Annual Report 2023

Integrated with Sustainability Report

vår energi

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Vår Energi in brief

Vår Energi ASA is committed to remain a long term, reliable provider of energy to Europe. It is a leading independent upstream oil and gas company on the Norwegian continental shelf (NCS), established in 2018. The Company, which is founded on more than 50 years of NCS operations, is set for growth and value creation; a robust and diversified asset portfolio with ongoing development projects centred around strategic hubs, and a strong exploration track record.

Vår Energi has about 1300 employees, equity stakes in 47 producing fields and produced net 213 kboepd of oil and gas in 2023.

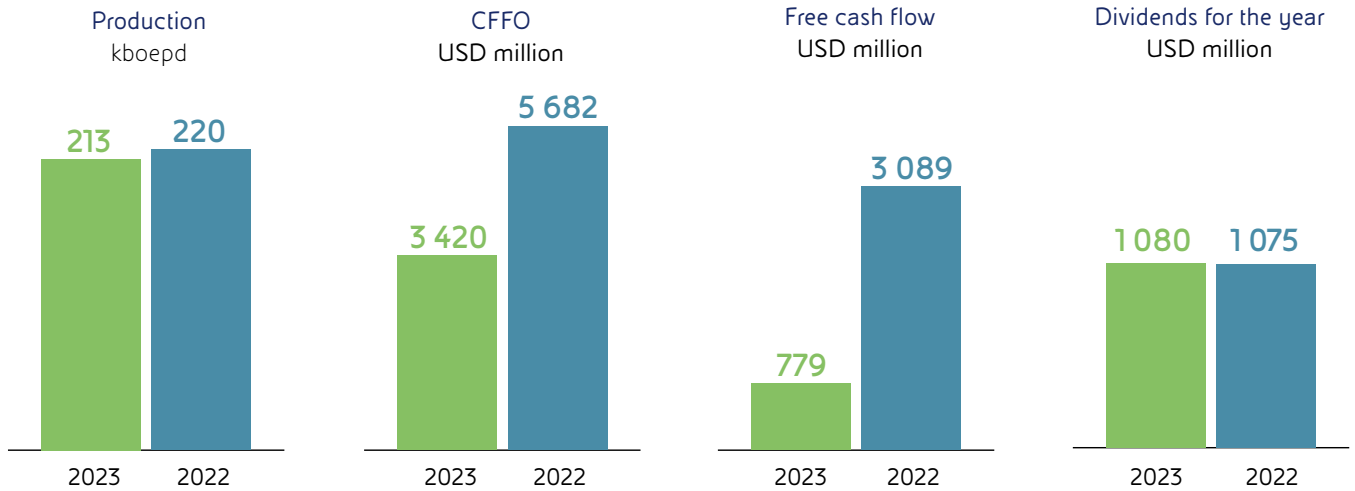
The Company is one of the world's fastest growing E&P companies, targeting to doubling production from 2023 levels to around 400 kboepd [1] by end-2025. While rapidly increasing output, the target is to reduce unit production cost to approximately USD 10[2] per boe from around USD 14 per boe in 2023, as new projects come on stream and effects from improvement measures are achieved.

Material cash flow generation and an investment grade balance sheet enable attractive and resilient dividend distributions. The Company declared USD 1 080 million in dividend for 2023. For 2024, Vår Energi further plans to distribute a dividend of USD 270 million for the first quarter and approximately 30% of cash flow from operations (CFFO) for the full year. From 2024 and onwards, the Company plans to distribute 20-30% of CFFO, in accordance with the dividend policy.

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

Vår Energi is committed to delivering a better future. The Company's ambition is to be the safest operator, the partner of choice and an ESG (environmental, social, governance) leader with a tangible and concrete plan to reduce emissions from operations by more than 50% within 2030.

