

Annual Report 2020

 vår energi

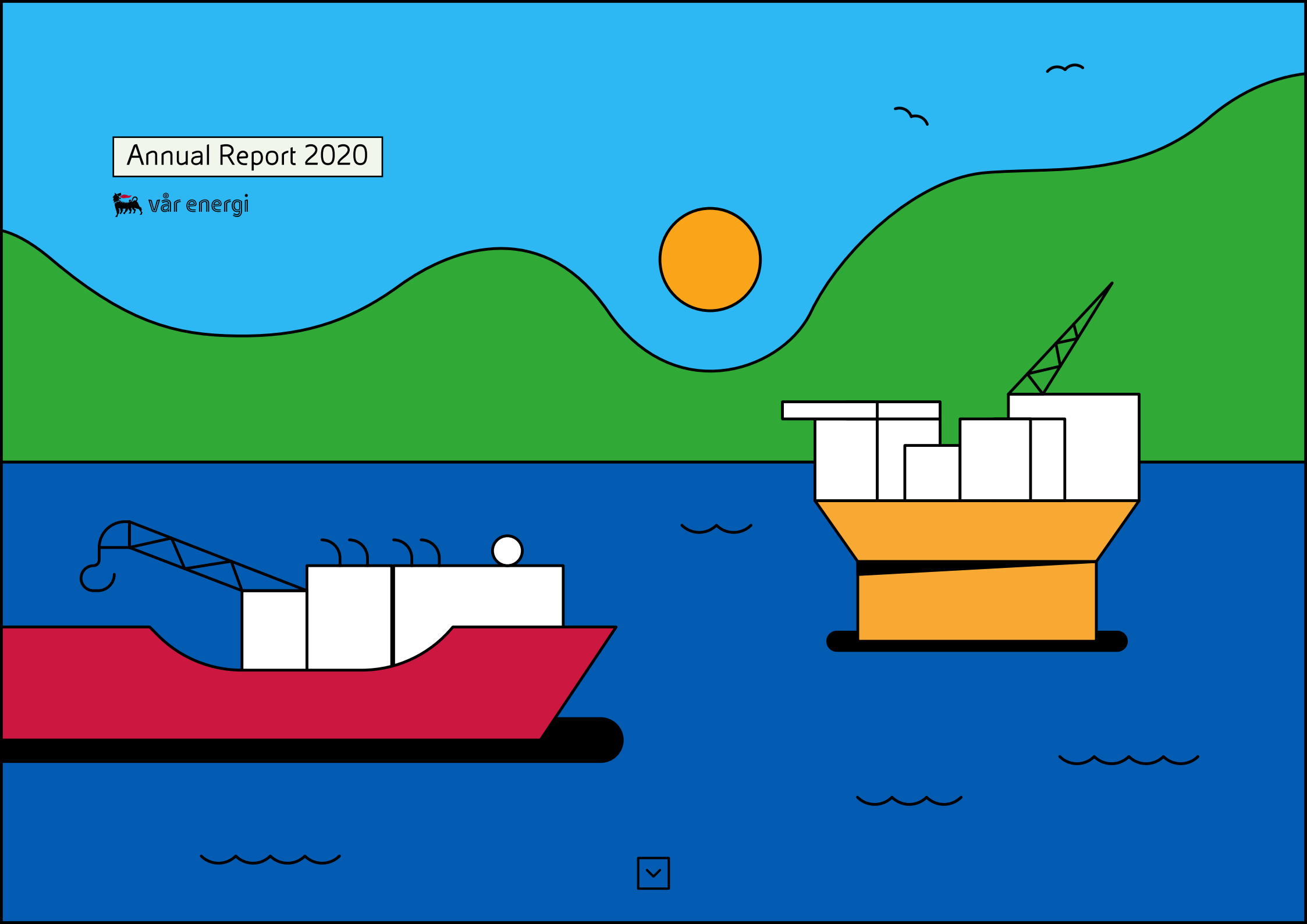


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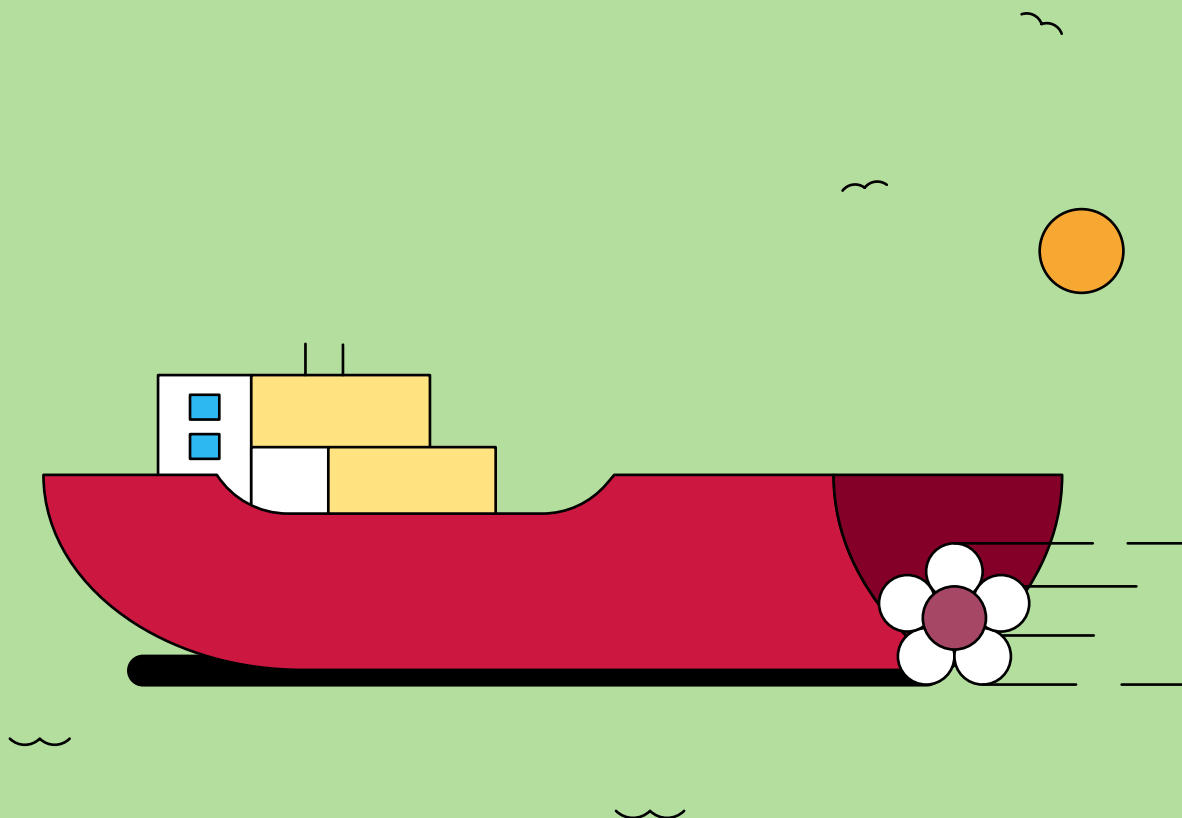
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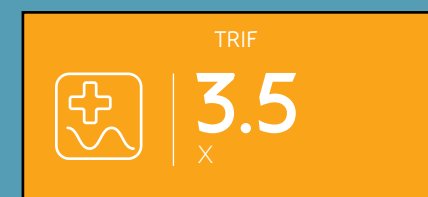
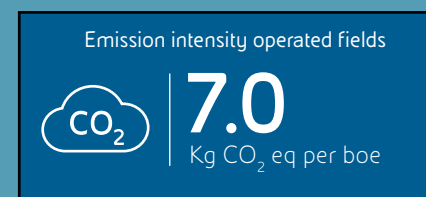
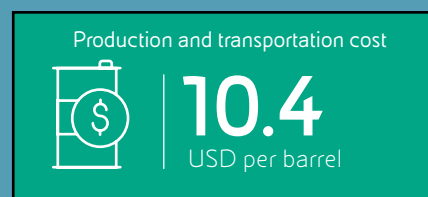
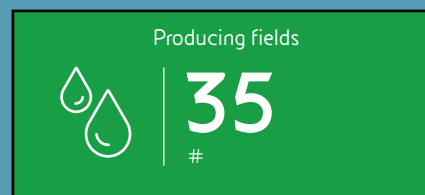
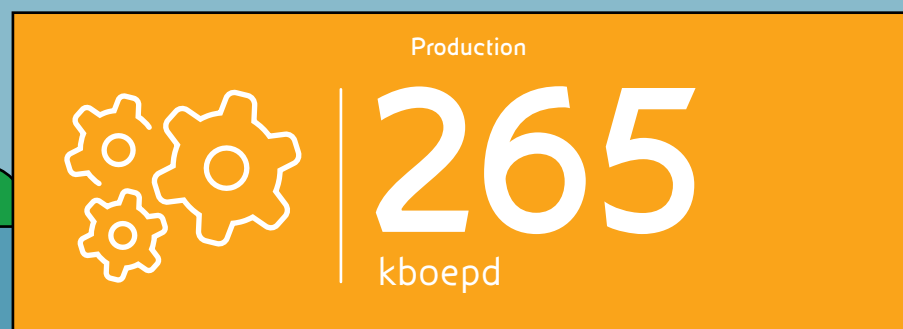
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Who we are



Vår Energi in 2020



* Adjusted for special items

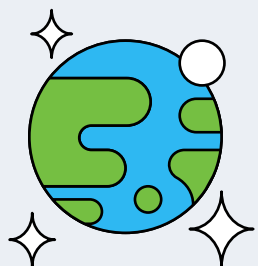
Vision

Vår Energi's vision:

"Committed to deliver a better future"

Vår Energi is committed to deliver positive growth; sustainable environmental, climate and social impacts taken into consideration.

We shall be safe and deliver on expectations, be the partner of choice and together we shall build a better future for our stakeholders and society at large.



Operations

Safe and sustainable

In Vår Energi every day is about extracting natural resources in a safe and reliable manner. Our highest priority is the health and safety of our personnel in all business activities. We aim to take industry leadership in ensuring safe operations and minimum impact on the environment.

Excellence

Curious and agile

We believe in combining people, process and technology to do the right things the right way - without compromising on safety, best practice or ethical working standards. We aim to be an agile adopter - utilising existing digital ecosystems with proven value to learn fast through collaboration with others.

Society

Engaged and reliable

We believe that our activities should benefit the communities where we operate. This means actively engaging in creating local ripple effects in terms of industrial development and employment as well as supporting competence building and cultural activities.



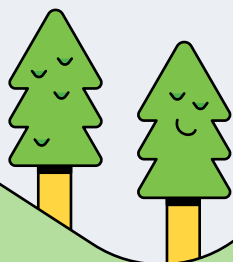
Values

People - our greatest asset

Our values support our common direction, shape the culture and reflect desired behaviour in Vår Energi. Our values are integrated in our decision-making process.

The value principles - Growth, Integrity, Will to Win, Inspiring and Team Player - provide a common guideline for all Vår Energi employees and help us develop and grow in line with our value foundation.

Our employees are by far our greatest asset. We seek to maintain, attract and further develop a diverse workforce that supports Vår Energi's main objectives and vision.



Growth

- We take personal leadership and ownership of tasks within our area of responsibility.
- We take ownership of personal development and learning.

Integrity

- We take personal responsibility for our safety and the safety of others.
- We maintain high ethical working standards and follow requirements and processes.
- We behave in a respectful manner towards co-workers and all stakeholders.

Will to win

- We continuously look for improvements in the way we work.
- We are dedicated to reach targets and prioritise value-added work.

Inspiring

- We strive to be role models in order to create an optimistic and inspiring work environment.
- We show flexibility towards our co-workers and new ways of working.

Team player

- We actively contribute to cooperate and share information within our team and across functions.
- We take responsibility and work towards our common goals.

Key objectives and strategies

Our main objective is to continue developing Vår Energi's position as a leading, growing, sustainable and profitable independent oil and gas company on the NCS

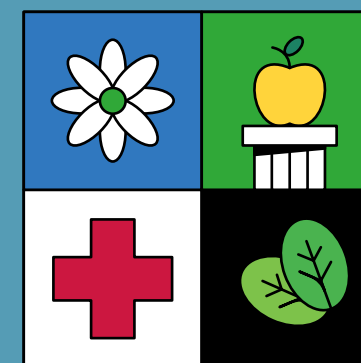
How Vår Energi creates value

- Vår Energi's primary value creator is the safe and responsible exploration, development and production of hydrocarbons.
- We are building on the long-lasting expertise from our proud heritage and success as a leading and efficient operator and a "partner of choice".
- We strive for technical excellence and innovation along the entire value chain, embracing continuous improvement, innovation and new technologies.
- We will continue to build our core business based on our strategic pillars that form the economical and strategic foundation of the Company.

Strategic pillars

| Operational Excellence | | |
|--|---|---|
| <ul style="list-style-type: none"> → Excellence in safety and environmental protection. → Protect base production and maximise uptime, production efficiency and recovery - "Every Barrel Every Day". | <ul style="list-style-type: none"> → Be a constructive, proactive and a preferred partner. → Utilise R&D and digitalisation opportunities to unlock undiscovered potential in all parts of our activities. | <ul style="list-style-type: none"> → Maximise monetisation of production - secure optimum transportation and processing solutions. → Develop and take an active part in strategically shared collaboration platforms with both internal and external stakeholders. |
| Execute Projects | Exploration | Finance and the way we work |
| <ul style="list-style-type: none"> → Secure project economics through sound technical basis and execution performance. → Fast track resources to reserves and maximise the reserve replacement ratio. → Safely execute ongoing development projects with high quality and on time and budget. | <ul style="list-style-type: none"> → Extend production plateau of existing hubs; focus on near field, short time to market and time critical barrels. → Explore new opportunities able to deliver stand-alone production hubs. → High-grade license portfolio; focus on value, acreage quality, operatorships and high participation interest. | <ul style="list-style-type: none"> → Optimise financial structure and ensure a sound balance between cash flow, investments, debt service and returns. → Improve the way we work; develop efficient business processes and systems. → Build high performing teams where people are continuously developed, drive value creation, functional excellency, embrace diversity and live our values as "One Team". |

Our core-business is safe and responsible exploration, development and production of hydrocarbons as a leading operator and partner of choice.





The history of Vår Energi

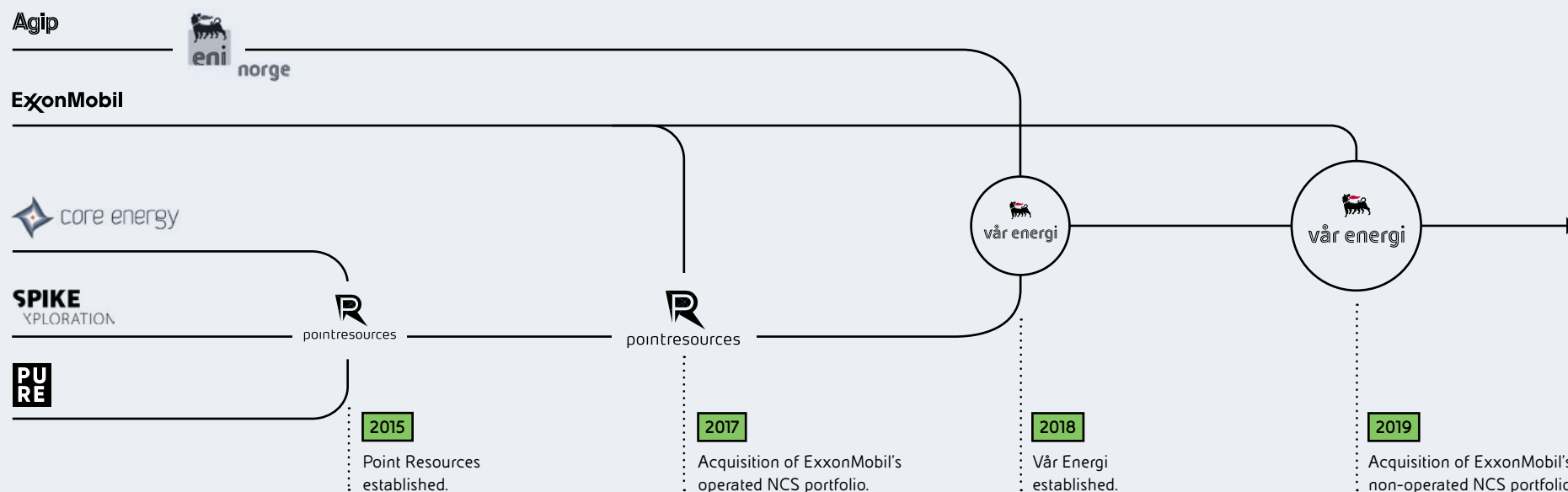
On 10 December 2018, Vår Energi was established through the merger of Eni Norge (69.85 per cent) and Point Resources (30.15 per cent).

Through Point Resources' acquisition of the Norwegian ExxonMobil operated portfolio in 2017, Vår Energi currently holds the very first license issued on the NCS (PL001).

Eni Norge was founded in 1965 as Norsk Agip and had an active role in the Ekofisk field discovery. Eni Norge also discovered Goliat in the Barents Sea in 2000.

Point Resources was created through the merger of HitecVision portfolio companies Core Energy, Spike Exploration and Pure E&P in 2015. Point Resources acquired the Norwegian operated business of ExxonMobil in 2017, including transfer of 300 employees and 50 years' legacy of operations in the NCS.

On 10 December 2019, the agreement with ExxonMobil to acquire its partner-operated upstream assets in Norway was completed. The transaction included ownership interests in over 20 producing fields including Grane, Snorre, Ormen Lange, Statfjord and Fram. Following the ExxonMobil acquisition, Vår Energi became the largest independent producer on the NCS.



Track record

Vår Energi is founded on more than 50 years of successful operation and exploration on the NCS

Operated by Vår Energi



Photo: Bo B. Randulf and Even Kleppa / Equinor

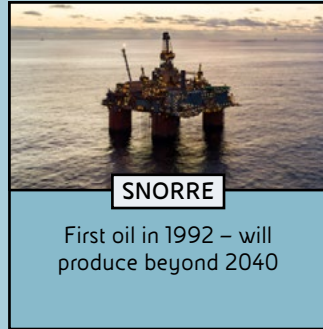
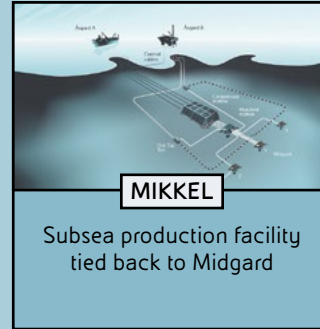


Illustration: Equinor



Operated by Vår Energi

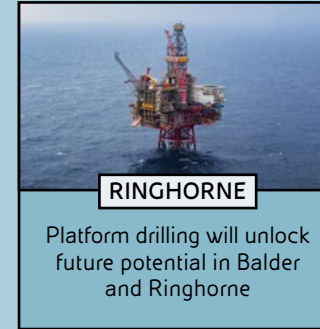
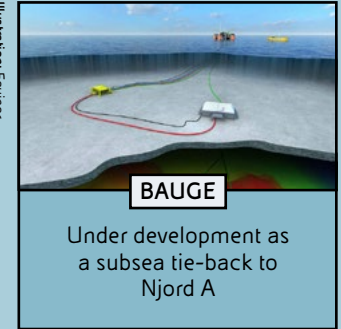


Illustration: Equinor



First license on NCS (PL001) awarded

Statfjord

Eldfisk

Odin

Tyrihans

Eldfisk

Sigyn

Åsgard

Trestakk

Vigdis

Tordis

Breidablikk

Fram

Norne

Tordis

Jotun

Kristin

Svalin

Ormen Lange

Ringhorne East

Garantiana

Frosk

Fenja

Photo: ConocoPhillips Norge



Photo: Øyvind Gravås and Bo B. Randulf / Equinor

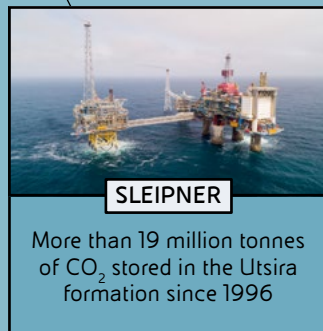


Photo: Øyvind Hagen / Equinor



Operated by Vår Energi

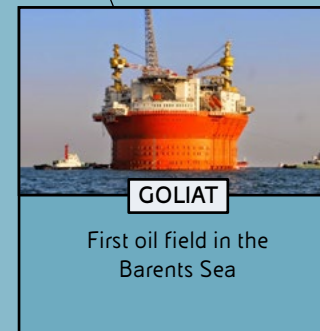
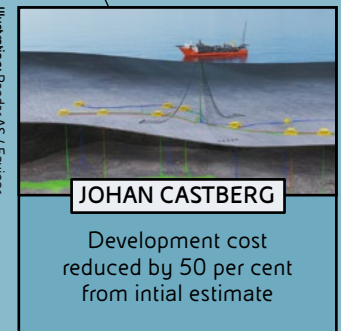


Illustration: Rander AS / Equinor



Operational and financial highlights

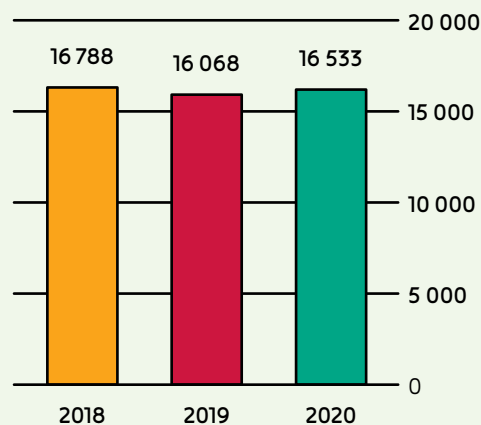
27 028

Operating revenues NOK million

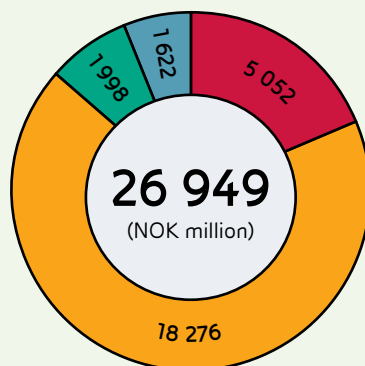
14 070

Cash flow from operations NOK million

EBITDAX (NOK million *)



Petroleum revenues and gain on realised put options



● Crude oil ● Gas ● NGL ● Gain on realised put options

* Adjusted for special items

Key operational and financial summary

| Operational summary | | 2020 | 2019 | 2018 |
|------------------------------------|-----------|-------|-------|------|
| Proved reserves (SEC) | mmboe | 710 | 814 | 522 |
| Proved and probable reserves (SEC) | mmboe | 1 147 | 1 328 | 868 |
| Producing fields | # | 35 | 32 | 17 |
| Operated production | kboepd | 48 | 56 | 77 |
| Partner-operated production | kboepd | 218 | 239 | 92 |
| Total production * | kboepd | 265 | 295 | 169 |
| Production and transportation cost | USD / boe | 10.4 | 13.2 | 14.2 |

* Pro-forma production in 2018 and 2019 (see note 2.1 and 2.2)

| Financial summary (consolidated) | 2020 | 2019 | 2018 |
|---|--------|--------|--------|
| (NOK million unless otherwise stated) | | | |
| Operating revenues | 27 028 | 25 216 | 22 113 |
| Production cost | 7 801 | 7 468 | 4 111 |
| Total operating expenses including DD&A and impairments | 35 921 | 18 514 | 13 572 |
| EBIT | -8 893 | 6 702 | 8 541 |
| Profit before income taxes | -8 514 | 6 799 | 8 109 |
| Profit for the period | -5 565 | 2 511 | 2 378 |

| | | | |
|--|--------|--------|--------|
| Cash flow from operating activities | 14 070 | 11 979 | 15 801 |
| Cash flow used in investing activities | 17 092 | 38 473 | 3 733 |
| Cash flow from financing activities before dividends | 4 931 | 7 707 | 9 541 |
| Dividends | 4 382 | 14 712 | 1 000 |
| Net cash flow after dividends | 549 | -7 005 | 8 541 |
| Cash position | 2 324 | 1 791 | 8 777 |

| | | | |
|----------------------------------|---------|---------|--------|
| Total assets | 131 967 | 133 503 | 82 179 |
| Equity | 12 031 | 22 111 | 21 551 |
| Net interest-bearing debt (NIBD) | 45 318 | 40 468 | -3 140 |
| EBITDAX | X | 16 533 | 16 068 |
| NIBD / EBITDAX | | 2.7 | 2.5 |
| | | | -0.2 |



Letter from the CEO

2020 – The year that was to be different

During the first weeks of 2020, news of a potentially lethal virus spreading across the world started to emerge.

In early February, we realised the need to start preparing for the worst. An internal task force, consisting of various experts and work force representatives, was summoned to evaluate the potential risks and consequences of a pandemic reaching our shores. Its mandate was to create a framework for preventive measures to prepare and protect our Company from Covid-19.

By the end of the month, well ahead of the national lock down, the first restrictive procedures were introduced to the organisation. Through Norwegian oil and gas a common collaborative framework for the industry to manage the situation, was taking shape. Despite early preparations, it was impossible to predict the full extent and all-encompassing magnitude of the pandemic.

Through our Board, Vår Energi received strong support and guidance from both our owners, Eni SpA and HitecVision. Our Italian colleagues, also hit by the situation, shared valuable information, which helped us calibrate our lines of defence. New priorities were set to contain the financial solidity of the Company. Non-essential activities were postponed and drilling and exploration plans were put on hold.

The temporary fiscal measures to support the industry introduced by the Parliament in June allowed for plans on hold to be put back on the table. The Balder Future project could move ahead as planned and drilling and exploration activities commenced, securing jobs as intended by the Parliament.

Through the determination of our people, we delivered strong operational performance and reached several strategic milestones in 2020 despite the extraordinary circumstances.

The upgrade of the Ringhorne drilling rig was completed, drilling started, and additional infill drilling targets matured. The decommissioning of Jotun B was completed safely. In the Barents Sea, significant improvement in uptime and reduction of operating expenses on the Goliat field were achieved. Ground-breaking technological advancement was made on the field by completing a multilateral retrofit setting a new oil discovery in production through an already producing well.

Vår Energi took major steps in becoming a more sustainable company. Ambitious CO₂ emissions reduction targets were set. In line with industry goals and Parliamentary expectations, Vår Energi aims for a 50 per cent cut by 2030 and to reach close to zero by 2050. A process of electrifying the Balder/Grane fields in the North Sea was initialised, as was a concept study for ammonia production with CCS for evacuating gas from the Alke/Goliat fields. Through the electrification of Goliat, production was almost entirely powered with electricity from shore, cutting 300 000 tonnes of CO₂ emissions compared to conventional offshore power production.

These are a few examples of many key accomplishments in 2020. And most importantly – without serious hurts nor anyone being infected by Covid-19 on any of our offshore installations.

I am confident that Vår Energi is now an even stronger, more robust and better equipped company than before the pandemic. In the midst of the crisis, we introduced a new, clear and common vision: Committed to deliver a better future. Vår Energi is a unification of several strong legacy company cultures with a common set of shared values. It is an organisation which knows its strengths and potential.

I leave this company with mixed feelings to take on the position as CEO for Petoro. However, I am proud to hand over an organisation with people of confidence, direction and purpose to its new chief, Torger Rød.

I wish Torger, the owners and all my great colleagues the best for the future.

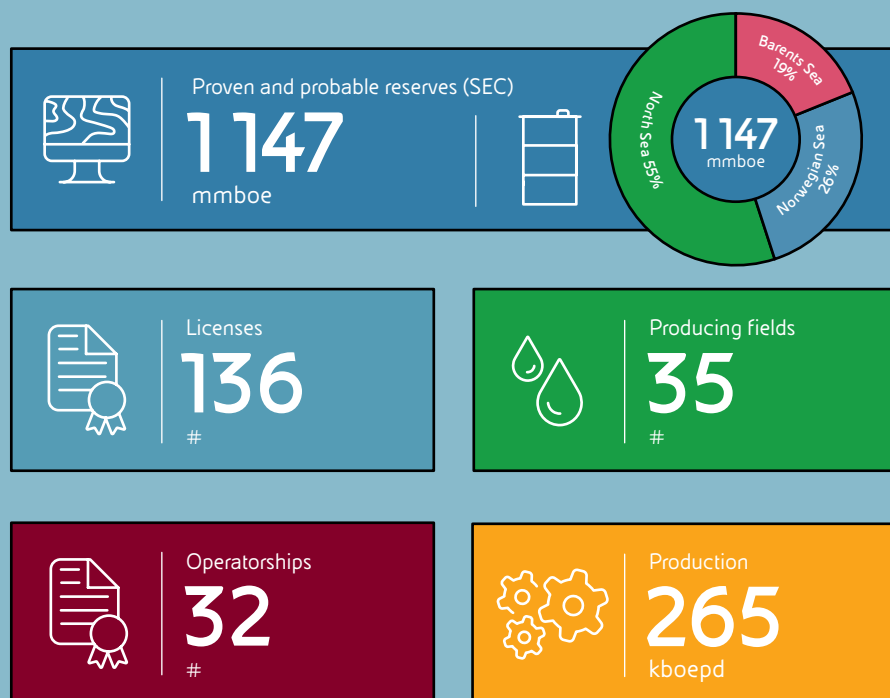
Best regards from
Kristin F. Kragseth
CEO



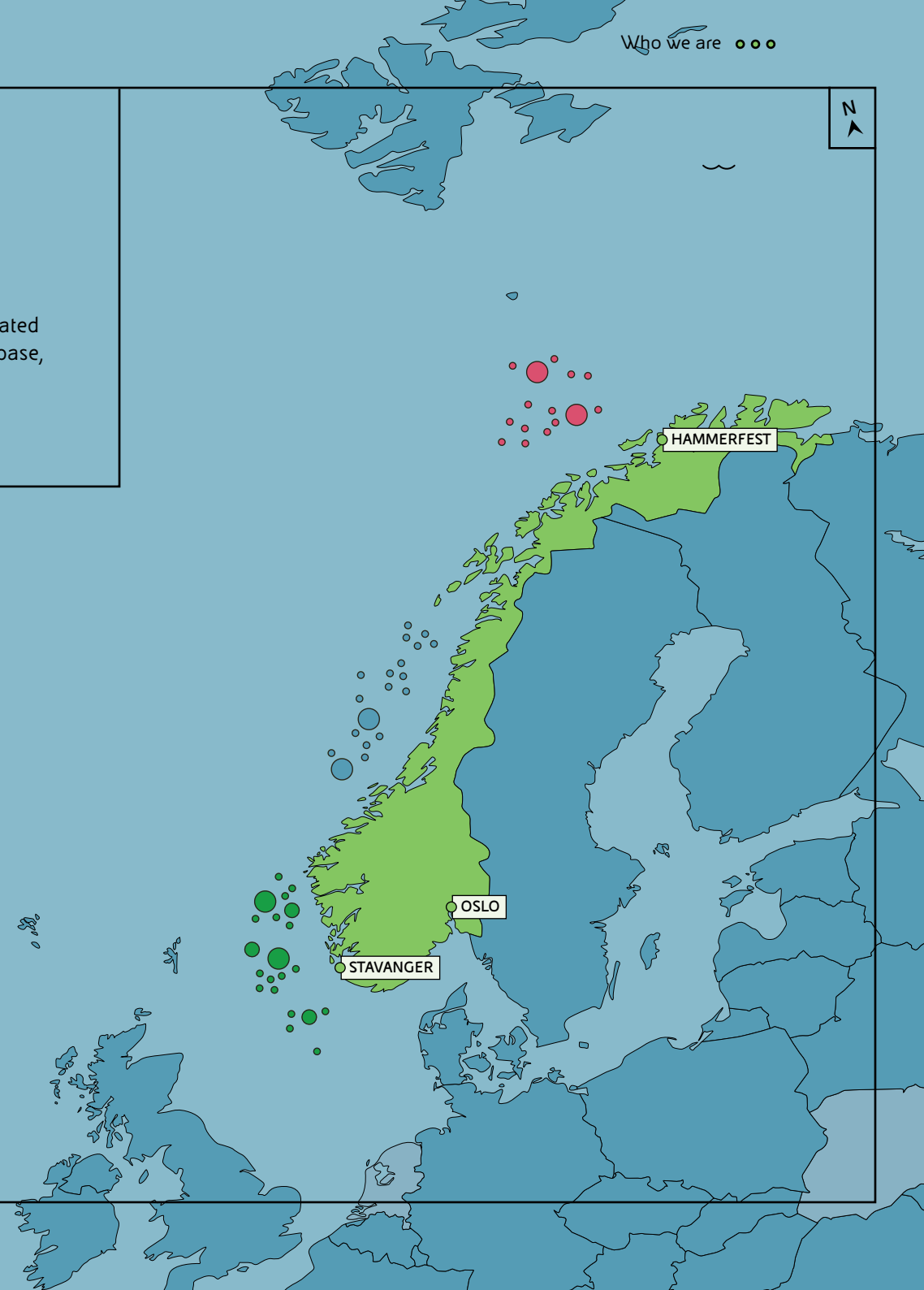
Asset portfolio

A large and diversified portfolio across the NCS

Vår Energi's portfolio on the NCS consists of a balanced mix of more mature operated assets (Balder and Ringhorne area) with a strong track record and large reserve base, operated fields that more recently started production (Goliat) as well as growth driving projects like Johan Castberg, Fenja and Balder X.



Link license map: varenergi.no/en/our-business/license-map



Hub strategy

The hub strategy was formulated early 2020 following an extensive evaluation of the Company's asset portfolio. The hub strategy is built upon Vår Energi's experience and track record on the NCS.

The hub strategy aims to support the Company in the following key areas:

- Identify strategic focus areas.
- Execute value accretive investment decisions.
- Optimise and balance the asset portfolio.
- Maintain existing production levels.
- Identify growth opportunities and build production upside at low cost.
- Optimise use of personnel.

As part of Vår Energi's hub strategy all assets are classified either as high value assets, assets with rapid-time-to-market potential, lifetime extenders, assets with future potential and assets with currently limited exploration potential identified.

For each of these asset classes, separate asset strategies are formulated to maximise value. The strategies include continuous or selective drilling, secure additional acreage, prospect identification maturation, identify assets with new hub potential etc.

The strategies are further tested against the Company's key performance targets for production efficiency, cost per barrel, break-even targets, investment hurdles (IRR), finding cost per barrel and impact on the environment.

The hub strategy requires close collaboration across functions like operations, partner operated assets (POA), project development, commercial, business development, exploration, drilling and finance.

1) Maximisation of oil and gas production

2) Collaboration between departments

3) Unique insight and understanding

4) Creating competitive advantage and value

Establishing Vår Energi's hub strategy - leveraging competitive insight and advantages to capture value

Phase 1:

- Establish base profiles for each asset.
- Rank assets based on pre-defined criteria.
- Secure cross-functional involvement.
- Perform initial economics and profitability analysis.

Phase 2:

- Identify additional opportunities within hubs, including exploration wells and opportunities in the transaction market and concession rounds.
- Secure cross-functional alignment on plans and strategies.
- Perform capacity modelling and timing estimated.

Phase 3:

- Rerun economics and profitability analysis.
- Firm up hub targets and strategies.
- Ensure alignment with corporate objectives and strategies.
- Establish action plans.
- Secure availability of sufficient resources (personnel and funding).



Operated fields

Maximising value of resources while relentlessly focusing on safety

GOLIAT

Pursuing enhanced oil recovery through application of new technology.

Goliat is the first oil producing field in the Barents Sea. The PDO was approved in 2009 and production started in March 2016. The FPSO is powered from shore and CO₂ emissions are amongst the lowest in the industry.

Significant improvements were achieved during 2020:

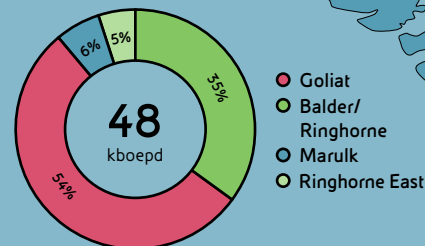
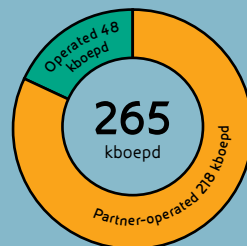
- Uptime increased from 68 per cent in 2019 to 93 per cent in 2020.
- Operating costs were reduced by 20 per cent from the previous year.
- Executed 4D seismic acquisition and started infill drilling.
- Matured additional drilling targets.

