 707)	(72 924)	(6 496)	(95 126)
Net book value as at 31 December 2021	60 123	231 258	7 050	298 432

USD 1000	Offices	Rigs, helicopters and supply vessels	Warehouse	Total
Cost as at 1 January 2022	75 830	304 182	13 546	393 558
Additions	4 081	2 596	-	6 677
Reclassification	-	(18 144)	-	(18 144)
Currency translation effects	351	1 793	969	3 113
Cost as at 31 March 2022	80 262	290 427	14 515	385 204
Depreciation and impairment as at 1 January 2022	(15 707)	(72 924)	(6 496)	(95 126)
Depreciation	(1 422)	(14 055)	(880)	(16 356)
Currency translation effects	(151)	(752)	(77)	(980)
Depreciation and impairment as at 31 March 2022	(17 280)	(87 731)	(7 453)	(112 463)
Net book value as at 31 March 2022	62 982	202 696	7 062	272 741

Note 11 Impairment

Impairment testing

Impairment tests of individual cash-generating units (CGUs) are performed when impairment/reversal triggers are identified. In first quarter 2022, two categories of impairment tests have been performed:

- Impairment test of fixed assets and related intangible assets, including technical goodwill
- Impairment test of ordinary goodwill

Impairment is recognised when the book value of an asset or a cash-generating unit exceeds the recoverable amount. The recoverable amount is the higher of the asset’s fair value less cost of disposal and its value in use. The fair value less cost of disposal estimates are level three fair value estimates in the fair value hierarchy. Impairments are correspondingly reversed if the conditions for the impairment are no longer present. Upper limit of reversal is the historical impairments less estimated depreciation as if the impairment had not taken place. Impairments of goodwill are not reversed.

The impairment testing is performed based on discounted cash flows. The expected future cash flow is discounted to the net present value by applying a discount rate after tax that reflects the current market valuation of the time value of money, and the specific risk related to the asset. The discount rate is derived from the weighted average cost of capital (WACC) for a market participant. Cash flows are projected for the estimated lifetime of the fields.

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

Prices

Future price level is a key assumption and has significant impact on the net present value. The oil and gas prices are based on the forward curve for the next three-year period and from the fourth year the oil and gas prices are based on the company’s long-term price assumptions. Vår Energi’s long term oil price assumption is 65 USD/bbl (real 2022) and long-term gas price is 35.5 USD per boe.

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

Year	31 Dec 2021	31 Mar 2022
2022	74.1	90.4
2023	68.9	76.6
2024	68.1	70.2

The nominal gas prices (USD/BOE) applied in the impairment test are as follows: (USD/bbl)

Year	31 Dec 2021	31 Mar 2022
2022	121.8	205.6
2023	61.5	96.0
2024	40.6	50.5

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 (mboe) per period as applied in the impairment test:

Year	MBOE
2022 – 2026	511
2027 – 2031	327
2032 – 2036	157
2037 – 2041	83
2042 – 2054	59

Future expenditure

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

Discount rate

The post tax nominal discount rate used is 7.0 percent, consistent with the rate applied in the fourth quarter 2021.

Currency rates

The currency rates used are 8.50 NOK/USD and 9.90 NOK/EUR for both short and long term, consistent with the rates applied at Q4 2021

Inflation

The long-term inflation rate is assumed to be 2.0% on the functional currency NOK. The inflation rate assumed for the fourth quarter 2021 was 1.9%.

Impairment testing of goodwill

The technical goodwill recognised in previous business combinations is allocated to each CGU for the purpose of impairment testing. Hence, technical goodwill is included in the impairment testing of the CGU, and the technical goodwill is written down before the asset. The carrying value of the CGU is the sum of tangible assets, intangible assets and technical goodwill as of the assessment date. In the impairment test performed, carrying value is adjusted by the remaining part of deferred tax from which the technical goodwill arose, to avoid an immediate impairment of all technical goodwill. When deferred tax liabilities from the acquisitions decreases as a result of depreciation, more goodwill is as such exposed for impairment. This may lead to future impairment charges even though other assumptions remain stable.

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

Note 11 Impairment – continued

Impairment charge/reversal

Based on impairment testing performed, a net reversal of impairment of USD 10 865 thousand was recorded in first quarter 2022 related to the Brage field mainly due to the increase in short-term oil and gas prices. Historical impairments, excluding goodwill, are fully reversed by the end of the first quarter.

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%	-	2 479 000
Production profile	+/- 5%	-	103 000
Discount rate	+/- 1% point	53 000	-

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.

Climate related risks

The climate related risk assessment is generally described in the company’s sustainability reporting. Financial reporting and impairment testing includes a step up of CO₂ tax/fees from current levels to approximately NOK 2 000 per ton in 2030.

