

Interim report

Fourth quarter 2023



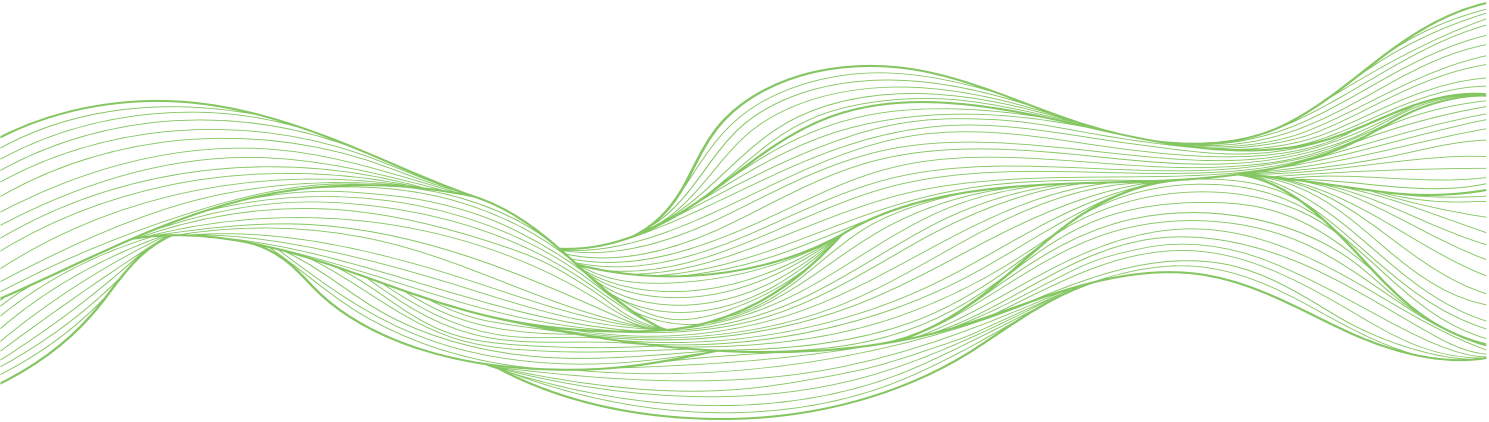
Vår Energi in brief

Vår Energi is a leading independent upstream oil and gas company on the Norwegian continental shelf (NCS). We are committed to deliver a better future through responsible value driven growth based on over 50 years of NCS operations, a robust and diversified asset portfolio with ongoing development projects, and a strong exploration track record. Our ambition is to be the safest operator on the NCS, the partner of choice, an ESG leader with a tangible plan to reduce emissions from our operations by 50% within 2030¹.

Vår Energi has around 1,300 employees and equity stakes in 47 producing fields. We have our headquarters outside Stavanger, Norway, with offices in Oslo, Hammerfest and Florø. To learn more, please visit varenergi.no.

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

¹ Base year 2005



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Key figures fourth quarter 2023

Third quarter 2023 in brackets

Production

kboepd

225

(210)

Petroleum revenues

USD million

1 679

(1 616)

EBIT

USD million

399

(907)

Profit before tax

USD million

460

(920)

CFFO

USD million

857

(975)

Capex

USD million

661

(650)

FCF

USD million

196

(324)

NIBD/EBITDAX

x

0.5

(0.5)

Fourth quarter 2023 highlights

Vår Energi is on track for growth and value creation and delivers strong financial results in a quarter with good operational performance and high realised prices.

Strong financial results

- Total income in the quarter was USD 1 699 million, an increase of 5% from the third quarter
- Achieved realised price of USD 84 per boe in the quarter with gas price realisation USD 13 per boe above spot market
- Continued strong financial position with USD 3.7 billion in available liquidity and a leverage ratio of 0.5x
- Cash flow from operations (CFFO) was USD 857 million

Attractive and predictable shareholder distribution

- Dividend of USD 270 million (NOK 1.136 per share) for the fourth quarter will be distributed on 27 February
- Dividend guidance of USD 270 million for the first quarter of 2024, aiming for a dividend distribution of approximately 30% of CFFO after tax for the full year

Good operational performance

- Production of 225 kboepd in the quarter, up 7% from the third quarter
- Full year production of 213 kboepd and December exit rate of 233 kboepd within guidance
- Unit production cost below guidance with USD 14.1 per boe for the full year and USD 13.9 per boe in the quarter

On track for growth and value creation

- Neptune Energy Norge acquisition closed 31 January 2024
- With Neptune assets total combined reserves plus resources of approximately 2 billion boe¹
- Breidablikk and Tommeliten Alpha started up ahead of schedule and on budget in October 2023
- Balder X project making solid progress towards completion with targeted first oil moved to fourth quarter 2024
- Johan Castberg project is on track for targeted first oil in fourth quarter 2024

Safety and ESG

- Continued safe operations with no serious incidents for the full year
- Vår Energi included in ‘Sustainalytics’ 2024 ESG top-rated companies list*

“As one of the fastest growing E&P companies in the world, we are on track to nearly double production to around 400 thousand barrels of oil equivalent per day by end 2025. We are pleased to see that the quarter delivered solid operational performance within guidance. Strong realised prices and financial results underpin our commitment to provide stable and predictable dividends to our shareholders, and our growth trajectory will give increased capacity to sustain this.

Vår Energi’s outstanding growth outlook is backed by nine high-quality development projects and the acquisition of Neptune Energy Norge which was completed on January 31, 2024. The deal marks a key milestone to deliver strong value accretive growth.”

Nick Walker, the CEO of Vår Energi

¹As per Annual Statement of Reserves 2023, Proved plus Probable (2P) Reserves and 2C Contingent Resources

KPIs (USD million unless otherwise stated)	Q4 2023	Q3 2023	Q4 2022	FY 2023	FY 2022
Actual serious injury frequency (x, 12 months rolling)	-	-	0.1	-	0.1
CO ₂ emissions intensity (operated licenses, kg/boe)	9.6	11.1	10.2	11.3	9.0
Production (kboepd)	225	210	214	213	220
Production cost (USD/boe)	13.9	14.0	14.1	14.1	13.5
Cash flow from operations before tax	1 425	1 239	2 094	5 883	8 369
Cash flow from operations (CFFO)	857	975	443	3 420	5 682
Free cash flow (FCF)	196	324	(356)	779	3 089
Dividends paid	270	270	290	1 110	775

Key metrics and targets

Income statement	Unit	Q4 2023	Q3 2023	Q4 2022	FY 2023	FY 2022
Total income	USD million	1 699	1 621	2 374	6 850	9 828
EBIT	USD million	399	907	1 531	3 517	6 369
Profit/(loss) before taxes	USD million	460	920	1 793	3 357	5 856
Net profit/(loss)	USD million	129	189	488	610	936
Earnings per share	USD	0.05	0.08	0.20	0.24	0.38
Other financial key figures						
Production cost	USD/boe	13.9	14.0	14.1	14.1	13.5
Adjusted net interest-bearing debt (NIBD)	USD million	2 529	3 120	2 721	2 529	2 721
Leverage ratio (NIBD/EBITDAX)		0.5	0.5	0.3	0.5	0.3
Dividend per share	USD	0.11	0.11	0.12	0.44	0.31
Production						
Total production	kboepd	225	210	214	213	220
- Oil	kboepd	138	126	122	124	124
- Gas	kboepd	74	71	78	75	82
- NGL	kboepd	13	13	14	14	15
Sales						
Crude oil	mmboe	12.7	11.9	12.6	45.2	45.9
Gas	mmboe	6.1	5.8	6.6	24.4	27.1
NGL	mmboe	1.2	1.4	1.3	5.0	5.8
Realised prices						
Crude oil	USD/boe	84.8	87.1	86.6	83.7	101.7
Gas	USD/boe	89.5	90.8	181.6	115.3	174.5
NGL	USD/boe	46.9	42.5	54.7	44.2	65.4

Targets and outlook

2024 guidance (USD million unless otherwise stated)

Full Year Production	kboepd	280-300
Production cost	USD/boe	13.5 - 14.5
Development capex		2 700 - 2 900
Exploration capex		~300
Abandonment capex		~100
Dividends for Q4 2023 to be distributed in February		270
Dividend guidance for Q1 payable in Q2 2024		270
Q1 2024 tax payment estimate ¹		~500

Long-term financial and operational targets²

End-2025 production target ²	kboepd	~400
Leverage through the cycle	NIBD/EBITDAX	< 1.3x

¹ Assumed NOK/USD 10.5

² Including the acquisition of Neptune Energy's Norwegian oil and gas assets

Acquisition of Neptune Energy's Norwegian oil and gas assets

On 31 of January Vår Energi ASA completed the acquisition of Neptune Energy Norge AS with 100% of the shares in Neptune Energy Norge transferred to Vår Energi. The combined company is the second largest independent E&P company on the Norwegian Continental Shelf (NCS) and the second largest supplier of gas from Norway to Europe. The transaction adds scale, diversification, and further longevity to Vår Energi's portfolio which is targeting production of around 400 kboepd by end-2025. The completion of the transaction, which was announced on 23 June 2023, follows fulfilment of all closing conditions including relevant regulatory approvals.

Vår Energi's growth strategy is centred around four hub areas with ownership in a total of 203 NCS licences, including 47 producing fields, of which 7 are operated, following the transaction. Total combined Proved plus Probable (2P) reserves and Contingent Resources (2C)¹ are approximately 2 billion barrels of oil equivalent. The Company has an attractive early phase project portfolio and exploration opportunities supporting sustained value creation long term.

The transaction is expected to result in significant synergies in excess of USD 300 million (NPV) over time, from a robust development and exploration portfolio,

improved asset utilisation and commercial optimisation of gas sales. A highly competent and dedicated team of 1,300 employees will deliver on the growth strategy, supported by strong safety performance and a clear path for decarbonisation of operations, to drive long-term competitiveness and profitability. The transaction was financed through available liquidity and credit facilities, and the net cash consideration paid upon completion less cash available in Neptune Norway was approximately USD 1.2 billion.

The acquisition will be implemented in the following stages:

- As from closing 31 January 2024, Neptune Energy Norge will operate as a fully owned subsidiary of Vår Energi and change the name to Vår Energi Norge AS
- From 1 May 2024, all employees of Vår Energi Norge AS will be fully integrated into the Vår Energi ASA organisation
- The companies will as per normal practice on the NCS consolidate their businesses, a process that is contemplated as a statutory merger planned to complete in the second half of 2024

¹ As per Annual Statement of Reserves 2023, 2P Reserves of 1241 mmboe and 2C resources of 745 mmboe



- 12 producing assets, of which 3 operated, located in Vår Energi's strategic hub areas
- 7 operated by Equinor, Vår Energi's largest NCS partner
- 2P reserves of 256 mmboe (end-2023)
- Daily production of 66 kboepd 2023, of which 58% gas
- Attractive commodity mix and strategic ownership in Snøhvit LNG – amplifying the position in the Barents Sea
- Strong hub strategy alignment
- Attractive pipeline of early phase projects, including Dugong, Fram Sør, Ofelia and Calypso

Operational review

Vår Energi's net production of oil, liquids and natural gas averaged 225 kboepd in the fourth quarter of 2023, an increase of 7% from previous quarter mainly due to new developments of Breidablikk and Tommeliten Alpha coming on stream and less turnarounds in the quarter. Compared to the fourth quarter of 2022, production increased by 5% mainly due to production start-up at new fields.