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



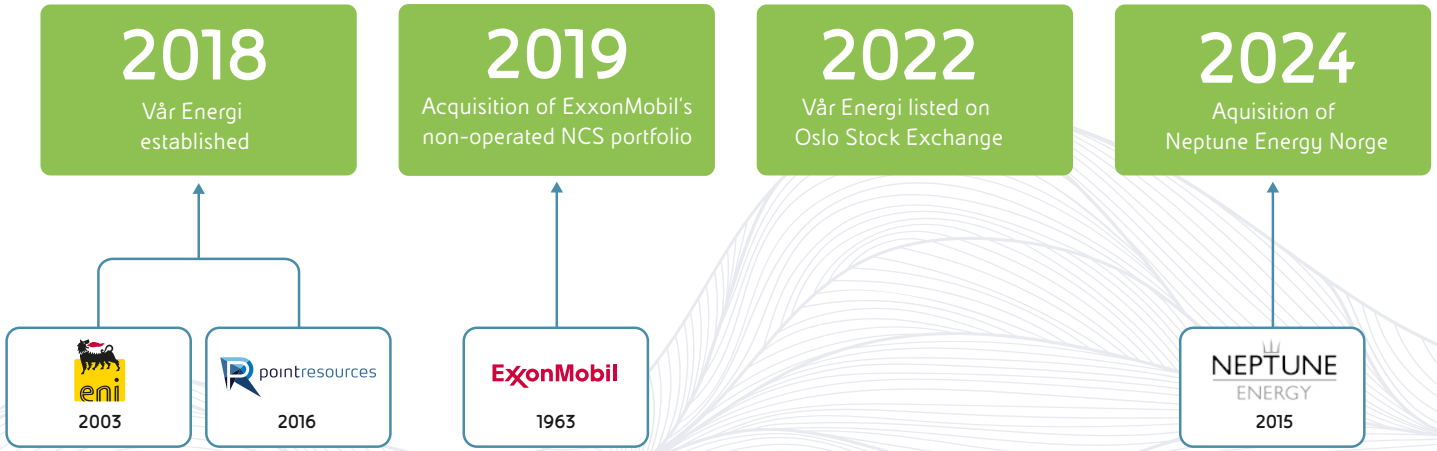
1) Including the acquisition of Neptune Energy's Norwegian oil and gas assets 2) Real 2025 USD

Building on more than 50 years experience on the NCS

The name "Vår Energi" symbolises growth and a new beginning. Vår means both "our" and "spring" in Norwegian. Spring is the season for growth. The name also implies that the Company's employees and partners work together as a team to produce resources – and create value for shareholders and the Norwegian society.

The Company's heritage is built on over 50 years of operations on the Norwegian Continental Shelf (NCS), including the very first license issued in 1965 (PL001). Vår Energi AS was established in 2018 through the merger of Eni Norge AS and Point Resources AS. Eni Norge AS was founded in 1965, while Point Resources AS was created through the merger of the HitecVision portfolio companies in 2016, which then acquired the Norwegian operated business of ExxonMobil in 2017. In 2019, the Company further proved its ability to execute complex transactions, with the acquisition of substantially all of ExxonMobil's partner-operated assets on the NCS. Vår Energi was listed on the Oslo Stock Exchange in February 2022. In 2023, Vår Energi announced the acquisition of Neptune Energy Norge AS. The transaction was completed 31 January[1] 2024, adding a portfolio of complimentary assets and new capabilities to the Vår Energi team, including an organisation of 300 dedicated and highly skilled people.

Vår Energi's strengths, competencies and best practices have been developed over time, combining the solidity of two supermajors to harness ExxonMobil's and Eni's operational resources and technical expertise. The Company also leverages on HitecVision's NCS expertise with demonstrated history of value creation.



[1]Neptune Energy Norge AS changed name to Vår Energi Norge AS at 31 January 2024

2023 highlights

January
Awarded 12 new production licenses, of which five as operator, in the 2022 Awards in Predefined Areas (APA), covering mature areas

February
Confirmation of oil discovery in the operated 7122/8-1S Countach well in PL229 (Goliat), north-west of Hammerfest

April
Hyme, Bauge and Fenja field developments successfully tied-back to the Njord host and commenced production

May
Vår Energi announced inaugural issuance of EUR 600 million of Euro Senior Notes

June
Received industry leading ESG rating by Sustainalytics, putting Vår Energi in the lowest risk group in the industry and in the top 5 percentile of the 293 rated oil and gas producers

Announced acquisition of Neptune Energy Norge AS oil and gas assets to accelerate growth and value creation on the NCS

August
Opening of the Hywind Tampen wind farm, providing power from offshore wind and reducing CO_2 emissions on Snorre, where Vår Energi is partner

September
Nick Walker joins Vår Energi as the new Chief Executive Officer (CEO) to spearhead the Company's strategy execution, market engagement and stakeholder management