Note 12 Trade receivables

USD 1000	Note	31 Mar 2022	31 Dec 2021	31 Mar 2021
Trade receivables – related parties	22	465 067	424 834	195 397
Trade receivables – external parties		412 437	412 627	146 911
Sale of trade receivables		(378 036)	(91 540)	(40 688)
Total trade receivables		499 468	745 921	301 620

As part of the Group’s working capital optimisation and finance cost minimisation procedures, Vår Energi has entered into Credit Discount Agreements with several banks. Under the arrangements the ownership, including credit risk, of invoices for oil cargos sold are transferred to the respective banks, and the receivables to which the payments relate are derecognised from Vår Energi’s balance sheet. Payments to the banks are made when Vår Energi receives payments from the customers.

Trade receivables are presented net of payments received from the banks for the sold invoices, as Vår Energi has retained the right to receive payments from the customers, an 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.

The increase of sold receivables during the first quarter 2022 is mainly due to timing of liftings.

Note 13 Other receivables and financial assets

USD 1000	Note	31 Mar 2022	31 Dec 2021	31 Mar 2021
Net underlift of hydrocarbons		182 563	189 105	210 866
Prepaid expenses		46 787	8 305	30 733
Brent crude put options – financial assets	14	10 145	17 407	16 155
Other		136 957	65 880	95 816
Total current receivables		376 452	280 697	353 570

The increase in other receivables during the first quarter 2022 is mainly related to Partner Operated working capital.

Prepaid expenses mainly includes insurance and milestone payments for capital spares.

Note 14 Financial instruments

Derivative financial instruments

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

As of 31 March 2021 and 31 March 2022, the Group 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 31.03.2021, exercisable in 2021	11 881	40
Brent crude oil put options 31.03.2021, exercisable in 2022	2 764	47
Brent crude oil put options 31.03.2022, exercisable in 2022	10 655	47
Brent crude oil put options 31.03.2022, exercisable in 2023	2 409	50

Brent crude put options – financial assets

USD 1000	Note	Q1 2022	2021	Q1 2021
The beginning of the period		17 407	26 354	26 354
Cost of hedge	3	(10 642)	(60 492)	(12 645)
Effective portion recognised in OCI		(3 218)	9 976	(6 300)
New Brent crude put options		6 576	39 339	8 541
FX-effect		22	2 230	206
The end of the period		10 145	17 407	16 155

As of 31 March 2022, the fair value of outstanding Brent Crude oil put options amounted to USD 10 145 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	Q1 2022	2021	Q1 2021
The beginning of the period		(39 339)	(58 263)	(58 263)
Cost of hedge	3	10 642	60 492	12 645
New Brent crude put options		(6 576)	(39 339)	(8 541)
FX-effect		(22)	(2 229)	(220)
The end of the period		(35 295)	(39 339)	(54 378)

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.

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 2021	Cash flows	Amortisation	Non-cash changes Currency	Other	31 Mar 2022
Long-term interest-bearing debt (RCF)	4 520 500	(1 180 500)	-	-	-	3 340 000
Deferred payment ExxonMobil ¹	333 149	-	4 667	-	-	337 816
Prepaid loan expenses	(27 074)	-	2 789	(9)	351	(23 943)
Totals	4 826 575	(1 180 500)	7 456	(9)	351	3 653 873

¹ Deferred payment to ExxonMobil is due 30.12.2022 and is classified as current liability as of December 2021. The amount due includes accrued interest payment.

Note 15 Cash and cash equivalents

USD 1000	31 Mar 2022	31 Dec 2021	31 Mar 2021
Bank deposits, unrestricted	521 472	214 133	76 997
Bank deposit, restricted, employee taxes	17 267	9 454	5 085
Total bank deposits	538 739	223 588	82 082

Note 16 Share capital and shareholders

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

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

As of 31 March 2022, the total share capital of the company is USD 45 972 thousand or NOK 399 425 thousand. The share capital is divided into 2 496 406 246 ordinary shares and 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 the Parent Company by the number of shares after the listing on Oslo Stock Exchange. The calculation for all periods presented have been adjusted retrospectively to the new number of shares. There are no option schemes or convertible bonds in the company, meaning there is no difference between the ordinary and diluted earnings per share.