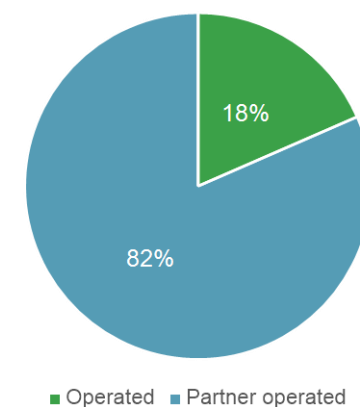
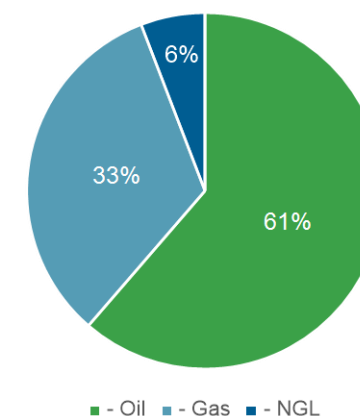
Full year 2023 production ended at 213 kboepd, within the revised guided range of 210-220 kboepd as communicated in the third quarter report. The December 2023 average production was above 233 kboepd, in line with the expected exit rate communicated in the third quarter reporting.

Total production cost was USD 13.9 per boe in the fourth quarter of 2023 compared to USD 14.0 in the previous quarter. The decrease is mainly due to increased production.

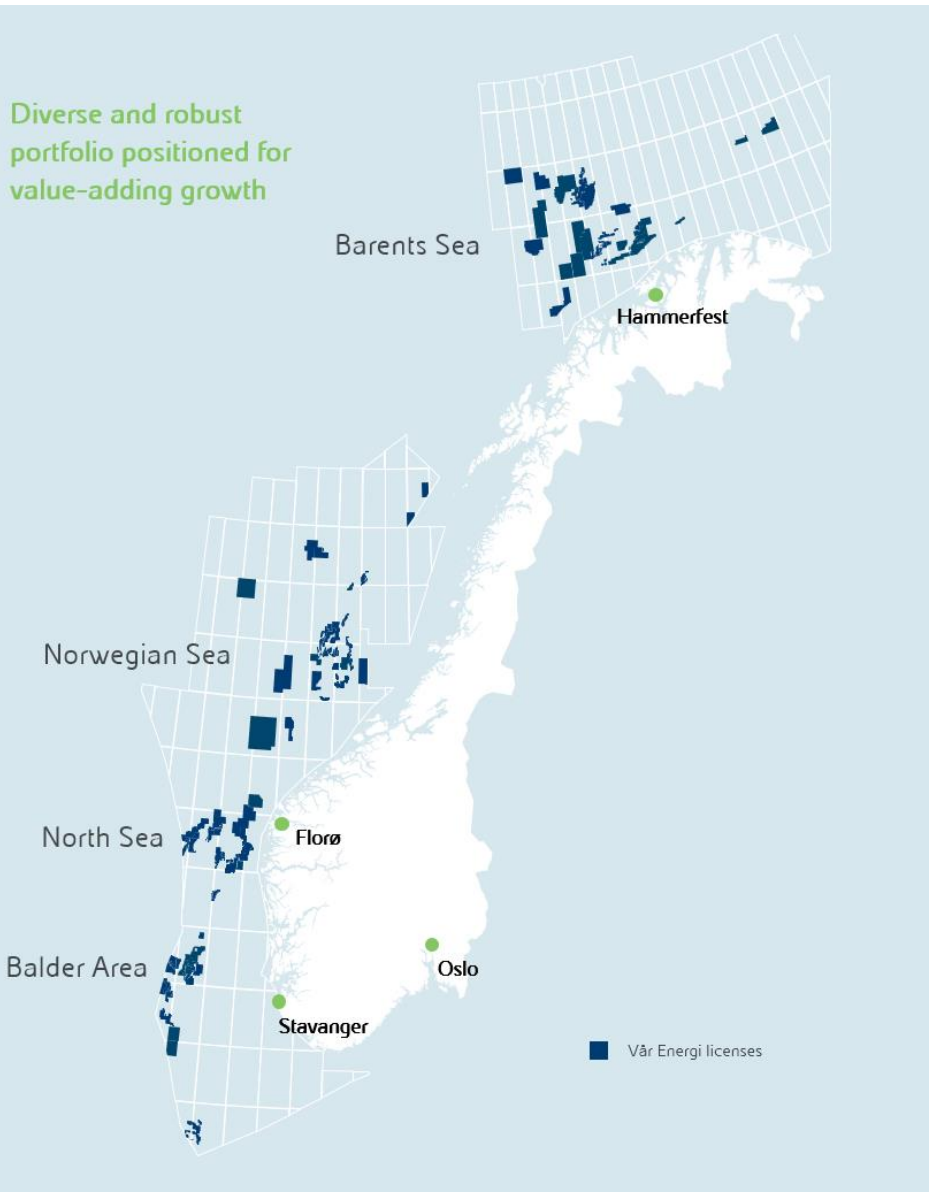
For the full year of 2023, production cost was USD 14.1 per boe, which is below the Company's production cost guidance of USD 14.5-15.5 per boe in 2023.

Production (kboepd)	Q4 2023	Q3 2023	Q4 2022	FY 2023	FY 2022
Balder Area	43	31	30	32	30
Barents Sea	13	17	20	17	21
North Sea	74	71	83	75	78
Norwegian Sea	95	90	82	89	91
Total Production	225	210	214	213	220

Production split Q4 2023



Diverse and robust portfolio positioned for value-adding growth



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

Balder Area

Production (kboepd)	Q4 2023	Q3 2023	Q2 2023	Q1 2023	Q4 2022
Balder	25	19	16	16	16
Grane	7	10	11	12	13
Breidablikk	9	-	-	-	-
Svalin	0	1	1	1	0
Ringhorne Øst	1	1	0	0	1
Total Balder Area	43	31	27	28	30

The production increase in the Balder area was driven by start-up of Breidablikk in October.

Balder production increased quarter on quarter due to higher production efficiency and a successful well intervention, restoring a production well on Balder. The production efficiency was 98% in the fourth quarter, an improvement from 79% in third quarter, due to less planned maintenance.

The Breidablikk project started up 20 October 2023, four months ahead of schedule and within budget, and the field production averaged 9 kboed in the fourth quarter. All the eight pre-drilled production wells started production during the quarter, resulting in an end of year exit rate around 22 kboepd. Drilling of the remaining 14 production wells will commence in the second quarter of 2024, with new producers expected to start coming on stream in the second half of 2024.

Barents Sea

Production (kboepd)	Q4 2023	Q3 2023	Q2 2023	Q1 2023	Q4 2022
Goliat	13	17	18	18	20
Total Barents Sea	13	17	18	18	20

The operated Goliat asset experienced an unplanned production outage in December, with full production being restored before the end of year. This resulted in a production efficiency of 82%, decreased from 99% in the third quarter.

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

North Sea

Production (kboepd)	Q4 2023	Q3 2023	Q2 2023	Q1 2023	Q4 2022
Ekofisk	19	18	19	20	21
Snorre	18	18	17	19	22
Statfjord Area	11	11	9	13	13
Fram	7	7	11	12	10
Sleipner Area	10	7	10	10	8
Other	10	10	8	9	9
Total North Sea	74	71	73	83	83

Production from the North Sea area increased by 3 kboepd in the quarter. The increase was driven by start-up of the Tommeliten Alpha project and higher production efficiency on Sleipner. In December Vår Energi completed the sale of its non-operated 12.2575% interest in the Brage field as a part of the company's asset portfolio optimisation strategy.

Norwegian Sea

Production (kboepd)	Q4 2023	Q3 2023	Q2 2023	Q1 2023	Q4 2022
Åsgard	29	27	31	29	29
Mikkel	11	12	13	14	13
Tyrihans	14	14	14	13	13
Ormen Lange	9	7	5	11	11
Fenja	13	10	5	-	-
Trestakk	6	6	5	6	5
Heidrun	4	4	5	4	5
Bauge/Hyme	3	4	3	-	-
Other	7	7	5	8	7
Total Norwegian Sea	95	90	84	85	82

Production from the Norwegian Sea increased by 5 kboepd from the previous quarter mainly related to less maintenance on Ormen Lange and higher production efficiency on Fenja.

Projects and developments

Vår Energi participates in several significant development projects on the NCS which supports the Company's target of producing around 400 kboepd by end-2025. Start-up of production in October from Breidablikk and Tommeliten Alpha ahead of schedule supports the Company's growth and value creation strategy. The rest of the Company's project portfolio is well advanced with larger developments of Balder X and Johan Castberg targeting first oil in the fourth quarter of 2024. Of the nine sanctioned projects in the portfolio of six projects are now more than 50% complete.

Balder X

The upgrade of the Jotun FPSO¹ is ongoing with high construction activity at the Rosenberg yard. The Jotun FPSO is more than 90% complete. Solid progress has been achieved in increasing pace of construction work on the FPSO, with overall progress only slightly behind the revised plan and completion of the project is in sight. Current focus is on executing the remaining construction and commissioning work. Drilling and subsea facilities activities are progressing according to schedule.

The Balder X targeted start-up is moved to fourth quarter 2024, based on inshore sail away in August 2024.

Johan Castberg

The development is progressing according to schedule start-up in the fourth quarter 2024. The FPSO is currently at Stord (Norway) where completion and commissioning activities of the FPSO are progressing with a high activity level. Preparation for the inshore phase prior to sail away and offshore installation and hook-up phase is ongoing.



¹ Floating Production Storage and Offloading

Exploration

Over the last five years Vår Energi has a strong exploration track record, discovering more than 150 mmboe of net contingent resources with a finding cost of less than USD 1 per boe¹. The success rate has over the same period been more than 50%.

In 2023 exploration drilling included seven exploration wells. Five of the wells resulted in discoveries, one well was dry, and one well was temporarily abandoned due to drilling challenges. The overall exploration success rate at the year-end was more than 70%, continuing the strong exploration track record for Vår Energi.

During the fourth quarter, Vår Energi participated in the Equinor operated Svalin M Sør exploration pilot well, in PL169, which resulted in a small oil discovery. The discovery is commercially viable and will be put into production through the existing Grane facilities. The operated Hubert well was spudded in late 2023, followed by the Magellan well in early 2024, both in the Balder area, and both wells were dry.

Vår Energi was awarded 20 new production licenses, of which 7 as operator, in the 2023 Awards in Predefined Areas (APA) license round².