Received top ESG ranking, where Vår Energi's ESG reporting was ranked A+ in Position Green's ESG100 report

October
First production of oil from the Breidablikk field and production of gas from the Tommeliten Alpha field in the North Sea, ahead of schedule and on budget

Approved concept selection (DG2) for gas export solution from Goliat to the Snøhvit pipeline for further transport to Hammerfest LNG

Vår Energi sold the 12.26% interest in the Brage Field, as part of portfolio optimisation

November
Vår Energi announced inaugural issuance of EUR 750 million of Subordinated Fixed Rate Reset Securities

2023 key figures

(2022)

Production
(kboepd)

213

(220)

Petroleum revenues
(USD million)

6 816

(9 781)

EBIT
(USD million)

3 517

(6 369)

Profit before tax
(USD million)

3 357

(5 856)

CFFO
(USD million)

3 420

(5 682)

Capex
(USD million)

2 641

(2 593)

FCF
(USD million)

779

(3 089)

NIBD/EBITDAX

0.5

(0.3)

CEO message

Vår Energi is one of the world's fastest growing E&Ps and amongst the highest valued listed companies in Norway. In just two years, by end 2025, production output will almost double from 2023 levels to around 400 thousand barrels of oil equivalents per day. We are currently Norway's second largest exporter of gas and play a vital role in providing reliable, affordable, and sustainable access to energy. Millions of Europeans and a great number of businesses depend on that.

Our activities generate high value for all stakeholders, providing employment and activities in local communities and companies across Norway. Being one of the largest taxpayers in Norway, we play a big role in sustaining the nation's welfare systems, one of the best in the world. Since the listing of the Company on Oslo Stock Exchange two years ago we have delivered, and will continue to deliver, strong shareholder returns. We maintain our dividend policy of distributing 20-30% of cash flow from operations after tax.

Over time Norway has nurtured the oil and gas industry well. Stable framework conditions, regulations promoting low emissions production, combined with continued access to new exploration acreage, with strong backing from Parliament, Government and industry and labor organisations. Norwegians proudly call this the Norwegian Model. There is reason to be proud. It gives us – and Norway as an energy nation – a competitive advantage on the global stage. It makes the Norwegian Continental Shelf (NCS) ideal for long term investments in this industry.

In an unstable and polarised world, reliable access to energy has become top on the geopolitical agenda. The stability Norway provides, combined with large, untapped resource potential are fundamental to us as a Company, the industry, and the international energy markets. Furthermore, our ability to produce oil and gas safely and responsibly to sustain economic growth and social welfare, in Norway and abroad, rely on that.

CEO message continued

The world needs oil and gas for the long term, also in a 2050 perspective. Both as an energy source, and to sustain a growing demand for petrochemical products. You would not be able to read this message without it. Modern society cannot work without oil and gas.

Yet, we acknowledge the need to cut emissions and decarbonise our value chain. Both because it is the right thing to do and because it is expected by society, governments, and investors. We aim to take a leading ESG position. This includes cutting CO_2 emissions by more than 50% by 2030, while further building on our strong HSE results. The safety of people and integrity of our assets lies at the core of everything we do. None of the people working for us got seriously hurt in 2023. That makes us proud, but not content.

We started 2023 with 18 projects in development, including Breidablikk, Johan Castberg and Balder X. By year end, nine of these projects had been completed and put in production, some ahead of plan, adding considerable production volumes, supporting our growth and value creation trajectory. Completion of Balder X is in sight, although not entirely risk free, and we are targeting first oil by end of this year. Johan Castberg is progressing as per plan with first oil on track for the fourth quarter this year. These two projects will deliver on our target to double production.

Our exploration results continue to stand out as they have in the past, with industry leading discovery rates, also for 2023. In 2024 we will step up our exploration efforts in all parts of the NCS, doubling the number of wells drilled over last year, drawing on our hub strategy and deep knowledge of the underground in these areas.

Our long-term value creation depends on moving forward projects for our significant discovered resource portfolio and finding new resources. With the acquisition of Neptune Energy Norge, announced during the year and completed in January 2024, we added new reserves and an attractive early phase project portfolio and exploration opportunities, supporting sustained value creation long term.

Following the welcoming of our new colleagues from Neptune we are working hard to integrate both organisations as quickly as possible as "one team" pulling together to deliver on our strategy and goals.