BALDER / RINGHORNE

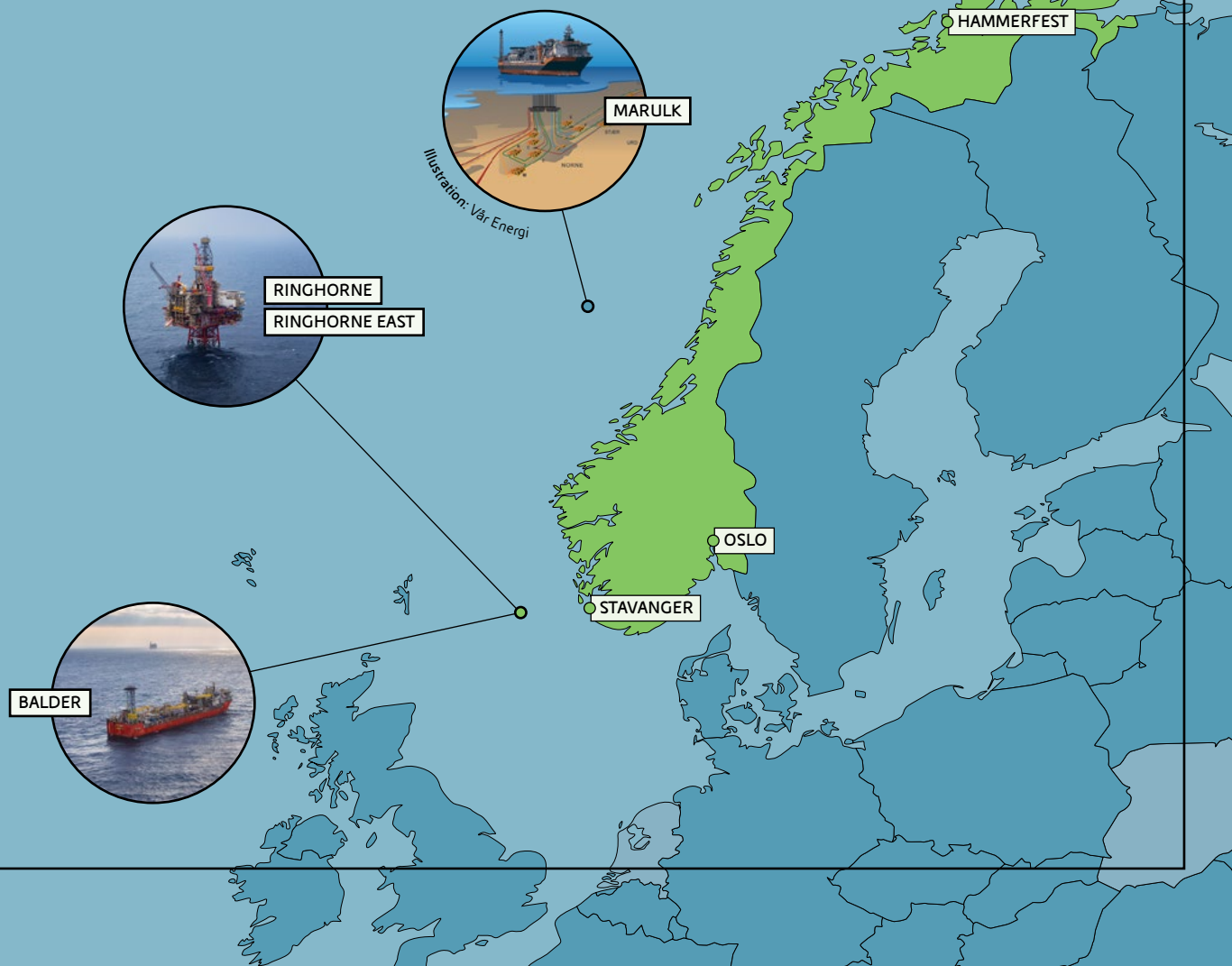
Protecting base production, improving asset integrity and maturing resources.

The Balder field was discovered in 1967 in license PL001. First oil from the area in 1999, with 556 mmbbl produced from the Balder, Ringhorne and Ringhorne East by year-end 2020. Several strategic milestones were achieved in 2020 with the aim to capture significant future upsides in the area:

- Several high value drilling targets identified.
- King and Prince prospects scheduled for drilling in 2021.
- Plan for Development and Operations (PDO) for the Balder Future project approved by the MPE in June 2020.
- Jotun FPSO moved to dry dock for refurbishment and upgrade.
- Upgrade of Ringhorne drilling rig completed, drilling of additional infill targets started at the end of 2020.



- Goliat
- Balder/ Ringhorne
- Marulk
- Ringhorne East





Partner-operated assets (POA)

The “partner of choice”

Vår Energi’s goal is to be recognised as an industry leader in NCS partner-operated activities and seeks to maximise value from partner-operated assets by leveraging technical expertise and applying sound business judgement.

The Company actively works to ensure that accidents are avoided, its see-to duty as a partner is fulfilled and that Vår Energi is valued as being a proactive and constructive partner.

Key achievements 2020 include:

- Breidablikk PDO submitted to MPE.
- DG3 on Sleipner Power from shore.
- Hub strategy completed and approved by the Board.
- First oil on Tor II delivered according to plan.
- Start-up of the Ekofisk 2030+ project aiming to extend production to 2050 in the greater Ekofisk area.
- Frosk discovery matured and passed DGI.
- Tommeliten Alpha DG2 passed.
- First oil from Snorre Expansion Project (SEP) delivered ahead of plan.

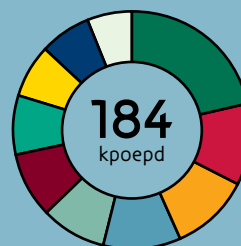
The ten largest partner-operated fields contributed with nearly 85 per cent of total partner-operated production (184 kboepd) and 70 per cent of total 2020 production for the Company (265 kboepd).



Partner-operated production

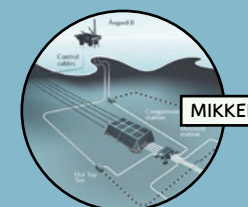
218
kboepd

10 largest partner-operated fields



- Åsgård 18,2%.
- Ekofisk 9,4%.
- Grane 9,1%.
- Mikkell 8,8%.
- Statfjord 7,5%.
- Tyrhans 7,5%.
- Ormen Lange 6,9%.
- Fram 6,1%.
- Snorre 5,9%.
- Sleipner 5%.

85% of production in 2020 from 10 largest partner-operated fields.



OSLO

HAMMERFEST



Projects under development

Near-term development projects support production growth

Vår Energi's development projects are an important part of driving growth and maximising value. The Company is involved in several operated and non-operated development projects that over the next 3 - 4 years will increase the Company's production to approximately 400 kboepd.

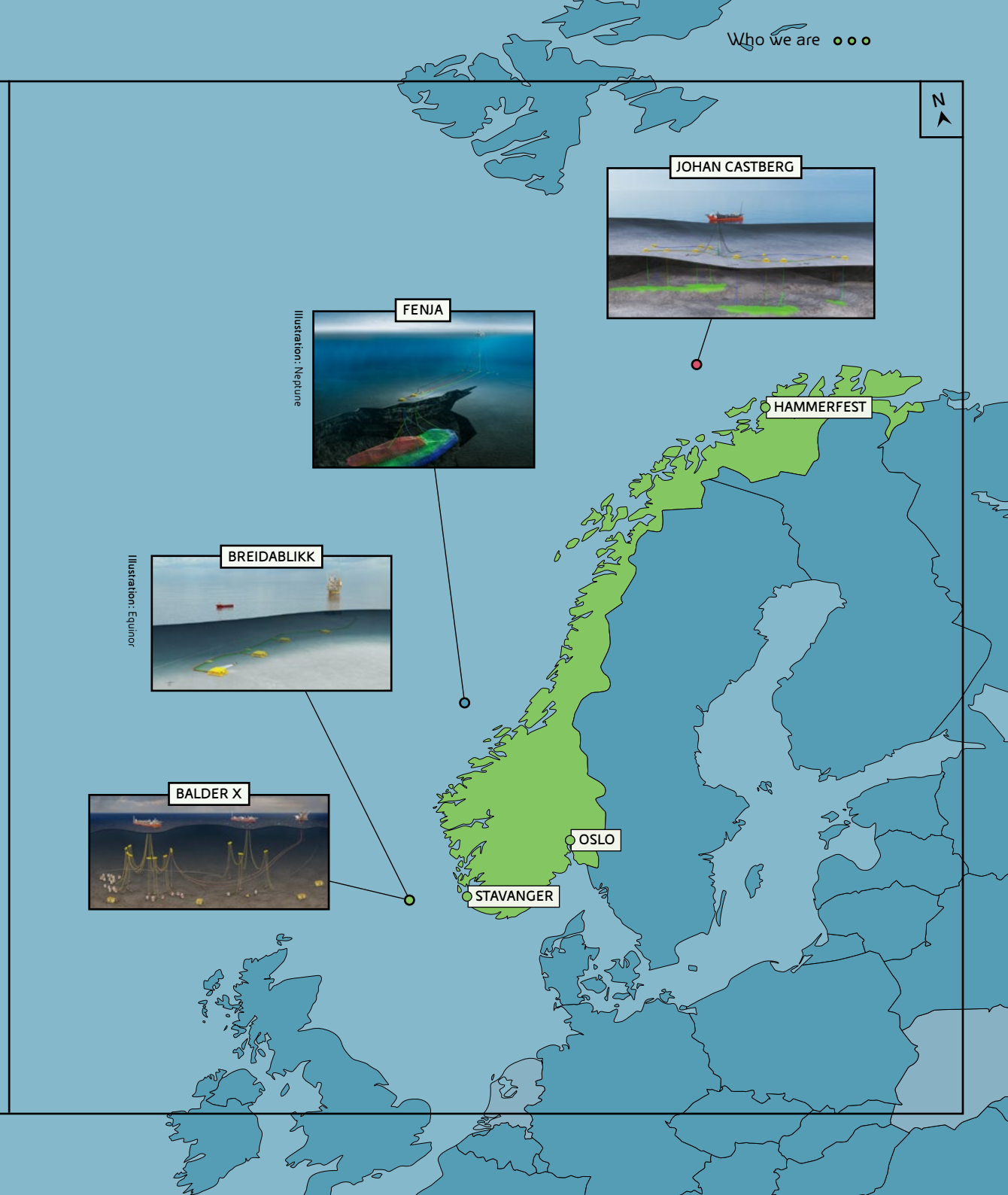
Over medium-term, growth will come from new development projects such as Johan Castberg, Fenja, Bauge and Breidablikk, as well as further development of already producing fields, such as Balder.

Strong development pipeline over the next few years:

| Development project | Operator | Vår Energi ownership |
|---------------------|----------------|----------------------|
| Johan Castberg | Equinor | 30% |
| Fenja | Neptune | 45% |
| Bauge | Equinor | 17.5% |
| Balder X | Vår Energi | 90% |
| Breidablikk | Equinor | 42.2% * |
| Ormen Lange P.III | Shell | 6.3% |
| Tommeliten Alpha | ConocoPhillips | 9.1% |
| Lavrans | Equinor | 15% |
| Eldfisk North | ConocoPhillips | 12.4% |
| Balder V | Vår Energi | 90% |

* Estimate

Link license map: varenergi.no/en/our-business/license-map



Johan Castberg

The Johan Castberg field is located approximately 100 kilometers north of the Snøhvit field in the Barents Sea and was discovered in 2011. Johan Castberg consists of three discoveries: Skrugard, Havis and Drivis and is located in PL532. The PDO was approved in 2018 and the development will contribute towards further strengthening Vår Energi's position in the Barents Sea. The development will consist of an FPSO and 10 subsea templates, 2 satellites and 30 wells and Hammerfest will be used as a supply and helicopter base during the operational phase. Equinor is the operator of Johan Castberg.

Fenja

Fenja is located in the Haltenbanken area in the Norwegian Sea, located 36 km southwest of Njord. Fenja was discovered in 2014 with PDO approved in April 2018. Fenja is a cost-efficient development utilising existing infrastructure and will be developed as a subsea tie-back to Njord A. Oil will be loaded to the Njord B FSO and exported by shuttle tankers with gas exported through the Åsgard transport system. Neptune is the operator of Fenja.

Breidablikk

A significant development through existing facilities. The Breidablikk project consists of the development of the resources within the structure (discovered 1992) and the F structure (discovered 2013). The FID and PDO was submitted in September 2020. Breidablikk will be developed as a subsea tie-back to the Grane field with 4 x 6-slot templates with up to 24 wells. Oil will be produced through two flowlines to Grane and further transported to the Sture terminal through the Grane Oil Pipeline. Equinor is the Operator of the Breidablikk development. Equinor is the operator of Breidablikk.

Balder X

The Balder X Project consists of the two sub-projects:

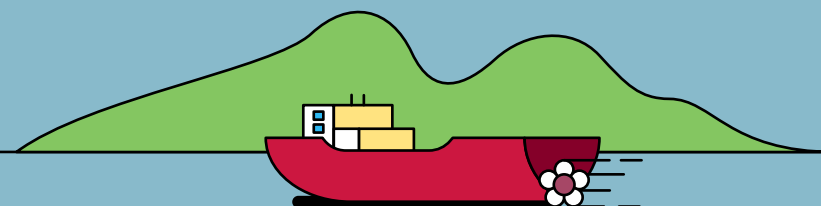
Balder Future Project: Refurbishment and relocation of Jotun FPSO to accommodate tie-in of 13 new production wells and 1 new water injection well and with future expansion capacity to accommodate additional tie-ins in the area. Jotun FPSO will be refurbished and relocated to between Ringhorne and Balder FPU and reconnected to the Ringhorne Platform.

Ringhorne Phase IV: Continuation of the Ringhorne Platform drilling activities, the Ringhorne Phase III drilling campaign and execution of the Ringhorne Phase IV Drilling Campaign comprising 5 additional wells.

The Balder X project enables further developments in the area.

Balder X 2020 highlights:

- Production from the Jotun FPSO ceased in March 2020. The Jotun FPSO entered the yard in Stavanger in June 2020 and started the refurbishment program to extend its service life by 25 years.
- A revised PDO for the Balder Future project was approved by the Ministry of Petroleum and Energy in June 2020.
- Fabrication of the subsea production system and subsea umbilical, risers and flowline has started and installation of flowline for template G and H is completed.
- Preparation of the West Phoenix rig for start of drilling is commenced.
- The project has been able to mitigate the effect of Covid-19 so far, however it is uncertain how the pandemic situation will impact the yard activities during further ramp-up.



Exploration

During 2020, Vår Energi has been active in all parts of the NCS through exploration and appraisal drilling, licensing rounds and portfolio optimisation. The Company's exploration strategy is focused on delivering commercial reserve replacement by identifying in- and near-field drilling prospects in the established assets and core areas of the NCS combined with selective high risk, high reward exploration in frontier areas.

In January 2020, Vår Energi AS was awarded 17 new licenses in the APA 2019 licensing round of which 7 as operator. In the APA 2020 licensing round, the Company was awarded 10 licenses of which 5 operated. 3 of the operated licenses awarded are located close to the Company's core hubs - Balder and Goliat, whereas 2 of the operated licenses awarded have new hub potential.

In 2020 the Company participated in 8 non-operated exploration wells. 3 of the wells are considered commercial and one well is still under evaluation for residual potential. One of the wells was concluded as a technical discovery and 3 wells as dry.

Key priorities for 2021 include drilling of the operated King/Prince and Rødhetta wells and follow-up of partner-operated wells.

In 2021, Vår Energi has participated in 3 commercial discoveries *.

In early March 2021, an oil discovery was made in the exploration well Isflak in license 532. The well was drilled around 10 km southwest from Johan Castberg and recoverable resources are estimated at 31-50 million barrels of recoverable oil equivalent. Vår Energi holds a 30 per cent ownership in this license.

In late March 2021, an oil discovery was made in the exploration well Blasto, drilled around 3 km southwest from Fram and 11 km northwest of Troll. Recoverable resources are estimated at 75-120 million barrels of recoverable oil and Vår Energi holds a 25 per cent ownership in the license.

In April, a discovery of oil and gas was made at the Tyrihans field in the Norwegian sea. The discovery contains between 19-26 mmboe of recoverable resources.

* 2021 discoveries are under evaluation and volumes presented are preliminary

Link license map: varenergi.no/en/our-business/license-map

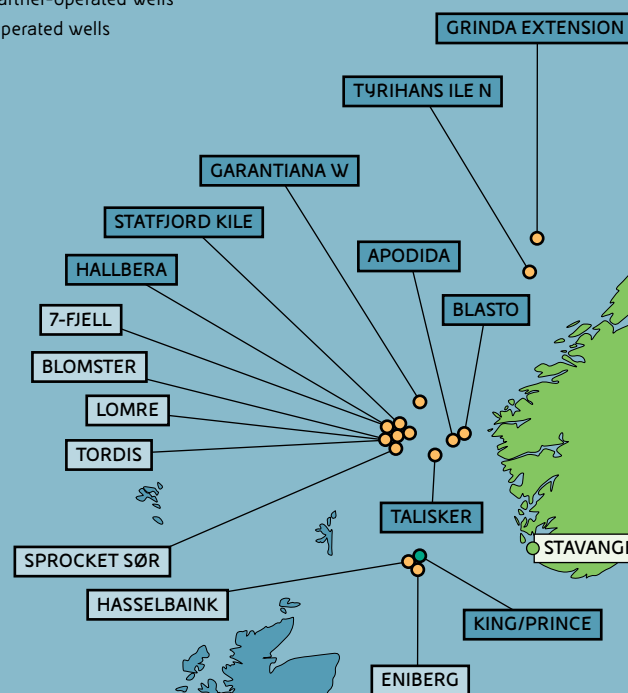
2020 drilling performance
8 exploration wells and 3 commercial discoveries

2021 drilling performance
3 commercial discoveries as of end of April:

- Johan Castberg: Isflak discovery with 31-50 mmboe recoverable oil.
- Fram: Blasto discovery with 75 -120 mmboe recoverable oil.
- Tyrihans: Tyrihans North Ile with 19-26 mmboe recoverable oil and gas.

Exploration wells

- 2020 wells
- 2021 wells
- Partner-operated wells
- Operated wells



Financial policy and capital structure

The value of having a robust financial position and conservative financial risk profile was demonstrated in 2020. The USD 6 billion senior secured Reserved Based Lending (RBL) facility with 25 international banks worked well also during a turbulent market. The Company also diversified its debt profile by entering 2 bilateral unsecured Revolving Credit Facilities with a total amount of USD 600 million.

During 2020, Vår Energi was fully hedged on an after-tax basis at USD 50 per barrel for its production of oil. This provided material liquidity support in addition to capital discipline, cost reduction measures and the temporary tax scheme introduced by the Norwegian Government.

Vår Energi's financial policy aims to support Company objectives by securing:

- Fully funded for all committed and planned activities.
- Sufficient liquidity buffer and headroom to manage market fluctuations.
- A diversified debt structure with regards to sources, tenors and structures.
- A conservative financial risk profile including hedging of material risks and insurance coverage.
- Flexibility regarding investment opportunities.
- Dividend payouts dependent on oil price.

Focus areas and achievements in 2020 include:

- A pre-agreed redetermination of loan availability under the RBL was conducted in March/April 2020 during the oil market turbulence and resulted in an increased loan availability amount. This demonstrated the strength of the portfolio of assets and how Vår Energi's lenders were able to look past short-term volatility in the market and focus on longer-term fundamentals.
- In March 2020, the Company signed two unsecured Revolving Credit Facilities of a total of USD 600 million expiring in 2023. The RCFs provided an additional liquidity reserve in an unclear market situation and diversified the Company's debt profile.
- The oil price hedging arrangement the Company had set up for 2020 by acquiring put options at strike price of USD 50 per barrel for 100 per cent of its post-tax production, resulted in a significant payout to support liquidity. The oil production from the assets acquired from ExxonMobil was also hedged immediately after completion of the transaction in December 2019.
- During November and December 2020, Vår Energi executed a hedging arrangement covering 100 per cent of its post-tax production for 2021 by acquiring put options with a strike price of USD 40 per barrel. In this way, the Company continues the conservative financial risk profile.

→ Vår Energi has in 2020 entered into Credit Discount Agreements with several banks where the ownership of invoices related to oil cargos sold, are transferred to the respective banks as a measure to optimise working capital and reduce financing costs.

Vår Energi will continuously evaluate which financial structure supports the Company's objectives in an optimal way. This could be by maintaining and developing existing financing arrangements as well as evaluating other available sources of debt. The conservative risk profile will be maintained through hedging, extensive insurance coverage and investment flexibility.



EBITDAX

16 533

NOK million



NIBD

45 318

NOK million



NIBD / EBITDAX

2.7
X

Diversity and gender balance

The culture of diversity is an essential prerequisite for our business



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

Gender diversity is important to Vår Energi. Ensuring balanced representation of women and men in the workplace has positive effects across the entire organisation:

- A wider pool to attract talent from.
- Different perspectives spark creativity and innovation.
- Enhanced collaboration.
- A more stable and attractive work force.
- Employee satisfaction.
- Increased productivity and profitability.

The proportion of women employed in Vår Energi year-end 2020 was 26 per cent. One of the eight members of the Company's Board of Directors were women. Women held 25 per cent of the executive management team positions (including CEO) and 21 per cent of remaining leadership positions in the Company.

Overcoming the issue of gender imbalance requires understanding the factors causing it and developing strategies to tackle these constraints at all levels. By 2025 the target is to reach:

- 40 per cent gender diversity across the organisation.
- 40 per cent female employees onshore.
- 15 per cent female employees offshore.
- A ratio of female leaders reflecting the gender balance onshore and offshore.

In 2020, Vår Energi established a Gender Balance Task Force to working actively to deliver the Company's 2025 target. Its mandate was to elaborate an action plan with concrete actions for improved gender balance and a monitoring and measurement system with defined KPIs.

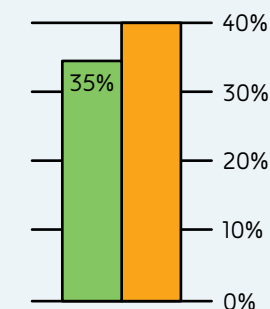
Selected key activities that have been identified to meet the 2025 targets include:

- Securing leadership focus.
- Develop diversity and inclusion competence in the organisation.
- Improve recruitment methods.
- Review promotion selection criteria.
- Evaluate policy on parental leave follow-up.
- Tracking of equal pay ratios.
- Join the "She Index".
- Establish a gender balance communication plan.
- Implement gender balance into management reporting.

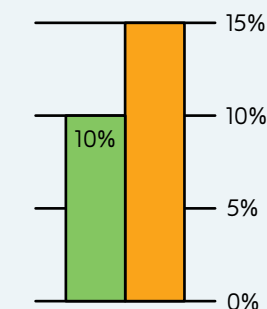
Diversity when it comes to culture and nationality has always been a strength in the Oil and Gas industry. Diversity has fuelled innovation and growth for more than 50 years on the NCS. Embracing diversity and inclusion is an essential part of our value. In Vår Energi we believe that good gender balance is key to obtaining great business results. Ensuring inclusion by having integrity and equal opportunities for growth, we will inspire each other as equal team players. We simply believe it enables us to make better decisions, and to attract, develop and retain the best people.

Gender balance

Onshore employees



Offshore employees



● 2020

● Target 2025

Leadership team



Kristin F. Kragseth

CEO



Stefano Pujatti

CFO



Rune Oldervoll

VP Operations



Ove André Årdal

VP Commercial



Denis Palermo

VP Exploration



Ørjan Jentoft

VP Partner-Operated Assets



Annette Gjerde

VP Contracts and
Procurement



Bjørn Thore Ribesen

VP Field Development
and Projects



Aksel Luhr

General Counsel



Charlotte V. Saunders

VP Corporate Services



Ove M. Helle

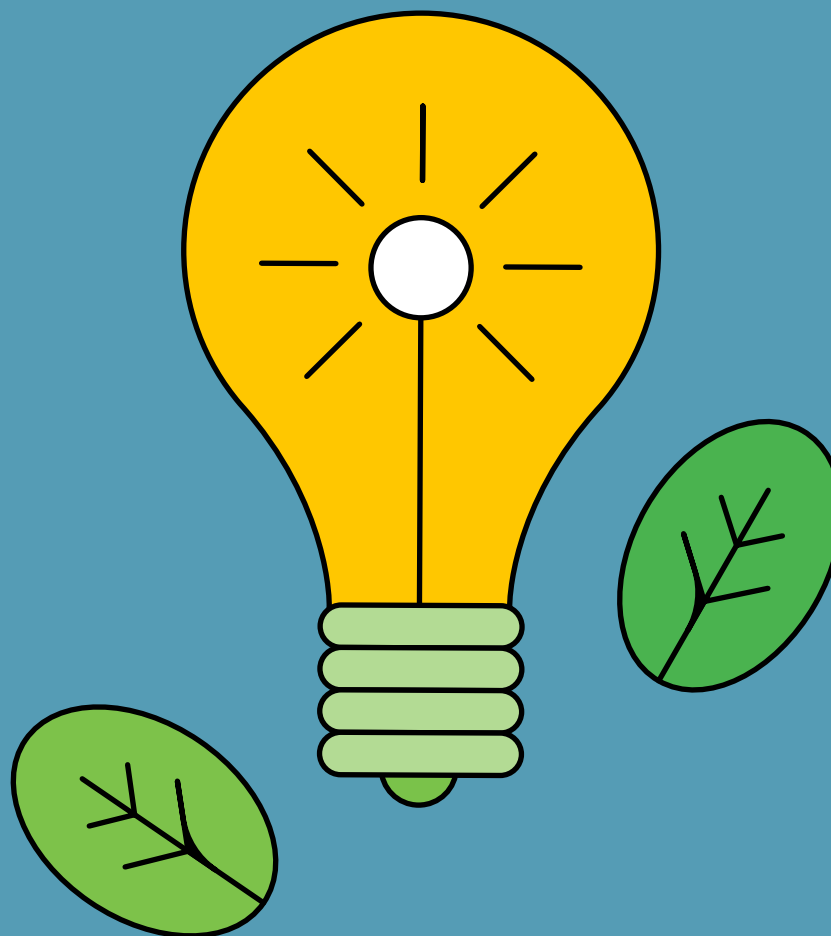
VP Safety and Sustainability



Tor B. Tangvald

VP Internal Audit

How we contribute



Sustainability

Vår Energi's vision is **Committed to deliver a better future**. The Company is strongly committed to creating maximum value for shareholders, the communities around its operations and the Norwegian society at large.

The health and safety of its employees, contractors, and other partners is the top priority for Vår Energi. The Company's goal is to be the safest operator on the NCS, which is a value integrated both in Vår Energi's culture and in its business plans. In 2020 no serious injuries were recorded despite high levels of activity both offshore and onshore. Vår Energi firmly believes that its employees are the most valuable asset. Ensuring personal development, a diverse organisation and equal opportunities are key priorities for the Company. For more information on diversity and gender balance, please see the people, training and diversity chapter in the sustainability report.

Oil and gas will continue to play a fundamental role in the global energy mix long into the future. However, real action is needed to reduce greenhouse gas (GHG) emissions and to tackle the climate challenges. **Vår Energi keeps two thoughts in mind; to keep addressing the climate issues whilst continuing to further explore and develop the NCS, creating long-term value.**

Vår Energi is strongly committed to and supports the Paris Agreement. At the beginning of 2020, a united Norwegian oil and gas industry set targets for reduce GHG by 40 per cent within 2030. Vår Energi will further expand on

these targets by reducing 50 per cent of its scope 1 GHG emissions by 2030 and work towards near zero emissions in 2050. For information on the risks and opportunities posed by the climate challenges, see the climate risks and opportunities chapter in this report.

Electrification with power from renewable sources will be central to Vår Energi in reaching its GHG reduction targets. The electrification of Goliat has become increasingly effective and the Company is studying the possibility for electrification of the greater Balder area.

Through Vår Energi's activities and requirements, the industry is able to develop new technology and innovative solutions, driving down GHG emissions in a cost-effective manner. Furthermore, Vår Energi contributes to large joint industry R&D projects where the Company collaborates with industry partners on finding solutions to create a more sustainable future. For more information on Vår Energi's work on R&D projects, see the R&D chapter later in this report and in the sustainability report.

The Company has maintained close collaboration with the industry and communities to ensure that its activities lead to the creation of new jobs and opportunities as well as economic and social ripple effects. Vår Energi also actively contributes in the development of strong value chains and value creation in local communities.

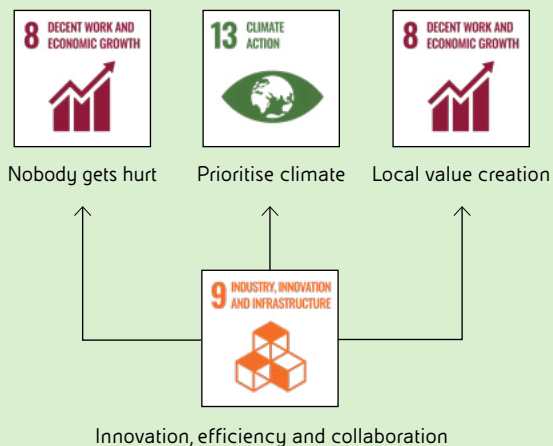
2020 was an extraordinary year, characterised by a pandemic which impacted all aspects of life. For Vår Energi the sharp decline in commodity prices, the contraction in energy demand and other consequences of the Covid-19 pandemic led to many operational challenges and made it necessary to find new and smarter ways of working. The ongoing digitalisation of operations to increase operational efficiency means that the Company is going into 2021 better able to capture sustainable economic growth.

Vår Energi's Sustainability Report (available on www.varenergi.no) presents Vår Energi's sustainability performance and ambitions in further detail.

Our ambitions and targets:

- 1: 50 per cent reduction in GHG emissions from operated assets in 2030 (Scope 1).
- 2: Near zero GHG emissions from operated assets in 2050 (Scope 1).
- 3: All new greenfield developments shall be electrified with power from shore or from renewable offshore power production.
- 4: Reduce emissions through R&D.
- 5: Safest operator on the NCS.
- 6: 40 per cent gender diversity in the entire organisation.
- 7: Sustainability to be considered in all tenders where material and feasible.
- 8: Engage local communities to create value.
- 9: Zero discharge of environmentally hazardous substances.

Strategic focus SGSs



Other relevant SGSs



| Summary of key results | Boundary * | Unit | 2020 | 2019 |
|--|---------------------|-------------------------------|------------|--------------|
| PRODUCTION | | | | |
| Oil and gas production (excl. fuel gas/own consumption) | Equity basis | boe | 94 572 961 | 101 223 192 |
| Gas share of total production | Equity basis | Percentage | 39.6 | 39.5 |
| CLIMATE | | | | |
| Scope 1 GHG emissions | Operational control | Tonnes CO ₂ eq | 194 174 | 290 087 ** |
| Scope 1 CO ₂ emissions (EU ETS) | Operational control | Tonnes CO ₂ eq | 190 936 | 283 591 |
| Scope 1 CO ₂ emissions (EU ETS) | Equity basis | Tonnes CO ₂ eq | 1 023 979 | 1 097 086 |
| Scope 2 GHG emissions (location based) *** | Operational control | Tonnes CO ₂ eq | 16 457 | 13 710 |
| Scope 2 GHG emissions (market based) *** | Operational control | Tonnes CO ₂ eq | 85 878 | 71 577 |
| Scope 3 GHG emissions | Equity basis | Tonnes CO ₂ eq | 36 919 289 | 34 707 369 |
| CO ₂ emission intensity Operated Assets | Operational control | Kg CO ₂ eq per boe | 7.0 | 9.8 |
| CO ₂ emission intensity Partner Operated Assets | Equity basis | Kg CO ₂ eq per boe | 11.2 | 10.6 |
| Upstream GHG emission intensity Operated Assets | Operational control | Kg CO ₂ eq per boe | 7.2 | 10.1 |
| VALUE CREATION | | | | |
| CSR projects | Operational control | Number | 20 | 20 |
| CSR projects | Operational control | NOK | 5 937 500 | 3 000 000 |
| BUSINESS INTEGRITY / PRIVACY AND DATA SECURITY | | | | |
| Compliance training attendance | Operational control | Percentage | 87 | 82 |
| Confirmed incidents of corruption | Operational control | Number | 0 | 0 |
| BIODIVERSITY AND ENVIRONMENTAL PROTECTION | | | | |
| Sulphur oxides (SO _x) | Operational control | Tonnes | 29.55 | 30.20 |
| Nitrogen oxides (NO _x) | Operational control | Tonnes | 1 369 | 1 815 |
| Non-methane volatile organic compounds (nmVOC) | Operational control | Tonnes | 634 | 2 568 ** |
| Unintentional discharges of oil/chemicals to the sea | Operational control | Number | 5 | 2 |
| Hazardous waste generated | Operational control | Thousand tonnes | 4.42 | 6.52 |
| Non-hazardous waste generated | Operational control | Thousand tonnes | 1.70 | 0.83 |
| ENERGY EFFICIENCY | | | | |
| Total fuel consumption from non-renewable sources | Operational control | GJ | 2 650 029 | 4 045 008 |
| Total energy consumption | Operational control | GJ | 4 171 331 | 5 311 980 ** |
| SUSTAINABLE SUPPLY CHAIN | | | | |
| EPIM JQS Audits | Operational control | Number | 231 | 162 |
| RESEARCH AND DEVELOPMENT | | | | |
| Total R&D investments | Operational control | MNOK | 69 | 81 |
| HEALTH AND SAFETY | | | | |
| Serious incidents frequency (SIF) | Operational control | 1 000 000 / exposed hour | 1.7 | 1.5 |
| Total recordable incidents frequency (TRIF) | Operational control | 1 000 000 / exposed hour | 3.5 | 2.2 |
| Work related illness (WRI) | Operational control | Number | 0 | 4 |
| PEOPLE, TRAINING AND DIVERSITY | | | | |
| Employees | Operational control | Number | 901 | 821 |
| Gender diversity | Operational control | Percentage | 26 | 28 |

* Definition Operational Control - accounts for 100 per cent of the activity from operations over which Vår Energi has control.

Definition Equity Basis - accounts for activity from operations according to Vår Energi's share of equity in the operation.

** Figures are updated from 2019 Sustainability Report.

*** Location-based method reflects the average emissions intensity of grids on which energy consumption occurs.

Market-based method reflects emissions from electricity that companies have purposefully chosen (or their lack of choice).



Climate risks and opportunities



The effects of climate change are likely to impact several parts of Vår Energi's value chain. The Company acknowledges and adheres to the recommendations set forth by the Task Force on Climate Related Financial Disclosures (TCFD)

and takes climate risks and opportunities into account when developing strategies and financial plans.

Partly as a consequence of the Covid-19 pandemic, global GHG emissions were reduced in 2020. However, climate change is becoming increasingly relevant for business and global efforts are still needed to reduce global warming to well below 2 degrees as stated in the 2015 Paris Agreement.

Climate change affects Vår Energi and the Company acknowledges and adheres to the recommendations set forth by the Task Force on TCFD and accounts for climate risks and opportunities when developing strategies and financial plans.

Climate risk can be defined as a result of transitional risk and physical risk. Transitional risks comprise of market, reputational and policy risks, whereas physical risks arise through changes in weather patterns, temperature increases and other physical effects of climate change. The topic of climate risks and opportunities addresses the financial impacts of climate change for Vår Energi, and

how measures have been implemented to ensure long-term value creation for the Company and its stakeholders.

The effects of climate change are likely to impact several parts of Vår Energi's value chain, as various political, market and physical developments in response to, or as a consequence of, climate change are expected to take place in the short-, medium- and long-term.

Policy and action

Vår Energi has conducted a climate risk and opportunity assessment based on the TCFD recommendations. The TCFD framework proposes 11 recommendations for what businesses should disclose, in order to highlight financial threats to shareholders, banks, and other relevant stakeholders. The recommendations advocate for the use of scenarios in the identification and quantification of risks and opportunities, where minimum one of the scenarios are compatible with a 2-degree scenario. The impact of the transitional and physical risks on the Company's value chain will differ in different climate scenarios, and responsible management should consider different outcomes when developing their long-term strategies.

The Vår Energi Board of Directors has the overall responsibility and ownership of climate related objectives in the Company's strategy. The Board has a structured evaluation of climate risks and opportunities on an annual basis, based on the Enterprise Risk Management (ERM)

process, reports and assessments from the Leadership Team. However, climate risks and opportunities may also be considered and evaluated on a case-by-case basis. The results are also used when reviewing strategy, annual budgets and business plans and when evaluating performance objectives.