Note 17
 Financial liabilities and borrowings

Interest-bearing loans and borrowings

USD 1000	Note	Maturity	31 Mar 2022	31 Dec 2021	31 Mar 2021
RBL credit facility			-	-	4 980 000
RCF bridge facility	24	2023	3 000 000	3 000 000	-
RCF working capital facility	24	2024	340 000	1 420 500	-
RCF liquidity facility	24	2026	-	-	-
RCF credit facility	24	2024	-	100 000	-
Deferred payment ExxonMobil, non-current		2022	-	-	323 453
Prepaid loan expenses			(23 943)	(27 074)	(67 256)
Total non-current interest-bearing loans and borrowings			3 316 057	4 493 426	5 236 198

USD 1000	Maturity	31 Mar 2022	31 Dec 2021	31 Mar 2021
Deferred payment ExxonMobil, current		337 816	333 149	-
Total current interest-bearing loans and borrowings		337 816	333 149	-
Total interest-bearing loans and borrowings		3 653 873	4 826 575	5 236 198

On 1st of November 2021, Vår Energi signed a senior unsecured multicurrency facilities agreement for USD 6.0 billion with a group of 12 international banks, refinancing the reserve based lending ('RBL') facility. The agreement contains of 3 separate facilities; (1) bridge to bond facility of USD 3 billion which including extension options at the borrower's discretion has a tenor of up to 2 years, (2) working capital revolving credit facility of USD 1.5 billion with a tenor 3 years and (3) liquidity facility of USD 1.5 billion with a tenor 5 years. 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 conditions for the facility are determined by the rating and timing; at 31 March 2022 the following conditions applied: Bridge to bond: 0.5 per cent margin plus the compounded reference rate. Working Capital facility: 1.08 per cent margin plus the compounded reference rate. Liquidity facility: 1.13 per cent plus margin plus the compounded reference rate.

On 24 March 2020, Vår Energi signed two unsecured revolving credit facility agreements (RCF) for a total amount of USD 600 million with a tenor of 3 years. The agreements were amended and restated 18 November 2021 to align with the Corporate Facilities with no changes to tenor or total commitment.

Deferred payment to ExxonMobil is part of the consideration for the 2019 acquisition of ExxonMobil's ownership interests in Partner-Operated fields and licenses on the Norwegian Continental Shelf.

Credit facilities – utilised and unused amount

USD 1000	31 Mar 2022	31 Dec 2021	31 Mar 2021
Drawn amount RCF credit facility	3 340 000	4 520 500	4 980 000
Undrawn amount credit facilities	3 260 000	2 079 500	1 209 107

Note 18 Asset retirement obligations

USD 1000	Q1 2022	2021	Q1 2021
Beginning of period	3 297 176	4 286 451	4 286 451
Change in estimate	266 158	(922 730)	82 940
Accretion discount	24 282	94 733	21 569
Payment for decommissioning of oil and gas fields	(28 839)	(70 418)	(15 721)
Currency translation effects	29 648	(90 860)	3 368
Total asset retirement obligations	3 588 425	3 297 176	4 378 607
Short-term	35 552	61 536	27 000
Long-term	3 552 873	3 235 640	4 351 607

Breakdown by decommissioning period	31 Mar 2022	31 Dec 2021	31 Mar 2021
2022 – 2030	271 421	269 534	336 219
2031 – 2040	2 162 039	1 989 456	2 555 109
2041 – 2057	1 154 965	1 038 186	1 487 279

Change in estimate in 2021 and first quarter 2022 mainly related to updated discount and inflation rates.

The estimate is based on executing a concept for abandonment in accordance with the Petroleum Activities Act and international regulations and guidelines. For the first quarter 2022, the calculations assume an inflation rate 2.0% and discount rates between 2.2% – 2.7%. For year end 2021 the inflation rate was 1.8% – 2.3% and the discount rate was between 1.15% - 3.0%. The discount rates are based on risk-free interest without addition of credit margin.

First quarter 2022 payment for decommissioning of oil and gas fields (abex) is mainly related to Jotun/Ringhorne USD 20 514 thousand and Ekofisk/Tor USD 7 897 thousand.

Vår Energi has a retirement obligation as a shipper in Gassled booked to other non-current liabilities in the balance sheet statement. The Group has accrued USD 75 099 thousand for this purpose per 31 March 2022.

Note 19 Other current liabilities

USD 1000	Note	31 Mar 2022	31 Dec 2021	31 Mar 2021
Net overlift of hydrocarbons		392 088	317 606	168 012
Net payables to joint operations		462 911	408 426	415 650
Employees, accrued public charges and other payables		18 405	5 314	37 305
Deferred payment for option premiums – oil puts	14	35 295	39 339	54 378
Total other current liabilities		908 699	770 685	675 344

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.

Note 21 Lease agreements

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

The Group 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 and warehouses supporting operation at Balder and Goliat, where the most significant are for the supply vessels operating at Goliat.

Two new lease agreements commenced during the first quarter 2022 for helicopter services at Sola and storage unit in Sandnes.