The energy reality of today's world is complex. Our strategy to meet the challenges is simple. We are a pure play Norwegian oil and gas company. We will be a reliable and secure provider of energy to Europe. And we will do it in a safe and responsible way. This will ensure growth and value creation for all stakeholders. Long into the future.

Nick Walker

CEO

Strategy, growth and value creation

Strategic foundation

Oil and gas will remain an important part of the energy mix for the next decades. Alternative sources alone will not cover the increasing global energy needs. Forecasts suggest demand for oil and gas will remain close to current levels towards 2050 and natural gas will become increasingly important as a transition fuel. Preventing production decline and energy shortage due to natural depletion of reservoirs requires investments in new exploration and project developments.

At the same time, decarbonising the oil and gas industry is fundamental to maintain Vår Energi's position in the future energy picture. The recent United Nations Climate Change Conference, COP28, where the world agreed to transit away from GHG emitting energy sources, underlines this. The winners will be those who can produce hydrocarbons with as little emissions and at the lowest cost possible.

Vår Energi believes the NCS is the best place in the world to produce hydrocarbons. The region is characterised by low cost, low emissions and with stable and favourable framework conditions, combined with a large resource base. Vår Energi's strategy is a strong response to this context, ensuring growth and value creation for all stakeholders in the long term.

The Company will continue:

To be a reliable and secure supplier of energy to Europe

To be a pure play Norwegian oil and gas company

To operate in a safe and responsible manner

Strategic priorities

Vår Energi's highest priority is to carry out its activities without causing harm to people or the environment. It is the Company's expressed ambition to be the safest operator and an ESG leader on the NCS. The Company leverages its capabilities across operations and aspires to be the partner of choice for field operators, suppliers, and other stakeholders. At European level, Vår Energi collaborates closely with some of the key energy players. International partnerships will continue long into the future and will allow for long-term value creation.

The Company has a clear target to reduce costs and increase efficiency, pursuing operational excellence. This includes portfolio and reservoir optimisation, efficiency improvements and technology adaption.

Vår Energi has a hub-focused approach to further develop and focus the portfolio both organically and inorganically, creating opportunities through scale and diversification.

Values

Vår Energi's values define the Company. They aim to support a common direction and reflect expected behavior. The core values provide the foundation for how employees in Vår Energi work as one team and how the Company behaves and makes decisions. They set expectations for how results are achieved. The values also guide external partners on how the Company does business, and contractors and partners are expected to adhere to the values when cooperating with Vår Energi.

Vår Energi's four core values are;

Collaborative

One team, recognising anothers' strengths and embracing diversity. Aspire to be the partner of choice.

Entrepreneurial

Bold, creative, and new thinking. Empower employees, give them freedom and the challenge to come up with new ideas.

Proactive

Challenge status quo, take initiative and address issues before they escalate. Chase opportunities, manage risk and have clear priorities.

Responsible

Deliver on set promises and carry out duties with integrity, with respect and in a safe and sustainable matter.

Growth and value creation

Operational safety

Safety is a prerequisite for Vår Energi, and the license to operate. The Company's clear ambition is to be the safest operator on the NCS, aiming to carry out operations without harming people or the environment. In 2023, the Company exhibited strong improvements on key safety measures, including a reduction in both serious incidents frequency (SIF) and total recordable injury frequency (TRIF). A result of focused and relentless follow-up of key improvement areas.

Vår Energi collaborates with Equinor, ConocoPhillips and Aker BP on the Always Safe initiative, to strengthen the industry's safety behaviour and culture. Through this joint effort, Vår Energi utilises the strength of standardisation, increasing the impact in the industry with partners, suppliers, and contractors. Vår Energi believes Always Safe is a key enabler in becoming the safest operator on the NCS and is proud to contribute with the Company's expertise and experience in developing targeted learning packages.

Vår Energi has incorporated the nine Life Saving Rules as stated by the International Association of Oil & Gas Producers (IOGP). These rules are embedded in the Company's management system and provide workers with a simple set of actions to protect themselves and others from incidents and fatalities.