The Leadership Team has:

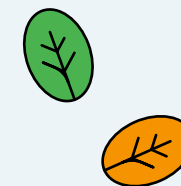
- Commitment and accountability to support the Paris Agreement and the UN Sustainable Development Goals.
- Accountability to reduce emissions in line with targets set for the NCS by the Norwegian Oil and Gas Association (NOROG) and the Norwegian Authorities.

The Leadership Team's responsibilities are supported by Safety and Sustainability, and Enterprise Risk Management functions in assessing and managing risks and opportunities. The Leadership Team's has a structured evaluation of climate risks on an annual basis, which is incorporated in strategy planning through workshops to address risks and implement mitigating efforts.

Risk overview and description of risks

Scenarios

In the risk assessment and strategy process, Vår Energi considers the following short-, medium-, and long-term time horizons: Short-term (0-5 years), Medium-term



(5-10 years) and Long-term (10-20 years). The definition follows the time frame established by the International Energy Agency (IEA) in the World Energy Outlook. The short-term view is aligned with Vår Energi's existing strategic outlook. Medium-term is relevant to investments and assets towards 2030, considering trends and risks including a shift in global politics and markets related to climate action. The long-term view is also highly relevant due to the long lifetime of Vår Energi's assets, and the Company's ambition to achieve near zero emissions by 2050. The methodology used to quantify the risks and opportunities is largely based on scenario analysis, applying different financial and qualitative assumptions.

Risks and opportunities have been identified through scenario development, where the Company has developed two scenarios for short-, medium- and long-term assessment. Scenario 1 describes a world in which measures are implemented to limit global warming to well below two

degrees global warming by the end of the century, in accordance with the IPCC recommendations. This scenario uses mainly data from IEA's Sustainable Development Scenario and the Intergovernmental Panel on Climate Change's (IPCC) Regional Climate Projections (RCP) 4.5. Scenario 2 describes a world which wants to take action but struggles to execute. This in turn leads to a global warming in the likely range of 2,5 to 3,5 °C. This scenario uses mainly data from IEA's Stated Policies Scenario and IPCC's RCP 8,5. In addition to the IPCC and IEA projections, both scenarios incorporate local factors, as the operational environment for Vår Energi can differ from global perspectives in some manners. For instance, Norway might implement measures aligned with IPCC-recommendations, while global politics and initiatives might still not be structured in accordance with a world which limits global warming to well below 2°C (one example of this is the unique Norwegian CO₂ Tax regime).

Risk assessment

The results of the 2020 climate risk and opportunity assessment have been evaluated by executive management and representatives from the Board of Directors, and formed the basis for strategic discussions on short-, medium- and long-term. During 2020 the assessment has become integrated into the Enterprise Risk Management (ERM) process and the climate risks and opportunities are being evaluated together with other business risks. The results from these evaluations form a basis for decisions related to both strategy and financial planning.

One of the key outputs of the assessment has been Vår Energi's commitment to support the climate roadmap proposed by the industry association Norwegian Oil and Gas, where the Company will actively support the goal of 50 per cent reduction in greenhouse gas emissions on the Norwegian Continental Shelf (NCS) by 2030, and work towards near zero emissions by 2050.

| # | Risk | Risk type | Description | Risk level | Level of influence | Time horizon |
|---|--|--------------|--|-------------|--------------------|-----------------------------------|
| A | Increased pricing on GHG emissions. | Regulatory | EU ETS prices increase to reach EU's 2030 climate goal. | Medium-High | Low | Short / medium-term (0-10 years) |
| B | Governmental intervention. | Regulatory | Norway implements regulations to reduce or stop exploration activities (e.g. the arctic ice edge). And/or reduces tax relief on exploration activity on the NCS. | Medium-High | Medium | Short / long-term (0-30 years) |
| C | Reduced oil demand due to technological advancement. | Technology | Price of renewable energy decreases and affects oil and gas demand and subsequently oil price. | High | Low | Medium / long-term (5-30 years) |
| D | Halt in carbon capture and storage development. | Technology | Poorly coordinated efforts and lack of investments. | Medium-High | Low | Long-term (10-20 years) |
| E | Increased scrutiny from financial sector on oil and gas industry globally. | Market | Investors exclude oil and gas from investment portfolio. Banks increase price of credit for oil and gas companies. | High | Medium | Short / Medium-term (0-10 years) |
| F | Decreased public support for oil and gas. | Reputational | Increased polarization in public debate Political parties with climate focus gain increased public support. | High | Low | Short- / medium-term (0-10 years) |
| G | Acute extreme weather. | Physical | Extreme weather events such as storms and heavy rain. | Low | Medium | Long-term (10-30 years) |
| H | Chronic impacts of climate change. | Physical | Increased volatility in weather, sea-level rise and wave height. | Low | Medium | Long-term (10-30 years) |

Some of the highest risks to the Company within the next ten years are likely market and reputational risks. Below follows a more detailed description of both market risks and reputational risks, which may affect Vår Energi and mitigation efforts to reduce these risks.

Market risks

The market risks are related to changes in oil and gas demand and subsequently energy prices, in addition to regulations on CO₂ pricing and governmental intervention. The Covid-19 pandemic contributed to driving energy prices down during the first half of 2020. However, prices then increased substantially towards the end of 2020 and neither national nor global trends currently show signs of a significant reduction in demand for Vår Energi's products, nor a price drop.

During 2020, the EU implemented the European Green Deal and established a zero-emission ambition by 2050. This may affect the potential market for oil and gas in Europe. The IEA's Stated Policies Scenario, based on policies announced in November 2020, predicts that oil and gas will account for nearly 48 per cent (1 098Mtoe) of the energy mix in Europe in 2040. In the Sustainable Development Scenario, if the world stays below the 2°C target, oil and gas will account for 31 per cent of the energy mix (979 Mtoe) in Europe in 2040, assuming the development of affordable and energy efficient Carbon Capture and Storage technology. In both these scenarios Norwegian oil and gas will continue to play a vital role in the energy mix going forward.

IEA has also committed to developing a new roadmap to global net zero emissions by 2050 (NZE2050), which

is to be released in May 2021. This scenario rules out the possibility of a large level of net-negative emissions (i.e. net removal of CO₂ from the atmosphere) and CO₂ emissions would need to fall to zero globally by 2050 to have a 50 per cent chance of limiting the temperature rise to 1.5 °C (IPCC, 2018). This scenario goes beyond the existing targets of the Paris Agreement, where global warming is to be limited well below 2°C, and efforts are pursued to limit the increase to 1.5°C.

As of today this scenario does not include detailed figures for European oil and gas primary energy demand but shows that the world demand for oil declines from 98 million barrels per day (mb/d) in 2019 to 65 mb/d in 2030, an annual average decline of more than 3.5 per cent. This would represent a step change in the trajectory of oil demand, although this decline rate is still lower than the underlying rate of decline in supply that the Company would see if there were to be no investment in new or existing fields, in which case oil supply would decline by around 8-9 per cent per year. This means that some upstream investment in oil would still be needed even in the NZE2050 world of rapidly falling oil demand. The Norwegian continental shelf would have advantages in this scenario, due to the low emissions from production. Nonetheless, this trajectory for oil and natural gas demand would present extraordinary difficulties for economies that rely heavily today on revenues from oil and gas.

Reputational risks

The reputational risks affect several stakeholders, including employees, financial markets, NGOs and regulators. It may lead to reduced attractiveness for Vår Energi as a future employer, operator or business partner, and may

also increase the cost of capital. The current public debate regarding climate change and the future of oil and gas is polarised and the outcome is still unclear.

Mitigation efforts

Several of the risks may be mitigated by reducing the Company's GHG emissions. A new Vår Energi climate roadmap was approved by the Board of Directors during 2020. The plan outlines the Company's ambitions and sets a clear path towards the established GHG emissions reduction target of 50 per cent in 2030 and close to zero emissions by 2050.

The emission reduction will be achieved by the electrification of assets with power from shore or from other renewable power production sources, increases in operational efficiency (energy management), portfolio management, and reduced cold venting and fugitive emissions. Long-term GHG emissions can be reduced through implementation of low emission technologies and carbon capture and storage (CCS) technology, developed through continuous R&D activity in the next decades.

Opportunity overview and description of opportunities

Through the scenario development and assessment process, Vår Energi has defined four main opportunities arising from a changing market and technological development. These opportunities also represent opportunities to mitigate the identified risks and continue growth. The opportunities have not been quantified, as they will vary significantly on case-by-case basis. However, all four opportunities represent significant financial opportunities based on the Company's existing competence, experience and structure.



| # | Opportunity | Opportunity type | Description | Potential Financial impact |
|---|--|---|--|---|
| A | Carbon capture and storage. | → New markets. → Green products & services. → Resilience. | CCS becomes a commercial technology and Vår Energi is significantly represented in the value chain. | → Revenue from new markets and services. → Positive reputational effects and license to operate. |
| B | Sustainable supply chain. | → Energy and resource efficiency → Resilience. | Actively evaluate sustainability in tenders and contract evaluations and strengthen collaborative efforts with suppliers to identify and utilize potential opportunities for innovation. | → Reduced costs. → Positive reputational effects and license to operate. |
| C | Energy and climate efficient operations. | → Energy and resource efficiency → Resilience. | Energy efficiency measurements and renewable energy (including electrification) implemented in own operations. | → Reduced costs. → Positive reputational effects and license to operate. |
| D | Blue Hydrogen. | → New markets. → Green products & services. → Resilience. | Should the EU include blue hydrogen in its taxonomy as qualified energy source, then this could represent an alternative market for natural gas. | → Revenue from new markets and services. → Positive reputational effects and license to operate. |

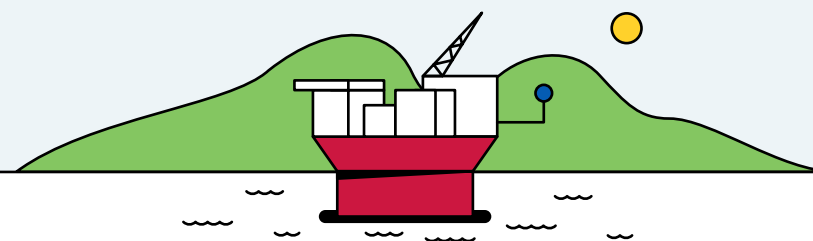
Risk management

The initial climate risk and opportunity assessment was conducted in accordance with the Vår Energi Management System (VEMS) Enterprise Risk Management (ERM) framework. The process was led by the Safety and Sustainability department in cooperation with the Finance and ERM functions. The Leadership Team and representatives from the Board of Directors were directly involved in the process as well as the evaluation of results.

The process was initiated by developing two climate scenarios, which was used as the risk context to identify material risks and opportunities. These risks and opportunities were then prioritised by using the risk framework of the VEMS ERM, which has detailed categorisation for consequence and likelihood. The prioritisation was performed in workshops with relevant internal stakeholders.

The first quarter of 2020 the Leadership Team has had meetings and workshops to discuss the assessment, process and results. The outputs from these meetings and discussions have directly been utilised in several strategy processes within the Company, including the climate and R&D strategies which are currently under revision.

During 2020, climate risks and opportunities have been integrated into the VEMS ERM process. During 2021 the Company will continue to increase the level of detail and quality of risk quantification for each identified risk and opportunity.



Metrics and targets

Vår Energi uses the following key metrics and targets to measure and manage climate related risks and opportunities:

| Indicators | Boundary | Unit | 2020 | 2019 |
|--|---------------------|-------------------------------|-------------|-------------|
| Gas share of total production | Equity basis | Per cent | 39.6 | 39.5 |
| Scope 1 GHG emissions | Operational control | Tonnes CO ₂ eq | 194 174 | 290 087 |
| Scope 1 CO ₂ emissions (EU ETS) | Operational control | Tonnes CO ₂ eq | 190 936 | 283 591 |
| Scope 1 CO ₂ emissions (EU ETS) | Equity basis | Tonnes CO ₂ eq | 1 023 979 | 1 097 086 |
| Scope 2 GHG emissions (location based) | Operational control | Tonnes CO ₂ eq | 16 457 | 13 710 |
| Scope 2 GHG emissions (market based) | Operational control | Tonnes CO ₂ eq | 85 878 | 71 577 |
| Scope 3 GHG emissions | Equity basis | Tonnes CO ₂ eq | 36 919 289 | 34 707 369 |
| CO ₂ emission intensity Operated Assets | Operational control | Kg CO ₂ eq per boe | 7.0 | 9.8 |
| CO ₂ emission intensity Partner Operated Assets | Equity basis | kg CO ₂ eq per boe | 11.2 | 10.6 |
| GHG emission intensity Operated Assets | Operational control | Kg CO ₂ eq per boe | 7.2 | 10.1 |
| CO ₂ costs operated assets (EU ETS, CO ₂ tax, NOX) | Operational control | NOK | 122 506 035 | 147 274 965 |
| R&D expenditures (total) | Operational Control | NOK | 69 414 000 | 81 615 000 |
| R&D expenditures directed at reducing Scope 1 emissions | Operational control | Per cent | 22 | 36 |
| R&D expenditures directed at reducing Scope 3 emissions | Operational Control | Per cent | 7 | 6 |
| Other R&D expenditures, including expenditures directed at environmental protection and biodiversity | Operational Control | Per cent | 71 | 58 |

The table to the left discloses information relevant for addressing the various climate risks that Vår Energi faces. CO₂eq-emissions constitute the largest risk source for the organisation, which is why Vår Energi has implemented the target of achieving near zero emissions by 2050. The Company's three main sources for GHG-related costs are carbon tax, emission quotas and NOx tax. CO₂ tax is the largest source of expenses, constituting around 60 per cent of CO₂-related expenses. The Company also has R&D expenditures directed at reducing both Scope 1 and 3 emissions. Further details on the results and targets can be found in its respective chapter. The NOROG Scope 1 reduction target is based on a 2005 baseline, whereas Vår Energi uses 2019 due to data availability. 2005 and 2019 are considered to be reasonably close in emission levels.

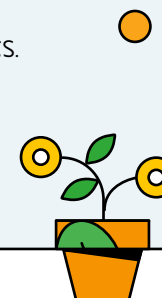
Next steps

During 2021, Vår Energi will continue its work to assess climate risks and opportunities, and further embed these risks into the ERM process. This will strengthen the Company's ability to be more resilient towards future risks and to utilise any opportunities. Furthermore, Vår Energi will work continuously to increase the quality and confidence in the qualification of risks and opportunities.

Vår Energi has established a climate roadmap towards 2030 which includes both short- and long-term measures to reduce emissions. Throughout 2021, the Company will continue to gather information and data needed to make the climate roadmap as complete and detailed as possible. In this process the Company will assess costs, feasibility, environmental and social impact, offsetting mechanisms, and more, to consider the consequences of delivering on the goals, and thus where Vår Energi can strengthen its efforts. The process is meant to assist in addressing identified risks and opportunities, and how Vår Energi can implement measures to reduce risks and leverage opportunities.

Vår Energi will reduce GHG emissions mainly through:

- Electrification of assets with energy from shore or other renewable energy sources.
- Increased operational efficiency/energy management.
- Portfolio management.
- Research, innovation and development within low emission technology and CCS.
- Reduction of cold venting and fugitive emissions (methane emissions).
- Carbon sink and offsetting mechanisms to compensate for emissions where operational reduction measures are technically or economically unfeasible.



Research and development

Improving performance by actively pursuing R&D opportunities



Vår Energi has established an R&D strategy that sets clear and coherent R&D targets that echoes the Company's commitment of always operating in line with the United Nations' seventeen Sustainable Development Goals (SDGs).

The Company applies the Norwegian R&D framework and the inherent opportunity to participate in R&D activities to meet short-, mid- and long-term business objectives. Most of the R&D activities in the Norwegian petroleum sector are carried out by R&D providers (research centres, universities, and companies) through Joint Industry Projects (JIP).

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

| | | | |
|---|--|---|-------------------------------|
|  | Decarbonisation |  | Circular economy |
|  | Safety and Environmental Protection |  | Successful Exploration |
|  | Operational excellence |  | Maximize Recovery |
| <ul style="list-style-type: none"> • Project development • Production operations • Asset integrity • Well delivery and integrity • Decommissioning | | | |

Decarbonisation

Vår Energi's ambition is to reduce scope 1 Greenhouse Gas (GHG) emissions by 50 per cent by 2030 and work towards near zero in 2050. R&D efforts aimed at decarbonising Vår Energi's operations will be intensified in order to help the Company reach these targets.

Circular economy

Circular economy is a part of Vår Energi's strategy, aiming to eliminate waste and stimulate continual reuse and recycling of resources. Vår Energi is researching innovative solutions aimed at identifying new processes and concepts aimed at reusing and recycling waste.

Safety and environmental protection

Vår Energi strives to continually improve the Company's HSE performance and prevent major accidents, personal injuries and occupational illness. Focus will be given to enhancement of risk management, emergency preparedness systems and development of advanced technologies that can meet the challenges and needs ahead. Furthermore, acquisition of better environmental impact data will help reduce environmental risks while operating in valuable and vulnerable areas.

Successful exploration

Exploration activities target both mature basins and frontier areas, with R&D projects focused on reduction of cost and timing whilst reducing uncertainties.

Operational excellence

Upstream research effort will prioritise technologies offering low carbon-intensity, increased efficiency, reduced cost and reduced time to market. Unmanned topside solutions and subsea plants will be a focus area in project development.

To enable IMR (Inspection, Maintenance and Repair) cost reduction, the use of robots and autonomous drones will be explored.

Maximise recovery

Digital technologies including artificial intelligence, machine learning and use of “big-data” for decision support will be used to unlocking value in our developing and producing assets. R&D projects to Maximize Recovery will be considered as high priority.

R&D portfolio and project examples

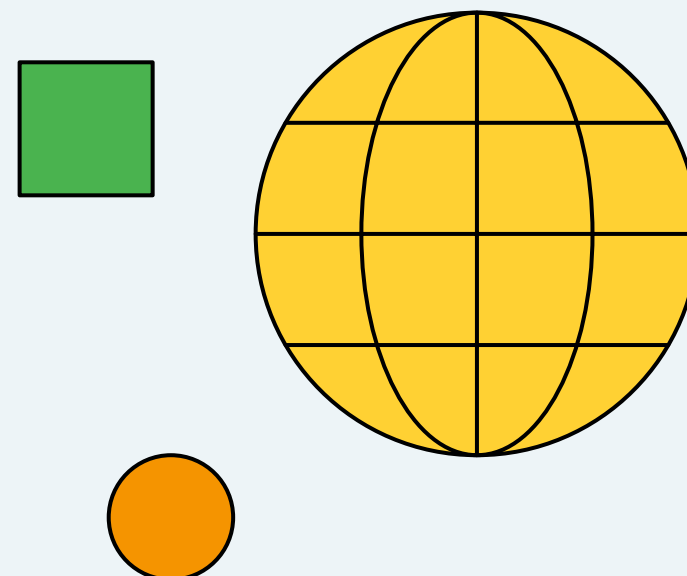
Vår Energi’s R&D portfolio included 35 projects in 2020, mainly administered in the form of Joint Industry Projects (JIPs) or consortia, but also as bilateral R&D contracts.

Vår Energi is supporting two research centres run by the independent research organisation SINTEF:

Low Emission Research Centre, which endeavours to develop new technology and concepts for offshore energy systems and integration with renewable power production technologies. This will accelerate development and implementation of low-emission offshore technologies on the Norwegian continental shelf.

Norwegian CCS Research Centre, which will enable fast track CCS deployment through industry-driven science-based innovation, addressing the major barriers identified within demonstration and industry projects, aiming at becoming a world-leading CCS centre.

An important R&D project for Vår Energi with regards to the reduction of CO₂ emissions, is the Blue Ammonia plant feasibility study for Alke/Goliat gas. Such a plant will decarbonise the natural gas and convert it to ammonia via hydrogen. The CO₂ formed during the ammonia process will be captured and sequestered into an offshore aquifer in the Hammerfest basin. Receiving multiphase hydrocarbon feed fluid via an offshore pipeline connected to an electrified ammonia plant with CO₂ sequestration is considered new to the industry and will thereby establish a new value chain.



Digitalisation and performance improvement (D&I)

Digitalisation

The Company's digital vision is "Turning Bytes into Barrels". Vår Energi's digital strategy is to be an agile adopter of digital opportunities to ensure safe operations, increased efficiency and increased competitiveness by enabling new ways of working through People, Process and Technology:

- Ensure every investment gives value and is aligned with defined business priorities.
- Leverage on available digital ecosystem and technologies with demonstrated value.
- Maximise synergies with Eni S.p.A Digital Agenda.

The Digital Transformation program has a business-driven approach and leverages on proven technology to secure value creation. In 2020 a total of 53 initiatives have been put forward from the business and are now in different stages in the digital portfolio.

Key projects delivered in 2020 include:

- **Production Dashboard** – easy access and visualisation of critical production data. The project seeks to help process and production engineers at the Balder installation having access to critical production data through a standardised, consolidated real-time production dashboard and will provide the users with easy access to critical production data and enable focus on most critical issues.
- **Automating Manual Processes** – leverage robotic process automation technology to automate manual

processes. This project aims at reducing time spent on manual routine work and thereby increase employee satisfaction.

- **Energy Management System** – enabling reduction of energy consumption and CO₂ emissions. The project enables systematic and continuous reduction in energy consumption and CO₂ emissions and includes target setting, clarification of roles and responsibilities and processes to bring improvement ideas from concept to reality.
- **Data Platform** – MVP implementation to enable the digital roadmap and increase ICT efficiency. A common data platform enables the Company to find information across functions and prepare the data for use by the organisation. In this way, the data platform is an essential enabler for digital initiatives and management of data flows.
- **Subsurface Data Landscape** – improving data governance. The key benefits from this initiative includes less time spent on searching for data, improved data quality and improved user experience.
- **Digital Academy** – boosting the digital competency in Vår Energi. The digital academy aims at increasing the understanding of digitalisation, its business value and knowledge of ongoing and planned digital initiatives in Vår Energi. In addition, it seeks to increase the understanding of new ways of working and the ability to see opportunities in order to adopt digital solutions to improve own work processes. Deliverables include digital cafés, deep dives on specific topics and classroom courses (on Teams since the break-out of Covid-19).

Performance improvements

The Vår Energi long-term value creation program «Realise our Potential» (ROP) was established in October 2019, focusing on high potential improvement areas. The 2020 scope was Goliat operating expenses, uptime and increased recovery, support functions and commercial.

The program delivered above plan in 2020 due to significant reductions in operating expenses, improved uptime on operated fields and enhanced focus on reducing general and administrative expenses. Remaining merger synergies were realised, and several improvements completed and exceed the targeted improvement areas.

Production Dashboard

Automating Manual Processes

Energy Management System

Data Platform

Subsurface Data Landscape

Digital Academy

Corporate social responsibility (CSR)

Vår Energi is dedicated to creating value and contributing to industrial activity, job creation and progress in the local communities where we operate. In connection with operations across the NCS, Vår Energi facilitates local employment and development of the oil service industry, as well as supporting a number of societal initiatives mainly in the northern and southern parts of Norway.

Vår Energi has chosen to back an array of projects to promote culture, education, science and sports - as well as providing support to organisations caring for the less fortunate among us.

For Vår Energi, giving back is an important part of who we are as a company.

Examples of projects receiving support from Vår Energi in 2020 is presented to the right.




**UNGT
ENTRE
PRENØR
SKAP**




vår energi
ARENA



 **NTNU**
Norwegian University of
Science and Technology



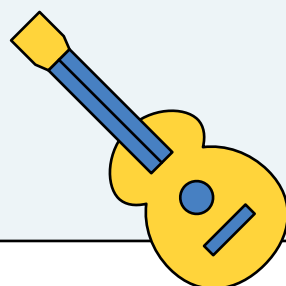

newton®
Hammerfest



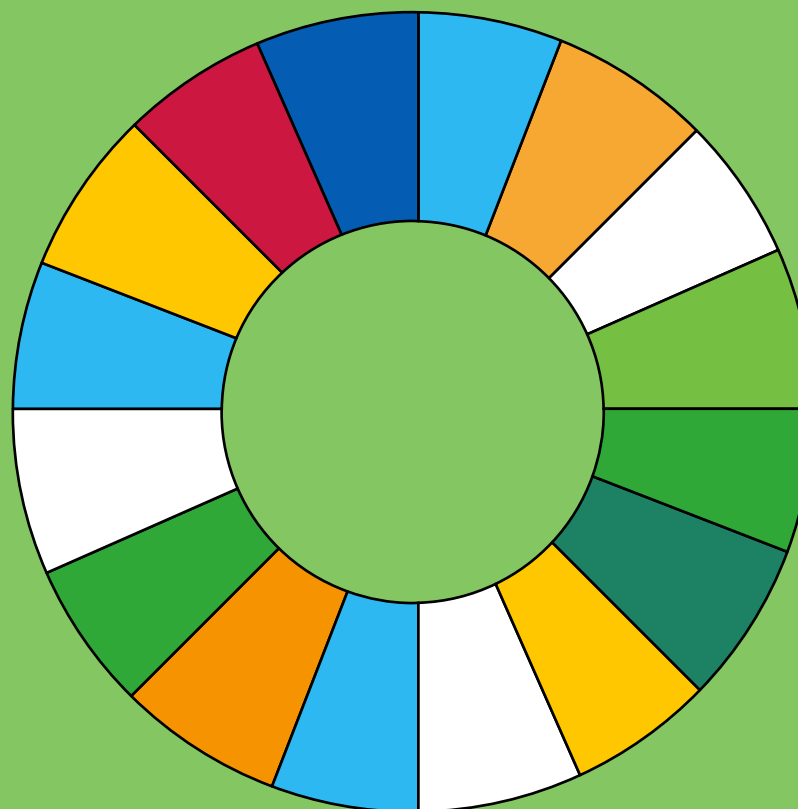

VITENFABRIKKEN



**VARANGER
FESTIVALEN**



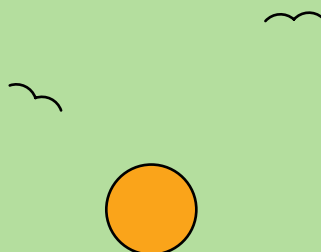
How we perform



Financial statements 2020

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Board of Director's report

Business and locations

Vår Energi AS ("Vår Energi", "Group" and "Company") is a limited liability company incorporated and domiciled in Norway. The Company's shares are owned by Eni International BV (69.85%) and Point Resources Holding AS (30.15%).

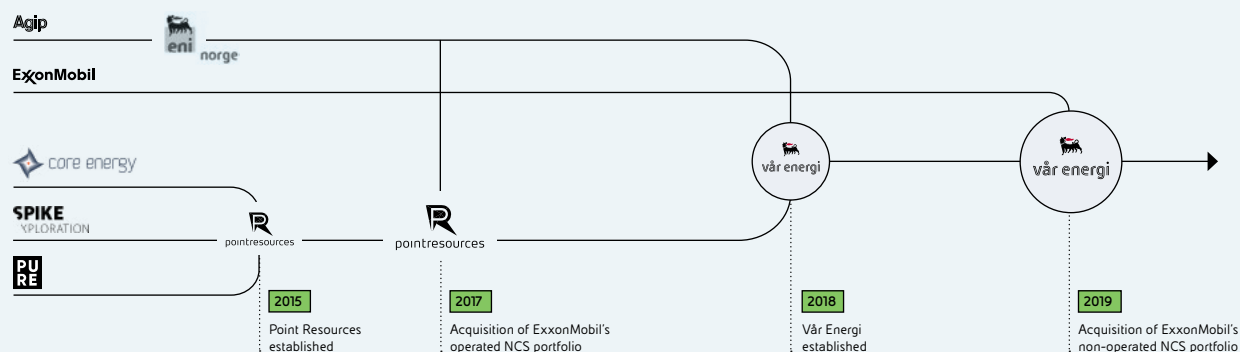
The head office is located at Vestre Svanholmen 1, NO-4313 Sandnes, Norway. The Company also has offices in Oslo and Hammerfest.

Vår Energi is a full cycle oil and gas company with exploration, development and production activities on the Norwegian Continental Shelf (NCS). Vår Energi holds licenses in all three main petroleum provinces on the NCS – the North Sea, The Norwegian Sea and the Barents Sea and is actively pursuing opportunities across the NCS for future value creation for its stakeholders.

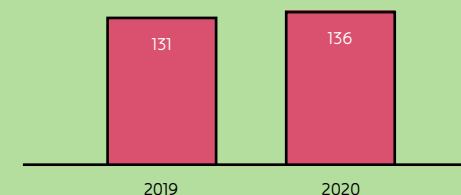
The Company has a total of 136 licenses on the NCS, of which 32 licenses are operated (24 per cent) by Vår Energi and 104 licenses are operated by others. 46 per cent of the licenses are located in the North Sea whereas 40 per cent in the Norwegian Sea and 13 per cent in the Barents Sea. The Company has interests in 35 producing fields at year end 2020 including the operated Balder, Ringhorne, Ringhorne East, Goliat and Marulk fields.

Vår Energi was founded in 2018 following the merger of Eni Norge AS and Point Resources AS. Point Resources AS acquired ExxonMobil's (EM) operated licenses on the NCS in 2017. The transaction included the Balder, Ringhorne and Ringhorne East fields. With the completion of the acquisition of ExxonMobil's partner-operated assets in Norway in 2019, Vår Energi is the second largest operator on the NCS, with an average daily production in 2020 of 265 kboepd.

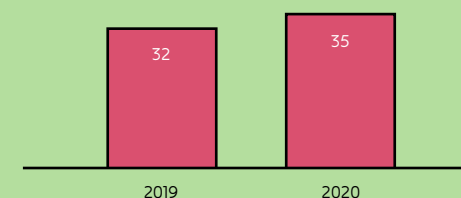
Vår Energi Company History



Number of licenses

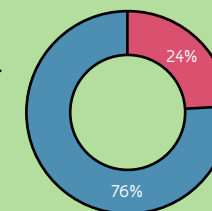


Producing fields



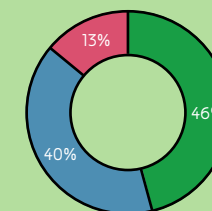
Licenses operated vs. operated by others

- Operated
- Operated by others



Licenses portfolio on the NCS

- North Sea
- Norwegian Sea
- Barents Sea



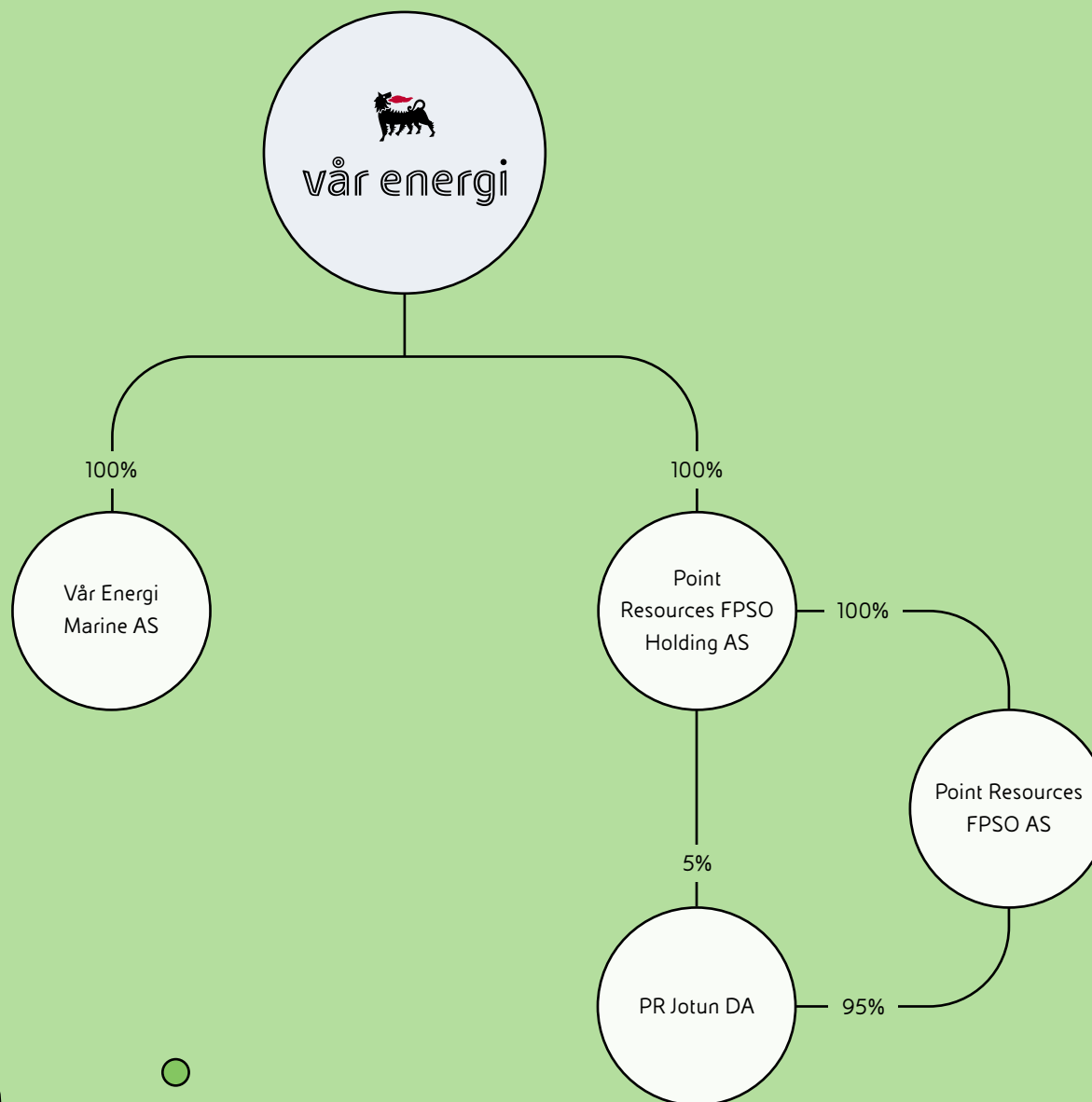
Corporate structure

As of 1 January 2021

The Vår Energi Group comprises of the following companies:

- Vår Energi AS (Parent Company).
- Point Resources FPSO Holding AS.
- Point Resources FPSO AS.
- PR Jotun DA.
- Vår Energi Marine AS.

The Company also have investments in Norpipe Oil AS, Tjeldbergodden Utvikling AS and Ormen Lange Eiendom AS. These investments are classified as Investment in shares. For more details, see note 3.6.



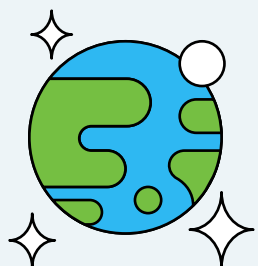
Vision

Vår Energi's vision:

"Committed to deliver a better future"

Vår Energi is committed to deliver positive growth; sustainable environmental, climate and social impacts taken into consideration.

We shall be safe and deliver on expectations, be the partner of choice and together we shall build a better future for our stakeholders and society at large.



Objectives and key strategies

Vår Energi's main business objective is to maintain and further develop the Company as a leading, growing and profitable oil and gas company and thereby deliver value for its stakeholders and shareholders.

To deliver on the Company's main business objective, the following key strategies and activities will be pursued and continue to get the highest priority by the Board of Directors and the Leadership Team going forward:

Operational excellence:

- Excellence in safety and environmental protection.
- Protect base production and maximise uptime, production efficiency and recovery - "Every Barrel Every Day".
- Be a constructive, proactive and preferred partner - establish strategic shared collaboration platforms with internal and external stakeholders.
- Utilise R&D and digitalisation opportunities to unlock stranded potential in all parts of our activities.
- Maximise monetisation of production - secure optimum transportation and processing solutions.
- Develop and take an active part in strategic shared collaboration platforms with both internal and external stakeholders.

Execute projects:

- Secure project economics through sound technical basis and execution performance.
- Fast track resources to reserves and maximise the reserve replacement ratio.
- Safely execute ongoing development projects with high quality and on time and budget.

Exploration:

- Extend production plateau of existing hubs; focus on near- field, short time to market and time critical barrels.
- Explore new opportunities able to deliver stand-alone production hubs.
- High-grade license portfolio; focus on value, acreage quality, operatorships and high participation interests.

Finance and the way we work

- Optimise financial structure and ensure a sound balance between cash flow, investments, debt service and returns.
- Improve the way we work; develop efficient business processes and systems.
- Build high performing teams where people are continuously developed, drive value creation, functional excellency, embrace diversity, and live our values and live our values as "One Team".