The Company is increasing exploration activity in 2024 from 2023, with involvement in 16 planned wells targeting over 150 mmboe of net risked prospective resources and with estimated annual spend of approximately USD 300 million.

¹ 2019 to 2023, 2C resources, post-tax

² Including Neptune Energy Norge awards



Health, safety, security and the environment (HSSE)

Key HSSE indicators	Unit	Q4 2023	Q3 2023	Q2 2023	Q1 2023	Q4 2022
Serious incident frequency (SIF Actual) ¹ 12M rolling avg	Per mill. exp. Hours	0.0	0.0	0.0	0.0	0.1
Serious incident frequency (SIF) ¹ 12M rolling avg	Per mill. exp. Hours	0.4	0.5	0.6	0.5	1.0
Total recordable injury frequency (TRIF) ² 12M rolling avg	Per mill. exp. Hours	1.9	1.9	2.8	3.8	3.2
Significant spill	Count	0	0	0	0	0
Process safety events Tier 1 and 2 ³	Count	0	0	0	0	1
CO ₂ emissions intensity ^{4,5}	Kg CO ₂ /boe	9.6	11.1	11.5	13.0	10.2

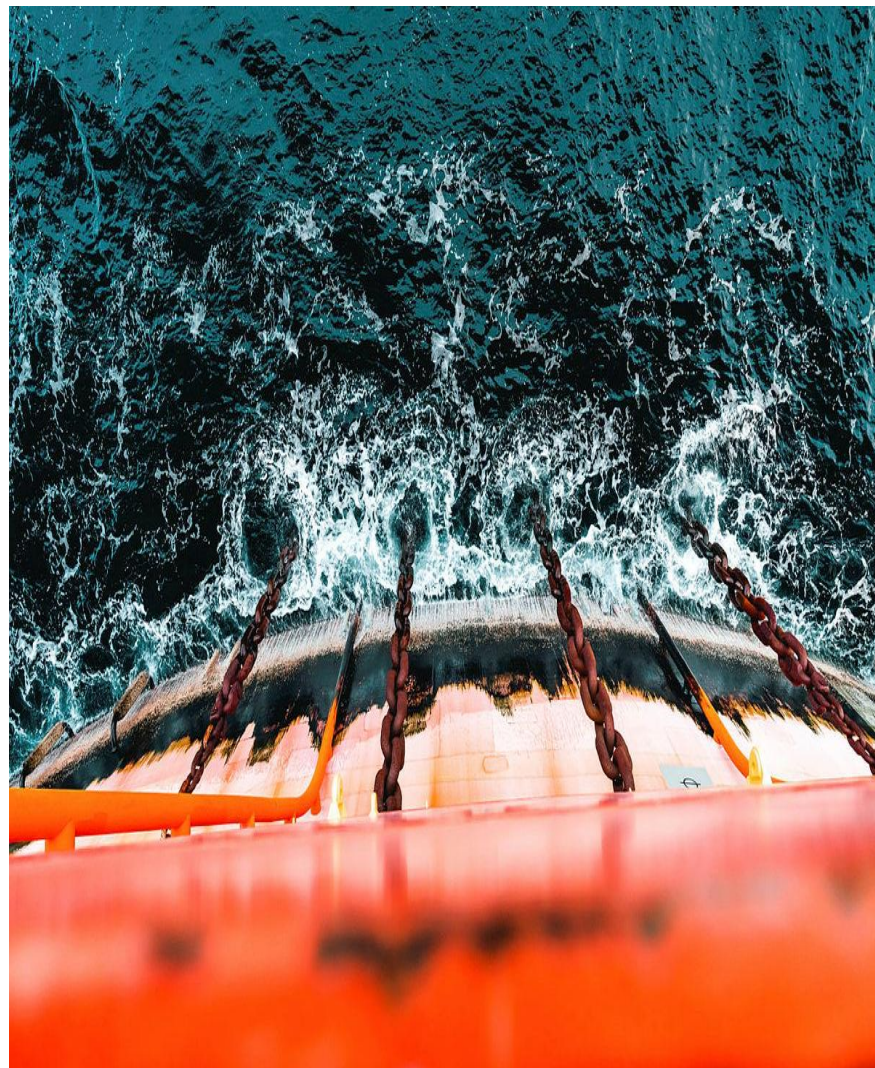
The Company continues to deliver safe operations and is progressing the implementation of safety tools and improvement initiatives. During the quarter, Vår Energi recorded a positive trend within safety and improved its performance.

The 12-month rolling average SIF rate was 0.4, with no actual serious incidents in the quarter. The 12-month rolling average TRIF was 1.9 in the fourth quarter, unchanged from the third quarter 2023.

The year end results on all HSE related KPI's demonstrate a strong safety performance throughout 2023, with significant reduction in HSE incidents throughout the span of our activities compared to the prior year.

¹ SIF: Serious incident and near-misses per million worked hours. Includes actual and potential consequence. SIF Actual: incidents that have an actual serious consequence.
² TRIF: Personal injuries requiring medical treatment per million worked hours. Reporting boundaries SIF & TRIF: Health and safety incident data is reported for company sites as well as contracted drilling rigs, floatels, vessels, projects and modifications, and transportation of personnel, using a risk-based approach.
³ Classified according to IOGP RP 456.
⁴ Direct Scope 1 emissions of CO₂ (kg) from exploration and production (Operational control, equity share) divided by total equity share production (boe) from Marulk, Goliat, Balder and Ringhorne East.
⁵ Emission numbers corrected based on EU/ETS verification March 2023. 2023 Emission numbers are preliminary until the EU ETS verification is completed by end of the first quarter 2024.





ESG and decarbonisation

Vår Energi has a clear path to 50% emissions reduction, on operated fields, by 2030 for scope 1¹. Key initiatives on an operational control basis are electrification of Balder/Grane area, Balder area optimisation with Jotun FPSO in production and the Balder FPU removal. Continuous efforts are undertaken in parallel to capture energy management benefits.

In November 2023 the Goliat field was classified Category A which is the lowest category emissions status less than 25k t CO₂ annually. Only eight fields on NCS² have this status.

The key ongoing decarbonisation initiatives currently in execution are Sleipner, Fenja and Bauge (Njord) and Fram (Troll C) power from shore projects and the Statfjord Waste heat recovery project.

The Hywind Tampen offshore wind project was fully operational in August 2023, with associated emission reductions at approximately 200,000 tCO₂ annually. Hywind Tampen provides power to the Equinor operated fields Snorre and Gullfaks³.

Throughout 2023, Vår Energi has been recognised for its sustainability reporting. Sustainalytics ranked Vår Energi 12th of 307 rated oil and gas producers and the Position Green ESG100 report ranked Vår Energi among the top 5% of the 100 largest companies by market value on the Oslo Stock Exchange, characterised by "excellent reporting" and an A+ scoring.

In January 2024, Vår Energi was recognised as one out of 19 companies on the Sustainalytics ESG Industry Top-Rated Companies. The recognition came with the following statement: "As result of your outstanding work in 2023, your company has now been recognised as one of the top performing companies rated by Sustainalytics, based on your ESG Risk Rating score"

The fourth quarter scope 1 CO₂ emissions intensity for operated assets was 9.6 kg CO₂ per boe, versus 11.1 kg CO₂ per boe in the third quarter 2023.

For 2024 Vår Energi is targeting methane emissions of around 0.025% which is well below Near Zero levels.⁴

¹ Baseline year 2005

² Norwegian Continental Shelf

³ Vår Energi is a partner on the Snorre field

⁴ According to OGCI definition

Financial review

Key figures

Key figures (USD million)	Q4 2023	Q3 2023	Q4 2022	FY 2023	FY 2022
Total income	1 699	1 621	2 374	6 850	9 828
Production costs	(306)	(286)	(345)	(1 138)	(1 143)
Other operating expenses	(50)	(39)	(47)	(160)	(138)
EBITDAX	1 343	1 296	1 981	5 552	8 547
Exploration expenses	(11)	(36)	(22)	(86)	(72)
EBITDA	1 332	1 260	1 960	5 466	8 475
Depreciation and amortisation	(406)	(353)	(332)	(1 423)	(1 448)
Impairment loss and reversals	(526)	-	(96)	(526)	(658)
Net financial income/(expenses)	(25)	(28)	(19)	(113)	(116)
Net exchange rate gain/(loss)	86	41	281	(47)	(397)
Profit/(loss) before taxes	460	920	1 793	3 357	5 856
Income tax (expense)/income	(331)	(731)	(1 305)	(2 747)	(4 919)
Profit/(loss) for the period	129	189	488	610	936

Total income in the fourth quarter amounted to USD 1 699 million, an increase of USD 78 million compared to previous quarter mainly due to higher sales volumes. Sold volumes increased by 5% to 20.0 mmmboe in the quarter. Realised crude price decreased by 3% in the quarter to USD 84.8 per boe while realised gas price decreased by 2% in the quarter to USD 89.5 per boe.

Production cost in the fourth quarter amounted to USD 306 million, an increase of USD 20 million compared to the previous quarter mainly

driven by higher activity and start-up of Breidablikk, partly offset by strengthening of NOK versus USD in the quarter.

The average production cost per barrel produced decreased to USD 13.9 in the quarter, compared to USD 14.0 in previous quarter. See note 3 for further details on production cost.

Exploration expenses in the fourth quarter decreased to USD 11 million compared to USD 36 million in prior quarter.

Depreciation and amortisation in the fourth quarter amounted to USD 406 million, an increase of USD 53 million compared to previous quarter. The change is mainly related to increased production.

Impairment of USD 526 million in the fourth quarter related to Balder. Further information is provided in note 11.

Net exchange rate gain in the fourth quarter amounted to USD 86 million, due to the strengthening of NOK versus USD in the period. See note 6 for further details on exchange rate gain/(loss).

Profit before taxes in the fourth quarter amounted to USD 460 million compared to USD 920 million in the prior quarter. Income tax expense in the fourth quarter amounted to USD 331 million, a decrease of USD 400 million compared to previous quarter. The effective tax rate for the quarter was 72%, mainly impacted by financial items taxed at 22%.

Profit for the period amounted to USD 129 million, a decrease of USD 60 million compared to the previous quarter, mainly due to impairment, partly offset by higher income and net exchange rate gain.

Revenues and prices

Total income (USD million)	Q4 2023	Q3 2023	Q4 2022	FY 2023	FY 2022
Revenue from crude oil sales	1 078	1 035	1 092	3 782	4 669
Revenue from gas sales	543	522	1 192	2 815	4 732
Revenue from NGL sales	58	58	70	219	379
Total Petroleum Revenues	1 679	1 616	2 354	6 816	9 781
Other Operating Income	20	5	19	34	47
Total Income	1 699	1 621	2 374	6 850	9 828
Sales volumes (mmboe)					
Sales of crude	12.7	11.9	12.6	45.2	45.9
Sales of gas	6.1	5.8	6.6	24.4	27.1
Sales of NGL	1.2	1.4	1.3	5.0	5.8
Total Sales Volumes	20.0	19.0	20.5	74.5	78.8
Realised prices (USD/boe)					
Crude oil	84.8	87.1	86.6	83.7	101.7
Gas	89.5	90.8	181.6	115.3	174.5
NGL	46.9	42.5	54.7	44.2	65.4
Average realised prices	83.9	85.0	115.1	91.4	124.1

Vår Energi obtained an average realised price of USD 83.9 per boe in the quarter. The realised gas price of USD 89.5 per boe was a result of fixed price contracts and flexible gas sales agreements, allowing for optimisation of indices. In the fourth quarter, fixed price sales represented 25% of total sales with an average price of USD 130 per boe. In 2023, Vår Energi's realised gas price is roughly USD 38 per boe above spot.