Sustainable value creation

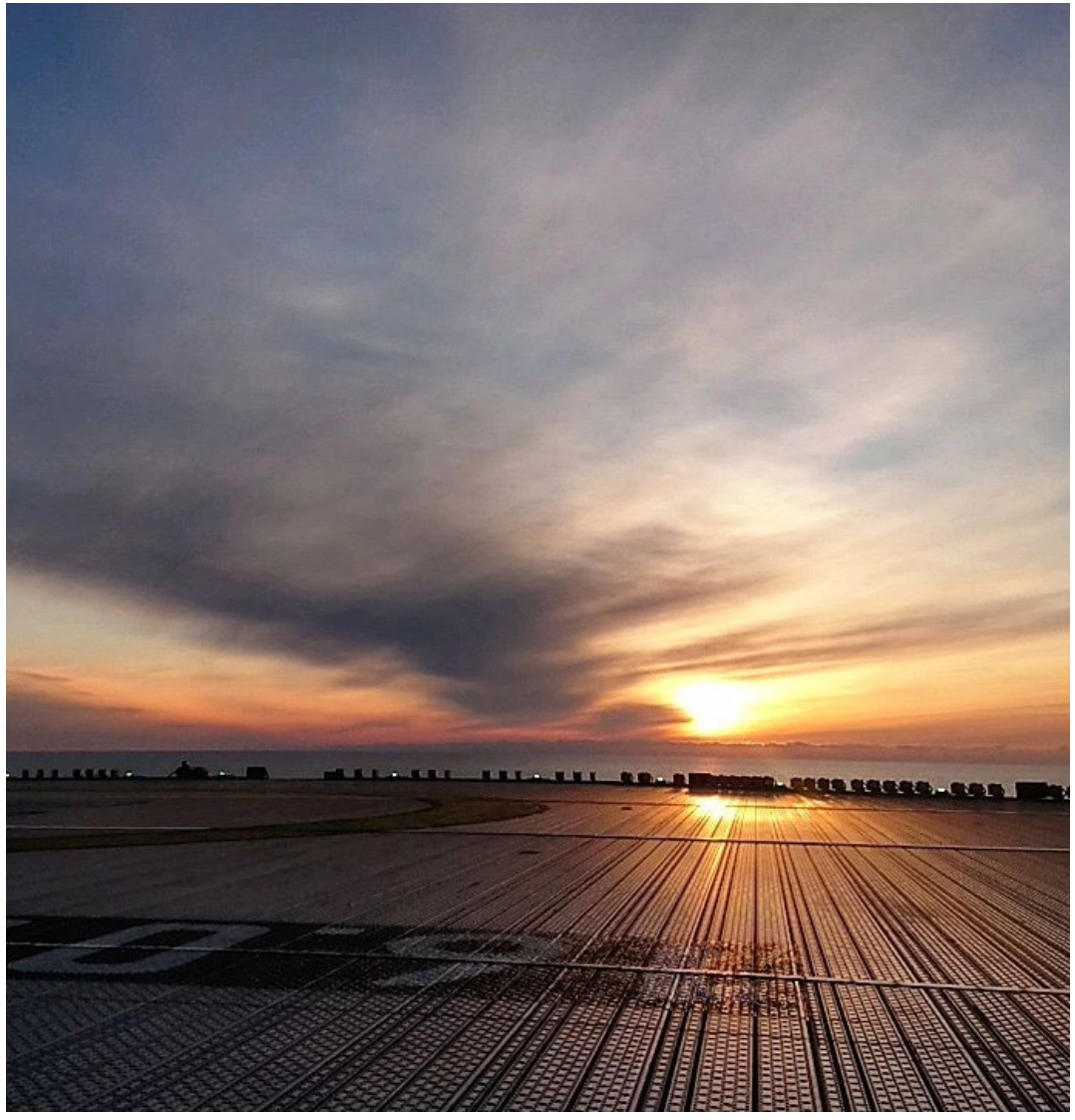
The NCS exhibits low CO_2 emissions from production with an average of 7 kg CO_2 per barrel as compared to the global average of around 17 kg CO_2 per barrel. The region is a global leader in electrification, with 40% of the NCS targeted to be electrified mainly with renewable hydro power by 2025. Other large-scale NCS sustainability initiatives include a strong focus on carbon capture and storage, and use of offshore wind as a source of energy.

Sustainability is an essential part of how Vår Energi conducts its business and is integrated in the Company strategy through the corporate governance system. Vår Energi supports the UN Sustainable Development Goals (SDGs) and use them as a framework for its sustainability approach; to create value for the Company's stakeholders, while respecting the environment, people, and the society.