The key strategies are supported by the Company's sustainability objectives and "VI VIL" values:

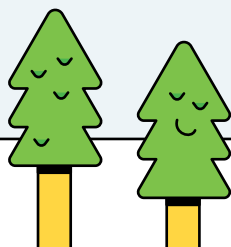
Growth

Integrity

Will to win

Team player

Inspiring



Strategic achievements

2020 has been a challenging year for the Company with the outbreak of the global Covid-19 pandemic followed by a collapse in commodity prices. The main focus of the Company's response has been, and continues to be, on reducing the risk of the virus spreading in the operations and safeguarding the well-being of the Company's employees and contractors, whilst at the same time minimising the potential impact on the business.

Due to the reduction in commodity prices, the Company made immediate adjustments to its investment plans in 2020 and additional cost reduction initiatives were implemented.

With the introduction of the tax incentive provided by the Government in 2020, some of the activities previously cancelled or postponed, were moved back into the plan. Vår Energi also made an adjustment to its dividend distribution plan in 2020. The extraordinary circumstances have negatively impacted the Company's financial results in 2020. For more information, see the financial review section later in this report.

To date there have been no significant operational business interruptions due to the Covid-19 situation.

Vår Energi delivered strong operational performance and reached several strategic milestones in 2020 despite that 2020 was an extraordinary year:

- No serious incidents and accidents and no significant operational business interruptions due to Covid-19.
- Awarded 17 licenses in APA 2019 in January, of which 7 operated.
- Upgrade of Ringhorne drilling rig completed, additional infill drilling targets were matured, and Ringhorne infill drilling program III started.
- Plan for Development and Operation (PDO) for the Balder Future project approved by the Ministry of Petroleum and Energy (MPE) in June.
- Studies and multiple projects completed to secure Balder Floating Production Unit (FPU) lifetime extension.
- Decommissioning of Jotun B completed safely and according to schedule.
- Significant improvement in uptime achieved on the Goliat field in the Barents Sea.
- First oil from Snorre Expansion Project (SEP) delivered ahead of plan.
- DG3 decision on Sleipner Power from Shore in May.
- Frosk discovery matured and passed DG1 in May and Tommeliten Alpha DG2 in September.
- Jotun FPSO moved to dry dock for refurbishment and upgrade in June.
- Breidablikk PDO submitted to MPE in September.
- First oil on Tor II delivered in December according to plan.
- Successful Goliat 4D seismic survey completed ahead of schedule and below budget.
- 7 non-operated exploration wells drilled – 3 commercial discoveries made and one discovery under evaluation.
- Secured additional funding through a combination of increased availability under the Reserve Based Lending (RBL) facility and 2 unsecured Revolving Credit Facilities (RCFs).
- The Company's first "Sustainability Report" published.

Production

As of year-end 2020, Vår Energi had production from 35 fields. Production in 2020 averaged 265 kboepd. 18 per cent of the production were in the operated fields Balder, Ringhorne, Ringhorne East, Goliat and Marulk whereas 82 per cent were in fields operated by others.

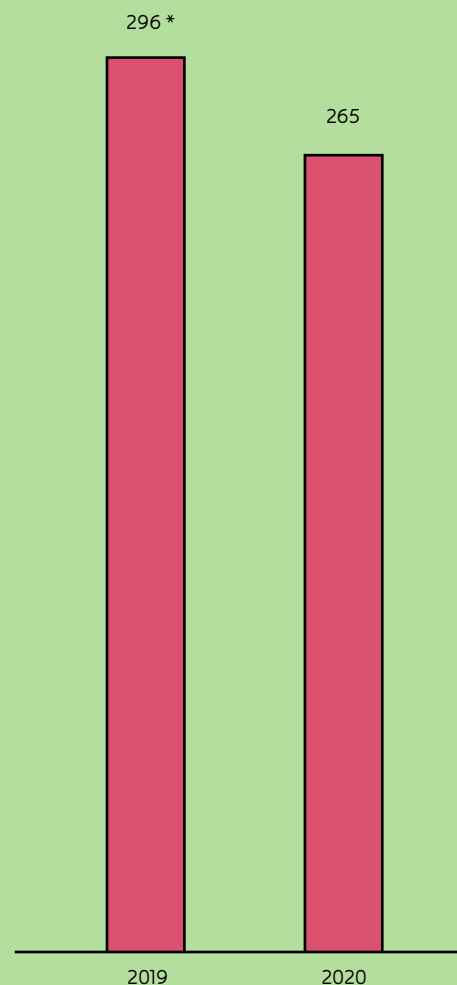
Production of oil in 2020 was 53 per cent, whereas production of gas and NGL were 37 and 10 per cent respectively. The ten largest fields contributed with nearly 80 per cent of the total 2020 production and Åsgard, Goliat, Balder / Ringhorne, Ekofisk and Mikkell alone contributing with nearly 50 per cent of the total production.

Total 2019 production was 296 kboepd (pro-forma full year). The lower production in 2020 when compared to 2019 pro-forma full year production, was mainly due to natural production depletion on the operated Balder and Ringhorne fields and the non-operated Grane and Åsgard fields. See note 2.1 for pro-forma production.

The reduction in production was partially offset by full year production from the non-operated Trestakk field and completion of the riser replacement program at Snorre.

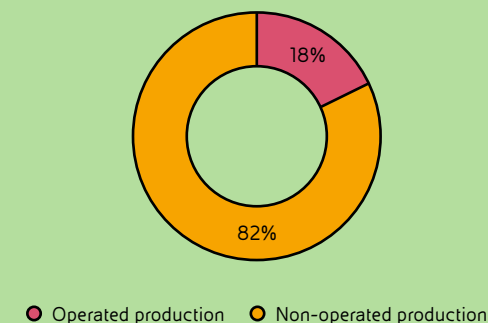
Vår Energi is currently participating in several significant development projects on the NCS, including Balder Future (operated) and Johan Castberg, Fenja and Bauge, and the Company's production is expected to increase significantly over the next 3 - 4 years.

Production (kboepd)

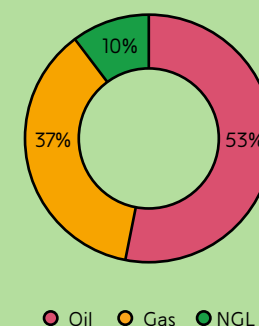


* 2019 production pro-forma full year
(see note 2.1)

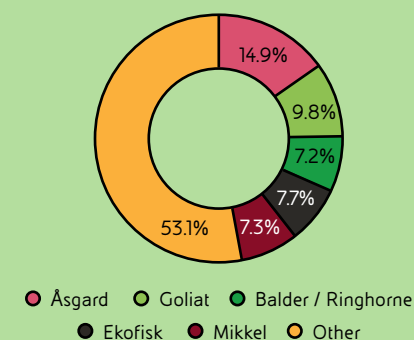
Production



Production



5 largest producing fields



Development projects

In 2020, first oil from the Snorre Expansion Project (SEP) was delivered ahead of plan. The Breidablikk Plan for Development and Operation (PDO) was submitted to the Ministry of Petroleum and Energy (MPE) in September. The Frosk discovery was further matured and passed DG 1 in May and the Tommeliten Alpha passed DG 2 in September.

Vår Energi is involved in several operated and non-operated development projects that over the next 3 - 4 years will increase the Company's production to approximately 400 kboepd.

Operated projects in execution phase

The Balder X project is very important for the Company as the Balder and Ringhorne area contains material undeveloped resources. The PDO for the Balder X Project was approved by the MPE in June 2020. The resources will be developed into production in several phases. The Ringhorne Phase III workover and drilling program has already started. It will be followed by the Balder X project, which has the objective to further increase production and recoverable reserves at the Balder field and to provide capacity for development of potential future discoveries in the area.

The Balder X project consists of the two sub-projects - Balder Future and Ringhorne Phase IV:

Balder Future Project: Refurbishment and relocation of Jotun FPSO to accommodate tie-ins of thirteen new

production wells and one new water injection well and with future expansion capacity to accommodate tie-in in the area. Jotun FPSO will be refurbished and relocated between Ringhorne and Balder FPU and reconnected to the Ringhorne Platform.

Ringhorne Phase IV: Continuation of the Ringhorne Platform drilling activities, the Ringhorne Phase III drilling campaign and execution of the Ringhorne Phase IV Drilling Campaign comprising 5 additional wells.

The net reserves to Vår Energi captured from Balder X are estimated to 143 mmbœ. Vår Energi's investment in the Balder X project is estimated to approximately NOK 19.8 billion.

Partner-operated projects in execution phase

The Johan Castberg project includes the development of three oil and gas discoveries (Skrugard, Havis and Drivis). The development of the field has been impacted by the Covid-19 pandemic in 2020 and is now scheduled to come on stream in the fourth quarter of 2023. The field is expected to produce for 30 years, with a peak gross production rate of 205 kboepd. Vår Energi holds a 30 per cent participating interest in the field with Equinor as operator. The development concept consists of 30 subsea wells drilled from ten subsea templates and two satellite wells tied back to a FPSO from which the produced oil will be offloaded onto shuttle tankers.

Fenja is a subsea development that will be tied back to the Njord A platform. It consists of two subsea templates with six planned wells. The processed oil will be routed to the Njord B FSU before export via shuttle tankers. Vår Energi owns 45 per cent of Fenja, with Neptune as operator. First oil is scheduled in 2022.

Bauge has a planned start-up in 2021 and is expected to produce for more than 10 years. Bauge is a subsea development that will be tied back to the Njord A installation and consists of a subsea template with a total of two wells. The oil will be routed to the Njord B vessel before export via shuttle tankers. Vår Energi owns 17.5 per cent of Bauge, with Equinor as operator.

The expected production start on Breidablikk is early 2024. PDO submission in 2020 represents a significant achievement in the midst of the Covid-19 pandemic. Vår Energi played a pivotal role in the subsurface maturation and project optimisation based on a long and strong presence in the Balder area. The project will add about 75 mmbœ reserves net to Vår Energi. The development includes four six-slot templates, with 23 planned production wells, tied back to Grane. The preparation for the Grane topside modification scope and offshore mobilisation has started, subsea system marine campaign starts in 2021, with drilling first well spring 2022.

For more information about the Company's development projects, see www.varenergi.no.

Exploration

During 2020, Vår Energi has been active in all parts of the NCS through exploration and appraisal drilling, licensing rounds and portfolio optimisation. The Company's main exploration goal is to deliver commercial reserve replacement through active near field exploration in close proximity to our producing assets combined with selective high risk / high reward exploration in frontier areas.

In January 2020, Vår Energi AS was awarded 17 new licenses in the APA 2019 licensing round of which 7 as operator.

A lot of effort was also put into the APA 2020 licensing round, resulting in 10 awards of which 5 operated. 3 of the operated licenses awarded are located close to the Company's core hubs - Balder and Goliat, whereas 2 of the operated licenses awarded have new hub potential. The non-operated licenses were located close to other key hubs. The awards are in line with the Company's hub strategy.

In 2020 the Company participated in 8 non-operated exploration wells. 3 of the wells are considered commercial and one well is still under evaluation for residual potential. One of the wells was concluded as a technical discovery and 3 wells as dry. 18.1 mmboe of reserves were found to achieve a finding cost post tax of approximately USD 1 per barrel.

As part high-grading and optimising the exploration asset portfolio, 14 licenses were relinquished in 2020 (of which 2 operated).

Key priorities for 2021 include drilling of the operated King/Prince and Rødhetta wells and follow-up partner operated wells. All wells in 2021 are located close to the Company's key hubs (near field exploration for high margin barrels) and in case of a discovery will be developed fast in accordance with Vår Energi's "short-time-to-market" objective.



Reserves and resources

(Based on SEC rules)

At the end of the 2020, the Company's total proved and probable reserves (2P) net to Vår Energi were 1 147 mmboe, down from 1 328 mmboe at year-end 2019.

The reduction from 2019 to 2020 is mainly due to a combination of high production (97 mmboe) in 2020 and downward revisions of reserves due to the reduction in commodity prices during 2020.

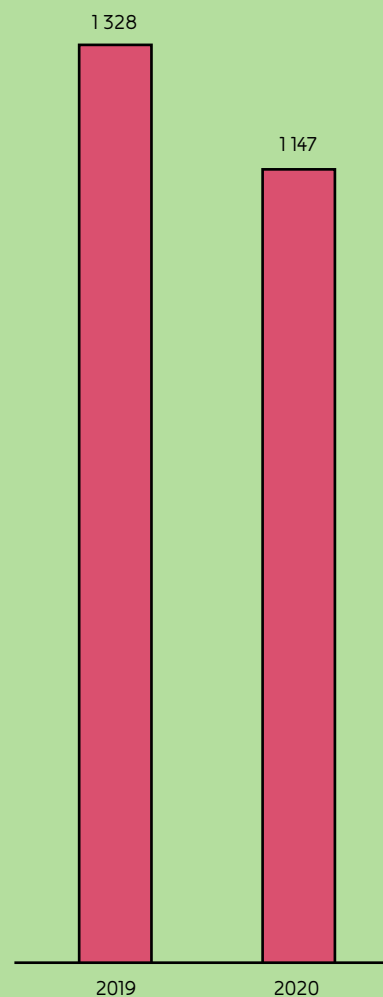
Total contingent resources (3C) at year-end 2020 were 421 mmboe, an increase of 18 mmboe when compared with year-end 2019.

Total proved and probable reserves are distributed with 55 per cent in the North Sea, 26 per cent in the Norwegian Sea and 19 per cent in the Barents Sea. 73 per cent of the Company's proved and probable reserves were oil, whereas 22 per cent were gas and 5 per cent were NGL.

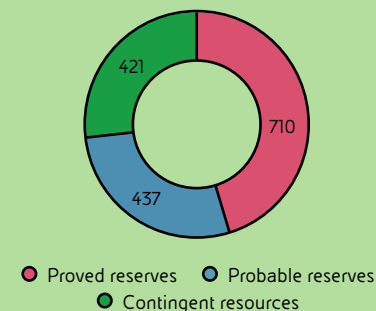
The Company's 5 largest fields - Balder and Ringhorne, Goliat, Johan Castberg and Snorre combined amounts to approximately 50 per cent of total proved and probable reserves.

The Company's reserve life index (RLI) at year-end 2020, calculated on the basis of proved and probable reserves, was 11.8 years.

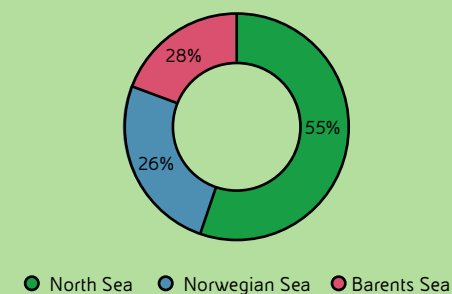
Proved and probable reserves (mmboe)



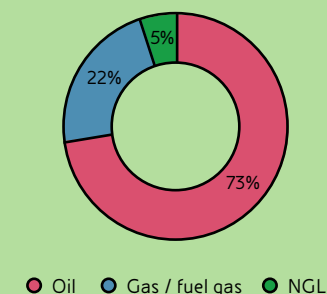
Reserves and resources (mmboe)



Proved and probable reserves (mmboe)



Proved and probable reserves (mmboe)



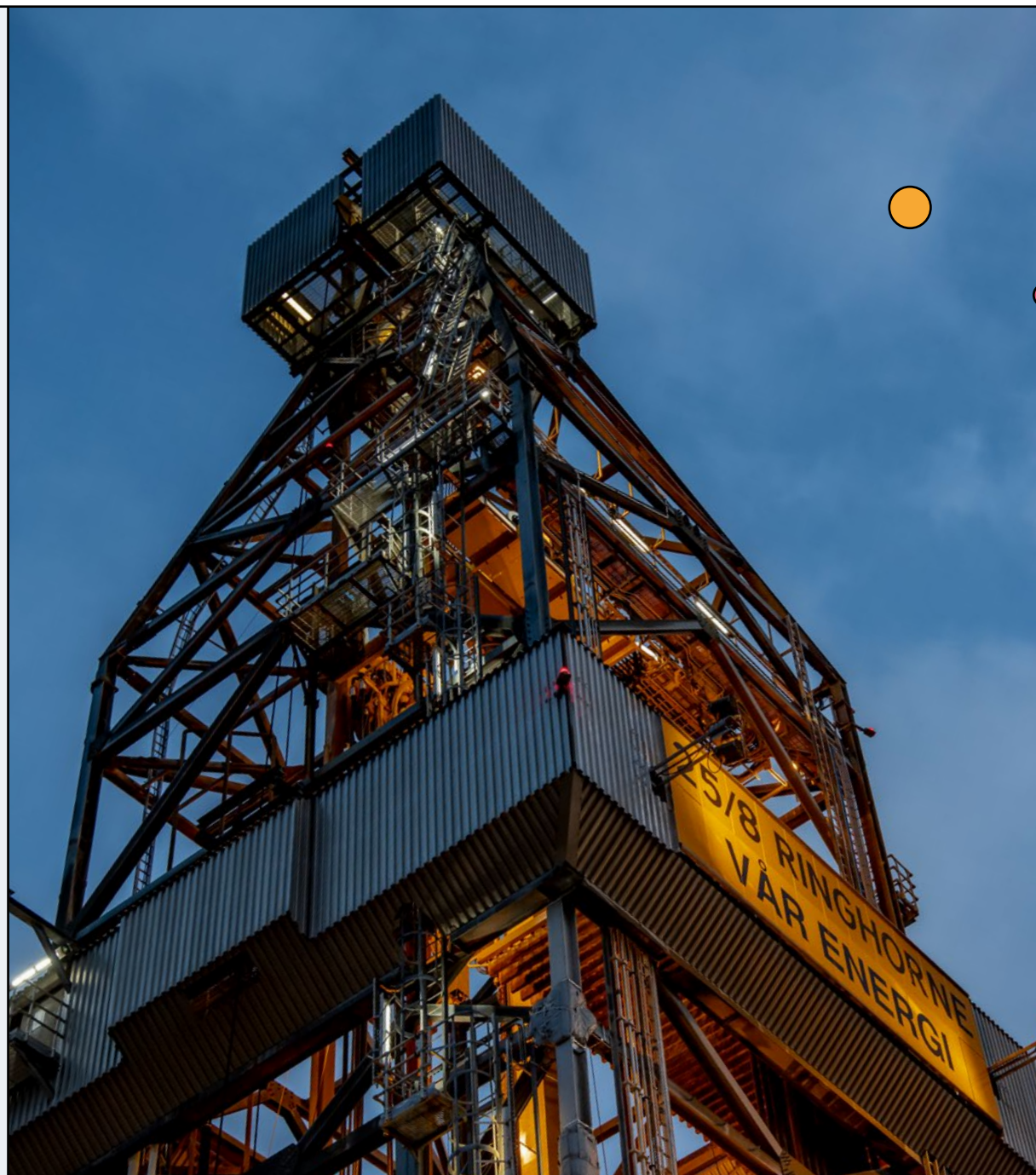
Financial review

The going concern assumption

A key objective of the Company is to have sufficient cash, cash equivalents and loan facilities to be able to finance its operations and investments in accordance with the company's business plan and portfolio commitments.

The Board of Directors confirms that the financial statements of the Company have been prepared under the going concern assumption in accordance with the Norwegian Accounting Act, section 3-3 a.

The Board of Directors is confident that Vår Energi is well positioned to continue its operations, based on the current balance sheet, production and cash flow forecasts and projected investments and expenses.



Consolidated income statements

On 10 December 2019, Vår Energi acquired ExxonMobil's (EM) ownership interests in partner operated fields and licenses on the Norwegian Continental Shelf. The acquisition included more than 20 producing fields, including 6 fields with ownership interests also previously held by Vår Energi. In addition, the acquisition included licenses with future development projects and exploration potential.

The transaction with EM was recorded as a Business Combination and was completed on 10 December 2019. For tax and economic purposes, the effective date of the assets transferred was 1 January 2019. The 2020 financial statements include full year effect of the partner operated assets acquired from EM whereas the 2019 financial statements only include the impact from the transaction from 10 December.

Total operating revenues in 2020 amounted to NOK 27 028 million, an increase of NOK 1 812 million when compared to the NOK 25 216 million reported for 2019.

Total petroleum revenues including gain on realised crude put options in 2020 amounted to NOK 26 949, compared to NOK 24 897 million in 2019. The increase was due to higher production in 2020 (97.1 mmboe) when compared to 2019 (56.5 mmboe), partially offset by lower prices. The higher production in 2020 was due to the completion of the acquisition of the non-operated assets from Exxon-Mobile in December 2019. For more details, see note 2.2.

Gain on realised crude put options from the Company's hedging program amounted to NOK 1 622 million in 2020.

Other operating revenues in 2020 amounted to NOK 79 million. The corresponding amount for 2019 was NOK 319 million. For more details, see note 2.3.

Total volumes sold increased from 56.1 mmboe in 2019 to 92.1 mmboe in 2020.

Realised average price per boe amounted to USD 38.3 in 2020 whereas realised average prices per boe for 2019 were USD 63.0 in 2019. The corresponding figures including hedging effects were USD 50.0 per barrel and USD 63.7 per barrel respectively.

Operating revenues

| (NOK million) | 2020 | 2019 |
|--|---------------|---------------|
| Crude oil | 18 276 | 19 507 |
| Gas | 5 053 | 3 922 |
| NGL | 1 998 | 1 438 |
| Revenues from sale of petroleum products | 25 326 | 24 867 |
| Gain on realised crude put options | 1 622 | 30 |
| Petroleum revenues and gain on realised crude options | 26 949 | 24 897 |
| Other operating revenues | 79 | 319 |
| Total operating revenues | 27 028 | 25 216 |

Consolidated income statements

Production cost in 2020 amounted to NOK 7 801 million and transportation cost NOK 2 542 million. The corresponding figures for 2019 were NOK 7 468 million and NOK 1 251 million.

The increase in production cost year-over-year was mainly due to the acquisition of EM's non-operated licenses, partially offset by cost reductions in the Company's operated assets Balder, Ringhorne and Goliat and in the non-operated Ekofisk license.

Production cost for 2020 ended at USD 10.4 per barrel, down from USD 13.2 per barrel in 2019.

Other operating expenses in 2020 ended at NOK 961 million, up from NOK 429 million reported for 2019. As part of the agreement with EM for the acquisition of EM's operated assets on the NCS in 2017, a contingent consideration was agreed between the parties in relation to the possible development of the Forseti structure. The change in the value of the contingent accrual amounted to NOK 641 million in 2020. For more details on other operating cost, see note 2.6 and note 4.3.

Exploration cost expensed ended at NOK 740 million, down from NOK 932 million in 2019. Exploration activity in 2020 was reduced following the Covid-19 pandemic.

The increase in depreciation, depletion and amortisation (DD&A) of NOK 6 222 million from NOK 9 007 million in 2019 to NOK 15 229 million in 2020 was due to the acquisition of EM's non-operated assets and higher production year-over-year.

Total impairments amounted to NOK 8 648 million. The 2020 impairments were mainly caused by lower commodity prices.

Total operating expenses for the year ended at NOK 35 921 million, up from NOK 18 514 million in 2019. EBIT for the year was negative NOK 8 893 million, down from NOK 6 703 million reported for 2019.

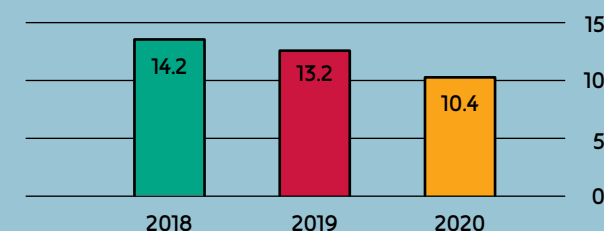
Net financial items amounted to NOK 379 million. The corresponding number for 2019 was NOK 97 million. The increase in net financial items was mainly due to a positive exchange rate gain on the Company's USD denominated borrowing facilities.

Profit before income taxes in 2020 was negative NOK 8 514 million, down from NOK 6 799 million in 2019 and loss for the year ended at NOK 5 565 million.

Consolidated income statements

| (NOK million) | 2020 | 2019 |
|---|----------------|----------------|
| Operating revenues | 27 028 | 25 216 |
| Production cost | -7 801 | -7 468 |
| Transportation cost | -2 542 | -1 251 |
| Other operating expenses | -961 | -429 |
| Exploration cost expensed | -740 | -932 |
| DD&A | -15 229 | -9 007 |
| (Impairments) / reversal of impairments | -8 648 | 573 |
| Total operating expenses | -35 921 | -18 514 |
| EBIT | -8 893 | 6 702 |
| Net financial items | 379 | 97 |
| Profit before income taxes | -8 514 | 6 799 |
| Taxes on ordinary income | 2 949 | -4 288 |
| Profit / (loss) for the period | -5 565 | 2 511 |

Production and transportation cost (USD / boe)



Condensed consolidated cash flow statements

Cash flow from operating activities amounted to NOK 14 070 million. The corresponding number for 2019 was NOK 11 979 million. The increase in cash flow generated from operating activities is due to higher production following the acquisition of EM's non-operated assets on the NCS, partially offset by lower prices.

The operating loss (EBIT) reported in 2020 was NOK 8 893 million. The difference between the reported operating loss and cash flow from operating activities of NOK 14 070 million was mainly due to depreciation (DD&A) and impairment of oil and gas properties expensed in the consolidated income statements.

Net cash flow used in investing activities amounted to NOK 17 092 million, down from NOK 38 473 million the preceding year. The NOK 38 473 reported in 2019 included the acquisition cost of EM's non-operated assets on the NCS.

The 2020 investments were financed by a combination of increased drawdowns on the RBL facility and cash flow from operations.

Cash flow from financing activities before dividends amounted to NOK 7 954 million. Net cash flow before dividends amounted to NOK 4 931 million and net cash flow after dividends ended at NOK 549 million.

The cash position in the Company was NOK 2 324 million at year end, an increase when compared to the NOK 1 791 million at year-end 2019.

Condensed consolidated cash flow statements

| (NOK million) | 2020 | 2019 |
|--|--------------|---------------|
| Cash flow from operating activities | 14 070 | 11 979 |
| Cash flow used in investing activities | 17 092 | 38 473 |
| Cash flow from financing activities before dividends | 7 954 | 34 201 |
| Net cash flow before dividends | 4 931 | 7 707 |
| Dividends | 4 382 | 14 712 |
| Net cash flow after dividends | 549 | -7 005 |
| Cash position - end of period | 2 324 | 1 791 |

Consolidated balance sheet statements and financial position

Total assets at year-end 2020 were NOK 131 967 million. The corresponding figure for 2019 was NOK 133 503 million.

Total non-current assets were 118 494 million, down from NOK 119 506 million reported for 2019. Total additions in tangible assets in 2020 amounted to NOK 22 735 million and related mainly to the Company's investments in its portfolio of discoveries (wells and production facilities and facilities under construction). Total depreciation and impairment provisions amounted to NOK 23 237 million. For more details, see note 3.2.

Total current assets were reduced from NOK 13 997 million in 2019 to NOK 13 473 million in 2020. The reduction was caused by lower inventory and trade and other receivables. Partially offset by a tax receivable at year-end.

The cash position at year end was NOK 2 324 million, up from NOK 1 791 million reported for 2019.

Total equity at year end 2020 amounted to NOK 12 031 million, down from NOK 22 111 million reported for 2019. The equity-share at year-end 2020 was 9 per cent.

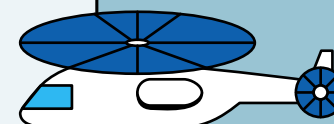
Total non-current liabilities at year end were NOK 110 843 million compared to NOK 87 921 million in 2019. The increase in total non-current liabilities is due to a combination of an increase in interest-bearing loans to fund ongoing development activities, an increase in deferred tax liabilities following the temporary changes in tax regulations in 2020 and an increase in abandonment obligations due to estimate changes of abandonment commitments for certain assets.

Total current liabilities were reduced from NOK 23 471 million in 2019 to NOK 9 093 million in 2020. At year-end 2019 the Company had taxes payable, whereas at the end of 2020 the Company had a tax receivable classified as current assets in the balance sheet statements.

Accrued dividends at year end 2020 amounted to NOK 1 913 million.

Consolidated balance sheet statements

| (NOK million) | 2020 | 2019 |
|---------------------------------------|----------------|----------------|
| Total non-current assets | 118 494 | 119 506 |
| Total current assets | 13 473 | 13 997 |
| Total assets | 131 967 | 133 503 |
| Total equity | 12 031 | 22 111 |
| Total non-current liabilities | 110 843 | 87 921 |
| Total current liabilities | 9 093 | 23 471 |
| Total equities and liabilities | 131 967 | 133 503 |



Subsequent events

In January 2021, Vår Energi was awarded in the APA 2020 licensing round 10 licenses, of which 5 operated. 3 of the operated licenses awarded are located close to the Company's core hubs - Balder and Goliat, whereas 2 of the operated licenses awarded have new hub potential. The non-operated licenses were located close to other key hubs. The awards are in line with the Company's hub strategy.

An agreement was signed on 5 February 2021 with Mime Petroleum AS to sell 10 per cent of the Jotun FPSO from Vår Energi AS, and to include the Jotun FPSO in the Balder/Ringhorne Joint Venture accounts.

A new oil discovery in production license PL532 in the Barents Sea announced on 10 March 2021. Vår Energi holds a 30 per cent working interest in the license. The well was located about 10 km southwest of the Skrugard discovery. An oil column of over 100 meters was proved and preliminary estimated size of the discovery is between 31 and 50 mmboe of hydrocarbons in place.

Vår Energi AS (Parent Company) - 2020 results

and dividend distribution

Vår Energi AS reported NOK 27 028 million in total operating revenues in 2020. Total operating cost ended at NOK 36 510 million. The NOK 589 million difference when compared to the consolidated financial statements is caused by the sale and purchase agreement for the Jotun FPSO by Vår Energi AS from PR Jotun DA that is eliminated on consolidation. EBIT for the year was negative NOK 9 482 million, whereas loss before tax amounted to NOK 9 068 and loss for the year was NOK 6 530 million.

Total assets amounted to NOK 135 187 million at year-end 2020. Total non-current assets were 121 932 million and current assets NOK 13 255 million.

Total equity reported was NOK 11 039 million, whereas non-current liabilities reported were NOK 111 559 million and current liabilities were NOK 12 589 million.

Allocation of net results in Vår Energi AS (Parent Company)

The Board of Directors, having no knowledge of any matters not disclosed that could be of significance when evaluating the Parent Company's financial position, recommends the following allocation of net income and distribution of dividends:

The Parent Company's equity at 31 December 2020 before provision for dividends not declared was NOK 12 952 million. Accrued dividend at year end 2020 is NOK 1 913 million. The equity-share at year-end 2020 was 8 per cent. Available liquidity and cash projections show that the Company have sufficient earnings and cash flow to support the proposed dividend and sufficient financing capacity to execute its development and exploration projects.

Further, the Company has under the Reserve Based Lending (RBL) facility, available funds to support the Company's financial commitments related to its projects and, after the dividend distribution, will be within the financial covenants provided for in the RBL agreement.

Governance, risk and compliance



Corporate governance

Vår Energi's Corporate Governance Framework aims to ensure that its business is conducted efficiently and responsibly, that responsibilities are allocated in a clear manner and that the interests of shareholders, the Board of Directors and the Leadership Team are fully aligned. In pursuit of this objective, the Company is committed to applying a high standard of corporate governance principles.

Internal control

Vår Energi has established an internal control environment to ensure that the risk of mistakes and frauds in the financial reporting or financial statements is prevented. The internal controls are periodically assessed and modified to comply with changes in the organisation or its business activities. A compliance function has also been established to monitor internal controls with respect to compliance with internal and external laws and regulations. Any material deviations from the established internal control design will be reported to Management, the Risk and Compliance Committee and the Audit Committee.

Internal audit

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



Risk management

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

Vår Energi's Risk Management Framework provides a systematic approach for the identification, assessment and management of the key risks and opportunities that may impact the delivery of strategic objectives. The framework promotes a bottom-up approach to risk management with a top-down support and challenge.

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

Operational risks

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

There is always a risk that a major operational incident could occur as drilling, production and decommissioning activities will never be completely risk-free. Further, there are risks related to the integrity of the Company's assets, risks associated with the reported reserves and resources, risks associated with inability to expand reserves or find replacement reserves and risks associated with third-party contractors or operators, as a large share of the Company's assets are operated by others.

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

In addition, the Company's risk management includes contingency plans to minimise the potential impact if an operational incident should occur.

Financial risks

The Company is exposed to market fluctuations in commodity prices, foreign exchange rates and interest rates. These fluctuations could impact the Company directly or indirectly as they may influence banks' and investors' appetite to lend to, or invest in, the Company.

The Company considers its credit risk or financial risk of partners to be low, as its licence partners are considered creditworthy oil companies and procedures are in place to assess financial risk related to existing and new suppliers.

The Company is highly focused on active risk management through hedging, liquidity focus and insurance. The Company has insured its pro-rata liability on the NCS in line with the best industry practices and has offshore insurance programmes covering the following risks (non-exhaustive):

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

Risk management

Commodity price risk

Vår Energi operates in the crude oil and natural gas market. Fluctuations in hydrocarbon prices can therefore have an effect on the Company's revenues. Commodity price risks represent the Company's most important market risk going forward. To manage this risk, Vår Energi secures cash flows from sale of crude oil through commodity price hedging. However, a downturn in oil prices could still result in a dampened sentiment amongst market players to invest in exploration and new developments that could adversely impact the growth ambitions of the Company. In order to reduce the risk related to oil price fluctuations, the Company has established an oil price hedging programme. At the end of 2020, the Company had put in place a hedging programme for 2021 where 100 per cent of planned after-tax volumes for oil have been hedged by acquiring monthly settled oil price put options with a strike price of USD 40 per barrel. To align after-tax cash flows and adjust for different tax treatment of financial derivatives and the underlying oil production, 28.2 per cent of the planned production volume is hedged.

Currency risk

Currency risks arise from multi-currency cash flows within the Company. Vår Energi is exposed to foreign currency exchange risk on its purchase and sales, including financing costs that are denominated in currencies other than NOK.

Interest rate risk

The Company's interest rate risk arises from its interest-bearing borrowings. Borrowings issued with floating interest rate conditions expose the Company to interest rate risk.

Liquidity risk

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

External risks

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

from the response to climate change. The Company aims to develop and maintain a portfolio of assets that remains resilient as the Government's response to climate change evolves.

Other risks

Other risks actively monitored by the Company include Covid-19 pandemic and cyber security.

Risk management and identification of opportunities

Identification and assessment of opportunities is also an integrated objective of Vår Energi's Risk Management Framework. The process seeks to not only identify risks and how they can be mitigated, but also identify opportunities and actions required to deliver above expectations and realise upside potential. Opportunities may include more efficient drilling, portfolio optimisation, collaboration with strategic partners, cost reductions, performance improvements, selection of proved design solutions, digitalisation etc.

Vår Energi has a systematic approach to identifying, evaluating and mitigating risk factors in our work environment and processes, whilst ensuring that we are compliant and maintain safe operations.

Vår Energi Management System (VEMS)

A robust and integrated Management System is core to how the business is run and how the Company approaches corporate governance and risk management. Vår Energi's Management System (VEMS) is an interactive web-based system available to all personnel working in or for the Company.

VEMS is process-oriented, developed around a set of business process maps with supportive links to governing and key documentation including Norwegian regulatory requirements, Company requirements and international standards and procedures.

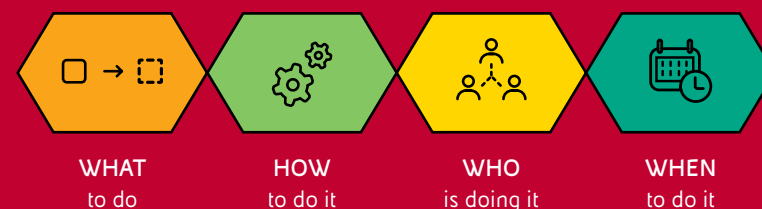
VEMS sets out all mandatory policies, standards and controls necessary to manage key activities and associated risks and thereby ensure that stakeholder's needs and expectations are met or exceeded.

VEMS also provides a clear picture of the way Vår Energi manages its business through its assets, its processes and its people (organisation) and thereby creates a sound basis for the achievement of the Company's objectives and value creation for stakeholders. Furthermore, VEMS works as a management tool to communicate company requirements and demonstrate compliance with both Norwegian regulatory and corporate requirements.

The management system is a vital part of our culture. VEMS is essential for facilitating Vår Energi in reaching its objectives.

The management system is a set of tools for strategic planning and tactical implementation of policies, practices, guidelines, processes and procedures.