Vår Energi continue to execute fixed price transactions. As of 31 December 2023, the Company has entered into the following transactions¹:

- Approximately 15% of the gas production for the first quarter of 2024 has been sold on a fixed price basis at an average price around USD 132 per boe
- Approximately 17% of the gas production for the second quarter of 2024 has been sold on a fixed price basis at an average price around USD 130 per boe
- Approximately 18% of the gas production for the third quarter 2024 has been sold on a fixed price basis at an average price around USD 132 per boe
- For the fourth quarter of 2024, Vår Energi has sold approximately 4% of its estimated gas production with pricing linked to the Gas Year Ahead product with a pricing period from 1 October 2023 to 30 September 2024. The company will assess whether to make use of other fixed price instruments with duration shorter than 12 months to firm-up an additional part of its gas production (up to 25%)

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

¹ Neptune volumes included from 1 February 2024

Statement of financial position

USD million	31 Dec 2023	30 Sep 2023	31 Dec 2022
Goodwill	1 958	1 874	2 020
Property, plant and equipment	15 237	14 308	14 562
Other non-current assets	435	433	496
Cash and cash equivalents	735	595	445
Other current assets	924	911	1 275
Total assets	19 289	18 121	18 797
Equity	1 768	1 027	1 482
Interest-bearing loans and borrowings	3 147	3 578	2 953
Deferred tax liabilities	8 943	8 599	8 128
Asset retirement obligations	3 295	2 718	3 216
Taxes payable	964	1 093	1 778
Other liabilities	1 172	1 106	1 741
Total equity and liabilities	19 289	18 121	18 797
Cash and cash equivalents	735	595	445
Revolving credit facilities	3 000	2 500	3 600
Total available liquidity	3 735	3 095	4 045
Adjusted net interest-bearing debt (NIBD)	2 529	3 120	2 721
EBITDAX 4 quarters rolling	5 552	6 191	8 547
Leverage ratio (NIBD/EBITDAX)	0.5	0.5	0.3

Total assets at the end of the fourth quarter amounted to USD 19 289 million, an increase from USD 18 121 million at the end of the previous quarter. Non-current assets were USD 17 630 million and current assets were USD 1 659 million at the end of the fourth quarter.

Total equity amounted to USD 1 768 million at the end of the fourth quarter, corresponding to an equity ratio of about 9%. Total equity amounted to USD 1 027 million in the previous quarter.

Total available liquidity amounted to 3 735 million at the end of the fourth quarter, compared to USD 3 095 million at the end of the previous quarter. Undrawn credit facilities at the end of the fourth quarter were USD 3 000 million and total cash and cash equivalents were USD 735 million.

Adjusted interest-bearing debt (NIBD) at end of the fourth quarter was USD 2 529 million, a decrease of USD 592 million from the previous quarter.

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

Statement of cash flow

USD million	Q4 2023	Q3 2023	Q4 2022	FY 2023	FY 2022
Cash flow from operating activities	857	975	443	3 420	5 682
Cash flow used in investing activities	(670)	(653)	(814)	(2 668)	(2 663)
Cash flow from financing activities	(71)	156	(753)	(459)	(2 903)
Effect of exchange rate fluctuation	23	6	70	(3)	106
Change in cash and cash equivalents	140	484	(1 054)	290	221
Cash and cash equivalents, end of period	735	595	445	735	445
Net cash flows from operating activities (CFFO)	857	975	443	3 420	5 682
CAPEX	661	650	800	2 641	2 593
Free cash flow	196	324	(356)	779	3 089
Capex coverage (CFFO)/Capex	1.3	1.5	0.6	1.3	2.2

Cash flow from operating activities (CFFO) was USD 857 million in the fourth quarter, a decrease of USD 118 million from the previous quarter. This was mainly due to two tax instalments paid in the fourth quarter, partly offset by reduced working capital and higher income.

Net cash used in investing activities was USD 670 million in the quarter, whereof USD 646 million was related to PP&E expenditures. Investments in the Balder Area and at Johan Castberg represented around 60% of these expenditures.

Net cash outflow from financing activities amounted to USD 71 million in the quarter. Cash outflow in the fourth quarter consisted of downpayment of the working capital revolving credit facility of USD 500 million, interest paid of USD 151 million and dividend paid of USD 270 million. Cash inflow from the hybrid bond issue of USD 808 million.

Free cash flow (FCF) was USD 196 million in the quarter, compared to USD 324 million in the previous quarter. The decrease is mainly driven by two tax instalments paid in the fourth quarter, partly offset by reduced working capital and higher income.

The capex coverage was 1.3 in the fourth quarter, down from 1.5 in the previous quarter.

Outlook

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

The Company's production guidance for 2024 is 280-300 kboepd.

For 2024, the Company expects development capex between USD 2 700 and 2 900 million, around USD 300 million in exploration capex and around USD 100 million in abandonment capex.

Production cost is expected to be between USD 13.5 and USD 14.5 per boe.

Vår Energi's material cash flow generation and investment grade balance sheet support attractive and resilient dividend distributions. For the first quarter of 2024, Vår Energi plans to pay a dividend of USD 270 million.

Vår Energi's policy is to distribute 20-30% of cash flow from operations after tax in shareholder returns. For 2024, the Company expects a dividend of approximately 30% of CFFO after tax.

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

Transactions with related parties

For details on transactions with related parties, see note 23 in the Financial Statements.

Subsequent events

See note 25 in the Financial Statements.

Risks and uncertainties

Vår Energi is exposed to a variety of risks associated with its oil and gas operations on the Norwegian Continental Shelf (NCS). Factors such as exploration, reserve and resource estimates, as well as projections for capital and operating costs, are subject to inherent uncertainties. Additionally, the production performance of operated and partner operated oil and gas fields exhibit variability over time and is also affected by planned and unplanned maintenance and turnaround activities.

A high activity level on the NCS and ripple-effect after the Covid-19 pandemic compounds resource availability challenges. These external factors may influence the planned progress and costs of Vår Energi's ongoing development projects, which encompass advanced engineering work, extensive procurement activities, and complex construction endeavors.

To reduce inflation, central banks worldwide have implemented tight monetary policies, impacting economic growth. This, in turn, has implications for market and financial risks, encompassing fluctuations in

commodity prices, exchange rates, interest rates, and capital requirements.

Increasing geopolitical tensions have introduced an elevated level of uncertainty into the energy landscape, affecting supply chains and contributing to global economic volatility. Sudden geopolitical developments can influence energy markets, potentially impacting regulatory environments, trade agreements, and geopolitical stability in regions critical to Vår Energi's operations. These uncertainties may impact the predictability of market conditions, affecting both short-term decision-making and long-term strategic planning.

Climate change mitigation is impacting our operations and business with the introduction of new regulations and taxes on CO2 emissions aiming to impact the demand for regular fossil fuels. Additionally, the cost of capital may increase as investors modify their behavior in response to these transformative trends. The company is managing the climate related transition risks by making its business strategies more resilient.

The Company's operational, financial, strategic, compliance risks and the mitigation of these risks are described in the annual report for 2022, available on www.varenergi.no.

Alternative performance measures (APMs)

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

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

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

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

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

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

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Unaudited statement of comprehensive income

USD 1000, except earnings per share data	Note	Q4 2023	Q3 2023	Q4 2022	FY 2023	FY 2022
Petroleum revenues	2	1 678 963	1 615 635	2 354 471	6 815 966	9 780 543
Other operating income		19 868	5 019	19 479	33 750	47 088
Total income		1 698 831	1 620 653	2 373 951	6 849 716	9 827 630
Production costs	3	(306 304)	(286 167)	(345 223)	(1 137 678)	(1 143 139)
Exploration expenses	5, 8	(11 130)	(35 747)	(21 660)	(86 491)	(72 063)
Depreciation and amortisation	9, 10	(405 954)	(352 997)	(332 433)	(1 422 598)	(1 447 966)
Impairment loss and reversals	8, 9, 11	(526 427)	-	(96 255)	(526 427)	(657 922)
Other operating expenses	4	(49 810)	(38 657)	(47 236)	(159 976)	(137 721)
Total operating expenses		(1 299 625)	(713 568)	(842 807)	(3 333 171)	(3 458 811)
Operating profit/(loss)		399 206	907 086	1 531 144	3 516 545	6 368 820
Net financial income/(expenses)	6	(25 330)	(28 261)	(19 424)	(112 913)	(115 889)
Net exchange rate gain/(loss)	6	85 769	40 995	281 461	(46 699)	(397 039)
Profit/(loss) before taxes		459 645	919 820	1 793 181	3 356 933	5 855 891
Income tax (expense)/income	7	(331 001)	(731 292)	(1 305 149)	(2 746 704)	(4 919 489)
Profit/(loss) for the period		128 644	188 528	488 032	610 229	936 402
Other comprehensive income						
Items that may be reclassified subsequently to the income statement						
Currency translation differences		76 396	24 409	114 075	(17 603)	(203 234)
Net gain/(loss) on put options used for hedging		5 797	(2 259)	2 682	1 957	5 173
Other comprehensive income for the period, net of tax		82 193	22 150	116 757	(15 646)	(198 060)
Total comprehensive income		210 837	210 678	604 789	594 582	738 342
Earnings per share						
EPS Basic	16	0.05	0.08	0.20	0.24	0.38
EPS Diluted	16	0.05	0.08	0.20	0.24	0.38

Unaudited balance sheet statement

USD 1000	Note	31 Dec 2023	30 Sep 2023	31 Dec 2022
ASSETS				
Non-current assets				
Intangible assets				
Goodwill	8	1 958 478	1 874 035	2 019 512
Capitalised exploration wells	8	276 504	256 984	225 287
Other intangible assets	8	83 060	79 541	93 515
Tangible fixed assets				
Property, plant and equipment	9	15 237 078	14 308 054	14 562 237
Right of use assets	10	73 812	94 200	175 423
Financial assets				
Investment in shares		739	1 367	763
Other non-current assets		745	136	532
Total non-current assets		17 630 416	16 614 316	17 077 268
Current assets				
Inventories		251 503	233 489	265 811
Trade receivables	12, 23	362 895	423 661	796 317
Other current receivables and financial assets	13	309 472	253 862	213 286
Cash and cash equivalents	15	734 914	595 306	444 607
Total current assets		1 658 783	1 506 318	1 720 020
TOTAL ASSETS		19 289 199	18 120 635	18 797 288