It is Vår Energi's ambition to be an ESG leader on the NCS through safe, healthy, secure and sustainable operations throughout the value chain, with minimal impact on the environment. This goes hand-in-hand with efficient operations, well executed projects and strong drilling and well operations. Vår Energi will achieve this through extensive collaborations and dialogue with highly skilled partners, suppliers, trade unions, and the authorities.

To achieve this, Vår Energi has made the commitment to deliver a better future, working towards:

- a stable and secure energy supply with lower greenhouse gas emissions
- responsible management of natural resources
- a solid flow of revenue for owners and the broader Norwegian society – based on increased energy production for customers in Europe.



High performing organisation

As a people-centred organisation with a strong legacy, Vår Energi endeavours to be a high-performing organisation in every aspect of its business. At year-end 2023, the total number of employees was more than 1000. More than 28% of the employees were female. In addition to fostering a safe and healthy work environment, Vår Energi is maintaining a low employee turnover of 3%, including retirement. Diversity and inclusion will continue to be on the agenda for 2024. All initiatives are directly related to and will be evaluated against the strategic targets for 2025, where the aim is to have an organisation with equal pay for equal work. This is to be measured through an annual KPI and included in the corporate scorecard. In addition, the Company will monitor the development of diversity, aiming for equal pay by closing all gaps across genders in comparable positions. This leads to a 2024 target of an 88% female pay ratio[1], not adjusting for time in service and technical vs non-technical roles.

Vår Energi is preparing for future growth and implemented a new organisational structure and ways of working, with a strengthened management team in 2023. The simplified organisation aims to increase flexibility and productivity while developing capabilities. This includes people development, continued improvement on safety, cost reductions and operating efficiencies.

In 2024, Vår Energi will welcome over 300 new employees from Neptune Energy Norge into the Company, affecting both the organisational structure, ways of working and culture. This will create learning and development opportunities for all employees. Vår Energi will be dedicated to creating synergies within the people dimensions, while sustaining a stable and safe work environment during the integration process.

[1]Base salary, all employees. Will be revised post integration of Neptune Energy Norge.

The NCS is ideal for value creation

The Norwegian continental shelf (NCS) is a unique place for value creation. This reflects in a well-regulated oil and gas industry with industry-leading safety standards, fair working conditions and high ethical and governance frameworks. The NCS is also characterised by a supportive and stable fiscal regime, with strong support in the Norwegian population.

The NCS is a solid ground for a pure play E&P company. After approximately 50 years of production, still around 50% of the estimated oil and gas resources have yet to be produced, amounting to close to 50 billion barrels. The NCS has potential for continued long-term value creation from the vast resources remaining.

The NCS offers low costs and direct emissions per barrel, well below the global average. The Transparency International's Corruption Perception Index ranks Norway among the most transparent countries in the world. The combination is unique, representing longevity. Vår Energi believes the NCS will bring energy security for decades to come.

Partner of choice

Vår Energi strives to be a partner of choice in all its activities. The Company has a strong partnership with Equinor, the largest and one of the most experienced operators on the NCS, with Vår Energi being Equinor's largest privately held partner on the NCS.

The Company leverages its strong partnership with Equinor to seek cost and energy efficiencies, most recently by collaboration in the NCS Logistics Project (NLP), related to new solutions for logistics operations in the future.

Other ongoing partnerships include the Hywind Tampen engagement, which started providing renewable energy to Snorre by use of floating wind, and a joint power from shore project for the Balder/Grane area.

In addition, Vår Energi is engaged in strong collaboration with Eni in order to leverage Eni's capabilities in the areas of exploration, project development, asset operation and drilling expertise as examples. Vår Energi engages in commercial offtake agreements with Eni (through Eni Trade & Biofuels S.p.A) to provide offtake security and reduce the costs of hedging activity.

Operational excellence

Vår Energi continuously work to prolong field life and extend the production plateau through optimised drilling and technology advancements. This is an important part of the strong reserve replacement ratio of more than 160%[1] over the past four years. The Company indicates additional resources of about 30 kboepd per year post 2025.