It provides common direction and guidance and enables us to work effectively in all parts of our organisation.



Sustainability

Vår Energi is committed to delivering sustainable growth opportunities on the Norwegian Continental Shelf (NCS). The Company is driven by its strong belief in the future of its industry and that of the Norwegian Continental Shelf, reflected in Vår Energi's vision statement; committed to deliver a better future. The Company is strongly committed to creating value for both shareholders and the Norwegian society at large. Oil and gas will continue to play a fundamental role in the global energy mix long into the future. However, real action is needed to reduce climate emissions and to tackle the climate challenges. Consequently, sustainability is the key to Vår Energi's long-term value creation. Together with the entire Norwegian oil and gas industry, Vår Energi is working to meet ambitious climate targets.

Vår Energi is strongly committed to and supports the Paris Agreement, and targets have been set for reducing greenhouse gas (GHG) emissions as stated in the KonKraft 2020 report, Industry of Tomorrow on the Norwegian Continental Shelf, Climate Strategy towards 2030 and 2050. Vår Energi will reduce GHG emissions even further by cutting 50 per cent by 2030 and work towards net zero emissions in 2050.

The health and safety of its employees, contractors, and other partners is the top priority for Vår Energi. The company's goal is to be the safest operator on the NCS, which is a value integrated both in company culture and in its business plans. In 2020, no serious injuries were recorded despite high levels of activity both offshore and onshore.

The company has maintained close collaboration with the industry and communities to ensure that its activities lead to the creation of new jobs and opportunities as well as economic and social ripple effects. Vår Energi also actively contributes to the development of strong value chains and value creation in local communities. Through Vår Energi's activities and requirements, the supplier industry is able to develop new technology and innovative solutions while driving down climate emissions in a cost-effective manner. Vår Energi also contributes to large joint industry R&D projects where the company collaborates with industry partners to find the solutions to create a more sustainable future.

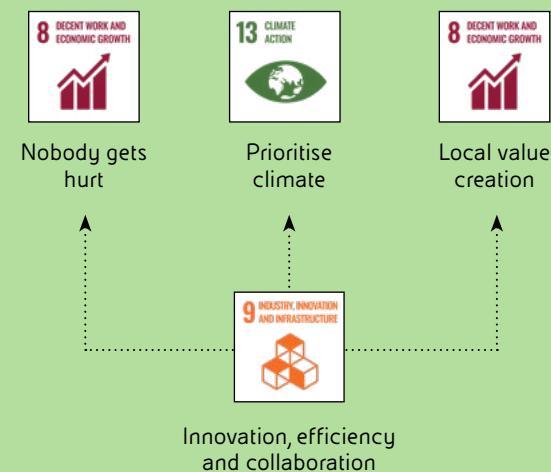
2020 was an extraordinary year, characterised by a pandemic which impacted all aspects of life. For Vår Energi the sharp fall in commodity prices, the contraction in energy demand and other consequences of the Covid-19 pandemic led to many operational challenges and made it necessary to find new and smarter ways of working.

The ongoing digitalisation of operations to increase operational efficiency means that the Company is going into 2021 better able to capture sustainable economic growth. The temporary changes to the fiscal regime, introduced by the Parliament to sustain industry activity, enabled Vår Energi to pursue plans which had been put on hold.

Vår Energi's targets and ambitions:

- 1: 50 percent reduction in GHG emissions from operated assets in 2030 (Scope 1).
- 2: Near zero GHG emissions from operated assets in 2050 (Scope 1).
- 3: All new developments shall be electrified with power from shore or from renewable offshore power production.
- 4: Reduce emissions through R&D.
- 5: Safest operator on the NCS.
- 6: 40 percent gender diversity in the entire organisation.
- 7: Sustainability to be considered in all tenders where material and feasible.
- 8: Engage local communities to create value.
- 9: Zero discharge of environmentally hazardous substances.

Vår Energi's strategy for sustainable growth:



Research and development (R&D)

Vår Energi has established a R&D strategy that sets clear and coherent R&D goals that echoes the Company's commitment of always operating in line with the United Nations' seventeen Sustainable Development Goals (SDGs). Vår Energi's 2019 Sustainability Report (available on www.varenergi.no) details the commitment and presents Vår Energi's sustainability performance and ambitions. The 2020 Sustainability report will be released later this year.

Technology challenges and opportunities regarded as important to both develop and expand the Company's activities on the NCS in a profitable and sustainable manner, are continuously identified and considered. Vår Energi's R&D objectives are aligned with the national (OG21) and Eni Spa R&D objectives and strategies.

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

- Safety and Environmental Protection.
- Decarbonisation.
- Successful Exploration.
- Operational Excellence.
- Maximise Recovery.

Total R&D cost expensed in 2020 amounted to NOK 237 million, an increase from the NOK 171 million reported for 2019.

Vår Energi's R&D portfolio included 35 projects in 2020, several of the projects focused on reducing emissions, carbon capture, automated drilling processes and downhole fluid control.

Digitalisation and performance improvement

The Company's digital vision is "Turning Bytes into Barrels". Vår Energi's digital strategy is to be an agile adopter of digital opportunities to ensure safe operations, increased efficiency and increased competitiveness by enabling new ways of working through People, Process and Technology:

- Ensure every investment gives value and is aligned with defined business priorities
- Leverage on available digital ecosystem and technologies with demonstrated value
- Maximise synergies with Eni S.p.A Digital Agenda

The Digital Transformation program has a business-driven approach and leverages on proven technology to secure value creation. In 2020 a total of 53 initiatives have been put forward from the business and are now in different stages in the digital portfolio.

Key projects delivered in 2020 include:

- Production Dashboard – easy access and visualisation of critical production data.
- Automating Manual Processes – leverage robotic process automation technology to automate manual processes.
- Energy Management system – enabling reduction of energy consumption and CO₂ emissions.
- Data Platform – MVP implementation to enable the digital roadmap and increase ICT efficiency.
- Subsurface Data Landscape – improving data governance.
- Digital Academy – boosting the digital competency in Vår Energi.

The Vår Energi long-term value creation program «Realise our Potential» (ROP) was established in October 2019, focusing on high potential improvement areas. The 2020 scope was Goliat operating expenses, uptime and increased recovery, support functions and commercial. The program delivered above plan in 2020 due to significant reductions in operating expenses, improved uptime on operated fields and enhanced focus on reducing general and administrative expenses. Remaining merger synergies were realised, and several improvements completed and exceed the targeted improvement areas.

Health, safety, security, environment and quality (HSSEQ)

It is the Company's expressed goal to carry out all activities without causing harm to people or the environment. Vår Energi uses certain key measures to monitor and learn from experiences in our operations to achieve transparency in the way we work. By requiring the use of high-quality and sustainable solutions in our own operations and the ones used by our suppliers: using the best available technologies and methods, emissions to air, discharges to sea, as well as waste generation are reduced as much as possible.

The Company's total recordable injury frequency ("TRIF" for 2020 was 3.5 (number of recordable personnel injuries per million worked hours *), which is somewhat higher than the 2019 result. None of the registered personnel injuries are classified as serious.

In 2020, Vår Energi had nine events with higher potential, however no personnel were actually injured during these events. All the events have been investigated according to internal guidelines and measures has been implemented to ensure that our experience leads to improvement.

In 2020 the Company continued to develop and implement a common framework for barrier management. The new framework and related requirements for barrier management in operation in combination with a new

digital tool visualising the status of barriers has ensured increased awareness in the Company. In addition, a common Major Accident Risk Indicator tool was implemented for all production assets in operation. The aim of the tool is to increase knowledge and awareness of the complex nature of major accident risk and to ensure targeted action to reduce it.

Promoting a good working environment and HSE culture is an important goal for Vår Energi, and it is therefore an integral part of the Vår Energi's Management System (VEMS). The management system is certified in accordance with ISO-standard 14001 and ISO 45001.

The 2020 Safety and Sustainability program activities have generally been conducted according to plan in 2020 with some delays due to Covid-19 restrictions. A 2021 Safety and Sustainability program has been prepared by the Company.

Vår Energi is strongly committed to and support the Paris Agreement, and we commit to reduce the CO₂ emissions from our operated assets (Scope 1 emissions) by 50 per cent by 2030 and work towards zero emissions in 2050. Total CO₂ emission intensity in 2020 from installations subject to EU-ETS are 7 kg/boe.

Throughout 2020, Vår Energi has worked systematically to avoid hazardous exposure and to maintain a high standard for hygiene, food handling and potable water quality. Optimisation of the infectious disease management plans was conducted through 2020 due to the pandemic situation (Covid-19).

In 2020 the Company has performed mapping of working environment risks offshore with the goal of providing an overview of physical, chemical, biological ergonomic and organisational conditions, to be able to implement relevant and targeted risk-reducing measures. The overall goal is to use prioritised technical improvements to contribute to reduced working environment risk for employees and maintain safe and secure operations on all installations. In addition, there has been performed a psycho-social survey for the whole Vår Energi organisation in 2020 to identify risk areas and follow-up findings.

Maintaining and improving the Vår Energi Emergency preparedness and response organisation have high focus in the company. The Covid-19 outbreak has been a topic for several tabletop exercises throughout the year with involvement from all relevant stakeholders. Learnings from the exercises as well as experience through the daily operations in a constantly changing Covid-19 situation have improved the Company's ability to manage the pandemic significantly.

* TRIF includes incidents on sites not owned / controlled by Vår Energi



Health, safety security, environment and quality (HSSEQ)

Well planned, robust and effective preparedness against acute pollution is implemented in our activities. The Goliat field introduced a new concept for oil spill preparedness on the NCS in 2016, including support from the local fleet of fishing vessels with adapted oil spill response equipment and crew with in-depth knowledge of the waters off the coast of West Finnmark. This is a key element in the Company's oil spill response efforts in the Barents Sea. Our emergency response resources are also available for other activities in the region, including in aid of the local population.

In 2020 Vår Energi has strengthened initiatives and safeguards to improve awareness on security risks and how to prevent, handle and mitigate these. Mandatory nano-learning on cyber security for the entire work force as well as training on security in general for managers have been performed throughout the year.

We work systematically with health, safety, security, environment and quality improvements by being **SAFE, STRONG and CLEAR.**

People, organisation and
working environment

People and organisation

Vår Energi's greatest resource is our people and it is a priority for the Company to offer development through building competence and careers in a healthy working environment. At year-end 2020, Vår Energi employed 861 local personnel and 40 expatriates from the Eni Group, which makes up a total of 901 employees. At the end of 2020, the Company had 196 temporary contract workers.

The majority of employees (486) work at the Company's headquarter at Forus. An additional 32 employees are located in the Oslo office, while 59 employees are located in the Hammerfest office. The company has a total of 324 employees working offshore. Vår Energi promotes equal opportunities and rights for all based on qualifications, and aims to prevent discrimination due to gender, ethnicity, country of origin, age, sexual orientation, language, disability or religion. The Company's Code of Ethics and procedures have regulations to prevent discrimination related to salary, career promotion and recruiting.

The proportion of women employed in Vår Energi year end 2020 was 26 per cent. One of the eight members of the Company's Board of Directors were women. Women held 25 per cent of the executive management team positions (including CEO) and 21 per cent of remaining leadership positions in the company. In 2020 a Gender Balance Task Force was established to work actively to deliver the Company's target to reach 40 per cent female employees onshore and 15 per cent female employees offshore and a ratio of female leaders reflecting the gender balance onshore and offshore.

The activities that have been identified to meet the target include securing leadership focus, develop diversity competence in the organisation, join the "She Index", establish a gender balance communication plan and implement gender balance into the management reporting.

Training and development

Vår Energi believes that professional training and development are important means of advancing the growth, motivation and consequently retention of our employees. Training plans are established with mandatory programmes combined with development initiatives requested by the individual and leader. Training offered to employees involves a combination of a comprehensive e-learning programmes, classroom trainings carried out in-house and on supplier premises, as well as a training programme tailored to each employee's own position. In addition, there is training provided by the Eni Corporate University in Milan.

The company also offer a comprehensive training programme for the offshore organisation and will continue to improve and develop a common program for Vår Energi as part of ongoing integration work. An extensive series of courses will continue during 2021 in accordance with our predefined skill requirements.

In 2020, a Leadership Training Program was rolled out for all leaders in the new Vår Energi organisation.

Sick leave

The sick leave in 2020 was 3.7 per cent for Vår Energi. This is an increase from 2019, when the total sick leave for Vår Energi was 2.1 per cent.

Working environment and collaboration

Vår Energi values its collaboration with employee representatives and is committed to strive for an open dialogue. One important collaboration arena is the Working Environment Committee (WEC / AMU) as described in the Norwegian Working Environment Act, and the established sub-committees. The committees meet quarterly and have an important role to follow up conditions relating to the safety, health and welfare of the employees.

The Works Council (WC) is an arena for the management of the Company and employee representatives to cooperate and improve efficiency and job satisfaction, including sharing information and discuss issues of importance to the Company and its employees. The WC meets regularly. Vår Energi has four trade unions registered in the Company: SAFE, Industri Energi, Tekna and Nito.



Board of Directors

The Board of Directors consists of eight board members. One of the eight members of the Company's Board is a female. Three of the Board members are employee representatives.

The Company has acquired a Directors and Officers liability insurance covering persons who were, now are, or shall be duly elected or appointed directors, officers, managers, in-house general counsel, controller, or risk manager of the Company. The insurance covers all losses the insured shall become legally obligated to pay related to claims up to a defined limit.

Shareholders and stakeholders

Vår Energi is committed to provide information in an open, transparent, and timely manner to our shareholders and stakeholders.

The shares of the Company are privately held by Eni International B.V. and Point Resources Holding AS.



Payments to government

According to the Norwegian Accounting Act section 3-3d pertaining to companies in the extractive industry, the companies are required annually to disclose payments to governments per country and project.

Vår Energi AS paid NOK 3 675 million in corporate tax payments to the Norwegian Government in 2020. The corresponding corporate tax payment in 2019 amounted to NOK 1 848 million.

Area fees per license paid as operator in 2020 to the Norwegian authorities on behalf of the joint ventures (100 per cent figures) are presented in the table to the right.

Net Profit interest (NPI) payment to the Norwegian authorities amounted to NOK 17.5 million (see note 2.6).

The NPI payment is related to licenses awarded in the second licensing round and collected by Petoro.

CO₂ and NOX fees are considered to be taxes paid on consumptions and exempted from this reporting similar to value-added Taxes (VAT).

Disclosure of sales revenues and investments are reported in notes 2.2 and 3.1 / 3.2 in the Financial Statements.

Interest payments are disclosed in note 5.5.

Area fees paid / (refunded)

(NOK million)

| License: | Amount: |
|---------------|---------------|
| PL001 | 2 754 |
| PL027 | 5 731 |
| PL028 | 1 225 |
| PL122 | 5 508 |
| PL201 | 4 284 |
| PL229 | 23 491 |
| PL293 | -7 956 |
| PL489 | -6 516 |
| Total: | 28 521 |

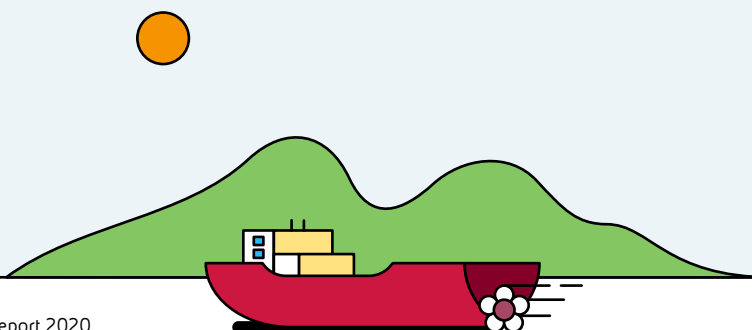


Outlook

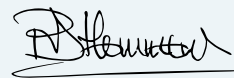
The Norwegian Continental Shelf (NCS) is an attractive province, with a vast resource potential, representing opportunities in which Vår Energi is ready to take part. Vår Energi participates in oil and gas production across the entire shelf, with fields in the Barents Sea, the Norwegian Sea and the North Sea.

The Covid-19 pandemic has created challenges for the oil industry. Under these extraordinary circumstances, Vår Energi's main priorities are the safety of its people and the environment as well as its main financial priorities which are to secure the Company's financial robustness and to maintain financial flexibility to pursue value-accretive growth opportunities going forward.

The Company is committed to continue to explore, develop and produce resources and reserves from its high-quality portfolio of licenses. A business plan for the Company has been jointly developed and sanctioned by the shareholders - the integrated energy company Eni (69.85 per cent) and Norway based leading private equity investor HitecVision (30.15 per cent). The Company has the capacity and competency to continue to deliver its ambitious growth plans, while also providing a safe and sustainable working environment.



Sandnes, 15 March 2021



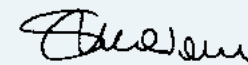
Philip D. Hemmens
Chairman



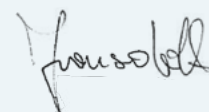
Alessandro Puliti
Board member



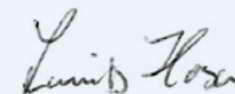
Tor Espedal
Board member



Stefano Maione
Board member



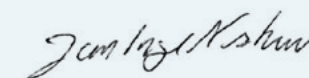
Francesco Gattei
Board member



Laurits Hosar
Board member



Kjersti S. Christ
Board member



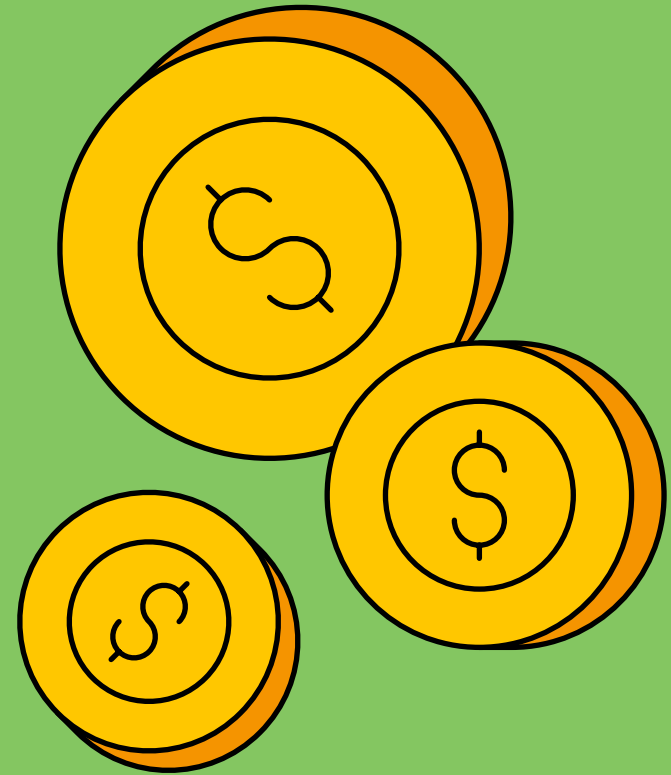
Jan Inge Nesheim
Board member



Kristin F. Kragseth
Chief Executive Officer

Consolidated financial statements

with note disclosures



Consolidated statements of income

| NOK 1 000 | Note | 2020 | 2019 |
|--|----------|--------------------|--------------------|
| Sales revenue | 2.2 | 26 948 710 | 24 897 174 |
| Other operating revenue | 2.3 | 79 395 | 318 921 |
| Total operating revenue | | 27 028 105 | 25 216 094 |
| Production costs | 2.4, 2.5 | -7 800 929 | -7 467 827 |
| Transportation and processing cost | | -2 541 962 | -1 250 571 |
| Other operating expenses | 2.6 | -960 693 | -428 823 |
| Exploration costs | 2.7, 3.1 | -740 326 | -932 128 |
| Depreciation | 3.1, 3.2 | -15 229 241 | -9 007 373 |
| Impairment and reversal of impairments | 3.2, 3.3 | -8 647 809 | 573 089 |
| Total operating cost | | -35 920 961 | -18 513 633 |
| Operating profit / (loss) (EBIT) | | -8 892 855 | 6 702 461 |
| Net financial items | 5.5 | 378 643 | 96 593 |
| Profit / (loss) before income taxes | | -8 514 213 | 6 799 054 |
| Taxes on ordinary income | 6.1 | 2 948 918 | -4 288 393 |
| Profit / (loss) for the period | | -5 565 295 | 2 510 661 |

Consolidated balance sheet statements

| NOK 1 000 | Note | Year end | |
|--|----------|--------------------|--------------------|
| | | 2020 | 2019 |
| ASSETS | | | |
| Non-current assets | | | |
| Intangible assets | | | |
| Goodwill | 3.1 | 5 297 884 | 5 673 107 |
| Capitalised exploration wells | 3.1 | 966 976 | 768 588 |
| Other intangible assets | 3.1 | 921 997 | 921 867 |
| Tangible fixed assets | | | |
| Wells and production facilities | 3.2 | 85 695 156 | 95 319 576 |
| Facilities under construction | 3.2 | 25 270 149 | 16 472 823 |
| Other property, plant and equipment | 3.2 | 311 215 | 272 242 |
| Financial assets | | | |
| Investment in shares | 3.6 | 7 520 | 7 520 |
| Other non-current assets | 3.4 | 22 985 | 70 204 |
| Total non-current assets | | 118 493 882 | 119 505 927 |
| Current assets | | | |
| Inventories | 3.5 | 2 416 423 | 1 730 336 |
| Trade receivables | 7.1, 3.7 | 1 420 089 | 4 519 261 |
| Other receivables and financial assets | 5.3 | 1 743 023 | 5 956 391 |
| Tax receivable | 6.1 | 5 568 958 | - |
| Cash and cash equivalents | 5.7 | 2 324 372 | 1 790 911 |
| Total current assets | | 13 472 866 | 13 996 898 |
| TOTAL ASSETS | | 131 966 748 | 133 502 825 |



Consolidated balance sheet statements

| Year end | | | |
|--|------|--------------------|--------------------|
| NOK 1 000 | Note | 2020 | 2019 |
| EQUITY AND LIABILITIES | | | |
| Equity | | | |
| Share capital | 5.4 | 399 425 | 399 425 |
| Share premium | 5.4 | 16 735 425 | 21 151 241 |
| Other equity | 5.4 | -5 104 086 | 560 348 |
| Total equity | | 12 030 763 | 22 111 014 |
| Non-current liabilities | | | |
| Interest-bearing loans and borrowings | 5.1 | 47 642 216 | 40 462 433 |
| Deferred tax liabilities | 6.1 | 25 336 273 | 16 722 022 |
| Non-current abandonment obligation | 4.2 | 36 350 417 | 29 623 036 |
| Pension liability | 2.5 | - | 226 559 |
| Other non-current liabilities | 4.1 | 1 514 314 | 886 522 |
| Total non-current liabilities | | 110 843 220 | 87 920 572 |
| Current liabilities | | | |
| Current abandonment obligation | 4.2 | 224 152 | 882 192 |
| Accounts payables | 7.1 | 2 157 050 | 2 225 712 |
| Taxes payable | 6.1 | 224 782 | 10 110 920 |
| Current portion of interest-bearing loan | 5.1 | - | 1 796 132 |
| Accrued dividend | 5.4 | 1 912 500 | 1 800 000 |
| Other current liabilities | 5.2 | 4 574 281 | 6 656 284 |
| Total current liabilities | | 9 092 765 | 23 471 240 |
| Total liabilities | | 119 935 985 | 111 391 812 |
| TOTAL EQUITY AND LIABILITIES | | 131 966 748 | 133 502 825 |

Sandnes, 15 March 2021

| | |
|---|---|
|  Philip D. Hemmens Chairman |  Alessandro Puliti Board member |
|  Tor Espedal Board member |  Stefano Maione Board member |
|  Francesco Gattei Board member |  Laurits Hosar Board member |
|  Kjersti S. Christ Board member |  Jan Inge Nesheim Board member |
|  Kristin F. Kragseth Chief Executive Officer | |

Consolidated statements of cash flow

| NOK 1 000 | Note | 2020 | 2019 |
|--|----------|--------------------|--------------------|
| Profit / (Loss) before income taxes | | -8 514 213 | 6 799 054 |
| Depreciation, depletion and amortisation | 3.1, 3.2 | 15 229 241 | 9 007 373 |
| Impairment / reversal of tangible fixed assets | 3.2, 3.3 | 8 647 809 | -573 089 |
| Impairment of exploration wells | 3.1 | 182 467 | 157 756 |
| (Gain) / loss on sale and retirement of assets | 2.3 | -9 466 | -159 794 |
| Utilization of decommissioning provision | 4.2 | -955 897 | -533 160 |
| Accretion expenses (asset retirement obligation) | 4.2 | 701 519 | 535 573 |
| Changes in inventories, accounts and other payables, trade and other receivables, and provisions | | 2 463 462 | -1 359 762 |
| Income tax received / (paid) | 6.1 | -3 675 400 | -1 859 239 |
| Accrued pension cost | 2.5 | - | -35 482 |
| Net cash flows from / -used in operating activities | | 14 069 521 | 11 979 230 |
| Expenditures on exploration and evaluation assets | 3.1, 3.2 | -380 855 | -351 314 |
| Expenditures on other property, plant and equipment | 3.1, 3.2 | -16 434 560 | -10 727 919 |
| Proceeds from sale of assets (sales price) | | 9 466 | 1 273 053 |
| Business combination | 2.1 | -285 822 | -28 666 514 |
| Net cash flows from / -used in investing activities | | -17 091 771 | -38 472 694 |
| Proceeds from other paid-in capital | | - | - |
| Dividends | | -4 382 058 | -14 712 310 |
| Proceeds from loans and borrowings | 5.1 | 9 783 046 | 34 471 761 |
| Proceeds from loans and borrowings, other | 5.1 | -1 829 537 | -270 990 |
| Net cash from / -used in financing activities | | 3 571 452 | 19 488 461 |
| Net change in cash and cash equivalents | | 549 202 | -7 005 003 |
| Cash and cash equivalents, beginning of period | | 1 790 911 | 8 776 704 |
| Effect of exchange rate fluctuation on cash held | | -15 741 | 19 210 |
| Cash and cash equivalents, end of period | | 2 324 372 | 1 790 911 |

1. Background information

1.1 Corporate information

The consolidated financial statements of Vår Energi AS and its subsidiaries (collectively, "the Group" or "Vår Energi") for the year ended 31 December 2020 were authorised for issue in accordance with a Board resolution on 15 March 2021.

Vår Energi AS is a limited liability company incorporated and domiciled in Norway and the Company's shares are privately held. The Group's head office is located at Vestre Svanholmen 1, 4313 Sandnes, Norway.

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

Group structure

The consolidated financial statements of the Group include:

Shares in subsidiaries

| Name | Business location | Voting/Ownership 2020 |
|---------------------------------|-------------------|-----------------------|
| Point Resources FPSO Holding AS | Sandnes, Norway | 100% |
| Vår Energi Marine AS | Sandnes, Norway | 100% |

Shares in subsidiaries indirectly owned

| Name | Business location | Voting/Ownership 2020 |
|-------------------------|-------------------|-----------------------|
| Point Resources FPSO AS | Sandnes, Norway | 100% |
| PR Jotun DA | Sandnes, Norway | 100% |

1.2 Accounting principles

Basis for preparation

The financial statement is reported in accordance with the Norwegian Accounting Act of 1998 and Norwegian General Accepted Accounting Principles.

Basis of consolidation

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss is attributed to the equity holders of the parent of the Group. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Business combination and goodwill

Business combinations are accounted for using the acquisition method. Identifiable assets, liabilities and contingent liabilities are measured at fair value at the date of acquisition. Acquisition date is the date on which the acquirer achieves control over the acquiree and is set at completion date.

The valuation is based on currently available information on fair values as of the acquisition date. Calculation of fair value has been obtained by discounting cash flows from future operations to get to the net present value. If new information becomes available within 12 months from the acquisition date, the Group may change the fair value assessment in the purchase price allocation.

No technical goodwill or deferred tax is recognised for the after-tax consideration paid in business combinations for assets acquired under section 10 of the Norwegian Petroleum Tax Act.

Goodwill arises from difference between the fair value on assets acquired and the calculated purchase price. After initial recognition, goodwill is measured at cost less a straight-line depreciation. The Group has assessed and deemed ten years depreciation plan to be reasonable based on expected production profiles of the acquired assets.

Revenue

Sales of petroleum products are recorded as revenue according to the sales method on the date of delivery, based on the terms and conditions in the sales agreements. Other revenue is recorded at the time of the delivery.

Participation in jointly controlled operations

Vår Energi reflects its net share of income, costs, assets and liabilities in the balance sheet and income statement regarding interests in jointly controlled operations based on the relative ownership share in the individual licenses.

Use of estimates

Estimates and assumptions are used in the preparation of the financial statements in accordance with generally accepted accounting principles. These are based on best estimates available and can deviate from the final actual results.

Income taxes

Income taxes include current payable taxes, adjustment of prior years' payable taxes and deferred taxes.

The deferred taxes are calculated using the full liability method, under which temporary timing differences between assets and liabilities in the financial statements are recognised against their tax basis. The earned uplift on incurred investment is fully taken into consideration when calculating the deferred taxes. Deferred tax assets are only recognised if it is highly probable that the asset will be realised.

Provisions for uncertain tax positions are recognised when an outflow of economic resources embodying economic benefits has become probable.

Exploration costs

Exploration drilling costs are treated in accordance with the successful effort method; each well making the basis for the evaluation. Costs related to exploration wells in progress and exploration wells with finds are capitalized until the evaluation of the well has been completed. Other exploration costs are expensed as incurred.

Net profit interest

The Norwegian State has large holdings in oil and gas licences on the Norwegian continental shelf (NCS) through the State's Direct Financial Interest ("SDFI"). The Balder, Ringhorne, Ringhorne East and Sleipner West fields are subject to a net profit interest ("NPI"), as these fields are located in some of the first licences issued on the NCS. SDFI receives a share of the net profit from the few fields in Norway subject to such agreements. Petoro is a state-owned limited company which manages the SDFI in the Norwegian oil and gas sector.

The net profit interest is calculated on the basis of quarterly cash flows. Losses in a quarter can be offset against

profits in subsequent quarters. NPI related to abandonment costs incurred after the production has ceased will be refunded by Petoro.

NPI is classified as other operating expenses.

Development expenditures

The development phase commences when the license partners have decided the concept selection. Direct and indirect expenditures related to development projects are capitalised. Maintenance is expensed as incurred, whereas costs for improving and upgrading production facilities are added to the acquisition cost and depreciated with the related asset.

Tangible Assets

Tangible assets are valued at acquisition cost less accumulated depreciations and impairments or reversal of impairments. When the asset is sold or retired the net book value is deducted and a potential loss or profit is recognised in the profit and loss account.

Intangible assets

Intangible assets are valued at acquisition cost less accumulated depreciations and write offs. When the asset is sold or retired the net book value is deducted and a potential loss or profit is recognised in the profit and loss account. Goodwill acquired through business combination is depreciated straight-line over 10 years.

Exploration potentials acquired through business combinations are measured according to successful efforts method.

Intangible assets such as software are depreciated on a



straight line 3-5 years basis. License rights capitalised as intangible assets are depreciated according to the unit-of-production (UoP) method if there are discoveries in the relevant license that enters production phase.

Depreciation

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

Impairment

Tangible assets are assessed for impairment if there are indicators of a loss of value. The assessment of assets is carried out at the field or license level. If the carrying amount of an asset is greater than its recoverable amount, the asset is written down. Recoverable amount is the higher of fair value less costs to sell and its value in use. Impairments are correspondingly reversed if the conditions for the impairments are no longer present.

Asset retirement costs

Asset retirement costs are calculated in accordance with net present value method in NRS 13 Contingent liabilities and Contingent assets. The present value of the asset retirement costs is recognised in the balance sheet as a part of the acquisition costs of the fixed assets and is depreciated as part of this. The provision corresponds to the present value of the asset retirement obligation in the total economic lifetime of the fixed asset for existing installations. The discount rate used in the calculation of the net present value of the obligation is adjusted in accordance with the estimated time of removal and de-

commissioning at the fields. Changes in the time element (net present value) of the abandonment provision are expensed annually as a financial item and increase in the asset retirement obligation in the balance sheet. Changes in estimates are recorded as tangible assets.

Vår Energi has a liability as a shipper for Gassled. The liability is recorded as the net present value of estimated future retirement obligations based on accumulated shipped volumes.

Foreign currency

Transactions in foreign currency are recorded at the exchange rate on the transaction date. Monthly exchange rates are used as a practical approach when there are no material differences in the exchange rates from the transaction date. Financial items are valued at year-end exchange rates and the corresponding currency loss / gain is recorded in the profit and loss account. Exception is when these are hedged by foreign exchange contracts in which case the contract rate is used. Functional currency and presentation currency is NOK.

Inventories

Materials in the warehouse are valued at original cost on the balance sheet. Materials are expensed when they are used. Physical stock of crude oil on operated fields are valued at production cost. Inventories of petroleum products on partner operated fields are included in over / underlifting.

Over- / underlifting and gas loan

Overlift of petroleum products is valued at production cost, while underlift is valued at the lower of production cost and sales value.

Pension liability

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

Leasing commitments

Leasing agreements without transfer of material risk and control to the lessee are considered as operational leasing. The Group's leasing expenses in operating leases are reflected as current operating costs.

Leasing agreements not classified as operational leasing are classified as financial lease. The net present value of future lease payments is capitalised as tangible assets and as liabilities. The asset value is depreciated over the lease period. The lease payments are deducted against the liabilities.

Shares in other companies

Shares in other companies are valued at cost or written down to net realisable value if there is a decline in value below the carrying amount. Shares in subsidiaries following business acquisition is initially recognised at fair value in the parent company.

Interest capitalisation

Interest expenses related to material development projects are capitalised as a part of the investment.

Put options used for hedging

The Group uses derivative financial instruments, such as Brent Crude put options, to hedge its commodity price risks. The effective portion of the gain or loss on the hedging instrument is recognised in equity, while any ineffective portion is recognised immediately in the profit or loss. Amounts recognised in equity movements are transferred to profit or loss when the hedged transaction affects profit or loss.

Commodity options are valued on a daily basis using market inputs as observable forward curves, interest rates and time to maturity of the option. In addition, implied volatilities from market observable option prices are used in computing the theoretical options price. The final market-to-market value is then computed as calculated option price multiplied with quantity.

Assets and liabilities

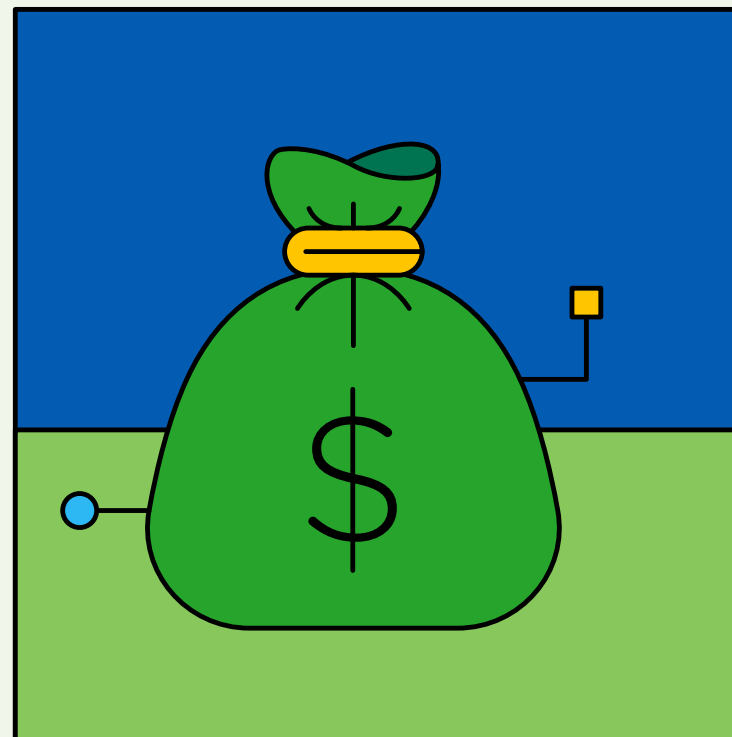
Assets and liabilities to be paid within one year are classified as short-term assets / liabilities. Deferred tax assets and liabilities are offset to the extent that the deferred taxes relate to the same fiscal authority and there is a legally enforceable right to offset current tax assets against current tax liabilities. All deferred taxes are classified as non-current.

Cash flow

The statement of cash flow has been prepared in accordance with the indirect method as per the temporary Norwegian Accounting Standard. Cash consist of cash, bank deposits and short-term deposits in affiliated banks.