Unaudited balance sheet statement - continued

USD 1000	Note	31 Dec 2023	30 Sep 2023	31 Dec 2022
EQUITY AND LIABILITIES				
Equity				
Share capital	16	45 972	45 972	45 972
Share premium		758 181	1 028 181	1 868 181
Other equity	17	963 874	(47 534)	(432 582)
Total equity		1 768 026	1 026 618	1 481 571
Non-current liabilities				
Interest-bearing loans and borrowings	18	3 146 582	3 577 878	2 452 589
Deferred tax liabilities	7	8 943 019	8 599 059	8 127 971
Asset retirement obligations	19	3 207 667	2 645 738	3 156 126
Lease liabilities, non-current	22	17 663	39 300	113 334
Other non-current liabilities		82 149	75 952	156 544
Total non-current liabilities		15 397 080	14 937 927	14 006 564
Current liabilities				
Asset retirement obligations, current	19	87 385	72 520	60 012
Accounts payables	23	328 951	288 402	368 589
Taxes payable	7	964 414	1 092 568	1 778 222
Interest-bearing loans, current	18	-	-	500 000
Lease liabilities, current	22	99 265	98 265	99 312
Other current liabilities	20	644 079	604 334	503 019
Total current liabilities		2 124 093	2 156 090	3 309 154
Total liabilities		17 521 173	17 094 017	17 315 718
TOTAL EQUITY AND LIABILITIES		19 289 199	18 120 635	18 797 288

Sandnes, 12 February 2024
Signed Electronically

Thorhild Widvey
Chair

Francesco Gattei
Director

Clara Andreoletti
Director

Fabio Ignazio Romeo
Director

Martha Skjæveland
Director,
employee representative

Bjørn Nysted
Director,
employee representative

Liv Monica Bargem Stubholt
Deputy Chair

Guido Brusco
Director

Marica Calabrese
Director

Ove Gusevik
Director

Hege Susanne Blåsternes
Director,
employee representative

Jan Inge Nesheim
Director,
employee representative

Nicolas John Robert Walker
Chief Executive Officer

Unaudited statement of changes in equity

USD 1000	Note	Share capital	Share premium	Other equity	Other equity			Total equity
					Translation differences	Hedge reserve	Hybrid Capital	
Balance at 1 January 2022		45 972	2 643 181	(928 860)	(222 647)	(21 818)	-	1 515 828
Profit/(loss) for the period		-	-	936 402	-	-	-	936 402
Other comprehensive income/(loss)		-	-	-	(203 234)	5 174	-	(198 060)
Total comprehensive income/(loss)		-	-	936 402	(203 234)	5 174	-	738 342
Dividends paid		-	(775 000)	-	-	-	-	(775 000)
Share-based payment		-	-	90	-	-	-	2 401
Balance at 31 December 2022		45 972	1 868 181	9 943	(425 881)	(16 644)	-	1 481 571
		-	-	-	-	-	-	-
Balance at 31 December 2022		45 972	1 868 181	9 943	(425 881)	(16 644)	-	1 481 571
Profit/(loss) for the period		-	-	481 584	-	-	-	481 584
Other comprehensive income/(loss)		-	-	-	(93 999)	(3 839)	-	(97 838)
Total comprehensive income/(loss)		-	-	481 584	(93 999)	(3 839)	-	383 746
Dividends paid		-	(840 000)	-	-	-	-	(840 000)
Share-based payments		-	-	3 027	-	-	-	3 027
Other		-	-	(1 725)	-	-	-	(1 725)
Balance at 30 September 2023		45 972	1 028 181	492 829	(519 880)	(20 484)	-	1 026 618
		-	-	-	-	-	-	-
Profit/(loss) for the period		-	-	128 644	-	-	-	128 644
Other comprehensive income/(loss)		-	-	-	76 395	5 797	-	82 192
Total comprehensive income/(loss)		-	-	128 644	76 395	5 797	-	210 836
Dividends paid		-	(270 000)	-	-	-	-	(270 000)
Share-based payments		-	-	1 188	-	-	-	1 188
Hybrid bond issue		-	-	-	-	-	799 461	799 461
Other		-	-	(76)	-	-	-	(76)
Balance at 31 December 2023		45 972	758 181	622 585	(443 484)	(14 687)	799 461	1 768 027

Unaudited statement of cash flows

USD 1000	Notes	Q4 2023	Q3 2023	Q4 2022	FY 2023	FY 2022
Profit/(loss) before income taxes		459 645	919 820	1 793 181	3 356 934	5 855 891
Adjustments to reconcile profit before tax to net cash flows:						
- Depreciation and amortisation	9, 10	405 954	352 997	332 433	1 422 598	1 447 966
- Impairment loss and reversals	8, 9	526 427	-	96 255	526 427	657 922
- (Gain) / loss on sale and retirement of assets	4	(24 531)	-	32 021	(24 531)	31 721
- Expensed capitalised dry wells	5, 8	4 177	19 509	5 194	40 928	30 600
- Accretion expenses (asset retirement obligation)	6, 19	26 266	25 417	24 366	98 765	94 243
- Unrealised (gain)/loss on foreign currency transactions and balances	6	(94 933)	(56 667)	(559 643)	(23 908)	81 175
- Realised foreign exchange (gain)/loss related to financing activities		(2 023)	19 625	233 319	97 610	311 442
- Other non-cash items and reclassifications		50 536	(27 300)	69 749	16 073	(11 942)
Working capital adjustments:						
- Changes in inventories, accounts payable and receivable		84 276	(44 199)	(33 076)	394 572	(155 346)
- Changes in other current balance sheet items	13, 20	(10 509)	29 319	99 907	(22 000)	25 059
Income tax received/(paid)	7	(568 147)	(263 792)	(1 650 439)	(2 463 195)	(2 686 852)
Net cash flow from operating activities		857 139	974 729	443 265	3 420 273	5 681 877
Cash flow from investing activities						
Expenditures on exploration and evaluation assets	8	(16 284)	(24 661)	(46 969)	(113 107)	(77 050)
Expenditures on property, plant and equipment	9	(644 770)	(625 802)	(752 623)	(2 527 926)	(2 515 797)
Payment for decommissioning of oil and gas fields	19	(22 584)	(2 141)	(14 814)	(40 688)	(70 318)
Proceeds from sale of assets (sales price)		13 602	-	-	13 602	-
Net cash used in investing activities		(670 036)	(652 604)	(814 407)	(2 668 118)	(2 663 165)

Unaudited statement of cash flows – continued

USD 1000	Note	Q4 2023	Q3 2023	Q4 2022	FY 2023	FY 2022
Cash flows from financing activities						
Dividends paid		(270 000)	(270 000)	(290 000)	(1 110 000)	(775 000)
Net proceeds from bond issue		-	(5 045)	1 966 617	651 360	2 463 523
Net proceeds from hybrid bond issue		808 170	-	-	808 170	-
Net proceeds/(payments) of revolving credit facilities	18	(500 000)	500 000	(2 000 000)	(500 000)	(4 020 500)
Payment of other loans and borrowings	18	-	-	(300 000)	-	(300 000)
Payment of principal portion of lease ability	22	(23 690)	(23 678)	(25 570)	(94 304)	(110 447)
Interest paid		(85 317)	(45 487)	(104 122)	(214 527)	(160 803)
Net cash from financing activities		(70 837)	155 790	(753 075)	(459 302)	(2 903 227)
Net change in cash and cash equivalents						
		116 266	477 915	(1 124 217)	292 853	115 485
Cash and cash equivalents, beginning of period		595 306	110 909	1 499 006	444 607	223 588
Effect of exchange rate fluctuation on cash held		23 342	6 483	69 818	(2 546)	105 534
Cash and cash equivalents, end of period		734 914	595 306	444 607	734 914	444 607

Notes

(All figures in USD 1000 unless otherwise stated)

The interim condensed financial statements for the period ended 31 December 2023 have been prepared in accordance with IAS 34 Interim Financial Reporting. Thus the interim financial statements do not include all information required by IFRSs and should be read in conjunction with the 2022 annual financial statements. The interim financial statements reflect all adjustments which are, in the opinion of management, necessary for a fair statement of the financial position, results of operations and cash flows for the dates and interim periods presented. Interim period results are not necessarily indicative of results of operations or cash flows for an annual period. These interim financial statements have not been subject to review or audit by independent auditors.

These interim financial statements were authorised for issue by the Company Board of Directors on 12 February 2024.

Note 1 Summary of IFRS accounting principles

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

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

Vår Energi has in fourth quarter issued a subordinated fixed rate reset securities (hybrid bond) due on the 15th of November 2083. Due to attributes such as long maturity and the option to defer payments of interests and ultimately not pay at maturity date gives it characteristics as equity. The notional amount, which constitutes a liability, is recognised at present value, and equity has been increased by the difference between the net principal amount and the present value of the discounted liability. Costs incurred in issuing the hybrid bond are accounted for as a deduction from equity. Vår Energi recognises the cash received from the bondholders mainly as an increase of equity. Interest paid will be accounted for as a decrease of equity upon the arising of the related contractual payment obligation (the "Interest Payment Date"); consistently with the accounting treatment of dividends. Interests relating to the hybrid bond are not recognised on an accrual basis.

Note 2 Income

Petroleum revenues (USD 1000)	Q4 2023	Q3 2023	Q4 2022	FY 2023	FY 2022
Revenue from crude oil sales	1 078 193	1 034 740	1 092 302	3 781 590	4 669 095
Revenue from gas sales	542 581	522 491	1 191 916	2 815 254	4 732 282
Revenue from NGL sales	58 189	58 403	70 254	219 122	379 166
Total petroleum revenues	1 678 963	1 615 635	2 354 471	6 815 966	9 780 543
Sales of crude (boe 1000)	12 712	11 876	12 614	45 168	45 923
Sales of gas (boe 1000)	6 065	5 752	6 565	24 416	27 115
Sales of NGL (boe 1000)	1 241	1 374	1 285	4 963	5 796
Other operating income (USD 1000)	Q4 2023	Q3 2023	Q4 2022	YTD 2023	YTD 2022
Gain/(loss) from sale of assets	15 325	-	-	15 325	300
Partner share of lease cost	2 715	2 739	2 781	10 936	13 529
Other operating income	1 828	2 279	16 698	7 490	33 259
Total other operating income	19 868	5 019	19 479	33 750	47 088

Gain from Brage sale in fourth quarter 2023 of USD 15.6 million.