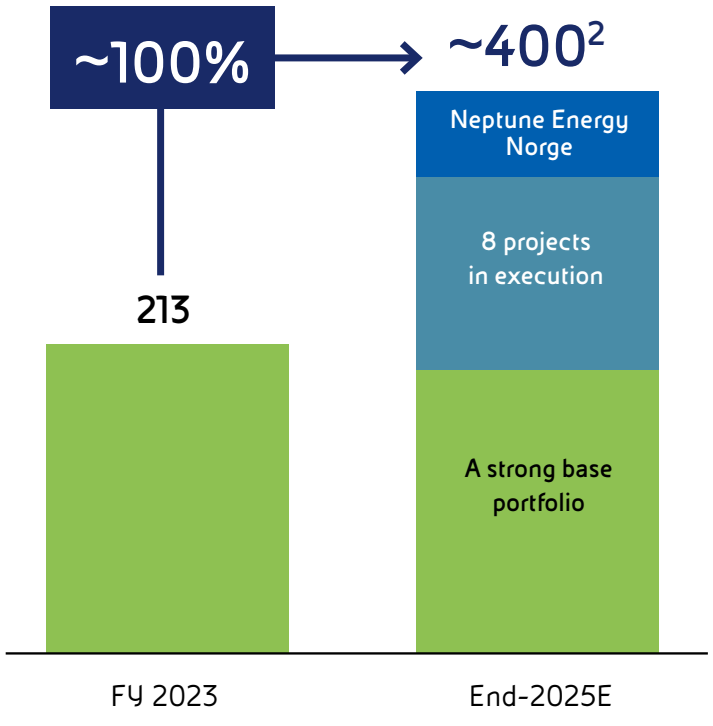
Vår Energi is targeting to double production from 2023 levels to around 400 kboepd by end-2025. The acquisition of Neptune Energy Norge AS adds scale to a high value portfolio.

The Company is continuously seeking to improve the operational performance. Since 2018, initiatives to drive production efficiency at the operated assets have delivered a 10% improvement, from 80% production efficiency to 90%. The Company aims to improve further on production efficiency from 2025 and beyond.

At the same time, Vår Energi is constantly working with improving energy efficiency through operations, by reducing flaring, cold venting, and fugitive emissions. The Company's target is to reduce direct (scope 1) emissions by more than 50% by 2030, compared to 2005 emissions.

Set to double production by end-2025

kboepd



[1] In 2P reserves [2]After disposal of non-core assets

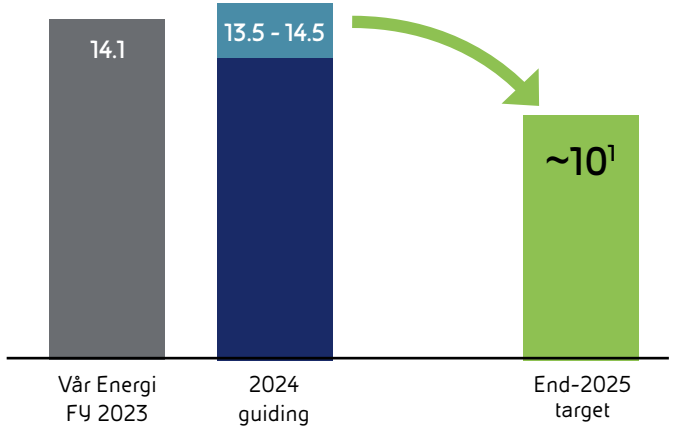
Operational costs

Vår Energi has a high focus on operational efficiency and is targeting a continued reduction in production costs per barrel through increasing volume base, accretive M&A and cost reduction programs.

The Company is targeting a reduction of production costs to USD 10 (real 2025 terms) per barrel by end-2025.

Vår Energi intends to achieve this target through the execution of ongoing projects, including the Balder X and major partner-operated asset developments at Johan Castberg and Breidablikk. Additional cost reductions are to be realised through operational excellence, active portfolio management, uptime improvements, strategic supplier partnerships, cost sharing with other operators, and new technologies.