Sale of assets

Sale of assets on the Norwegian continental shelf are treated as after-tax transactions according to the petroleum tax act § 10, to ensure tax neutrality. Effective date for tax purposes is January 1, while revenues and costs are booked until completion date.



2. Operational performance

2.1 Business combinations (including pro-forma)

Acquisition of ExxonMobil's Partner Operated Assets in Norway

On 10 December 2019, Vår Energi acquired ExxonMobil's ownership interests in Partner-Operated fields and licenses on the Norwegian Continental Shelf. The acquisition included more than 20 producing fields, including 6 fields with ownership interests also previously held by Vår Energi. In addition, the acquisition included licenses with future development projects and exploration potentials. As part of the acquisition of the assets, 33 employees were transferred from ExxonMobil to Vår Energi.

As part of the transaction, Vår Energi acquired 100 per cent of the shares in Standard Marine Tønsberg AS. Standard Marine Tønsberg AS subsequently changed name to Vår Energi Marine AS. The company has a long-term in-chartering agreement with Knutsen NYK Shuttle Tankers 16 AS for one shuttle tanker vessel, MT Ingrid Knutsen, and a corresponding out-chartering agreement with Teekay Navion Offshore Loading Pte Ltd.

The transaction with ExxonMobil is recorded as a Business Combination and was completed on 10 December 2019. For tax and economic purposes, the effective date of the assets transferred was 1 January 2019. The credit in 2020 reflects final Completion Statement from ExxonMobil.

Purchase consideration

| NOK 1 000 | 2020 | 2019 |
|--|-----------------|-------------------|
| Cash consideration | -285 822 | 28 776 002 |
| Deferred payment * | - | 2 894 524 |
| Payment for acquired assets and liabilities | -285 822 | 31 670 526 |

* Described in the section below

Deferred payments

The part of the purchase price is to be paid 30 December 2022. Outstanding payments are subject to interest.

Assets acquired and liabilities assumed

The fair values of the identifiable assets and liabilities of ExxonMobil's partner-operated upstream business in Norway as of the date of acquisition were:

| NOK 1 000 | 2020 | 2019 |
|--|-----------------|-------------------|
| ASSETS | | |
| Non-current assets | | |
| Oil and gas properties | -282 814 | 43 374 488 |
| Exploration prospects | - | 919 230 |
| Financial assets | - | 5 395 |
| Total non-current assets | -282 814 | 44 299 113 |
| Current assets | | |
| Inventories | - | 1 663 210 |
| Net working capital | 97 968 | 221 111 |
| Cash and short-term deposits | - | 109 488 |
| Deferred tax asset | - | 750 295 |
| Total current assets | 97 968 | 2 744 105 |
| Total assets | -184 847 | 47 043 217 |
| LIABILITIES | | |
| Non-current liabilities | | |
| Shippers Liability Gassled | - | 420 351 |
| Provision for abandonment | - | 11 697 475 |
| Total non-current liabilities | - | 12 117 826 |
| Current liabilities | | |
| Taxes payable | -205 837 | 8 764 580 |
| Total current liabilities | -205 837 | 8 764 580 |
| Total liabilities | -205 837 | 20 882 407 |
| Total identifiable net assets at fair value | 20 990 | 26 160 811 |
| Consideration paid on acquisition | 285 822 | 31 670 526 |
| Goodwill arising on acquisition | 264 832 | 5 509 715 |

According to §10 in the Norwegian Petroleum Tax Act, transactions shall be done after tax and the buyer is therefore not entitled to claim tax deduction for the part of consideration that exceeds the tax position acquired from the seller. None of the goodwill recognised is expected to be deductible for income tax purposes.

Purchase price allocation

The valuation is based on currently available information about fair values as of the acquisition date. Final completion statement has been completed and audit of amounts in 2020 performed. When new information becomes available within 12 months from the acquisition date, the Group may change the fair value assessment in the Purchase price allocation. Any adjustments will result in a corresponding adjustment of goodwill.

| Net cash flow from acquisition | 2020 | 2019 |
|--------------------------------|----------|-------------|
| Net cash acquired | - | 109 488 |
| Cash paid | -285 822 | 28 776 002 |
| Net cash flow on acquisition | -285 822 | -28 666 514 |

Pro-forma figures (un-audited):

The Board of Directors considers the pro-forma numbers presented in the table below to represent an approximate measure of the performance of the combined group on an annualised basis and to provide a reference point for comparison in future periods. The pro-forma figures for the Group has been calculated as if the ExxonMobil asset acquisition and the Eni - Point Resources merger had taken place 1 January 2018. The pro-forma figures for 2019 have been collected directly from ExxonMobil, the preliminary completion statement and NPD. Pro-forma figures for 2018 have mainly been taken from the corresponding Annual Report.

| 1 January - 31 December (NOK 1 000) | Pro-forma 2019 |
|--|-------------------|
| Sales revenue | 43 151 023 |
| Other operating revenue | 255 930 |
| Production costs | -13 075 985 |
| EBITDAX | 30 330 968 |
| Exploration costs | -940 099 |
| EBITDA | 29 390 869 |
| Pro-forma production (1 January to 31 December 2019, kboepd) | 296,0 |

2.2 Petroleum revenues

| NOK 1 000 | EU | Norway | 2020 | 2019 |
|---|-------------------|----------------|-------------------|-------------------|
| Revenue from crude oil sales | 18 268 901 | 7 001 | 18 275 901 | 19 507 187 |
| Revenue from gas sales | 5 046 843 | 5 739 | 5 052 582 | 3 921 799 |
| Revenue from NGL sales | 1 909 452 | 88 546 | 1 997 998 | 1 437 964 |
| Gain from realised crude put options | - | - | 1 622 228 | 30 224 |
| Total petroleum revenues including results from hedging activities | 25 225 196 | 101 286 | 26 948 710 | 24 897 174 |

| Key operational figures | | 2020 | 2019 |
|--|--------------------|------------|------------|
| Production | boe ⁽¹⁾ | 97 076 222 | 56 678 071 |
| Average production per day | boe | 265 236 | 155 282 |
| Average oil price | USD / bbl | 38.31 | 63.00 |
| Average oil price including hedging effects ⁽²⁾ | USD / bbl | 50.03 | 63.70 |
| Volumes sold | boe | 92 126 939 | 56 093 158 |

(1) Boe = barrel of oil equivalent.

(2) Realised oil price including any realised hedging gains adjusted for difference in tax rate to reflect equivalent oil price effect for physical volumes.



2.3 Other operating revenues

| NOK 1 000 | 2020 | 2019 |
|---------------------------------------|---------------|----------------|
| Gain from sale of assets | 9 466 | 160 810 |
| Other operating income | 69 929 | 158 111 |
| Total other operating revenues | 79 395 | 318 921 |

Asset sale in 2019 and 2020 relates to divestment of 10 per cent ownership interests in six Vår Energi-operated licenses across the Balder and Ringhorne fields in the North Sea to Mime Petroleum AS.

The 2020 other operating income is mainly income from Grane Oil Pipeline. Other operating income in 2019 includes insurance and reimbursement on Goliat.

2.4 Production costs

| NOK 1 000 | 2020 | 2019 |
|--|------------------|------------------|
| Production costs | 5 730 317 | 6 050 036 |
| Environmental taxes | 619 983 | 418 961 |
| Over- / underlift and physical stock adjustments | 528 141 | 567 927 |
| Insurances | 612 053 | 335 984 |
| Premium from realised crude put options | 309 875 | 93 215 |
| Purchase of natural gas | 561 | 1 705 |
| Total production cost | 7 800 929 | 7 467 827 |

The 2020 production costs include a reversal of pension liability recognised at 31 December 2019 of NOK 214 160 thousand, see note 2.5.

2.5 Staff costs and remuneration

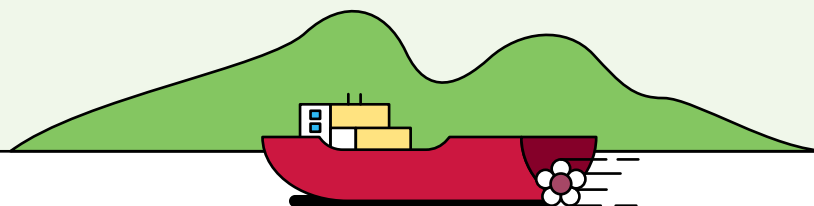
| NOK 1 000 | 2020 | 2019 |
|--|------------------|------------------|
| Salary expenses | 1 351 234 | 1 241 665 |
| Social security tax (incl. pension and social charges for foreign personnel) | 190 583 | 170 110 |
| Pension cost, defined benefit scheme | -214 160 | 108 572 |
| Pension cost, defined contribution scheme | 97 245 | 58 207 |
| Other personnel expenses | 38 502 | 135 499 |
| Total | 1 463 404 | 1 714 052 |

Capitalised salaries and other personnel cost totalled NOK 241 222 thousand (NOK 248 878 thousand in 2019) and the share charged to partners in operated joint ventures amounted to NOK 341 751 thousand (NOK 324 622 thousand in 2019).

Pension cost and pension fund/-obligations

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

Personnel employed in Eni Norge AS before the merger with Point Resources AS had a defined benefit pension scheme. This scheme was terminated end of 2019, and effective from 1 January 2020 all employees in Vår Energi AS have a defined contribution pension plan. The pension liability recognised at 31 December 2019 of NOK 214 160 thousand was reversed in 2020.



There are 901 employees in Vår Energi AS at year-end 2020. Average number of employees during the year was 889.

Remunerations

Managing Director has received the following remuneration:

| NOK 1 000 | 2020 | 2019 |
|--|--------------|---------------|
| Salary | 5 720 | 5 909 |
| Bonus | 2 486 | 3 642 |
| Other | 696 | 679 |
| Pension costs | 815 | 816 |
| Total remuneration to Managing Director | 9 717 | 11 045 |

Managing Director is part of the defined contribution pension plan.

Members of the Board received no remuneration in 2020. The Chairman receives no remuneration. No loans/guarantees have been given to the Managing Director, the Chairman of the Board, or other close parties. The company has no commitments with regard to severance to the Managing Director or the Chairman of the Board.

The Company has a bonus scheme for all employees calculated according to achieved objectives.

Auditors fee

| NOK 1 000 | 2020 |
|--------------------|--------------|
| Statutory audit | 5 510 |
| Other attestations | 98 |
| Other services * | 1 530 |
| Total fee | 7 137 |

* Support for Vår Energi Management System (VEMS) implementation

2.6 Other operating expenses

| NOK 1 000 | Note | 2020 | 2019 |
|--|----------|----------------|----------------|
| R&D cost | | 236 574 | 170 727 |
| Legal provisions | | 167 638 | 138 093 |
| Net profit interest | | 17 498 | 78 335 |
| Value adjustment contingent considerations | 4.3, 5.2 | 641 004 | -533 |
| Other expenses | | -102 021 | 42 200 |
| Total other operating expenses | | 960 693 | 428 823 |

Other expenses in 2020 contains a credit effect deriving from stock adjustments.

Movement in value adjustment contingent considerations mainly relates to updated reserve estimate in the Forseti structure.

R&D cost

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 offshore wind, carbon capture and storage (CCS) and low emissions technologies.

Vår Energi's R&D portfolio includes more than 35 projects, mainly administered in the form of Joint Industry Projects (JIPs) or consortia, but also as bilateral R&D contracts.

2.7 Exploration costs

| NOK 1 000 | Note | 2020 | 2019 |
|--------------------------------|------|----------------|----------------|
| Seismic | | 40 536 | 161 205 |
| Area Fee | | 91 958 | 89 309 |
| Field evaluation | | 206 974 | 291 677 |
| Dry well expenses | 3.1 | 182 467 | 157 756 |
| Other exploration expenses | | 218 391 | 232 180 |
| Total exploration costs | | 740 326 | 932 128 |

3. Asset base

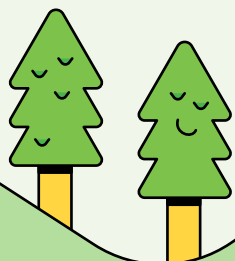
3.1 Intangible assets

| NOK 1 000 | Goodwill | Other intangible assets | Capitalised exploration wells | Total |
|--|------------------|-------------------------|-------------------------------|------------------|
| Cost as of 1 January 2019 | 236 350 | - | 575 231 | 811 581 |
| Additions | - | 2 767 | 351 314 | 354 080 |
| Additions through business combination | 5 509 715 | 919 230 | - | 6 428 945 |
| Reclassification | - | - | - | - |
| Disposals / expensed exploration wells | - | - | -157 957 | -157 957 |
| Cost as of 31 December 2019 | 5 746 065 | 921 997 | 768 588 | 7 436 650 |
| Depletion and impairment as of 1 January 2019 | - | - | - | - |
| Depreciation | -72 958 | -130 | - | -73 088 |
| Provision for impairment | - | - | - | - |
| Disposals | - | - | - | - |
| Depletion and impairment as of 31 December 2019 | -72 958 | -130 | - | -73 088 |
| Net book value as of 31 December 2019 | 5 673 107 | 921 867 | 768 588 | 7 363 562 |
| Cost as of 1 January 2020 | 5 746 065 | 921 997 | 768 588 | 7 436 650 |
| Additions | - | - | 380 855 | 380 855 |
| Additions through business combination | 264 832 | - | - | 264 832 |
| Reclassification | - | - | - | - |
| Disposals / expensed exploration wells | - | - | -182 467 | -182 467 |
| Cost as of 31 December 2020 | 6 010 897 | 921 997 | 966 976 | 7 899 869 |
| Depletion and impairment as of 1 January 2020 | -72 958 | - | - | -72 958 |
| Depreciation | -640 055 | - | - | -640 055 |
| Provision for impairment | - | - | - | - |
| Disposals | - | - | - | - |
| Depletion and impairment as of 31 December 2020 | -713 013 | - | - | -713 013 |
| Net book value as of 31 December 2020 | 5 297 884 | 921 997 | 966 976 | 7 186 856 |

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

3.2 Tangible assets

| NOK 1 000 | Note | Wells and production facilities | Facilities under construction | Other property, plant and equipment | Total |
|---|------|---------------------------------|-------------------------------|-------------------------------------|-------------|
| Cost as of 1 January 2019 | | 127 728 610 | 6 146 781 | 564 075 | 134 439 466 |
| Additions | | 4 789 062 | 6 735 235 | 104 390 | 11 628 686 |
| Additions through business combinations | | 39 072 447 | 4 302 041 | - | 43 374 488 |
| Reclassification | | 414 853 | -711 233 | - | -296 380 |
| Disposals | | -1 806 340 | - | - | -1 806 340 |
| Cost as of 31 December 2019 | | 170 198 633 | 16 472 823 | 668 465 | 187 339 921 |
| Depletion and impairment as of 1 January 2019 | | -66 568 686 | - | -345 398 | -66 914 084 |
| Depreciation | | -8 916 994 | - | -50 825 | -8 967 820 |
| Provision / reversal of impairment | | 573 089 | - | - | 573 089 |
| Disposals | | 33 534 | - | - | 33 534 |
| Depletion and impairment as of 31 December 2019 | | -74 879 057 | - | -396 223 | -75 275 280 |
| | | | | | |
| Net book value as of 31 December 2019 | | 95 319 576 | 16 472 823 | 272 242 | 112 064 641 |



3.2 Tangible assets cont.

| NOK 1 000 | Note | Wells and production facilities | Facilities under construction | Other property, plant and equipment | Total |
|---|------|---------------------------------|-------------------------------|-------------------------------------|-------------|
| Cost as of 1 January 2020 | | 170 198 633 | 16 472 823 | 668 465 | 187 339 921 |
| Additions | | 12 376 038 | 10 288 466 | 67 185 | 22 731 688 |
| Additions through business combinations | 2.1 | -282 814 | - | - | -282 814 |
| Reclassification | | 1 534 304 | -1 547 109 | 12 805 | - |
| Disposals | | - | - | - | - |
| Cost as of 31 December 2020 | | 183 826 160 | 25 214 180 | 748 455 | 209 788 795 |
| Depletion and impairment as of 1 January 2020 | | -74 879 057 | - | -396 223 | -75 275 280 |
| Depreciation | | -14 548 168 | - | -41 017 | -14 589 185 |
| Provision / reversal of impairment * | | -8 703 778 | 55 969 | - | -8 647 809 |
| Disposals | | - | - | - | - |
| Depletion and impairment as of 31 December 2020 | | -98 131 003 | 55 969 | -437 241 | -98 512 275 |
| | | | | | |
| Net book value as of 31 December 2020 | | 85 695 156 | 25 270 149 | 311 215 | 111 276 520 |

As of 31 December 2020 NOK 424 467 thousand of the gross book value relates to capitalised interest.

Specification of increase in asset retirement cost and depreciation

| NOK 1 000 | 2020 | 2019 |
|---|------------|------------|
| Increase/decrease in asset retirement cost ** | 6 300 655 | 11 905 001 |
| Depreciation of capitalised asset retirement cost | -5 475 068 | -1 810 003 |

* See note 3.3 for information regarding impairment charges.

** Includes additions through business combination in 2019.

3.3 Impairment

Impairment testing

Impairment tests of individual cash-generating units (CGUs) are performed when impairment triggers are identified. In Vår Energi, CGU equals an asset or production license based on how management monitors business activity and if an asset or license generates its own independent inflow of cash.

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 to sell and value in use. Write-downs are correspondingly reversed if the conditions for the write-down are no longer present. Upper limit of reversal is the historical write-down less estimated depreciation as if the impairment had not taken place.

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.

Impairment testing of goodwill

Most of the goodwill on the balance sheet relates to the asset acquisition from ExxonMobil in December 2019. Testing for impairment has been performed by evaluating the goodwill against the remaining positive effects by CGUs (where NPV > NBV) with the result of no impairment to be recognised per 31.12.2020. Key assumptions applied for impairment testing purposes as

of 31 December 2020 are based on Vår Energi's 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. Forecasted prices are based on Vår Energi's long-term price estimates and available market data as of year-end 2020.

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

| Year | 2019 | 2020 |
|------|------|------|
| 2021 | 68.0 | 50.0 |
| 2022 | 70.0 | 55.0 |
| 2023 | 72.0 | 60.0 |
| 2024 | 74.0 | 62.0 |

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

| Year | 2019 | 2020 |
|------|------|------|
| 2021 | 1.85 | 1.28 |
| 2022 | 1.82 | 1.48 |
| 2023 | 1.89 | 1.53 |
| 2024 | 1.97 | 1.60 |

Oil and gas reserves

Future cash flows are calculated on the basis of expected production profiles and estimated proven, probable and risked

possible reserves. The recoverable amount is sensitive to changes in reserves.

Future expenditure

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

Discount rate

The discount rate is derived from the Group's weighted average cost of capital ("WACC"). The capital structure considered in the WACC calculation is derived from the capital structures of an identified peer group and market participants with consideration given to optimal structures. The cost of equity is derived from the expected return on investment by the Group's investors. The cost of debt is based on the interest-bearing borrowings on debt specific to the assets acquired. The beta factors are evaluated based on publicly available market data about the identified peer group. 7 per cent discount rate used for both 2019 and 2020.

Inflation

The long-term inflation rate is assumed to be 1.9 per cent.

Impairment charge/reversal

Vår Energi recognised impairments of NOK 8 648 million in 2020. The impairments relate to a number of fields with the most significant being Balder Area, Grane, Snorre, Trestakk and Goliat.

The 2020 impairments were mainly due to lower forward price scenarios compared to the fair values recognised through the Eni - Point Resources merger in 2018 and the ExxonMobil assets purchased in 2019.

3.4 Other non-current assets

| NOK 1 000 | Note | 2020 | 2019 |
|---|------|---------------|---------------|
| Receivables decommissioning costs for Jotun | 4.2 | - | 22 112 |
| Other | | 22 985 | 48 092 |
| Total other non-current assets | | 22 985 | 70 204 |

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

3.5 Inventories

| NOK 1 000 | 2020 | 2019 |
|-----------------------------------|------------------|------------------|
| Spare parts and drilling material | 1 988 755 | 1 548 155 |
| Physical oil inventory | 427 668 | 182 181 |
| Total inventory | 2 416 423 | 1 730 336 |

3.6 Investment in shares

| | | 2020 | |
|-----------------------------|-----------------------|------------|-----------|
| NOK 1 000 | Business location | Book Value | Ownership |
| Norpipe Oil AS | Tananger, Norway | 1 526 | 6.52% |
| Tjeldbergodden Utvikling AS | Kjørsvikbugen, Norway | 600 | 0.48% |
| Ormen Lange Eiendom DA | Tananger, Norway | 5 395 | 6.34% |

3.7 Trade receivables

| NOK 1 000 | 2020 | 2019 |
|--------------------------------|------------------|------------------|
| Trade receivables | 2 599 113 | 4 519 261 |
| Sale of trade receivables | -1 179 024 | - |
| Total trade receivables | 1 420 089 | 4 519 261 |



4 Special items and provisions

4.1 Other non-current liabilities

| NOK 1 000 | Note | 2020 | 2019 |
|--|------|------------------|----------------|
| Contingent consideration | 4.3 | 664 488 | 56 923 |
| Deferred revenue ⁽¹⁾ | | 102 586 | 102 586 |
| Lease commitment Forus office | 4.3 | 175 851 | 177 288 |
| Removal provision Gassled | 4.2 | 571 389 | 549 725 |
| Total other non-current liabilities | | 1 514 314 | 886 522 |

⁽¹⁾ Deferred revenue.

In 2017, Point Resources AS sold the shares in ExxonMobil Property Norway (2) AS, and immediately entered into a finance lease for the office building located in Grenseveien 6, 4313 Sandnes. The excess of sales proceeds is deferred and amortised over the lease term (20 years).

4.2 Abandonment obligation

| NOK 1 000 | Total |
|---|-------------------|
| Total obligation at 31 December 2019 | 30 505 227 |
| Change in estimate | 6 323 721 |
| Accretion discount | 701 519 |
| Utilisation abandonment fund | -955 898 |
| Total obligation at 31 December 2020 | 36 574 569 |

Estimated abandonment period: 2021-2057

| NOK 1 000 | 2020 |
|--|-------------------|
| Non-current abandonment obligation | 36 350 417 |
| Current abandonment obligation | 224 152 |
| Total obligation at 31 December | 36 574 569 |

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 between 1,8 - 2,2 per cent and discount rates between 0,852 and 2,424 per cent.

The nominal value of the estimate is NOK 36 137 537 thousand at 31 December 2020.

The 2020 utilisation of abandonment fund (abex) is mainly related to the Jotun decommissioning project with NOK 615 841 thousand spent in 2020.

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 NOK 571 389 thousand for this purpose at 31 December 2020.

4.3 Commitments and contingent liabilities

Other contractual obligations

Minimum work programs

The Group is required to participate in the approved work programs for the licences. Together with the licence partners there is also an obligation to participate in exploration wells according to the approved Operator budgets.

Operating lease commitments

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. In addition, as a partner in the Ekofisk-license the Group has a leasing agreement for the offices and base in Tananger. Future minimum lease payments under non-cancellable operating leases as of 31 December are as follows:

| NOK 1 000 | 2020 | 2019 |
|---|------------------|------------------|
| Within one year | 2 344 560 | 1 082 260 |
| After one year but not more than five years | 3 564 820 | 4 155 613 |
| More than five years | 381 973 | 427 207 |
| Total operating lease commitments | 6 291 353 | 5 665 080 |

Finance lease commitments

After Point Resources AS sold the shares in ExxonMobil Property Norway (2) AS in 2017 it immediately entered a finance lease for the office building located in Grenseveien 6, 4313 Sandnes. The rent is adjusted annually in accordance with the Norwegian consumer price index. The contract expires October 2037. The lease agreement does not provide explicit extension or purchase rights. Future minimum lease payments, together with the present value of the net minimum lease payments, are as follows:

| NOK 1 000 | 2020 | |
|--|------------------|---------------------------|
| | Minimum payments | Present value of payments |
| Within one year | 21 537 | 20 392 |
| After one year but not more than five years | 86 794 | 65 256 |
| More than five years | 312 095 | 110 595 |
| Total minimum lease payments | 420 426 | 196 243 |
| Less amounts representing finance charges | (224 183) | - |
| Present value of minimum lease payments | 196 243 | 196 243 |

Liability for damages / insurance

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

Guarantees

Vår Energi has provided guarantees with NOK 15 416 thousand in favour of Aker BP ASA in relation to decommissioning cost on Snorre.

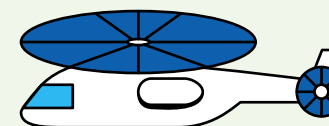
In connection with the asset acquisition from ExxonMobil, Eni International B.V. has issued a guarantee for the asset removal obligations. Vår Energi pays an annual fee to Eni International B.V. The fee for 2020 amounted to NOK 183 730 thousand. The underlying asset retirement obligation is recognised in the Vår Energi balance sheet accounts, ref. note 4.2.

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

Contingencies

As part of the purchase agreement between Point Resources AS and ExxonMobil in 2017, Point Resources AS agreed to pay a contingent consideration related to possible development of the Forseti structure. As of 31 December 2020, the fair value of this consideration was estimated to USD 109 394 thousand / NOK 920 305 thousand and was recognised as a liability. The current liability share is NOK 255 817 thousand.

In addition, Point Resources AS agreed to pay an annual contingent consideration to ExxonMobil the following 5 years after transaction close if the yearly average oil price exceeds a certain threshold. The maximum contingent consideration each year is USD 25 000 thousand. As of 31 December 2020, the fair value of future contingent consideration was estimated to USD 125 thousand / NOK 1 070 thousand and was recognised as a liability. Through the merger between Point Resources AS and Eni Norge AS, this contingent consideration has been transferred to Vår Energi.



5 Financial instruments, capital structure and equity

5.1 Interest-bearing loans

Interest-bearing loans and borrowings

| NOK 1 000 | 2020 | 2019 |
|--|-------------------|-------------------|
| RBL credit facility | 45 521 421 | 38 373 672 |
| Deferred payment ExxonMobil 2022 | 2 734 610 | 2 764 791 |
| Prepaid RBL loan expenses | (613 814) | (676 029) |
| Total non-current interest-bearing loans and borrowings | 47 642 216 | 40 462 433 |

Current interest-bearing loans and liabilities

| NOK 1 000 | 2020 | 2019 |
|--|-------------------|-------------------|
| Deferred payment ExxonMobil 2020 | - | 1 796 132 |
| Total current interest-bearing loans and borrowings | - | 1 796 132 |
| | | |
| Total interest-bearing loans and borrowings | 47 642 216 | 42 258 566 |

On 24 March 2020, Vår Energi signed two unsecured revolving credit facility agreements for a total amount of USD 600 million with a tenor of 3 years. In relation to the reserve based lending facility and the revolving credit facilities, Vår Energi is obliged to submit a liquidity test ahead of making distributions to shareholders in addition to 1 April and 1 October to ensure that liquidity levels comply with what is outlined in the RBL agreement. In addition, there are covenants related to a maximum ratio of net debt divided by EBITDAX and a minimum ratio of EBITDA to interest expenses. The Group is in compliance with its covenants as of 31 December 2020.

The first payment of the RBL credit facility is 1 December 2022. The final payment is in 2024.

Credit facilities - utilised and unused amount

| NOK 1 000 | 2020 | 2019 |
|----------------------------------|------------|------------|
| Drawn amount credit facilities | 45 521 421 | 38 373 672 |
| Undrawn amount credit facilities | 7 225 861 | 8 237 429 |

Letter of Credit amounting to NOK 15 416 thousand has been issued to Aker BP which reduces available loan.

Security related to the Group's borrowing base facility include mortgages over the borrower's license interests in all underlying assets, from time to time; assignment of the borrower's claims under the insurances providing coverage for any underlying asset; and assignment of the borrower's monetary claims under each hedging agreement.

5.2 Other current liabilities

| NOK 1 000 | Note | 2020 | 2019 |
|---|------|------------------|------------------|
| Net overlift of hydrocarbons | | 1 001 630 | 1 515 898 |
| Net payables to joint operations | | 2 612 567 | 1 051 385 |
| Employees | | 135 632 | 189 507 |
| Accrued public charges and indirect taxes | | 47 937 | 190 824 |
| Lease commitment Grenseveien office | 4.3 | 20 392 | 19 894 |
| Contingent consideration | 4.3 | 256 887 | 31 763 |
| Oil put options liability | 5.6 | 497 131 | 292 008 |
| Currency forward contracts | | - | 2 634 090 |
| Other payables | | 2 105 | 730 915 |
| Total other current liabilities | | 4 574 281 | 6 656 284 |

5.3 Other receivables and financial assets

| NOK 1 000 | Note | 2020 | 2019 |
|---|------|-----------------|------------------|
| Net underlift of hydrocarbons | | 1 228 455 | 2 475 958 |
| Employees | | - | 183 |
| Prepaid expenses | | 208 343 | 41 840 |
| Oil put options asset | 5.6 | 224 753 | 146 064 |
| Currency forward contracts | | - | 2 748 300 |
| Receivables decommissioning costs for Jotun | 4.2 | - | 422 555 |
| Other | | 81 472 | 121 491 |
| Total current receivables | | 1743 023 | 5 956 391 |

5.4 Changes in shareholder's equity

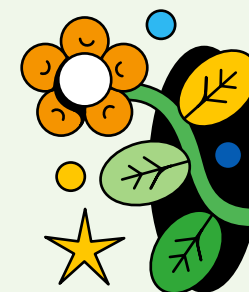
| NOK 1 000 | Share Capital | Share Premium | Other Equity | Total Equity |
|-----------------------------------|----------------|-------------------|--------------------|-------------------|
| Opening balance | 399 425 | 21 151 241 | 560 348 | 22 111 014 |
| Dividends accrued | - | (1 912 500) | - | (1 912 500) |
| Dividends paid | - | (2 503 316) | - | (2 503 316) |
| Transactions booked to equity (1) | - | - | (99 140) | (99 140) |
| Profit and loss for the year | - | - | (5 565 295) | (5 565 295) |
| Closing balance | 399 425 | 16 735 425 | (5 104 086) | 12 030 763 |

Share capital amounted to NOK 399 425 thousand as of 31 December 2020 which consisted of 399 425 shares at par value NOK 1 000. Every share has equal voting rights, 1 share equals 1 vote. Shareholders are Eni International B.V. with 278 998 shares and Point Resources Holding AS with 120 427. In 2020, 998 shares were transferred from Point Resources Holding AS to ENI International B.V.

(1) Fair value adjustment of oil put options booked to equity post tax.

5.5 Financial income and financial expenses

| NOK 1 000 | Note | 2020 | 2019 |
|--|------|-------------------|-------------------|
| Interest income on bank accounts and receivables | | 298 434 | 115 006 |
| Dividends | | 342 | 1 760 |
| Other financial income | | - | - |
| Financial income | | 298 776 | 116 766 |
| | | - | - |
| Currency forward contracts gain / (loss) | | -114 210 | 114 210 |
| Other exchange rate gain / (loss) | | 2 684 601 | 1 094 652 |
| Net exchange rate gain / (loss) | | 2 570 391 | 1 208 862 |
| | | - | - |
| Interest expenses | | -1 636 615 | -676 816 |
| Accretion expenses (asset retirement obligation) | 4.2 | -701 519 | -552 220 |
| Other financial expenses | | -152 390 | - |
| Financial expenses | | -2 490 524 | -1 229 035 |
| | | - | - |
| Net financial items | | 378 643 | 96 593 |



5.6 Financial instruments

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

As of 31 December 2020 the Group had Brent crude oil put options in place with a strike of USD 40 / bbl for approximately 28 per cent of the 2021 oil production.

Brent crude put options - financial assets

| NOK 1 000 | Note | 2020 | 2019 |
|---|------|----------------|----------------|
| The beginning of the period | | 146 064 | 135 399 |
| Increased market value on realised put options | | 1 355 871 | - |
| Realised gain brent crude put options | 2.2 | -1 622 228 | - |
| Realised loss brent crude put options | | -43 518 | -62 991 |
| Effective portion booked to equity (before tax) | | -130 435 | -194 148 |
| New Brent crude put options | | 497 131 | 273 780 |
| Forex translation effect | | 21 867 | -5 977 |
| The end of the period | | 224 753 | 146 064 |

As of 31 December 2020, the fair value of outstanding Brent Crude oil put options amounted to an asset of NOK 224 753 thousand. The unrealised loss of NOK 272 753 thousand is booked to equity.

Brent crude put options - liabilities

| NOK 1 000 | Note | 2020 | 2019 |
|----------------------------------|------|-----------------|-----------------|
| The beginning of the period | | -292 008 | -102 710 |
| Realised Brent crude put options | 2.4 | 309 875 | 93 218 |
| New Brent crude put options | | -497 131 | -273 780 |
| Forex translation effect | | -17 866 | -8 736 |
| The end of the period | | -497 131 | -292 008 |

All put option contracts are due in 2021. Sales revenue for 2020 includes realised gains from put options under hedging activities in the amount of NOK 1 622 228 thousand. Premium paid for put options of NOK 309 875 thousand has been charged to production cost.

5.7 Cash and cash equivalents

| NOK 1 000 | 2020 | 2019 |
|--|------------------|------------------|
| Bank deposits, unrestricted | 2 243 546 | 1 720 255 |
| Bank deposit, restricted, employee taxes | 80 826 | 70 656 |
| Total bank deposits | 2 324 372 | 1 790 911 |



6 Tax

6.1 Income Taxes

| Profit and loss - NOK million | 2020 | 2019 |
|--|--------------------|------------------|
| Basis for taxes: | | |
| Income before taxes | -8 514 213 | 6 799 054 |
| Marginal tax rate (78%) | -6 641 086 | 5 303 262 |
| Tax effect of: | | |
| - Permanent and other differences | 9 135 183 | 602 800 |
| - Items taxed at other tax rates | -3 304 988 | -373 557 |
| - Earned uplift | -2 665 520 | -1 263 641 |
| - Previous years' adjustment | 527 493 | 19 528 |
| Current year tax cost | -2 948 918 | 4 288 393 |
| Specification of the current year tax cost | | |
| Payable tax | -11 954 843 | 2 292 465 |
| Previous years payable taxes | 380 984 | 19 528 |
| Deferred tax related to tax rate change | - | - |
| Deferred tax | 8 624 941 | 1 976 399 |
| Current year tax cost | -2 948 918 | 4 288 393 |
| Payable tax as of 31.12 | | |
| Income before taxes | -8 514 213 | 6 799 054 |
| Permanent difference | 10 006 523 | 775 928 |
| Change in timing differences | -262 691 | -3 170 821 |
| Base for 22% income tax | 1 229 619 | 4 404 161 |
| Uplift | -6 274 852 | -1 452 453 |
| Temporary for special tax | -16 527 282 | - |
| Onshore income | -258 484 | -588 226 |
| Base for 56% special tax | -21 830 999 | 2 363 482 |

| Profit and loss - NOK million | 2020 | 2019 |
|--|-------------------|-------------------|
| Payable tax in the beginning of the period | 10 110 920 | 887 380 |
| Payable tax | -11 954 843 | 2 292 465 |
| Previous years payable taxes | 380 984 | 19 528 |
| Income tax received / (paid) | -3 675 400 | -1 859 239 |
| Acquisition of ExxonMobil fields / Point Resources net tax payable | -205 836 | 8 770 785 |
| Net tax payable/(receivable) at year-end | -5 344 176 | 10 110 920 |

| Temporary timing differences as of 31.12 | 2020 | 2019 |
|---|-------------------|-------------------|
| Properties, plant and equipment | 54 150 763 | 51 543 295 |
| Decommissioning/environmental liabilities | -37 239 733 | -30 433 718 |
| Pension liability | - | -225 187 |
| Other | 9 600 826 | 3 439 702 |
| Basis for deferred ordinary taxes | 26 511 855 | 24 324 092 |
| Future uplift | -1 913 659 | -3 428 654 |
| Tax depreciation special tax | 16 527 282 | - |
| Onshore activity | -7 050 770 | -969 621 |
| Basis for deferred special taxes | 34 074 708 | 19 925 817 |
| Ordinary tax 22% | 5 832 608 | 5 351 300 |
| Special tax 56% | 19 081 837 | 11 158 458 |
| Items taxed at other tax rates | 421 828 | 212 264 |
| Deferred tax liabilities | 25 336 273 | 16 722 022 |

Deferred taxes includes taxes related to items recognised directly in equity for pensions (note 2.5) and put options (note 5.6). For 2020 a total of NOK 10 690 thousand in tax income has been recognised through equity.

7 Other disclosures

7.1 Related parties

Vår Energi has a number of transaction with other wholly owned or controlled companies by the shareholders. Revenues are mainly related to sale of oil, gas and NGL. The expenditures are mainly related to technical services, seconded personnel, insurance guarantees and rental cost.