Note 3 Production Costs

USD 1000	Note	Q4 2023	Q3 2023	Q4 2022	FY 2023	FY 2022
Cost of operations		205 696	174 490	189 924	732 648	701 441
Transportation and processing		40 728	44 067	42 169	176 839	213 551
Environmental taxes		31 895	34 267	30 714	128 612	122 988
Insurance premium		8 911	16 582	15 872	56 914	48 786
Production cost based on produced volumes		287 230	269 407	278 679	1 095 012	1 086 766
Back-up cost shuttle tankers		5 510	2 320	7 959	12 171	19 245
Changes in over/(underlift)	1	4 568	5 120	48 774	(5 734)	(2 411)
Premium expense for crude put options	14	8 996	9 320	9 810	36 229	39 540
Production cost based on sold volumes		306 304	286 167	345 223	1 137 678	1 143 139
Total produced volumes (boe 1000)		20 691	19 296	19 718	77 713	80 319
Production cost per boe produced (USD/boe)		13.9	14.0	14.1	14.1	13.5

Note 4 Other operating expenses

USD 1000	Q4 2023	Q3 2023	Q4 2022	FY2023	FY2022
R&D expenses	4 611	10 707	(3 963)	34 980	31 535
Pre-production costs	9 679	8 055	7 558	36 716	24 761
Guarantee fee decommissioning obligation	3 583	4 357	3 686	17 436	22 190
Administration expenses	7 958	5 568	7 051	28 771	26 331
Neptune integration cost	11 644	-	-	11 644	-
Other expenses	12 336	9 969	32 905	30 429	32 905
Total other operating expenses	49 810	38 657	47 236	159 976	137 721

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

Note 5 Exploration expenses

USD 1000	Note	Q4 2023	Q3 2023	Q4 2022	FY 2023	FY 2022
Seismic		5 115	10 884	2 756	27 310	4 741
Area fee		989	1 943	1 778	6 798	7 861
Dry well expenses	8	4 177	19 508	5 194	40 927	30 600
Other exploration expenses		849	3 411	11 932	11 455	28 861
Total exploration expenses		11 130	35 747	21 660	86 491	72 063

Dry well expenses in 2023 are mainly related to the PL1005 well 6405/7-3 S Rondelottet and the PL554 well 34/6-6 Angulata Brent.

Note 6 Financial items

USD 1000	Note	Q4 2023	Q3 2023	Q4 2022	FY 2023	FY 2022
Interest income		3 890	1 505	6 203	11 318	9 496
Interests on debts and borrowings	18	(65 036)	(67 403)	(51 361)	(250 001)	(129 756)
Interest on lease debt		(1 310)	(1 485)	(2 162)	(6 210)	(9 312)
Capitalised interest cost, development projects		66 194	67 155	62 041	251 870	130 974
Amortisation of fees and expenses		(2 176)	(4 228)	(8 324)	(14 007)	(17 801)
Accretion expenses (asset retirement obligation)	19	(26 266)	(25 417)	(24 366)	(98 765)	(94 243)
Other financial expenses		(1 034)	2 375	(1 454)	(4 710)	(5 248)
Change in fair value of interest rate hedges (ineffectiveness)		408	(763)	-	(2 408)	-
Net financial income/(expenses)		(25 330)	(28 261)	(19 424)	(112 913)	(115 889)
Unrealised exchange rate gain/(loss)		94 933	56 667	559 643	23 907	(81 175)
Realised exchange rate gain/(loss)		(9 163)	(15 671)	(278 181)	(70 606)	(315 864)
Net exchange rate gain/(loss)		85 769	40 995	281 461	(46 699)	(397 039)
Net financial items		60 439	12 734	262 038	(159 613)	(512 929)

Vår Energi's functional currency is NOK, whilst interest bearing loans and bonds are in USD and EUR. The strengthening of NOK during the fourth quarter of 2023 caused a net exchange rate gain of USD 86 million.

Note 7 Income taxes

USD 1000	Q4 2023	Q3 2023	Q4 2022	FY 2023	FY 2022
Current period tax payable/(receivable)	407 721	384 753	849 850	1 754 506	3 851 161
Prior period adjustment to current tax	(7 847)	(97)	12 891	(11 287)	20 828
Current tax expense/(income)	399 874	384 655	862 741	1 743 219	3 871 989
Deferred tax expense/(income)	(68 873)	346 637	442 408	1 003 485	1 047 499
Tax expense/(income) in profit and loss	331 001	731 292	1 305 149	2 746 704	4 919 489
Effective tax rate in %	72%	80%	73%	82%	84%
Tax expense/(income) in put option used for hedging	1 880	(675)	(1 065)	304	(341)
Tax expense/(income) in other comprehensive income	332 881	730 618	1 304 085	2 747 008	4 919 148

Reconciliation of tax expense	Tax rate	Q4 2023	Q3 2023	Q4 2022	FY 2023	FY 2022
Marginal (78%) tax rate on profit/loss before tax	78%	358 542	717 496	1 398 753	2 618 542	4 567 829
Tax effect of uplift	71,8%	(6 584)	(9 511)	(63 676)	(38 815)	(211 687)
Impairment of goodwill	78%	-	-	1 494	-	184 022
Tax effects of items taxed at other than marginal (78%) tax rate ¹	56%	843	22 005	(59 302)	182 119	314 393
Tax effects of new legislation on other items		-	-	30 404	-	50 885
Tax effects of acquisition, sale and swap of licenses ²		(10 955)	-	-	(10 955)	-
Other permanent differences, prior period adjustments and change in estimates of uncertain tax positions	78%	(10 844)	1 301	(2 523)	(4 186)	14 047
Tax expense/(income)		331 001	731 292	1 305 149	2 746 704	4 919 489

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

²Working interest in Brage field sold in Q4 2023.

Note 7 Income taxes - continued

Deferred tax asset/(liability)	Q4 2023	Q3 2023	Q4 2022	FY 2023	FY 2022
Deferred tax asset/(liability) at beginning of period	(8 599 059)	(8 145 018)	(6 968 812)	(8 127 971)	(7 953 676)
Current period deferred tax income/(expense)	68 873	(346 637)	(442 408)	(1 003 485)	(1 047 499)
Deferred taxes related to acquisition, sale and swap of licenses ²	(23 449)	-	-	(23 449)	-
Deferred taxes recognised directly in OCI or equity	(1 880)	675	1 065	(304)	341
Currency translation effects	(387 503)	(108 079)	(717 815)	212 190	872 864
Net deferred tax asset/(liability) as of closing balance	(8 943 019)	(8 599 059)	(8 127 971)	(8 943 019)	(8 127 971)

Tax payable	Q4 2023	Q3 2023	Q4 2022	FY 2023	FY 2022
Tax payable at beginning of period	(1 092 568)	(952 248)	(2 378 317)	(1 778 222)	(801 432)
Current period payable taxes	(407 721)	(384 753)	(849 850)	(1 754 506)	(3 851 161)
Net tax payments	568 147	263 792	1 650 439	2 463 195	2 686 852
Prior period adjustments and change in estimate of uncertain tax positions	7 847	97	(12 891)	11 287	(20 828)
Currency translation effects	(40 119)	(19 456)	(187 602)	93 832	208 347
Net tax payable as of closing balance	(964 414)	(1 092 568)	(1 778 222)	(964 414)	(1 778 222)

Note 8 Intangible assets

USD 1000	Goodwill	Other intangible assets	Capitalised exploration wells	Total
Cost as at 1 January 2023	4 481 939	93 515	225 287	4 800 740
Additions	-	-	96 823	96 823
Reclassification	-	(7 292)	(9 967)	(17 259)
Disposals/expensed exploration wells	-	0	(36 751)	(36 751)
Currency translation effects	(322 860)	(6 681)	(18 408)	(347 949)
Cost as at 30 September 2023	4 159 079	79 541	256 984	4 495 603
Depreciation and impairment as at 1 January 2023	(2 462 426)	-	-	(2 462 426)
Currency translation effects	177 383	-	-	177 383
Depreciation and impairment as at 30 September 2023	(2 285 043)	-	-	(2 285 043)
Net book value as at 30 September 2023	1 874 035	79 541	256 984	2 210 560

USD 1000	Note	Goodwill	Other intangible assets	Capitalised exploration wells	Total
Cost as at 1 October 2023		4 159 079	79 541	256 984	4 495 603
Additions		-	-	16 284	16 284
Reclassification		-	-	(4 414)	(4 414)
Disposals/expensed exploration wells	5	1 463	(0)	(4 177)	(2 714)
Currency translation effects		184 086	3 519	11 828	199 434
Cost as at 31 December 2023		4 344 628	83 060	276 504	4 704 193
Depreciation and impairment as at 1 October 2023		(2 285 043)	-	-	(2 285 043)
Currency translation effects		(101 107)	-	-	(101 107)
Depreciation and impairment as at 31 December 2023		(2 386 150)	-	-	(2 386 150)
Net book value as at 31 December 2023		1 958 478	83 060	276 504	2 318 042

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

Note 9 Tangible assets

USD 1000	Note	Wells and production facilities	Facilities under construction	Other property, plant and equipment	Total
Cost as at 1 January 2023		14 110 298	6 307 507	53 587	20 471 393
Additions		709 170	1 337 640	18 271	2 065 081
Estimate change asset retirement cost	19	(313 566)	-	-	(313 566)
Reclassification		824 539	(753 660)	-	70 878
Disposals		-	(8 273)	-	(8 273)
Currency translation effects		(1 019 624)	(484 493)	(4 023)	(1 508 140)
Cost as at 30 September 2023		14 310 817	6 398 721	67 836	20 777 373
Depreciation and impairment as at 1 January 2023		(5 887 887)	-	(21 268)	(5 909 156)
Depreciation		(990 680)	-	(10 010)	(1 000 689)
Impairment reversal / (loss)	11	-	-	-	-
Disposals		-	-	-	-
Currency translation effects		438 872	-	1 654	440 526
Depreciation and impairment as at 30 September 2023		(6 439 695)	-	(29 624)	(6 469 319)
Net book value as at 30 September 2023		7 871 122	6 398 721	38 211	14 308 054

USD 1000	Note	Wells and production facilities	Facilities under construction	Other property, plant and equipment	Total
Cost as at 1 October 2023		14 310 817	6 398 721	67 836	20 777 373
Additions		315 346	382 124	15 209	712 680
Estimate change asset retirement cost	19	491 051	-	-	491 051
Reclassification		724 760	(702 491)	-	22 269
Disposals		(82 332)	(16 318)	-	(98 649)
Currency translation effects		730 550	248 202	3 889	982 640
Cost as at 31 December 2023		16 490 192	6 310 238	86 934	22 887 364
Depreciation and impairment as at 1 October 2023		(6 439 695)	-	(29 624)	(6 469 319)
Depreciation		(394 790)	-	(5 964)	(400 754)
Impairment reversal / (loss)	11	(326 127)	(200 300)	-	(526 427)
Disposals		75 621	-	-	75 621
Currency translation effects		(319 682)	(8 049)	(1 677)	(329 407)
Depreciation and impairment as at 31 December 2023		(7 404 673)	(208 349)	(37 265)	(7 650 287)
Net book value as at 31 December 2023		9 085 519	6 101 889	49 669	15 237 078

Capitalised interests for facilities under construction were USD 65 754 thousand in third quarter 2023 and USD 67 909 thousand in fourth quarter 2023.

Rate used for capitalisation of interests was 7.55% in third quarter 2023 and 7.65% in fourth quarter 2023.

