To the General Meeting of Vår Energi ASA

# Independent Auditor's Report

## Report on the Audit of the Financial Statements

### Opinion

We have audited the financial statements of Vår Energi ASA (the Company), which comprise the balance sheet statement as at 31 December 2023, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion the financial statements comply with applicable statutory requirements, and the financial statements give a true and fair view of the financial position of the Company as at 31 December 2023, and its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards as adopted by the EU.

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

### Basis for Opinion

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

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

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

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The Company's business activities are largely unchanged compared to last year. *Impairment of Goodwill and Property, Plant and Equipment* and *Estimation of Asset Retirement Obligations* have the same characteristics and risks this year as the previous year and consequently have been areas of focus also for the 2023 audit.

| Key Audit Matters | How our audit addressed the Key Audit Matter |
|---|---|
| Impairment of Goodwill and Property, Plant and Equipment | |
| Vår Energi ASA has property, plant and equipment with a carrying amount of USD 15 237 078 thousand at 31 December 2023. In addition, the carrying value of goodwill (including technical goodwill) is USD 1 958 478 thousand. | We assessed management's identification of impairment- or impairment reversal indicators and agreed that indicators of impairment were present. We obtained and scrutinized management's impairment calculation. For relevant cash generating units, |

Goodwill is tested for impairment annually. Furthermore, management assesses the presence of impairment- or impairment reversal indicators for tangible fixed assets. Based on identified impairment indicators, an impairment calculation of both goodwill and property, plant and equipment was prepared. Consequently, a total net impairment charge of USD 526 427 thousand related to property, plant and equipment was recognised.

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

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

Please refer to note 15 for a description of management's assessment of impairment.

including allocated technical goodwill, we assessed the key inputs to the calculation of recoverable amount by:

- comparison of management´s short-term price assumptions against external price forward curves,
- comparison of long-term oil and gas price assumptions against long-term price assumptions communicated by peers and other publicly available sources,
- testing of CGU and underlying asset specific assumptions underlying the impairment test model (e.g. production profiles, capital expenditures, removal costs, operating costs) and
- evaluation of the internal reserves estimation process, including testing relevant controls in the reserves process.
- comparison of reserves volumes to external verifications of reserves obtained by management. We also evaluated the professional qualifications and objectivity of management's internal and external experts (reservoir engineers) who prepared the reserve estimates.
- testing tax assumptions and calculations of tax basis and tax cash flows,
- assessing the calculation from post to pre tax impairment charge or reversal, and
- benchmarking of inflation, discount rates and exchange rates applied against external market data.

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

Management determined that ordinary goodwill at the balance sheet date was not impaired. We obtained and considered management's assessment. We calculated the market capitalization at 31 December 2023 based on the quoted share price at year-end.

The results of our procedures supported the carrying value of oil and properties and goodwill as at 31 December 2023.

To further challenge management's view, we also assessed management's sensitivity analysis and underlying calculations showing how the recoverable amounts of tangible assets and technical goodwill would be impacted by changes to underlying assumptions, such as change in hydrocarbon prices and discount rates. In addition, we considered consistency between the climate risk related disclosures in note 33 and the sensitivity analysis to the impairment testing in note 15.

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

### Estimation of Asset Retirement Obligations

Asset retirement obligations were calculated for operated and non-operated assets. Asset retirement obligations represent USD 3 295 052 thousand in the balance sheet as of 31 December 2023 and are accounted for as a non-current provision of USD 3 207 667 thousand and current provision of USD 87 385 thousand.

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

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

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

We obtained management’s assessment and model for calculation of asset retirement obligations and held meetings with management to understand the nature and details of the calculation. We found the methodology to be in line with requirements in the IFRS Accounting Standards.

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

For the operated Balder, Ringhorne and Goliat fields, the cost estimates are based on Vår Energi’s internal calculation and assessment. We assessed the cost estimate assumptions applied for reasonableness. This included, but was not limited to, number of wells to be plugged, rig rates per day, decommissioning year and contingency level. We also tested the model used for calculating the asset retirement obligations and found that the model made calculations as expected.

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

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

## Other Information

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

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

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

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

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

### Responsibilities of Management for the Financial Statements

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

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

### Auditor's Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error. We design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are

inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

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

## Report on Other Legal and Regulatory Requirements

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

*Opinion*
As part of the audit of the financial statements of Vår Energi ASA, we have performed an assurance engagement to obtain reasonable assurance about whether the financial statements included in the annual report, with the file name "VarEnergiASA-2023-12-31-en", have been prepared, in all material respects, in compliance with the requirements of the Commission Delegated Regulation (EU) 2019/815 on the European Single Electronic Format (ESEF Regulation) and regulation pursuant to Section 5-5 of the Norwegian Securities Trading Act, which includes requirements related to the preparation of the annual report in XHTML format, and iXBRL tagging of the consolidated financial statements.

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

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

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

Stavanger, 15 March 2024
**PricewaterhouseCoopers AS**

Gunnar Slettebø
State Authorised Public Accountant