Current assets

| NOK 1 000 | 2020 | 2019 |
|----------------------------|------------------|------------------|
| Customers | | |
| Eni Trading & Shipping SpA | 1 481 247 | 1 815 544 |
| Eni SpA | 258 413 | 72 717 |
| Eni Angola SpA | 18 128 | 19 464 |
| Other | 5 879 | 8 472 |
| Total customers | 1 763 668 | 1 916 197 |

All receivables are due within 1 year.

Current liabilities

| NOK 1 000 | 2020 | 2019 |
|----------------------------|----------------|----------------|
| Suppliers | | |
| Eni SpA | 184 813 | 160 952 |
| Eni International BV | 183 730 | - |
| Eni Trading & Shipping SpA | 38 151 | 159 501 |
| Other | 1 264 | 5 013 |
| Total suppliers | 407 958 | 325 465 |

Sales revenue

| NOK 1 000 | 2020 | 2019 |
|----------------------------|-------------------|-------------------|
| Eni Trading & Shipping SpA | 12 221 303 | 14 445 646 |
| Eni SpA | 1 054 656 | 782 992 |
| Total sales revenue | 13 275 959 | 15 228 638 |

Operating and capital expenditure

| NOK 1 000 | 2020 | 2019 |
|---|----------------|----------------|
| Eni SpA | 366 141 | 304 736 |
| Eni International BV | 193 342 | - |
| Eni Trading & Shipping SpA | 170 002 | 340 522 |
| Eni International Resources Ltd. | 30 760 | 41 001 |
| Other | 11 357 | 15 396 |
| Total operating and capital expenditures | 771 602 | 701 655 |

Financial income and expenses

| NOK 1 000 | 2020 | 2019 |
|---------------------------------|-----------|--------------|
| Financial income | | |
| Eni Finance International | - | 1 990 |
| Total financial income | - | 1 990 |
| Financial expenses | | |
| Eni SpA | 43 | 914 |
| Eni Finance International | - | 62 |
| Total financial expenses | 43 | 976 |

(1) 2020 increase mainly related to Jotun FPSO sale from PR Jotun DA to Vår Energi AS.

7.2 License ownerships

| Fields | WI% | Operator |
|----------------|-------|-----------------|
| BALDER | 90.0% | Vår Energi |
| BAUGE | 17.5% | Equinor |
| BRAGE | 12.3% | Wintershall Dea |
| BØYLA | 20.0% | Aker BP |
| EDDA | 12.4% | ConocoPhillips |
| EKOFISK | 12.4% | ConocoPhillips |
| ELDFISK | 12.4% | ConocoPhillips |
| EMBLA | 12.4% | ConocoPhillips |
| FENJA | 45.0% | Neptune Energy |
| FRAM | 25.0% | Equinor |
| GOLIAT | 65.0% | Vår Energi |
| GRANE | 28.3% | Equinor |
| GUNGNE | 13.0% | Equinor |
| HEIDRUN | 5.2% | Equinor |
| HYME | 17.5% | Equinor |
| JOHAN CASTBERG | 30.0% | Equinor |
| KRISTIN | 19.1% | Equinor |
| MARULK | 20.0% | Vår Energi |
| MIKKEL | 48.4% | Equinor |
| MORVIN | 30.0% | Equinor |

| Fields | WI% | Operator |
|----------------|-------|----------------|
| NORNE | 6.9% | Equinor |
| ORMEN LANGE | 6.3% | Norske Shell |
| RINGHORNE ØST | 70.0% | Vår Energi |
| SIGYN | 40.0% | Equinor |
| SKULD | 11.5% | Equinor |
| SLEIPNER VEST | 17.2% | Equinor |
| SLEIPNER ØST | 15.4% | Equinor |
| SNORRE | 18.6% | Equinor |
| STATFJORD UNIT | 21.4% | Equinor |
| STATFJORD NORD | 25.0% | Equinor |
| STATFJORD ØST | 20.6% | Equinor |
| SVALIN | 13.0% | Equinor |
| SYGNA | 21.0% | Equinor |
| TOR | 10.8% | ConocoPhillips |
| TORDIS | 16.1% | Equinor |
| TRESTAKK | 40.9% | Equinor |
| TYRIHANS | 18.0% | Equinor |
| URD | 11.5% | Equinor |
| VIGDIS | 16.1% | Equinor |
| ÅSGARD | 22.1% | Equinor |



7.2 License ownerships cont.

| Licenses | W1% | Operator | Licenses | W1% | Operator | Licenses | W1% | Operator | Licenses | W1% | Operator |
|----------|------|-----------------|----------|-----|----------------|----------|-----|-----------------|----------|-----|-----------------|
| PL001 | 90% | Vår Energi | PL257 | 15% | Equinor | PL094 | 34% | Equinor | PL911 | 60% | Vår Energi |
| PL001 CS | 100% | Vår Energi | PL263 C | 10% | Equinor | PL094 B | 22% | Equinor | PL912 | 30% | ConocoPhillips |
| PL018 | 12% | ConocoPhillips | PL275 | 12% | ConocoPhillips | PL095 | 5% | ConocoPhillips | PL917 | 20% | ConocoPhillips |
| PL018 B | 12% | ConocoPhillips | PL293 | 25% | Equinor | PL107 B | 5% | Equinor | PL917 B | 20% | ConocoPhillips |
| PL027 | 90% | Vår Energi | PL312 | 41% | Equinor | PL107 D | 5% | Equinor | PL930 | 20% | Equinor |
| PL027 B | 100% | Vår Energi | PL312 B | 41% | Equinor | PL121 | 35% | Equinor | PL938 | 20% | Neptune |
| PL027 C | 90% | Vår Energi | PL340 | 20% | Aker BP | PL122 | 20% | Vår Energi | PL946 | 40% | Equinor |
| PL027 FS | 100% | Vår Energi | PL340 BS | 20% | Aker BP | PL122 B | 20% | Vår Energi | PL947 | 40% | Equinor |
| PL027 GS | 90% | Vår Energi | PL348 | 18% | Equinor | PL122 C | 20% | Vår Energi | PL947 B | 40% | Equinor |
| PL028 | 90% | Vår Energi | PL348 B | 18% | Equinor | PL122 D | 20% | Vår Energi | PL951 | 20% | Aker BP |
| PL028 C | 13% | Equinor | PL375 | 20% | Equinor | PL124 | 10% | Equinor | PL956 | 70% | Vår Energi |
| PL028 S | 90% | Vår Energi | PL393 | 50% | Equinor | PL128 | 12% | Equinor | PL977 | 40% | Aker BP |
| PL029 | 85% | Vår Energi | PL473 | 39% | Equinor | PL128 B | 7% | Equinor | PL978 | 40% | Aker BP |
| PL037 | 25% | Equinor | PL479 | 34% | Equinor | PL128 D | 12% | Equinor | PL980 | 60% | Vår Energi |
| PL044 | 13% | ConocoPhillips | PL489 | 40% | Vår Energi | PL128 E | 12% | Equinor | PL984 | 30% | DNO Norge |
| PL046 | 13% | Equinor | PL516 | 12% | Equinor | PL134 | 30% | Equinor | PL984 BS | 30% | DNO Norge |
| PL053 B | 12% | Wintershall Dea | PL532 | 30% | Equinor | PL134 B | 30% | Equinor | PL985 | 40% | Vår Energi |
| PL055 | 12% | Wintershall Dea | PL554 | 30% | Equinor | PL134 C | 30% | Equinor | PL987 | 20% | Suncor |
| PL055 B | 12% | Wintershall Dea | PL554 B | 30% | Equinor | PL134 D | 30% | Equinor | PL987 B | 20% | Suncor |
| PL055 D | 12% | Wintershall Dea | PL554 C | 30% | Equinor | PL145 | 20% | ConocoPhillips | PL988 | 30% | Lundin |
| PL055 E | 12% | Wintershall Dea | PL554 D | 30% | Equinor | PL169 | 13% | Equinor | PL1001 | 20% | ConocoPhillips |
| PL057 | 5% | Equinor | PL586 | 45% | Neptune | PL169 B1 | 7% | Equinor | PL1005 | 40% | Aker BP |
| PL062 | 10% | Equinor | PL608 | 30% | Equinor | PL169 B2 | 10% | Equinor | PL1010 | 40% | Wintershall Dea |
| PL072 | 40% | Equinor | PL740 | 50% | DNO Norge | PL169 E | 13% | DNO Norge | PL1025 S | 30% | Vår Energi |
| PL072 B | 50% | Equinor | PL740 B | 50% | DNO Norge | PL185 | 12% | Wintershall Dea | PL1035 | 30% | Suncor |
| PL073 | 12% | Equinor | PL740 C | 50% | DNO Norge | PL199 | 15% | Equinor | PL1042 | 30% | Aker BP |
| PL073 B | 15% | Equinor | PL777 | 20% | Aker BP | PL201 | 67% | Vår Energi | PL1043 | 40% | Vår Energi |
| PL074 | 39% | Equinor | PL777 B | 20% | Aker BP | PL209 | 10% | Equinor | PL1050 | 21% | Equinor |
| PL074 B | 39% | Equinor | PL777 C | 20% | Aker BP | PL219 | 50% | Equinor | PL1065 | 40% | Vår Energi |
| PL089 | 16% | Equinor | PL777 D | 20% | Aker BP | PL220 | 15% | Equinor | PL1070 | 30% | Total |
| PL090 | 25% | Equinor | PL784 | 20% | Aker BP | PL229 | 65% | Vår Energi | PL1072 | 70% | Vår Energi |
| PL090 E | 25% | Equinor | PL796 | 20% | Equinor | PL229 B | 65% | Vår Energi | PL1073 | 70% | Vår Energi |
| PL090 I | 25% | Equinor | PL796 B | 20% | Equinor | PL229 D | 50% | Vår Energi | PL1074 | 40% | Vår Energi |
| PL091 | 41% | Equinor | PL822 S | 40% | Aker BP | PL229 E | 50% | Vår Energi | PL1075 | 60% | Vår Energi |
| PL091 D | 41% | Equinor | PL843 | 20% | Aker BP | PL229 F | 65% | Vår Energi | PL1078 | 30% | Equinor |
| PL091 E | 41% | Equinor | PL869 | 20% | Aker BP | PL237 | 22% | Equinor | PL1079 | 30% | Vår Energi |
| PL092 | 55% | Equinor | PL901 | 50% | Vår Energi | PL250 | 6% | Shell | PL1080 | 30% | Equinor |

7.3 Proved developed reserves (un-audited)

| | |
|---|--------------|
| Production 2019 | -56.7 |
| Changes in estimate 2019 | 40.0 |
| Addition through merger 2019 | 195.2 |
| Proved developed reserves as of 31 December 2019 | 473.2 |

| | |
|---|--------------|
| Production 2020 | -97.2 |
| Changes in estimate 2020 | -12.5 |
| Proved developed reserves as of 31 December 2019 | 363.5 |

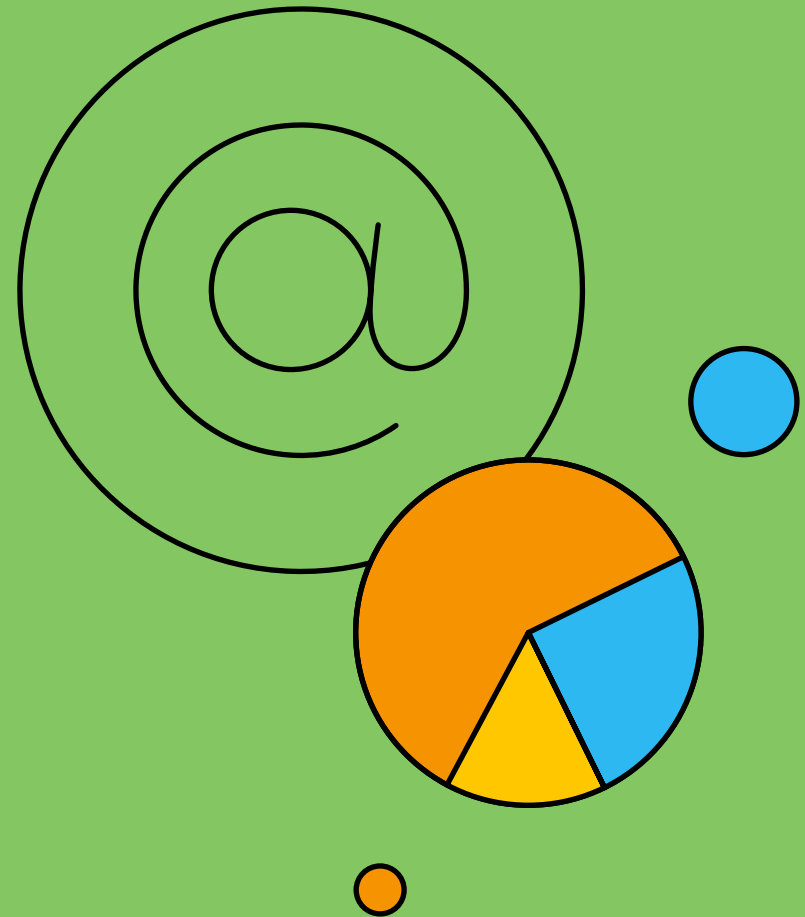
| Concession periods expire as follows: | | Year |
|---------------------------------------|--|------|
| Ekofisk | PL 018/PL 018 B | 2028 |
| Tor | PL 006/PL 018 | 2028 |
| Heidrun | PL 095 | 2024 |
| Heidrun | PL 124 | 2025 |
| Johan Castberg | PL 532 | 2049 |
| Kristin | PL 134D | 2027 |
| Mikkel | PL 092/PL 121 | 2024 |
| Norne | PL 128/PL 128 B | 2026 |
| Urd | PL 128 | 2026 |
| Skuld | PL 128 | 2026 |
| Åsgard | PL 062/PL 074/PL 094/ PL 094 B/PL 134/PL 237/PL 479 | 2027 |
| Tyrihans | PL 073/PL 073 B/PL 091 | 2029 |
| Trestakk | PL 091/PL 091D | 2029 |
| Marulk | PL 122 | 2025 |
| Morvin | PL 134B/P L034C | 2027 |
| Goliat | PL229 | 2042 |
| Balder Ringhorne | PL 001/PL 027/PL 027C PL 169/ PL 028 | 2030 |
| Ringhorne Øst | PL 027/PL 169E | 2030 |

| Concession periods expire as follows: | | Year |
|---------------------------------------|---|------|
| Brage | PL 053B/PL 055/PL 185 PL 055B/ PL 055D | 2030 |
| Snorre | PL 057 | 2040 |
| Bøyla | PL 340/PL 340BS | 2029 |
| Hyme | PL 348 | 2029 |
| Bauge | PL 348/PL 348B | 2029 |
| Fram | PL 090 / 090E | 2024 |
| Grane | PL 001CS/PL 169B1 | 2030 |
| Gungne | PL 046 | 2028 |
| Ormen Lange | PL 208/PL 250 | 2041 |
| Sigyn | PL 072 | 2022 |
| Sleipner East | PL 046 | 2028 |
| Sleipner West | PL 029/PL 046 | 2028 |
| Statfjord Unit | PL 037 | 2026 |
| Statfjord East | PL 037/PL 089 | 2040 |
| Statfjord North | PL 037 | 2026 |
| Sygna | PL 037/PL 089 | 2040 |
| Svalin | PL 169 | 2030 |
| Tordis | PL 089 | 2040 |
| Vigdis | PL 089 | 2040 |



Parent company financial

statements with note disclosures



Statements of income

| NOK 1 000 | Note | 2020 | 2019 |
|--|----------|--------------------|--------------------|
| Sales revenue | 2.2 | 26 948 710 | 24 897 174 |
| Other operating revenue | 2.3 | 79 395 | 308 893 |
| Total operating revenue | | 27 028 105 | 25 206 066 |
| Production costs | 2.4, 2.5 | -8 225 890 | -7 862 333 |
| Transportation and processing cost | | -2 541 962 | -1 250 571 |
| Other operating expenses | 2.6 | -960 693 | -405 125 |
| Exploration costs | 2.7, 3.1 | -740 326 | -932 128 |
| Depreciation | 3.1, 3.2 | -15 035 651 | -8 634 916 |
| Impairment and reversal of impairments | 3.2, 3.3 | -9 005 648 | 573 089 |
| Total operating cost | | -36 510 171 | -18 511 984 |
| Operating profit / (loss) (EBIT) | | -9 482 066 | 6 694 083 |
| Net financial items | 5.5 | 413 815 | 111 184 |
| Profit / (loss) before income taxes | | -9 068 251 | 6 805 267 |
| Taxes on ordinary income | 6.1 | 2 538 608 | -4 288 806 |
| Profit / (loss) for the period | | -6 529 643 | 2 516 461 |

Balance sheet statements

| NOK 1 000 | Note | Year end | |
|--|----------|--------------------|--------------------|
| | | 2020 | 2019 |
| ASSETS | | | |
| Non-current assets | | | |
| Intangible assets | | | |
| Goodwill | 3.1 | 5 297 884 | 5 673 107 |
| Capitalised exploration wells | 3.1 | 966 976 | 768 588 |
| Other intangible assets | 3.1 | 921 997 | 921 867 |
| Tangible fixed assets | | | |
| Wells and production facilities | 3.2 | 83 818 857 | 93 239 354 |
| Facilities under construction | 3.2 | 28 398 170 | 16 472 823 |
| Other property, plant and equipment | 3.2 | 311 215 | 272 242 |
| Financial assets | | | |
| Investment in shares | 3.6 | 2 193 760 | 2 204 093 |
| Other non-current assets | 3.4 | 22 985 | 70 204 |
| Total non-current assets | | 121 931 844 | 119 622 279 |
| Current assets | | | |
| Inventories | 3.5 | 2 416 423 | 1 699 859 |
| Trade receivables | 7.1, 3.7 | 1 420 452 | 4 507 451 |
| Other receivables and financial assets | 5.3 | 1 757 108 | 5 956 391 |
| Tax receivable | 6.1 | 5 568 958 | - |
| Cash and cash equivalents | 5.7 | 2 091 768 | 1 233 276 |
| Total current assets | | 13 254 711 | 13 396 977 |
| TOTAL ASSETS | | 135 186 555 | 133 019 256 |

Balance sheet statements

| Year end | | | |
|--|------|--------------------|--------------------|
| NOK 1 000 | Note | 2020 | 2019 |
| EQUITY AND LIABILITIES | | | |
| Equity | | | |
| Share capital | 5.4 | 399 425 | 399 425 |
| Share premium | 5.4 | 16 735 425 | 21 151 241 |
| Other equity | 5.4 | -6 095 619 | 532 881 |
| Total equity | | 11 039 230 | 22 083 547 |
| Non-current liabilities | | | |
| Interest-bearing loans and borrowings | 5.1 | 47 642 216 | 40 462 433 |
| Deferred tax liabilities | 6.1 | 26 051 638 | 16 806 745 |
| Non-current abandonment obligation | 4.2 | 36 350 417 | 29 623 036 |
| Pension liability | 2.5 | - | 226 559 |
| Other non-current liabilities | 4.1 | 1 514 314 | 886 522 |
| Total non-current liabilities | | 111 558 585 | 88 005 294 |
| Current liabilities | | | |
| Current abandonment obligation | 4.2 | 224 152 | 882 192 |
| Accounts payables | 7.1 | 5 877 727 | 2 196 502 |
| Taxes payable | 6.1 | - | 10 031 772 |
| Current portion of interest-bearing loan | 5.1 | - | 1 363 893 |
| Accrued dividend | 5.4 | 1 912 500 | 1 800 000 |
| Other current liabilities | 5.2 | 4 574 361 | 6 656 056 |
| Total current liabilities | | 12 588 740 | 22 930 414 |
| Total liabilities | | 124 147 324 | 110 935 708 |
| TOTAL EQUITY AND LIABILITIES | | 135 186 555 | 133 019 256 |

Sandnes, 15 March 2021

| | |
|--|--|
|  Philip D. Hemmens Chairman |  Alessandro Puliti Board member |
|  Tor Espedal Board member |  Stefano Maione Board member |
|  Francesco Gattei Board member |  Laurits Hosar Board member |
|  Kjersti S. Christ Board member |  Jan Inge Nesheim Board member |
|  Kristin F. Kragseth Chief Executive Officer | |

Statements of cash flow

| NOK 1 000 | Note | 2020 | 2019 |
|--|----------|--------------------|--------------------|
| Profit/(Loss) before income taxes | | -9 068 251 | 6 805 267 |
| Depreciation, depletion and amortisation | 3.1, 3.2 | 15 035 651 | 8 634 916 |
| Impairment/reversal of tangible fixed assets | 3.2, 3.3 | 9 005 648 | -573 089 |
| Impairment of exploration wells | 3.1 | 182 467 | 157 756 |
| (Gain)/loss on sale and retirement of assets | 2.3 | -9 466 | -159 794 |
| Utilization of decommissioning provision | 4.2 | -955 897 | -533 160 |
| Accretion expenses (asset retirement obligation) | 4.2 | 701 519 | 535 573 |
| Changes in inventories, accounts and other payables, trade and other receivables, and provisions | | 6 135 171 | -1 354 171 |
| Income tax received/(paid) | 6.1 | -3 600 702 | -1 803 056 |
| Accrued pension cost | 2.5 | - | -35 482 |
| Net cash flows from/-used in operating activities | | 17 426 140 | 11 674 761 |
| Expenditures on exploration and evaluation assets | 3.1, 3.2 | -380 855 | -351 314 |
| Expenditures on other property, plant and equipment | 3.1, 3.2 | -19 920 420 | -10 727 919 |
| Proceeds from sale of assets (sales price) | | 9 466 | 1 273 053 |
| Business combination | 2.1 | -285 822 | -28 776 002 |
| Net cash flows from/-used in investing activities | | -20 577 631 | -38 582 182 |
| Proceeds from other paid-in capital | | - | - |
| Dividends | | -4 382 058 | -14 712 310 |
| Proceeds from loans and borrowings | 5.1 | 9 783 046 | 34 471 761 |
| Proceeds from loans and borrowings, other | 5.1 | -1 372 559 | - |
| Net cash from/-used in financing activities | | 4 028 429 | 19 759 451 |
| Net change in cash and cash equivalents | | 876 938 | -7 147 970 |
| Cash and cash equivalents, beginning of period | | 1 233 276 | 8 376 437 |
| Effect of exchange rate fluctuation on cash held | | -18 446 | 4 809 |
| Cash and cash equivalents, end of period | | 2 091 768 | 1 233 276 |



1. Background information

1.1 Corporate information

The financial statements of Vår Energi AS ("Vår Energi" or "the Company") for the year ended 31 December 2020 were authorised for issue in accordance with a Board resolution on 15 March 2021.

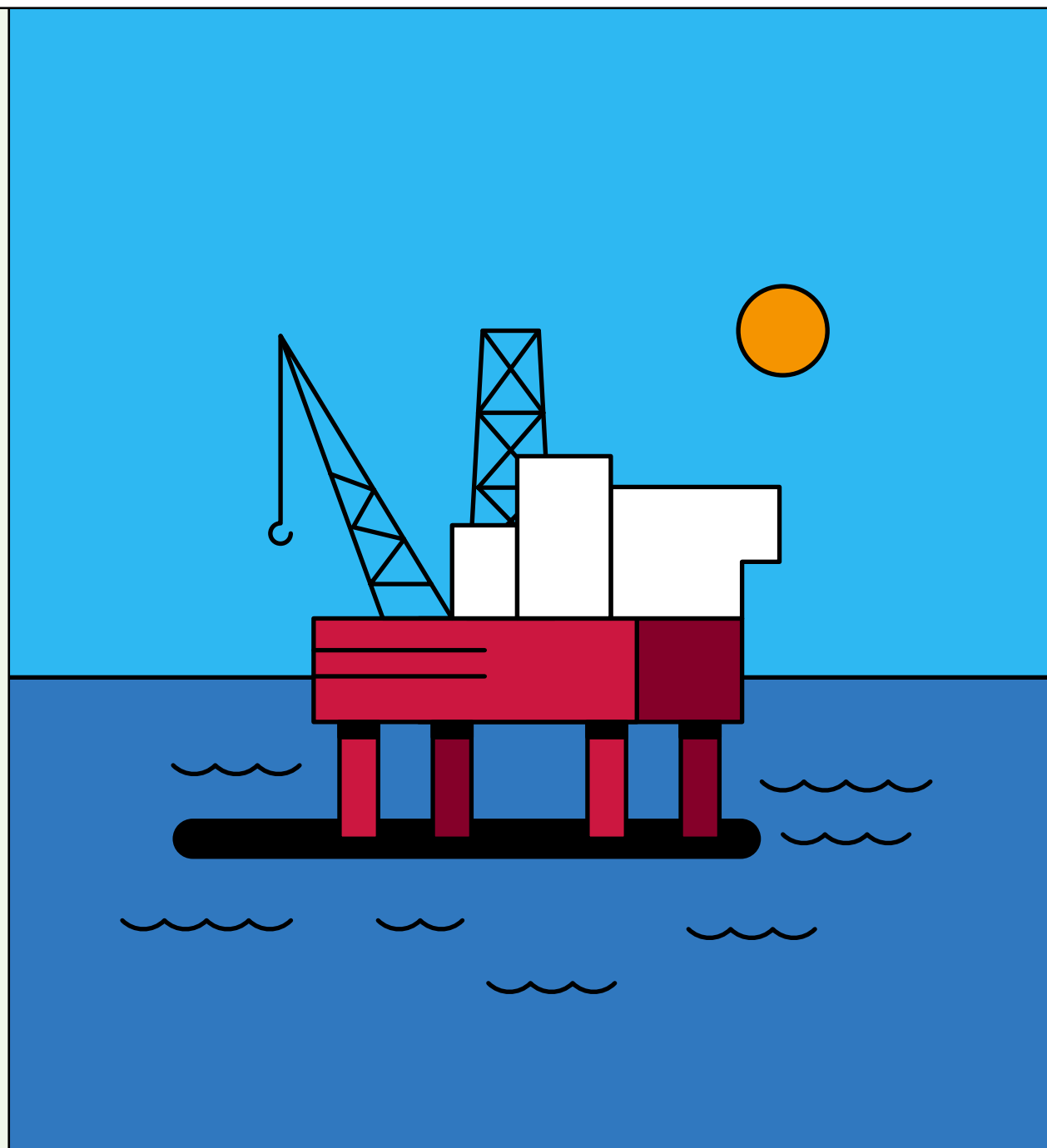
Vår Energi AS is a limited liability company incorporated and domiciled in Norway and the Company's shares are privately held. The head office is located at Vestre Svanholmen 1, 4313 Sandnes, Norway.

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

On 10 December 2019, Vår Energi acquired ExxonMobil's partner-operated business in Norway from ExxonMobil Exploration and Production Norway AS. The acquisition included transfer of ExxonMobil's onshore E&P staff in Norway and the shares in subsidiary Vår Energi Marine AS (renamed from Standard Marine Tønsberg AS). More detailed information is included in note 2.1.

1.2 Accounting principles

Refer to note 1.2 in the Consolidated Financial Statements disclosing information to the Company's accounting policies.



2. Operational performance

2.1 Business combinations (including pro-forma)

Acquisition of ExxonMobil's Partner Operated Assets in Norway

On 10 December 2019, Vår Energi acquired ExxonMobil's ownership interests in Partner-Operated fields and licenses on the Norwegian Continental Shelf. The acquisition included more than 20 producing fields, including 6 fields with ownership interests also previously held by Vår Energi. In addition, the acquisition included licenses with future development projects and exploration potentials. As part of the acquisition of the assets, 33 employees were transferred from ExxonMobil to Vår Energi.

As part of the transaction, Vår Energi acquired 100 per cent of the shares in Standard Marine Tønsberg AS. Standard Marine Tønsberg AS subsequently changed name to Vår Energi Marine AS. The company has a long-term in-chartering agreement with Knutsen NYK Shuttle Tankers 16 AS for one shuttle tanker vessel, MT Ingrid Knutsen, and a corresponding out-chartering agreement with Teekay Navion Offshore Loading Pte Ltd.

The transaction with ExxonMobil is recorded as a Business Combination and was completed on 10 December 2019. For tax and economic purposes, the effective date of the assets transferred was 1 January 2019. The credit in 2020 reflects final Completion Statement from ExxonMobil.

Purchase consideration

| NOK 1 000 | 2020 | 2019 |
|--|-----------------|-------------------|
| Cash consideration | -285 822 | 28 776 002 |
| Deferred payment * | - | 2 894 524 |
| Payment for acquired assets and liabilities | -285 822 | 31 670 526 |

* Described in the section below

Deferred payments

The part of the purchase price is to be paid 30 December 2022. Outstanding payments are subject to interest.

Assets acquired and liabilities assumed

The fair values of the identifiable assets and liabilities of ExxonMobil's partner-operated upstream business in Norway as of the date of acquisition were:

| NOK 1 000 | 2020 | 2019 |
|--------------------------------------|-----------------|-------------------|
| ASSETS | | |
| Non-current assets | | |
| Oil and gas properties | -272 481 | 43 338 304 |
| Exploration prospects | - | 919 230 |
| Financial assets | -10 333 | 151 067 |
| Total non-current assets | -282 814 | 44 408 601 |
| Current assets | | |
| Inventories | - | 1 663 210 |
| Net working capital | 97 968 | 221 111 |
| Cash and short-term deposits | - | - |
| Deferred tax asset | - | 750 295 |
| Total current assets | 97 968 | 2 634 616 |
| Total assets | -184 847 | 47 043 217 |
| LIABILITIES | | |
| Non-current liabilities | | |
| Shippers Liability Gassled | - | 420 351 |
| Provision for abandonment | - | 11 697 475 |
| Total non-current liabilities | - | 12 117 826 |
| Current liabilities | | |
| Taxes payable | -205 837 | 8 764 580 |
| Total current liabilities | -205 837 | 8 764 580 |
| Total liabilities | -205 837 | 20 882 407 |

| | | |
|---|---------|------------|
| Total identifiable net assets at fair value | 20 990 | 26 160 811 |
| Consideration paid on acquisition | 285 822 | 31 670 526 |
| Goodwill arising on acquisition | 264 832 | 5 509 715 |

According to §10 in the Norwegian Petroleum Tax Act, transactions shall be done after tax and the buyer is therefore not entitled to claim tax deduction for the part of consideration that exceeds the tax position acquired from the seller. None of the goodwill recognised is expected to be deductible for income tax purposes.

Purchase price allocation

The valuation is based on currently available information about fair values as of the acquisition date. Final completion statement has been completed and audit of amounts in 2020 performed. When new information becomes available within 12 months from the acquisition date, the Company may change the fair value assessment in the Purchase price allocation. Any adjustments will result in a corresponding adjustment of goodwill.

| Net cash flow from acquisition | 2020 | 2019 |
|--------------------------------|----------|-------------|
| Net cash acquired | - | 109 488 |
| Cash paid | -285 822 | 28 776 002 |
| Net cash flow on acquisition | -285 822 | -28 776 002 |

Pro-forma figures (un-audited):

The Board of Directors considers the pro-forma numbers presented in the table below to represent an approximate measure of the performance of the combined group on an annualised basis and to provide a reference point for comparison in future periods. The pro-forma figures for the Company has been calculated as if the ExxonMobil asset acquisition and the Eni - Point Resources merger had taken place 1 January 2018. The pro-forma figures for 2019 have been collected directly from ExxonMobil, the preliminary completion statement and NPD.

| 1 January - 31 December (NOK 1 000) | Pro-forma 2019 |
|--|-------------------|
| Sales revenue | 43 151 023 |
| Other operating revenue | 255 930 |
| Production costs | -13 075 985 |
| EBITDAX | 30 330 968 |
| Exploration costs | -940 099 |
| EBITDA | 29 390 869 |
| Pro-forma production (1 January to 31 December 2019, kboepd) | 296.0 |

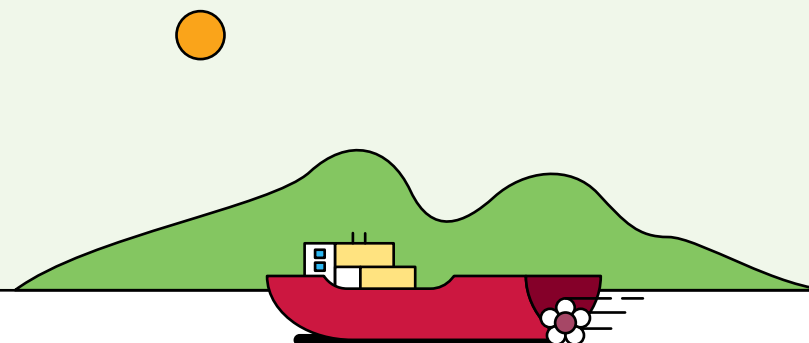
2.2 Petroleum revenues

| NOK 1 000 | EU | Norway | 2020 | 2019 |
|---|-------------------|----------------|-------------------|-------------------|
| Revenue from crude oil sales | 18 268 901 | 7 001 | 18 275 901 | 19 507 187 |
| Revenue from gas sales | 5 046 843 | 5 739 | 5 052 582 | 3 921 799 |
| Revenue from NGL sales | 1 909 452 | 88 546 | 1 997 998 | 1 437 964 |
| Gain from realised crude put options | - | - | 1 622 228 | 30 224 |
| Total petroleum revenues including results from hedging activities | 25 225 196 | 101 286 | 26 948 710 | 24 897 174 |

| Key operational figures | | 2020 | 2019 |
|--|--------------------|------------|------------|
| Production | boe ⁽¹⁾ | 97 076 222 | 56 678 071 |
| Average production per day | boe | 265 236 | 155 282 |
| Average oil price | USD / bbl | 38.31 | 63.00 |
| Average oil price including hedging effects ⁽²⁾ | USD / bbl | 50.03 | 63.70 |
| Volumes sold | boe | 92 126 939 | 56 093 158 |

(1) Boe = barrel of oil equivalent.

(2) Realised oil price including any realised hedging gains adjusted for difference in tax rate to reflect equivalent oil price effect for physical volumes.



2.3 Other operating revenues

| NOK 1 000 | 2020 | 2019 |
|---------------------------------------|---------------|----------------|
| Gain from sale of assets | 9 466 | 160 810 |
| Other operating income | 69 929 | 148 083 |
| Total other operating revenues | 79 395 | 308 893 |

Asset sale in 2019 and 2020 relates to divestment of 10 per cent ownership interests in six Vår Energi-operated licenses across the Balder and Ringhorne fields in the North Sea to Mime Petroleum AS.

The 2020 other operating income is mainly income from Grane Oil Pipeline. Other operating income in 2019 includes insurance and reimbursement on Goliat.

2.4 Production costs

| NOK 1 000 | 2020 | 2019 |
|--|------------------|------------------|
| Production costs | 6 155 277 | 6 444 542 |
| Environmental taxes | 619 983 | 418 961 |
| Over- / underlift & physical stock adjustments | 528 141 | 567 927 |
| Insurances | 612 053 | 335 984 |
| Premium from realized crude put options | 309 875 | 93 215 |
| Purchase of natural gas | 561 | 1 705 |
| Total production cost | 8 225 890 | 7 862 333 |

The 2020 production costs include a reversal of pension liability recognised at 31 December 2019 of NOK 214 160 thousand, ref note 2.5.

2.5 Staff costs and remuneration

Refer to note 2.5 in the Consolidated Financial Statements disclosing information on the Company's staff costs and remuneration.

2.6 Other operating expenses

| NOK 1 000 | Note | 2020 | 2019 |
|--|----------|----------------|----------------|
| R&D cost | | 236 574 | 170 727 |
| Legal provisions | | 167 638 | 138 093 |
| Net profit interest | | 17 498 | 78 335 |
| Value adjustment contingent considerations | 4.3, 5.2 | 641 004 | - |
| Other expenses | | -102 021 | 17 970 |
| Total other operating expenses | | 960 693 | 405 125 |

Other expenses in 2020 contains a credit effect deriving from stock adjustments.

Movement in value adjustment contingent considerations mainly relates to updated reserves estimate in the Forseti structure.

R&D cost

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 offshore wind, carbon capture and storage (CCS) and low emissions technologies.

Vår Energi's R&D portfolio includes more than 35 projects, mainly administered in the form of Joint Industry Projects (JIPs) or consortia, but also as bilateral R&D contracts.

2.7 Exploration costs

Refer to note 2.7 in the Consolidated Financial Statements disclosing information on the Company's exploration costs.