Note 10 Right of use assets

USD 1000	Offices	Rigs, helicopters and supply vessels	Warehouse	Total
Cost as at 1 January 2023	66 732	205 300	15 155	287 188
Reclassification	-	(53 619)	-	(53 619)
Currency translation effects	(5 112)	(13 658)	(1 161)	(19 931)
Cost as at 30 September 2023	61 620	138 023	13 994	213 638
Depreciation and impairment as at 1 January 2023	(17 683)	(86 186)	(7 896)	(111 765)
Depreciation	(3 607)	(10 118)	(2 230)	(15 956)
Currency translation effects	1 653	5 679	952	8 283
Depreciation and impairment as at 30 September 2023	(19 638)	(90 625)	(9 174)	(119 437)
Net book value as at 30 September 2023	41 982	47 398	4 820	94 200
Cost as at 1 October 2023	61 620	138 023	13 994	213 638
Reclassification	-	(17 855)	-	(17 855)
Currency translation effects	2 391	5 355	543	8 289
Cost as at 31 December 2023	64 011	125 524	14 537	204 072
Depreciation and impairment as at 1 October 2023	(19 638)	(90 625)	(9 174)	(119 437)
Depreciation	(1 085)	(3 396)	(718)	(5 200)
Currency translation effects	(924)	(4 266)	(432)	(5 623)
Depreciation and impairment as at 31 December 2023	(21 648)	(98 288)	(10 325)	(130 260)
Net book value as at 31 December 2023	42 363	27 236	4 213	73 812

Note 11 Impairment

Impairment testing

Impairment tests of individual cash-generating units (CGUs) are performed quarterly when impairment triggers are identified. Due to lower forward price assumptions and the significant goodwill on the balance sheet, a full impairment testing of fixed assets and related intangible assets were performed as of 31 December 2023.

Key assumptions applied for impairment testing purposes as of 31 December 2023 are based on Vår Energi's macroeconomic assumptions. Below is an overview of the key assumptions applied:

Prices

The oil and gas prices are based on the forward curve for the next three-year period and from the fourth year the oil and gas prices are based on the company's long-term price assumptions. Vår Energi's long term oil price assumption is 70 USD/bbl (real) and long-term gas price assumption is 57 USD/boe (real).

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

Year	31 Dec 2022	30 Sep 2023	31 Dec 2023
2024	75.5	84.9	76.3
2025	75.3	79.0	75.2
2026	77.3	78.6	77.4

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

Year	31 Dec 2022	30 Sep 2023	31 Dec 2023
2024	106.0	87.7	63.0
2025	70.4	73.7	65.5
2026	62.1	63.8	62.9

Note 11 Impairment - continued

Oil and gas reserves

Future cash flows are calculated based on expected production profiles and estimated proven, probable and risked possible reserves. Production profiles per 31 December 2023 were slightly increased, however short-term production were reduced versus 30 September 2023 profiles.

Year mmboe	31 Dec 2022	30 Sep 2023	31 Dec 2023
2024 - 2026	351	348	328
2027 - 2031	353	353	366
2032 - 2036	163	161	170
2037 - 2041	83	80	85
2042 - 2054	62	61	61

Future expenditure

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

Discount rate

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

Currency rates	2024	2025	2026	2027 onwards
NOK/USD	10.0	9.6	9.2	9.0
NOK/Euro	11.1	10.6	10.0	9.7

Inflation

Inflation for 2024 is assumed to be 4%. The long-term inflation rate beyond 2024 is assumed to be 2.0%, in-line with assumptions per 30 September 2023.

Impairment charge/reversal

The impairment testing per 31 December 2023 identified impairment to the Balder CGU of USD 526 427 thousand mainly due to reduced commodity prices and increased cost.

Cash generating unit (USD 1000)	Net carrying value	Recoverable amount	Impairment / reversal (-)	Impairment allocated		Deferred tax impact
				Goodwill	PP&E	
Balder Area	1 204 267	1 088 453	526 427	-	526 427	(410 613)
Total	1 204 267	1 088 453	526 427	-	526 427	(410 613)

Sensitivity analysis

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

Assumption USD 1000	Change	Change in impairment after	
		Increase in assumption	Decrease in assumption
Oil and gas prices	+/- 25%	(921 000)	2 767 000
Production profile	+/- 5%	(431 000)	431 000
Discount rate	+/- 1% point	158 000	(164 000)

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

Climate related risks

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

Note 12 Trade receivables

USD 1000	Note	31 Dec 2023	30 Sep 2023	31 Dec 2022
Trade receivables – related parties	23	516 429	569 994	478 714
Trade receivables – external parties		137 221	122 531	382 405
Sale of trade receivables		(290 756)	(268 864)	(64 802)
Total trade receivables		362 895	423 661	796 317

Vår Energi has Credit Discount Agreements with several banks. Under the arrangements the ownership, including credit risk, of invoices for oil cargos sold are transferred to the respective banks, and the receivables to which the payments relate are derecognised from Vår Energi's balance sheet. Payments to the banks are made when Vår Energi receives payments from the customers. Credit Discount Agreements on gas sales were introduced from Q3 2023.

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

Note 13 Other current receivables and financial assets

USD 1000	Note	31 Dec 2023	30 Sep 2023	31 Dec 2022
Net underlift of hydrocarbons		125 747	124 023	101 889
Net receivables from joint operations		102 038	73 846	67 776
Prepaid expenses		53 437	54 025	30 672
Brent crude put options – financial assets	14	10 974	6 236	14 805
Other		17 276	(4 267)	(1 856)
Total other current receivables and financial assets		309 472	253 862	213 286

Note 14 Financial instruments**Derivative financial instruments**

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

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

As of 31 December 2023, Vår Energi had the following volumes of Brent crude oil put options in place and with the following strike prices:

Hedging instruments	Volume (no of put options outstanding at balance sheet date) in thousands (bbl)	Exercise price (USD per bbl)
Brent crude oil put options 30.09.2023, exercisable in 2023	3 600	50
Brent crude oil put options 31.12.2023, exercisable in 2024	15 550	50

Note 14 Financial instruments – continued

Brent crude put options – financial assets

USD 1000	Q4 2023	2022	Q4 2022
The beginning of the period	6 236	17 407	18 046
New Brent crude put options	5 972	36 143	7 001
Change in fair value	(1 233)	(38 745)	(5 046)
The end of the period	10 974	14 805	20 001

As of 31 December 2023, the fair value of outstanding Brent Crude oil put options amounted to USD 6 236 thousand.

Unrealised gains and losses are recognised in OCI. Note that the cost price (time value agreed at the inception of the contracts) for the options is paid at the time of realisation (time of exercise or expiration) and that this deferred payment is presented as current liabilities in the balance sheet, see below table.

Brent crude put options – deferred premiums

USD 1000	Note	Q4 2023	2022	Q4 2022
The beginning of the period		(32 952)	(39 339)	(36 327)
Settlement	3	8 996	39 540	8 852
New Brent crude put options		(5 972)	(36 143)	(7 001)
FX-effect		124	(200)	(146)
The end of the period		(29 804)	(36 143)	(34 622)

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

Change in Hedge Reserve

USD 1000	Q4 2023	2022	Q4 2022
The beginning of the period	(26 716)	(21 932)	(18 280)
Realised cost of hedge	9 120	39 339	8 705
Brent crude put options – financial assets	(1 233)	(38 745)	(5 046)
The end of the period	(18 830)	(21 338)	(14 621)

After tax balance as of 31 December 2023 is USD 20 839 thousand.

Reconciliation of liabilities arising from financing activities

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

USD 1000	31 Dec 2022	Cash flows	Non-cash changes			31 Dec 2023
			Amortisation/ Accretion	Currency	Fair Value Adj.	
Short-term interest-bearing debt	500 000	(500 000)	-	-	-	-
Bond USD Senior Notes	2 500 000	-	-	-	-	2 500 000
Bond EUR Senior Notes	-	664 437	-	(1 438)	19 939	682 938
Subord. EUR Fixed Rate Sec. (23/83)	-	808 170	84	128	-	808 382
Prepaid loan expenses	(47 411)	(13 077)	14 007	1 203	-	(45 278)
Totals	2 952 589	959 530	14 091	(107)	19 939	3 946 042

Note 15 Cash and cash equivalents

USD 1000	31 Dec 2023	30 Sep 2023	31 Dec 2022
Bank deposits, unrestricted	724 726	588 952	434 693
Bank deposit, restricted, employee taxes	10 188	6 355	9 914
Total bank deposits	734 914	595 306	444 607

Note 16 Share capital and shareholders

As of 31 December 2023, the total share capital of the company is USD 45 972 thousand or NOK 399 425 thousand. The share capital is divided into 2 496 406 246 ordinary shares and 4 Class B shares. Each share has a nominal value of NOK 0.16. The ordinary shares represent NOK 399 424 999.36 of the total share capital, while the Class B shares represent NOK 0.64 of the total share capital.

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

Earnings per share are calculated by dividing the net result attributable to shareholders of by the number of shares.

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

Note 17 Hybrid capital

Vår Energi ASA issued EUR 750 million of subordinated fixed rate reset securities due on the 15th of November 2083. This is broadening the Company's funding sources and investor base and is reinforcing the balance sheet with a new layer of capital. Vår Energi has the right to defer coupon payments and ultimately decide not to pay at maturity. Deferred coupon payments become payable, however, if the Company decides to pay dividends to the shareholders.

Maturity	2083
Type	Subordinated
Financial classification	Equity (99 %)
Carrying Amount	EUR 744 million
Notional Amount	EUR 750 million
Issued	15 Nov 2023
Maturing	15 Nov 2083
Quoted in	Luxembourg
First redemption at par	15 Nov 2028
Coupon until first reset date	7.862% fixed rate until 15 Feb 2029
Margin Step-ups	+0.25% points from 15 Feb 2034 and +0.75% points after 15 Feb 2049
Deferral of interest payment	Optional

USD 1000	Equity	Debt	Total
Balance as of 31 Dec 2022	-	-	-
Addition	806 822	8 837	815 659
Fees	(7 361)	-	(7 361)
Accretion	-	84	84
Balance as of 31 Dec 2023	799 461	8 921	808 382

Note 18 Financial liabilities and borrowings

Interest-bearing loans and borrowings

USD 1000	Coupon/int. Rate	Maturity	31 Dec 2023	30 Sep 2023	31 Dec 2022
Bond USD Senior Notes (22/27)	5.00%	May 2027	500 000	500 000	500 000
Bond USD Senior Notes (22/28)	7.50%	Jan 2028	1 000 000	1 000 000	1 000 000
Bond USD Senior Notes (22/32)	8.00%	Nov 2032	1 000 000	1 000 000	1 000 000
Bond EUR Senior Notes (23/29)	5.50%	May 2029	682 938	625 049	-
Subord. EUR Fixed Rate Sec. (23/83)	7.86%	Nov 2083	8 921	-	-
Bridge credit facility	1.25%+SOFR+CAS	Nov 2023	-	-	500 000
RCF Working capital facility	1.08%+SOFR+CAS	Nov 2026	-	500 000	-
RCF Liquidity facility	1.13%+SOFR+CAS	Nov 2026	-	-	-
Prepaid loan expenses			(45 278)	(47 171)	(47 411)
Total interest-bearing loans and borrowings			3 146 582	3 577 878	2 952 589
Of which current and non-current:					
Interest-bearing loans, current			-	-	500 000
Interest-bearing loans and borrowings			3 146 582	3 577 878	2 452 589
Credit facilities – Utilised and unused amount					
USD 1000			31 Dec 2023	30 Sep 2023	31 Dec 2022
Drawn amount credit facility			-	500 000	500 000
Undrawn amount credit facilities			3 000 000	2 500 000	3 600 000

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

Vår Energi ASA issued EUR 750 million subordinated fixed rate reset securities due on 15th November 2083. The liability is reflected as interest bearing debt. For more details on the EUR subordinated fixed rate reset securities, see note 17.