USD 1000	Q1 2022	2021	Q1 2021
Opening Balance lease debt	325 088	164 482	164 482
New lease debt in period	6 680	208 819	-
Payments of lease debt	(35 838)	(48 401)	(12 122)
Interest expense on lease debt	3 227	7 819	1 824
Currency exchange differences	642	(7 631)	(189)
Total lease debt	299 799	325 088	153 994
Breakdown of the lease debt to short-term and long-term liabilities	31 Mar 2022	31 Dec 2021	31 Mar 2021
Short-term	108 458	108 880	38 296
Long-term	191 341	216 208	115 697
Total lease debt	299 799	325 088	153 994
Lease debt split by activities	31 Mar 2022	31 Dec 2021	31 Mar 2021
Offices	66 376	66 525	73 362
Rigs, helicopters and supply vessels	222 319	250 811	72 192
Warehouse	11 103	7 752	8 439
Total	299 799	325 088	153 994

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 owned/controlled by the majority owner of Vår Energi, Eni International BV. Revenues are mainly related to sale of oil, gas and NGL while the expenditures are mainly related to technical services, seconded personnel, insurance guarantees and rental cost.

Current assets

USD 1000	31 Mar 2022	31 Dec 2021	31 Mar 2021
Trade receivables			
Eni Trade & Biofuels SpA	271 626	160 533	175 837
Eni SpA	125 135	123 884	30 030
Eni Global Energy Markets	65 740	138 342	(16 361)
Other	2 566	2 075	5 891
Total trade receivables	465 067	424 834	195 397

All receivables are due within 1 year.

Current liabilities

USD 1000	31 Mar 2022	31 Dec 2021	31 Mar 2021
Account Payables			
Eni International BV	26 369	21 336	27 274
Eni Global Energy Markets	12 349	24 547	5 594
Eni SpA	9 055	19 387	12 572
Other	979	915	397
Total account payables	48 751	66 185	45 837

Note 22 Related party transactions – continued

Sales revenue					
USD 1000	Q1 2022	Q4 2021	Q1 2021	YTD 2022	YTD 2021
Eni Trade & Biofuels SpA	707 828	612 258	375 725	707 828	375 725
Eni SpA	340 504	342 355	93 528	340 504	93 528
Eni Global Energy Markets	161 508	322 994	34 937	161 508	34 937
Total sales revenue	1 209 840	1 277 608	504 190	1 209 840	504 190
Operating and capital expenditures					
USD 1000	Q1 2022	Q4 2021	Q1 2021	YTD 2022	YTD 2021
Eni Trade & Biofuels SpA	17 782	5 479	2 982	17 782	2 982
Eni International BV	4 867	5 387	5 525	4 867	5 525
Eni SpA	2 549	13 594	4 599	2 549	4 599
Eni Global Energy Markets	(12 329)	14 746	1 957	(12 329)	1 957
Eni International Resources Ltd.	422	1 174	61	422	61
Other	152	17 540	(5 049)	152	(5 049)
Total operating and capital expenditures	13 442	57 920	10 075	13 442	10 075

Note 23 License ownerships

Vår Energi has the following new licenses since YE 2021.

Fields	WI %	Operator
PL091F	41%	Vår Energi
PL586B	45%	Neptune
PL1025SB	30%	Vår Energi
PL1043B	40%	Vår Energi
PL1139	20%	Lundin
PL1154	40%	Vår Energi
PL1163	20%	ConnocoPhillips
PL1168	50%	Vår Energi
PL1169	30%	Equinor
PL229H	50%	Vår Energi

Other changes

Fields	WI %	Operator
PL393 ¹	80%	Vår Energi

¹ Change in working interest and Operator

Note 24 Subsequent events

In 2022 Vår Energi has entered into forward gas sales contracts. Vår Energi has sold 12.2% of its remaining estimated 2022 gas production on a fixed price, generating sales revenues of USD 403 million at an average price of 156.7 \$/BOE. The current market situation is very much impacted by the war in Ukraine and uncertainty related to availability of gas from Russia into the European market. There is currently not sufficient liquidity in the market to enter into new fixed price gas sales contracts.

The Norwegian government published a proposal for new petroleum taxes on April 8, 2022. The impact on first quarter 2022 for Vår Energi is estimated to a reduction of USD 113 million in current taxes and increase in deferred taxes of USD 133 million.

On 4 April 2022, Vår Energi was awarded the Polaris CO₂ storage license in the Barents Sea, together with its partners Equinor (operator) and Horisont Energi. The CO₂ storage reservoir is located some 100 km off the coast of Finnmark, Norway. The project partnership plans to utilise the Polaris reservoir to permanently store CO₂ captured at the Barents Blue facility near Hammerfest. The facility will produce carbon neutral ammonia by reforming natural gas from the Barents Sea to clean, blue ammonia, using carbon capture and storage.

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

Industry terms

Term	Definition/description
Term	Definition/description
Boepd	Barrels of oil equivalent per day
Bscf	Billions of standard cubic feet
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
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

Term	Definition/description
PRMS	Petroleum Resources Management System
Scf	Standard cubic feet
Sm³	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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