3. Asset base

3.1 Intangible assets

| NOK 1 000 | Goodwill | Other intangible assets | Capitalised exploration wells | Total |
|--|------------------|-------------------------|-------------------------------|------------------|
| Cost as of 1 January 2019 | 236 350 | - | 575 231 | 811 581 |
| Additions | - | 2 767 | 351 314 | 354 080 |
| Additions through business combination | 5 509 715 | 919 230 | - | 6 428 945 |
| Reclassification | - | - | - | - |
| Disposals / expensed exploration wells | - | - | -157 957 | -157 957 |
| Cost as of 31 December 2019 | 5 746 065 | 921 997 | 768 588 | 7 436 650 |
| Depletion and impairment as of 1 January 2019 | - | - | - | - |
| Depreciation | -72 958 | -130 | - | -73 088 |
| Provision for impairment | - | - | - | - |
| Disposals | - | - | - | - |
| Depletion and impairment as of 31 December 2019 | -72 958 | -130 | - | -73 088 |
| Net book value as of 31 December 2019 | 5 673 107 | 921 867 | 768 588 | 7 363 562 |
| Cost as of 1 January 2020 | 5 746 065 | 921 997 | 768 588 | 7 436 650 |
| Additions | - | - | 380 855 | 380 855 |
| Additions through business combination | 264 832 | - | - | 264 832 |
| Reclassification | - | - | - | - |
| Disposals / expensed exploration wells | - | - | -182 467 | -182 467 |
| Cost as of 31 December 2020 | 6 010 897 | 921 997 | 966 976 | 7 899 869 |
| Depletion and impairment as of 1 January 2020 | -72 958 | - | - | -72 958 |
| Depreciation | -640 055 | - | - | -640 055 |
| Provision for impairment | - | - | - | - |
| Disposals | - | - | - | - |
| Depletion and impairment as of 31 December 2020 | -713 013 | - | - | -713 013 |
| Net book value as of 31 December 2020 | 5 297 884 | 921 997 | 966 976 | 7 186 856 |

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

3.2 Tangible assets

| NOK 1 000 | Note | Wells and production facilities | Facilities under construction | Other property, plant and equipment | Total |
|---|------|---------------------------------|-------------------------------|-------------------------------------|-------------|
| Cost as of 1 January 2019 | | 125 312 116 | 6 146 781 | 564 075 | 132 022 972 |
| Additions | | 4 789 062 | 6 735 235 | 104 390 | 11 628 686 |
| Additions through business combinations | | 39 036 263 | 4 302 041 | - | 43 338 304 |
| Reclassification | | 414 853 | -711 233 | - | -296 380 |
| Disposals | | -1 806 340 | - | - | -1 806 340 |
| Cost as of 31 December 2019 | | 167 745 954 | 16 472 823 | 668 465 | 184 887 243 |
| Depletion and impairment as of 1 January 2019 | | -66 568 686 | - | -345 398 | -66 914 084 |
| Depreciation | | -8 544 538 | - | -50 825 | -8 595 363 |
| Provision / reversal of impairment | | 573 089 | - | - | 573 089 |
| Disposals | | 33 534 | - | - | 33 534 |
| Depletion and impairment as of 31 December 2019 | | -74 506 600 | - | -396 223 | -74 902 823 |
| | | | | | |
| Net book value as of 31 December 2019 | | 93 239 354 | 16 472 823 | 272 242 | 109 984 419 |



3.2 Tangible assets cont.

| NOK 1 000 | Note | Wells and production facilities | Facilities under construction | Other property, plant and equipment | Total |
|---|------|---------------------------------|-------------------------------|-------------------------------------|-------------|
| Cost as of 1 January 2020 | | 167 745 954 | 16 472 823 | 668 465 | 184 887 243 |
| Additions | | 12 376 038 | 13 774 326 | 67 185 | 26 217 548 |
| Additions through business combinations | 2.1 | -272 481 | - | - | -272 481 |
| Reclassification | | 1 534 304 | -1 547 109 | 12 805 | - |
| Disposals | | - | - | - | - |
| Cost as of 31 December 2020 | | 181 383 815 | 28 700 040 | 748 455 | 210 832 310 |
| Depletion and impairment as of 1 January 2020 | | -74 506 600 | - | -396 223 | -74 902 823 |
| Depreciation | | -14 354 579 | - | -41 017 | -14 395 596 |
| Provision / reversal of impairment * | | -8 703 778 | -301 870 | - | -9 005 648 |
| Disposals | | - | - | - | - |
| Depletion and impairment as of 31 December 2020 | | -97 564 957 | -301 870 | -437 241 | -98 304 068 |
| Net book value as of 31 December 2020 | | 83 818 857 | 28 398 170 | 311 215 | 112 528 242 |

As of 31 December 2020 NOK 424 467 thousand of the gross book value relates to capitalised interest.

Spesification of increase in asset retirement cost and depreciation

| NOK 1 000 | 2020 | 2019 |
|---|------------|------------|
| Increase/decrease in asset retirement cost ** | 6 300 655 | 11 905 001 |
| Depreciation of capitalised asset retirement cost | -5 475 068 | -1 810 003 |

* See note 3.3 for information regarding impairment charges.

** Includes additions through business combination in 2019.

3.3 Impairment

Impairment testing

Impairment tests of individual cash-generating units (CGUs) are performed when impairment triggers are identified. In Vår Energi, CGU equals an asset or production license based on how management monitors business activity and if an asset or license generates its own independent inflow of cash.

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 to sell and value in use. Write-downs are correspondingly reversed if the conditions for the write-down are no longer present. Upper limit of reversal is the historical write-down less estimated depreciation as if the impairment had not taken place.

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.

Impairment testing of goodwill

Most of the goodwill on the balance sheet relates to the asset acquisition from ExxonMobil in December 2019. Testing for impairment has been performed by evaluating the goodwill against the remaining positive effects by CGUs (where NPV > NBV) with the result of no impairment to be recognised per 31.12.2020.

Key assumptions applied for impairment testing purposes as of 31 December 2020 are based on Vår Energi's 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. Forecasted prices are based on Vår Energi's long-term price estimates and available market data as of year-end 2020.

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

| Year | 2019 | 2020 |
|------|------|------|
| 2021 | 68.0 | 50.0 |
| 2022 | 70.0 | 55.0 |
| 2023 | 72.0 | 60.0 |
| 2024 | 74.0 | 62.0 |

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

| Year | 2019 | 2020 |
|------|------|------|
| 2021 | 1.85 | 1.28 |
| 2022 | 1.82 | 1.48 |
| 2023 | 1.89 | 1.53 |
| 2024 | 1.97 | 1.60 |

Oil and gas reserves

Future cash flows are calculated on the basis of expected production profiles and estimated proven, probable and risked

possible reserves. The recoverable amount is sensitive to changes in reserves.

Future expenditure

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

Discount rate

The discount rate is derived from the company's weighted average cost of capital ("WACC"). The capital structure considered in the WACC calculation is derived from the capital structures of an identified peer group and market participants with consideration given to optimal structures. The cost of equity is derived from the expected return on investment by the company's investors. The cost of debt is based on the interest-bearing borrowings on debt specific to the assets acquired. The beta factors are evaluated based on publicly available market data about the identified peer group. 7 per cent discount rate used for both 2019 and 2020.

Inflation

The long-term inflation rate is assumed to be 1.9 per cent.

Impairment charge/reversal

Vår Energi recognised impairments of NOK 9 006 million in 2020. The impairments relate to a number of fields with the most significant being Balder Area, Grane, Snorre, Trestakk and Goliat.

The 2020 impairments were mainly due to lower forward price scenarios compared to the fair values recognised through the Eni - Point Resources merger in 2018 and the ExxonMobil assets purchased in 2019.

3.4 Other non-current assets

Refer to note 3.4 in the Consolidated Financial Statements disclosing information on the Company's Other non-current assets.

3.5 Inventories

| NOK 1 000 | 2020 | 2019 |
|-----------------------------------|------------------|------------------|
| Spare parts and drilling material | 1 988 755 | 1 517 678 |
| Physical oil inventory | 427 668 | 182 181 |
| Total inventory | 2 416 423 | 1 699 859 |

3.6 Investment in shares

| | | 2020 | |
|---------------------------------|-------------------|------------|-----------|
| NOK 1 000 | Business location | Book Value | Ownership |
| Point Resources FPSO Holding AS | Sandnes, Norway | 2 050 901 | 100% |
| Vår Energi Marine AS | Sandnes, Norway | 135 339 | 100% |

| | | 2020 | |
|-----------------------------|-----------------------|------------|-----------|
| NOK 1 000 | Business location | Book Value | Ownership |
| Norpipe Oil AS | Tananger, Norway | 1 526 | 6.52% |
| Tjeldbergodden Utvikling AS | Kjørsvikbugen, Norway | 600 | 0.48% |
| Ormen Lange Eiendom DA | Tananger, Norway | 5 395 | 6.34% |

3.7 Trade receivables

| NOK 1 000 | 2020 | 2019 |
|--------------------------------|------------------|------------------|
| Trade receivables | 2 599 476 | 4 507 451 |
| Sale of trade receivables | -1 179 024 | - |
| Total trade receivables | 1 420 452 | 4 507 451 |



4 Special items and provisions

4.1 Other non-current liabilities

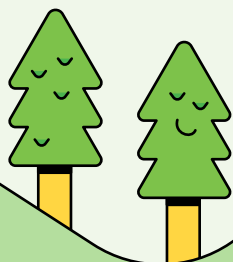
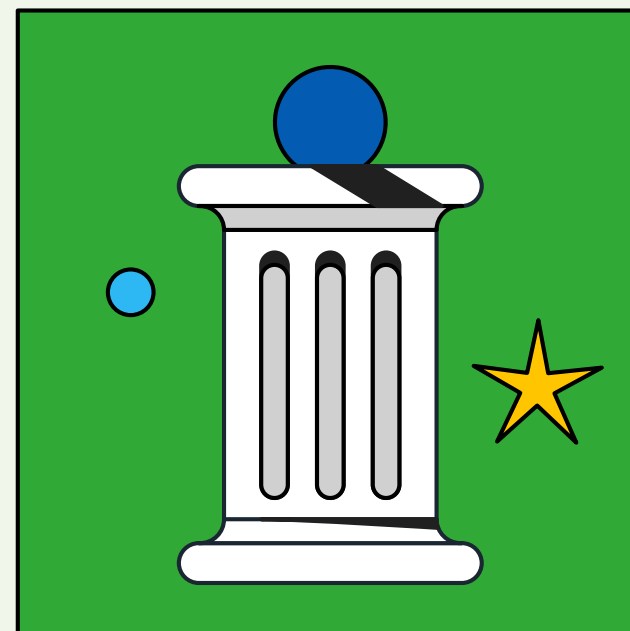
Refer to note 4.1 in the Consolidated Financial Statements disclosing information on the Company's Other non-current liabilities.

4.2 Abandonment obligation

Refer to note 4.2 in the Consolidated Financial Statements disclosing information on the Company's abandonment obligation.

4.3 Commitments and contingent liabilities

Refer to note 4.3 in the Consolidated Financial Statements disclosing information on the Company's abandonment obligation.



5 Financial instruments, capital structure and equity

5.1 Interest-bearing loans

Interest-bearing loans and borrowings

| NOK 1 000 | 2020 | 2019 |
|--|-------------------|-------------------|
| RBL credit facility | 45 521 421 | 38 373 672 |
| Deferred payment ExxonMobil 2022 | 2 734 610 | 2 764 791 |
| Prepaid RBL loan expenses | (613 814) | (676 029) |
| Total non-current interest-bearing loans and borrowings | 47 642 216 | 40 462 433 |

Current interest-bearing loans and liabilities

| NOK 1 000 | 2020 | 2019 |
|--|-------------------|-------------------|
| Deferred payment ExxonMobil 2020 | - | 1 363 893 |
| Total current interest-bearing loans and borrowings | - | 1 363 893 |
| | | |
| Total interest-bearing loans and borrowings | 47 642 216 | 41 826 326 |

On 24 March 2020, Vår Energi signed two unsecured revolving credit facility agreements for a total amount of USD 600 million with a tenor of 3 years. In relation to the reserve based lending facility and the revolving credit facilities, Vår Energi is obliged to submit a liquidity test ahead of making distributions to shareholders in addition to 1 April and 1 October to ensure that liquidity levels comply with what is outlined in the RBL agreement. In addition, there are covenants related to a maximum ratio of net debt divided by EBITDAX and a minimum ratio of EBITDA to interest expenses. The Company is in compliance with its covenants as of 31 December 2020.

The first payment of the RBL credit facility is 1 December 2022. The final payment is in 2024.

Credit facilities - utilised and unused amount

| NOK 1 000 | 2020 | 2019 |
|----------------------------------|------------|------------|
| Drawn amount credit facilities | 45 521 421 | 38 373 672 |
| Undrawn amount credit facilities | 7 225 861 | 8 237 429 |

Letter of Credit amounting to NOK 15 416 has been issued to Aker BP which reduces available loan.

Security related to the Company's borrowing base facility include mortgages over the borrower's license interests in all underlying assets, from time to time; assignment of the borrower's claims under the insurances providing coverage for any underlying asset; and assignment of the borrower's monetary claims under each hedging agreement.

5.2 Other current liabilities

| NOK 1 000 | Note | 2020 | 2019 |
|---|------|------------------|------------------|
| Net overlift of hydrocarbons | | 1 001 630 | 1 515 898 |
| Net payables to joint operations | | 2 612 567 | 1 051 385 |
| Employees | | 135 632 | 189 507 |
| Accrued public charges and indirect taxes | | 47 937 | 190 824 |
| Lease commitment Grenseveien office | 4.3 | 20 392 | 19 894 |
| Contingent consideration | 4.3 | 256 887 | 31 763 |
| Oil put options liability | 5.6 | 497 131 | 292 008 |
| Currency forward contracts | | - | 2 634 090 |
| Other payables | | 2 185 | 730 686 |
| Total other current liabilities | | 4 574 361 | 6 656 056 |

5.3 Other receivables and financial assets

| NOK 1 000 | Note | 2020 | 2019 |
|---|------|------------------|------------------|
| Net underlift of hydrocarbons | | 1 228 455 | 2 475 958 |
| Employees | | - | 183 |
| Prepaid expenses | | 222 429 | 41 840 |
| Oil put options asset | 5.6 | 224 753 | 146 064 |
| Currency forward contracts | | - | 2 748 300 |
| Receivables decommissioning costs for Jotun | 4.2 | - | 422 555 |
| Other | | 81 472 | 121 491 |
| Total current receivables | | 1 757 108 | 5 956 391 |

5.4 Changes in shareholder's equity

| NOK 1 000 | Share Capital | Share Premium | Other Equity | Total Equity |
|-----------------------------------|----------------|-------------------|--------------------|-------------------|
| Opening balance | 399 425 | 21 151 241 | 532 881 | 22 083 547 |
| Dividends accrued | - | (1 912 500) | - | (1 912 500) |
| Dividends paid | - | (2 503 316) | - | (2 503 316) |
| Transactions booked to equity (1) | - | - | (98 858) | (98 858) |
| Profit and loss for the year | - | - | (6 529 643) | (6 529 643) |
| Closing balance | 399 425 | 16 735 425 | (6 095 619) | 11 039 230 |

Share capital amounted to NOK 399 425 thousand as of 31 December 2020 which consisted of 399 425 shares at par value NOK 1 000. Every share has equal voting rights, 1 share equals 1 vote.

Shareholders are Eni International B.V. with 278 998 shares and Point Resources Holding AS with 120 427. In 2020, 998 shares were transferred from Point Resources Holding AS to ENI International B.V.

(1) Fair value adjustment of oil put options booked to equity post tax.

5.5 Financial income and financial expenses

| NOK 1 000 | Note | 2020 | 2019 |
|--|------|-------------------|-------------------|
| Interest income on bank accounts and receivables | | 297 304 | 111 869 |
| Dividends | | 342 | 1 760 |
| Other financial income | | - | - |
| Financial income | | 297 646 | 113 629 |
| | | - | - |
| Currency forward contracts gain / (loss) | | -114 210 | 114 210 |
| Other exchange rate gain / (loss) | | 2 718 750 | 1 097 734 |
| Net exchange rate gain / (loss) | | 2 604 540 | 1 211 944 |
| | | - | - |
| Interest expenses | | -1 634 462 | -662 170 |
| Accretion expenses (asset retirement obligation) | 4.2 | -701 519 | -552 220 |
| Other financial expenses | | -152 390 | - |
| Financial expenses | | -2 488 371 | -1 214 389 |
| | | - | - |
| Net financial items | | 413 815 | 111 184 |

5.6 Financial instruments

Refer to note 5.6 in the Consolidated Financial Statements disclosing information on the Company's financial instruments.

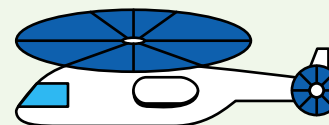
5.7 Cash and cash equivalents

| NOK 1 000 | 2020 | 2019 |
|--|------------------|------------------|
| Bank deposits, unrestricted | 2 010 942 | 1 162 620 |
| Bank deposit, restricted, employee taxes | 80 826 | 70 656 |
| Total bank deposits | 2 091 768 | 1 233 276 |

6 Tax

6.1 Income Taxes

| Profit and loss - NOK million | 2020 | 2019 |
|--|--------------------|------------------|
| Basis for taxes: | | |
| Income before taxes | -9 068 251 | 6 805 267 |
| Marginal tax rate (78%) | -7 073 236 | 5 308 108 |
| Tax effect of: | | |
| - Permanent and other differences | 7 985 301 | 601 846 |
| - Items taxed at other tax rates | -1 259 864 | -377 036 |
| - Earned uplift | -2 665 520 | -1 263 641 |
| - Previous years' adjustment | 474 710 | 19 528 |
| Current year tax cost | -2 538 608 | 4 288 806 |
| Specification of the current year tax cost | | |
| Payable tax | -12 179 626 | 2 219 521 |
| Previous years payable taxes | 385 434 | 19 528 |
| Deferred tax related to tax rate change | - | - |
| Deferred tax | 9 255 584 | 2 049 757 |
| Current year tax cost | -2 538 608 | 4 288 806 |
| Payable tax as of 31.12 | | |
| Income before taxes | -9 068 251 | 6 805 267 |
| Permanent difference | 10 237 566 | 771 599 |
| Change in timing differences | -961 434 | -3 504 264 |
| Base for 22% income tax | 207 881 | 4 072 602 |
| Uplift | -6 274 852 | -1 452 453 |
| Temporary for special tax | -16 527 282 | - |
| Onshore income | 763 254 | -256 667 |
| Base for 56% special tax | -21 830 999 | 2 363 482 |



| Profit and loss - NOK million | 2020 | 2019 |
|--|-------------------|-------------------|
| Payable tax in the beginning of the period | 10 031 772 | 831 198 |
| Payable tax | -12 179 626 | 2 219 521 |
| Previous years payable taxes | 385 434 | 19 528 |
| Income tax received / (paid) | -3 600 702 | -1 803 056 |
| Acquisition of ExxonMobil fields / Point Resources net tax payable | -205 836 | 8 764 580 |
| Net tax payable/(receivable) at year-end | -5 568 958 | 10 031 772 |

| Temporary timing differences as of 31.12 | 2020 | 2019 |
|---|-------------------|-------------------|
| Properties, plant and equipment | 55 782 318 | 51 928 398 |
| Decommissioning/environmental liabilities | -37 239 733 | -30 433 718 |
| Pension liability | - | -225 187 |
| Other | 7 080 644 | 3 439 702 |
| Basis for deferred ordinary taxes | 25 623 228 | 24 709 195 |
| Future uplift | -1 913 659 | -3 428 654 |
| Tax depreciation special tax | 16 527 282 | - |
| Onshore activity | -4 535 603 | -1 354 724 |
| Basis for deferred special taxes | 35 701 248 | 19 925 817 |
| Ordinary tax 22% | 5 637 110 | 5 436 023 |
| Special tax 56% | 19 992 699 | 11 158 458 |
| Items taxed at other tax rates | 421 828 | 212 264 |
| Deferred tax liabilities | 26 051 638 | 16 806 745 |

Deferred taxes includes taxes related to items recognised directly in equity for pensions (note 2.5) and put options (note 5.6). For 2020 a total of NOK 10 690 thousand in tax income has been recognised through equity.

7 Other disclosures

7.1 Related parties

Vår Energi has a number of transaction with other wholly owned or controlled companies by the shareholders. Revenues are mainly related to sale of oil, gas and NGL. The expenditures are mainly related to technical services, seconded personnel, insurance guarantees and rental cost.

Current assets

| NOK 1 000 | 2020 | 2019 |
|----------------------------|------------------|------------------|
| Customers | | |
| Eni Trading & Shipping SpA | 1 481 247 | 1 815 544 |
| Eni SpA | 258 413 | 72 717 |
| Eni Angola SpA | 18 128 | 19 464 |
| Other | 6 095 | 8 766 |
| Total customers | 1 763 884 | 1 916 491 |

All receivables are due within 1 year.

Current liabilities

| NOK 1 000 | 2020 | 2019 |
|----------------------------|------------------|----------------|
| Suppliers | | |
| Eni SpA | 184 813 | 160 952 |
| Eni International BV | 183 730 | - |
| Eni Trading & Shipping SpA | 38 151 | 159 501 |
| PR Jotun DA (1) | 3 706 625 | 3 438 |
| Other | 1 264 | 5 013 |
| Total suppliers | 4 114 583 | 328 903 |

Sales revenue

| NOK 1 000 | 2020 | 2019 |
|----------------------------|-------------------|-------------------|
| Eni Trading & Shipping SpA | 12 221 303 | 14 445 646 |
| Eni SpA | 1 054 656 | 782 992 |
| Total sales revenue | 13 275 959 | 15 228 638 |

Operating and capital expenditure

| NOK 1 000 | 2020 | 2019 |
|---|------------------|------------------|
| Eni SpA | 366 141 | 304 736 |
| Eni International BV | 193 342 | - |
| Eni Trading & Shipping SpA | 170 002 | 340 522 |
| Eni International Resources Ltd. | 30 760 | 41 001 |
| PR Jotun DA (1) | 3 900 109 | 383 918 |
| Vår Energi Marine AS | 12 605 | - |
| Other | 10 138 | 17 159 |
| Total operating and capital expenditures | 4 683 097 | 1 087 336 |

Financial income and expenses

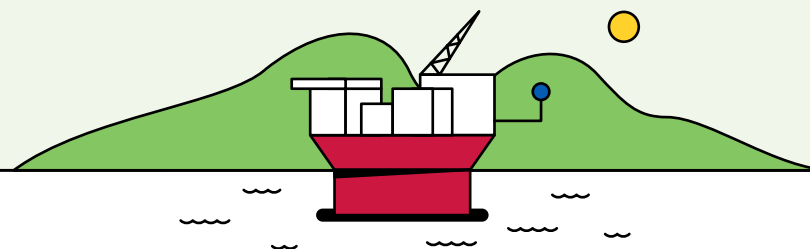
| NOK 1 000 | 2020 | 2019 |
|---------------------------------|------------|--------------|
| Financial income | | |
| Eni Finance International | - | 1 990 |
| Total financial income | - | 1 990 |
| Financial expenses | | |
| Eni SpA | 43 | 914 |
| PR Jotun DA | - | 62 |
| Eni Finance International | 567 | - |
| Total financial expenses | 610 | 976 |

(1) 2020 increase mainly related to Jotun FPSO sale from PR Jotun DA to Vår Energi AS.

7.2 License ownerships

| Fields | WI% | Operator |
|----------------|-------|-----------------|
| BALDER | 90.0% | Vår Energi |
| BAUGE | 17.5% | Equinor |
| BRAGE | 12.3% | Wintershall Dea |
| BØYLA | 20.0% | Aker BP |
| EDDA | 12.4% | ConocoPhillips |
| EKOFISK | 12.4% | ConocoPhillips |
| ELDFISK | 12.4% | ConocoPhillips |
| EMBLA | 12.4% | ConocoPhillips |
| FENJA | 45.0% | Neptune Energy |
| FRAM | 25.0% | Equinor |
| GOLIAT | 65.0% | Vår Energi |
| GRANE | 28.3% | Equinor |
| GUNGNE | 13.0% | Equinor |
| HEIDRUN | 5.2% | Equinor |
| HYME | 17.5% | Equinor |
| JOHAN CASTBERG | 30.0% | Equinor |
| KRISTIN | 19.1% | Equinor |
| MARULK | 20.0% | Vår Energi |
| MIKKEL | 48.4% | Equinor |
| MORVIN | 30.0% | Equinor |

| Fields | WI% | Operator |
|----------------|-------|----------------|
| NORNE | 6.9% | Equinor |
| ORMEN LANGE | 6.3% | Norske Shell |
| RINGHORNE ØST | 70.0% | Vår Energi |
| SIGYN | 40.0% | Equinor |
| SKULD | 11.5% | Equinor |
| SLEIPNER VEST | 17.2% | Equinor |
| SLEIPNER ØST | 15.4% | Equinor |
| SNORRE | 18.6% | Equinor |
| STATFJORD UNIT | 21.4% | Equinor |
| STATFJORD NORD | 25.0% | Equinor |
| STATFJORD ØST | 20.6% | Equinor |
| SVALIN | 13.0% | Equinor |
| SYGNA | 21.0% | Equinor |
| TOR | 10.8% | ConocoPhillips |
| TORDIS | 16.1% | Equinor |
| TRESTAKK | 40.9% | Equinor |
| TYRIHANS | 18.0% | Equinor |
| URD | 11.5% | Equinor |
| VIGDIS | 16.1% | Equinor |
| ÅSGARD | 22.1% | Equinor |



7.2 License ownerships cont.

| Licenses | W1% | Operator | Licenses | W1% | Operator | Licenses | W1% | Operator | Licenses | W1% | Operator |
|----------|------|-----------------|----------|-----|----------------|----------|-----|-----------------|----------|-----|-----------------|
| PL001 | 90% | Vår Energi | PL257 | 15% | Equinor | PL094 | 34% | Equinor | PL911 | 60% | Vår Energi |
| PL001 CS | 100% | Vår Energi | PL263 C | 10% | Equinor | PL094 B | 22% | Equinor | PL912 | 30% | ConocoPhillips |
| PL018 | 12% | ConocoPhillips | PL275 | 12% | ConocoPhillips | PL095 | 5% | ConocoPhillips | PL917 | 20% | ConocoPhillips |
| PL018 B | 12% | ConocoPhillips | PL293 | 25% | Equinor | PL107 B | 5% | Equinor | PL917 B | 20% | ConocoPhillips |
| PL027 | 90% | Vår Energi | PL312 | 41% | Equinor | PL107 D | 5% | Equinor | PL930 | 20% | Equinor |
| PL027 B | 100% | Vår Energi | PL312 B | 41% | Equinor | PL121 | 35% | Equinor | PL938 | 20% | Neptune |
| PL027 C | 90% | Vår Energi | PL340 | 20% | Aker BP | PL122 | 20% | Vår Energi | PL946 | 40% | Equinor |
| PL027 FS | 100% | Vår Energi | PL340 BS | 20% | Aker BP | PL122 B | 20% | Vår Energi | PL947 | 40% | Equinor |
| PL027 GS | 90% | Vår Energi | PL348 | 18% | Equinor | PL122 C | 20% | Vår Energi | PL947 B | 40% | Equinor |
| PL028 | 90% | Vår Energi | PL348 B | 18% | Equinor | PL122 D | 20% | Vår Energi | PL951 | 20% | Aker BP |
| PL028 C | 13% | Equinor | PL375 | 20% | Equinor | PL124 | 10% | Equinor | PL956 | 70% | Vår Energi |
| PL028 S | 90% | Vår Energi | PL393 | 50% | Equinor | PL128 | 12% | Equinor | PL977 | 40% | Aker BP |
| PL029 | 85% | Vår Energi | PL473 | 39% | Equinor | PL128 B | 7% | Equinor | PL978 | 40% | Aker BP |
| PL037 | 25% | Equinor | PL479 | 34% | Equinor | PL128 D | 12% | Equinor | PL980 | 60% | Vår Energi |
| PL044 | 13% | ConocoPhillips | PL489 | 40% | Vår Energi | PL128 E | 12% | Equinor | PL984 | 30% | DNO Norge |
| PL046 | 13% | Equinor | PL516 | 12% | Equinor | PL134 | 30% | Equinor | PL984 BS | 30% | DNO Norge |
| PL053 B | 12% | Wintershall Dea | PL532 | 30% | Equinor | PL134 B | 30% | Equinor | PL985 | 40% | Vår Energi |
| PL055 | 12% | Wintershall Dea | PL554 | 30% | Equinor | PL134 C | 30% | Equinor | PL987 | 20% | Suncor |
| PL055 B | 12% | Wintershall Dea | PL554 B | 30% | Equinor | PL134 D | 30% | Equinor | PL987 B | 20% | Suncor |
| PL055 D | 12% | Wintershall Dea | PL554 C | 30% | Equinor | PL145 | 20% | ConocoPhillips | PL988 | 30% | Lundin |
| PL055 E | 12% | Wintershall Dea | PL554 D | 30% | Equinor | PL169 | 13% | Equinor | PL1001 | 20% | ConocoPhillips |
| PL057 | 5% | Equinor | PL586 | 45% | Neptune | PL169 B1 | 7% | Equinor | PL1005 | 40% | Aker BP |
| PL062 | 10% | Equinor | PL608 | 30% | Equinor | PL169 B2 | 10% | Equinor | PL1010 | 40% | Wintershall Dea |
| PL072 | 40% | Equinor | PL740 | 50% | DNO Norge | PL169 E | 13% | DNO Norge | PL1025 S | 30% | Vår Energi |
| PL072 B | 50% | Equinor | PL740 B | 50% | DNO Norge | PL185 | 12% | Wintershall Dea | PL1035 | 30% | Suncor |
| PL073 | 12% | Equinor | PL740 C | 50% | DNO Norge | PL199 | 15% | Equinor | PL1042 | 30% | Aker BP |
| PL073 B | 15% | Equinor | PL777 | 20% | Aker BP | PL201 | 67% | Vår Energi | PL1043 | 40% | Vår Energi |
| PL074 | 39% | Equinor | PL777 B | 20% | Aker BP | PL209 | 10% | Equinor | PL1050 | 21% | Equinor |
| PL074 B | 39% | Equinor | PL777 C | 20% | Aker BP | PL219 | 50% | Equinor | PL1065 | 40% | Vår Energi |
| PL089 | 16% | Equinor | PL777 D | 20% | Aker BP | PL220 | 15% | Equinor | PL1070 | 30% | Total |
| PL090 | 25% | Equinor | PL784 | 20% | Aker BP | PL229 | 65% | Vår Energi | PL1072 | 70% | Vår Energi |
| PL090 E | 25% | Equinor | PL796 | 20% | Equinor | PL229 B | 65% | Vår Energi | PL1073 | 70% | Vår Energi |
| PL090 I | 25% | Equinor | PL796 B | 20% | Equinor | PL229 D | 50% | Vår Energi | PL1074 | 40% | Vår Energi |
| PL091 | 41% | Equinor | PL822 S | 40% | Aker BP | PL229 E | 50% | Vår Energi | PL1075 | 60% | Vår Energi |
| PL091 D | 41% | Equinor | PL843 | 20% | Aker BP | PL229 F | 65% | Vår Energi | PL1078 | 30% | Equinor |
| PL091 E | 41% | Equinor | PL869 | 20% | Aker BP | PL237 | 22% | Equinor | PL1079 | 30% | Vår Energi |
| PL092 | 55% | Equinor | PL901 | 50% | Vår Energi | PL250 | 6% | Shell | PL1080 | 30% | Equinor |

7.3 Proved developed reserves (un-audited)

| | |
|---|--------------|
| Production 2019 | -56.7 |
| Changes in estimate 2019 | 40.0 |
| Addition through merger 2019 | 195.2 |
| Proved developed reserves as of 31 December 2019 | 473.2 |

| | |
|---|--------------|
| Production 2020 | -97.2 |
| Changes in estimate 2020 | -12.5 |
| Proved developed reserves as of 31 December 2019 | 363.5 |

| Concession periods expire as follows: | | Year |
|---------------------------------------|--|------|
| Ekofisk | PL 018/PL 018 B | 2028 |
| Tor | PL 006/PL 018 | 2028 |
| Heidrun | PL 095 | 2024 |
| Heidrun | PL 124 | 2025 |
| Johan Castberg | PL 532 | 2049 |
| Kristin | PL 134D | 2027 |
| Mikkel | PL 092/PL 121 | 2024 |
| Norne | PL 128/PL 128 B | 2026 |
| Urd | PL 128 | 2026 |
| Skuld | PL 128 | 2026 |
| Åsgard | PL 062/PL 074/PL 094/ PL 094 B/PL 134/PL 237/PL 479 | 2027 |
| Tyrihans | PL 073/PL 073 B/PL 091 | 2029 |
| Trestakk | PL 091/PL 091D | 2029 |
| Marulk | PL 122 | 2025 |
| Morvin | PL 134B/P L034C | 2027 |
| Goliat | PL229 | 2042 |
| Balder Ringhorne | PL 001/PL 027/PL 027C PL 169/ PL 028 | 2030 |
| Ringhorne Øst | PL 027/PL 169E | 2030 |

| Concession periods expire as follows: | | Year |
|---------------------------------------|---|------|
| Brage | PL 053B/PL 055/PL 185 PL 055B/ PL 055D | 2030 |
| Snorre | PL 057 | 2040 |
| Bøyla | PL 340/PL 340BS | 2029 |
| Hyme | PL 348 | 2029 |
| Bauge | PL 348/PL 348B | 2029 |
| Fram | PL 090 / 090E | 2024 |
| Grane | PL 001CS/PL 169B1 | 2030 |
| Gungne | PL 046 | 2028 |
| Ormen Lange | PL 208/PL 250 | 2041 |
| Sigyn | PL 072 | 2022 |
| Sleipner East | PL 046 | 2028 |
| Sleipner West | PL 029/PL 046 | 2028 |
| Statfjord Unit | PL 037 | 2026 |
| Statfjord East | PL 037/PL 089 | 2040 |
| Statfjord North | PL 037 | 2026 |
| Sygna | PL 037/PL 089 | 2040 |
| Svalin | PL 169 | 2030 |
| Tordis | PL 089 | 2040 |
| Vigdis | PL 089 | 2040 |



Auditor's report





To the General Meeting of Vår Energi AS

Independent Auditor's Report

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Vår Energi AS, which comprise:

- The financial statements of the parent company Vår Energi AS (the Company), which comprise the balance sheet as at 31 December 2020, the income statement and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and
- The consolidated financial statements of Vår Energi AS and its subsidiaries (the Group), which comprise the balance sheet as at 31 December 2020, the income statement and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion:

- The financial statements are prepared in accordance with the law and regulations.
- The accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2020, and its financial performance and its cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.
- The accompanying consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2020, and its financial performance and its cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.

Basis for Opinion

We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company and the Group as required by laws and regulations, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

PricewaterhouseCoopers AS, Kanalsletta 8, Postboks 8017, NO-4068 Stavanger
T: 02316, org. no.: 987 009 713 VAT, www.pwc.no
State authorised public accountants, members of The Norwegian Institute of Public Accountants, and authorised accounting firm



Independent Auditor's Report - Vår Energi AS

Other information

Management is responsible for the other information. The other information comprises information in the annual report, except the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and the Managing Director for the Financial Statements

The Board of Directors and the Managing Director (Management) are responsible for the preparation in accordance with law and regulations, including a true and fair view of the financial statements in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's and the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern. The financial statements use the going concern basis of accounting insofar as it is not likely that the enterprise will cease operations.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

For further description of Auditor's Responsibilities for the Audit of the Financial Statements reference is made to <https://revisorforeningen.no/revisjonsberetninger>

(2)

Independent Auditor's Report - Vår Energi AS



Report on Other Legal and Regulatory Requirements

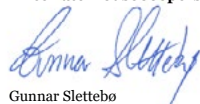
Opinion on the Board of Directors' report

Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Board of Directors' report concerning the financial statements and the going concern assumption is consistent with the financial statements and complies with the law and regulations.

Opinion on Registration and Documentation

Based on our audit of the financial statements as described above, and control procedures we have considered necessary in accordance with the International Standard on Assurance Engagements (ISAE) 3000, Assurance Engagements Other than Audits or Reviews of Historical Financial Information, it is our opinion that management has fulfilled its duty to produce a proper and clearly set out registration and documentation of the Company's accounting information in accordance with the law and bookkeeping standards and practices generally accepted in Norway.

Stavanger, 15 March 2021
PricewaterhouseCoopers AS



Gunnar Slettebo
State Authorised Public Accountant

(3)