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

Vår Energi's senior unsecured facilities at year end consist of the working capital revolving credit facility of USD 1.5 billion and the liquidity facility of USD 1.5 billion. On 18th September the working capital revolving credit facility was extended to 1 November 2026. The liquidity facility maturing 1 November 2026 remains unchanged. The facilities have no amortisation structure and all amounts outstanding fall due at maturity. The facilities have covenants covering leverage (net interest-bearing debt to 12 months rolling EBITDAX not to exceed 3.5) and interest coverage (EBITDA to 12 months rolling interest expenses shall exceed 5) which will be tested at the end of each calendar quarter. The interest rate payable for each of the facilities is determined by timing and the Company's credit rating taking the aggregate of the Secured Overnight Financing Rate (SOFR) and the Credit Adjustment Spread (CAS) and adding the applicable margin for the present period as shown in the table.

Note 19 Asset retirement obligations

USD 1000	Q4 2023	1Q - Q3 2023	2022
Beginning of period	2 718 258	3 216 138	3 297 176
Change in estimate	491 051	(313 566)	266 380
Accretion discount	26 266	72 499	94 243
Incurred removal cost	(22 584)	(18 104)	(70 318)
Disposals	(54 630)	-	-
Currency translation effects	136 692	(238 709)	(371 343)
Total asset retirement obligations	3 295 052	2 718 258	3 216 138
Short-term	87 385	72 520	60 012
Long-term	3 207 667	2 645 738	3 156 126
Breakdown by decommissioning period	31 Dec 2023	30 Sep 2023	31 Dec 2022
2022-2030	431 819	306 403	339 511
2031-2040	1 689 489	1 464 176	1 721 737
2041-2057	1 173 744	947 679	1 154 890

Change in estimate during Q4 2023 is mainly related to updated discount rates.

The estimate is based on executing a concept for abandonment in accordance with the Petroleum Activities Act and international regulations and guidelines. The calculations assume an inflation rate of 4% in 2024 and 2% in future years and discount rates between 3.2% - 3.5% per 31 December 2023. The assumptions for inflation rates were unchanged while the discount rates were decreased from 4.0% - 4.1% per 30 September 2023. The discount rates are based on risk-free interest without addition of credit margin.

Fourth quarter 2023 payment for decommissioning of oil and gas fields (abex) is mainly related to Balder/Ringhorne.

Vår Energi has a retirement obligation as a shipper in Gassled booked to other non-current liabilities in the balance sheet statement. Vår Energi has accrued USD 73 613 thousand for this purpose per 31 December 2023.

Note 20 Other current liabilities

USD 1000	Note	31 Dec 2023	30 Sep 2023	31 Dec 2022
Net overlift from hydrocarbons		67 561	46 339	37 961
Net payables to joint operations		375 871	355 286	378 167
Employees, accrued public charges and other payables		84 407	79 876	50 748
Contingent Consideration, current		79 137	78 383	-
Deferred payment for option premiums - oil puts	14	29 804	32 952	36 143
Change in market value/fair value of SWAP	14	7 299	11 498	-
Total other current liabilities		644 079	604 334	503 019

Contingent consideration to ExxonMobil with expected payment in April 2024.

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

Note 21 Commitments, provisions and contingent consideration

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

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

On the 23rd of June Vår Energi entered into an agreement with Neptune Energy Group Holdings Limited to acquire 100% of the shares of Neptune Energy Norge AS for a cash consideration based on an agreed enterprise value of USD 2 275 million. The effective date of the transaction is 1 January 2023, and the acquisition was completed 31 January 2024. For additional details, please refer to note 25.

Note 22 Lease agreements

USD 1000	Q4 2023	1Q - Q3 2023	2022
Opening Balance lease debt	137 565	212 646	325 088
New lease debt in period	-	-	6 149
Payments of lease debt	(24 584)	(74 234)	(116 893)
Interest expense on lease debt	1 310	4 897	9 245
Currency exchange differences	2 636	(5 744)	(10 942)
Total lease debt	116 928	137 565	212 646
Breakdown of the lease debt to short-term and long-term liabilities	31 Dec 2023	30 Sep 2023	2022
Short-term	99 265	98 265	99 312
Long-term	17 663	39 300	113 334
Total lease debt	116 928	137 565	212 646
Lease debt split by activities	31 Dec 2023	30 Sep 2023	2022
Offices	50 194	49 045	55 941
Rigs, helicopters and supply vessels	62 479	83 696	149 140
Warehouse	4 255	4 824	7 566
Total	116 928	137 565	212 646

Vår Energi has entered into lease agreements for supply vessels, helicopter and warehouses supporting operation at Balder and Goliat, where the most significant are for the supply vessels operating at Goliat. The company also has leases for offices in Sandnes, Oslo and Hammerfest, with the most significant contract being the main office building in Vestre Svanholmen 1, Sandnes.

There are no new lease agreements in Q4 2023. See note 10 for the Right of use assets.

Note 23 Related party transactions

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

Current assets

USD 1000	31 Dec 2023	30 Sep 2023	31 Dec 2022
Trade receivables			
Eni Trade & Biofuels SpA	422 807	508 152	251 129
Eni SpA	74 606	54 009	129 270
Eni Global Energy Markets	18 107	7 312	97 768
Other	909	521	546
Total trade receivables	516 429	569 994	478 714

All receivables are due within 1 year.

Current liabilities

USD 1000	31 Dec 2023	30 Sep 2023	31 Dec 2022
Account payables			
Eni International BV	17 740	13 305	21 740
Eni Global Energy Markets	-	-	22 063
Eni SpA	11 654	12 636	11 751
Other	7 950	6 289	1 340
Total account payables	37 344	32 230	56 894

Sales revenue

USD 1000	Q4 2023	Q3 2023	Q4 2022	FY 2023	FY 2022
Eni Trade & Biofuels SpA	1 128 766	1 089 790	757 328	3 945 390	2 759 010
Eni SpA	209 750	182 299	345 095	870 327	1 472 251
Eni Global Energy Markets	45 295	32 396	200 912	177 307	629 765
Total sales revenue	1 383 811	1 304 485	1 303 335	4 993 024	4 861 026

Operating and capital expenditures

USD 1000	Q4 2023	Q3 2023	Q4 2022	FY 2023	FY 2022
Eni Trade & Biofuels SpA	1 438	2 616	15 145	13 321	43 686
Eni International BV	3 611	4 368	3 658	17 333	22 138
Eni SpA	494	7 201	3 186	17 749	21 462
Other	303	293	(1 833)	1 383	2 482
Total operating and capital expenditures	5 846	14 478	20 156	49 786	89 768

Note 24 License ownerships

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

Licenses	WI%	Operator
PL134E	30%	Equinor
PL554E	30%	Equinor
PL1002C	42%	Vår Energi
PL1173	50%	Vår Energi
PL1179	25%	Equinor
PL1185	20%	Equinor
PL1188	23%	Equinor
PL1189	23%	Equinor
PL1192	50%	Vår Energi
PL1194	30%	OMV
PL1196	70%	Vår Energi
PL1197	50%	Vår Energi

Asset transactions/Other changes

Licenses/Fields	WI%	Operator	Changes
Unitisation			
Verdande	10%	Equinor	Working interest
Additions			
PL932	20%	Aker BP	Working interest
PL1025S/SB	30%	Vår Energi	Working interest
PL1041	20%	Aker BP	Working interest
PL1076	50%	Equinor	Working interest
Disposals			
Brage Unit	12%	Petrolia	Working interest
PL984	10%	DNO Norge	Working interest
PL1002/B	58%	Vår Energi	Working interest

Note 25 Subsequent events

In January 2024, Vår Energi was awarded 20 licenses in the APA 2023 licensing round covering mature areas, of which seven as operator. Vår Energi is offered licenses in the North Sea, the Norwegian Sea and the Barents Sea - most of them in areas close to existing infrastructure, supporting the company hub strategy.

Vår Energi has elected to sell part of its gas on a fixed price/forward basis. Per 31 December 2023, Vår Energi has sold approximately 22% of the gas production for the first quarter 2024 on a fixed price basis at an average price around 133 USD per boe. For the second and third quarter of 2024, Vår Energi has sold approximately 27% of its estimated gas production on a fixed price basis at an average price around 132 USD per boe.

Oslo District Court on 18 January 2024 delivered a decision where Greenpeace Norden and Natur og Ungdom had sued the Norwegian state. The court concluded that the approval of Plan for Development and Operation ("PDO") for the fields Breidablikk, Tyrving and Yggdrasil were declared invalid due to insufficient impact assessments of certain climate effects. Vår Energi has a 34,4% ownershare in the Breidablikk field. The District Court has further granted a temporary injunction prohibiting the state from making other decisions for these fields that require valid PDO approval until the validity of the relevant PDO decisions have been finally decided. Breidablikk has an approved production permit pursuant to section 4-4 of the Petroleum Act for the entire calendar year 2024. Production in accordance with the approved production permit will thus be allowed up until 31 December 2024. The deadline for the state to submit an appeal is 17 February 2024.

After disagreement between the participants in the Breidablikk Unit on the apportionment of the Breidablikk field, the Ministry Energy decided on the apportionment of the Breidablikk field on 29 June 2021, and later confirmed by the King in Counsel ("KiC") on 8 October 2021. Based on this tract participation Vår Energi's equity in the Breidablikk field was 34,4%. Vår Energi claimed that the company had received approximately 5% less than the company was entitled to. Vår Energi brought the case up for Sør-Rogaland District Court in Stavanger. The hearing took place from 31 October to 24 November 2023. The court on 30 January 2024 rejected Vår Energi's claim. Vår Energi is obligated to cover legal expenses totaling USD 2.2 million. Except from this there are no effects on Financial Statements and production reporting.

On the 31 January 2023 Vår Energi ASA completed the acquisition of Neptune Energy Norge AS with 100% of the shares in Neptune Energy Norge AS transferred to Vår Energi. The effective date of the transaction is 1 January 2023. The transaction was financed through available liquidity and credit facilities, and the net cash consideration paid upon completion less cash available in Neptune Energy Norge was approximately USD 1.2 billion.

Industry terms

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

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

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