Production cost per barrel



[1]In real 2025-terms. USD 8 per boe, inflation-adjusted from 2021, based on Rystad NCS Price index equivalent with previous guidance

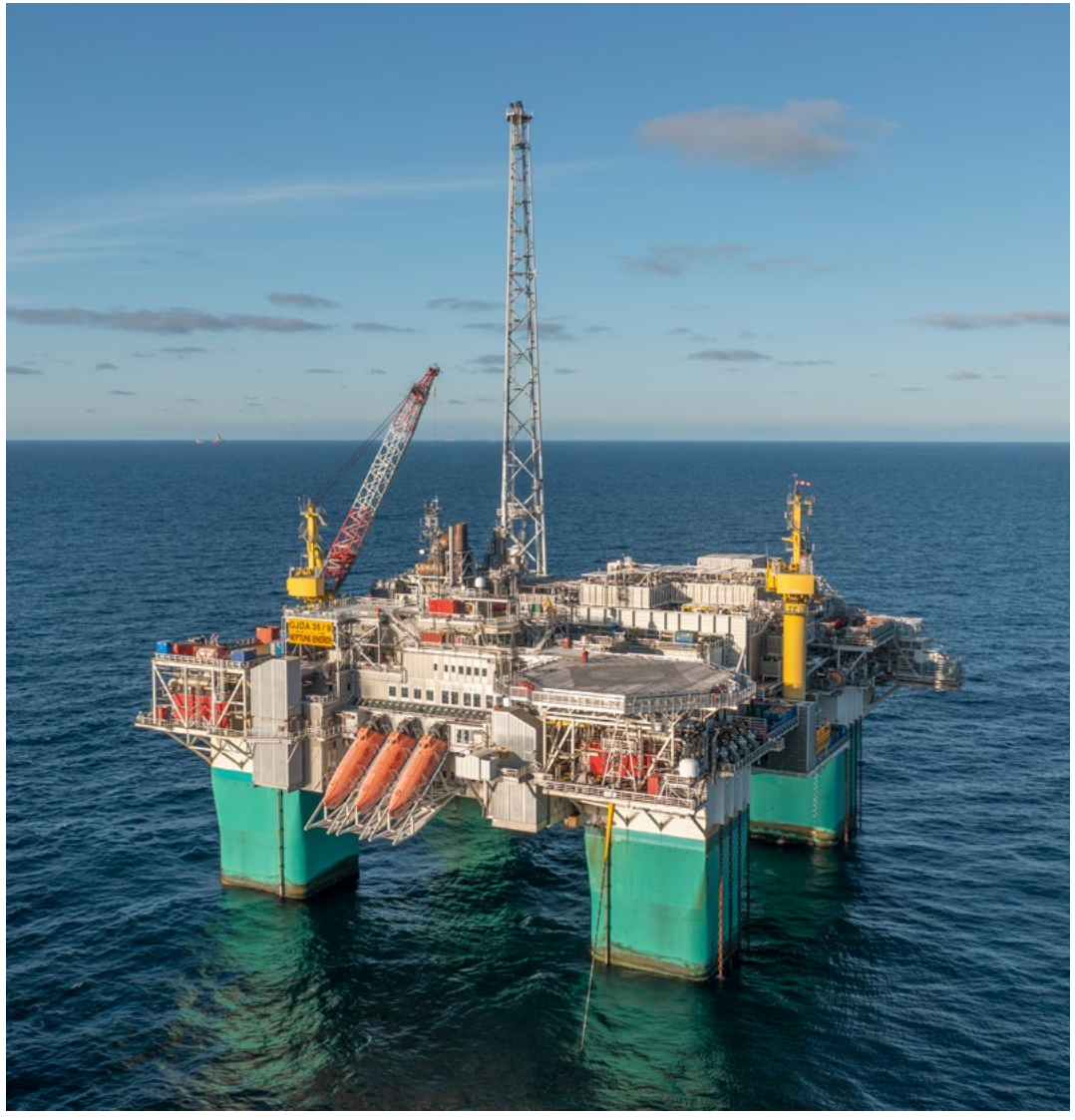
Accretive M&A opportunities

Vår Energi was created through an active merger and acquisition (M&A) strategy, indicating that value-accretive transactions are a part of the Company's DNA. Potential M&A transactions may involve specific license transactions, license portfolios or corporate deals with the right asset base.

Vår Energi will evaluate opportunities against a clear set of criteria, according to the strategy. Vår Energi continues to focus on the NCS, strengthening existing core areas and asset portfolio, responding to the ESG strategy and potentially increase operatorships over time. M&A is a possible tool to be used in meeting the strategic ambition of high value future production with significant scale.

Acquisition of Neptune Energy's Norwegian oil and gas assets

On 31 January 2024, 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 ASA. On the same date Neptune Energy Norge AS changed name to Vår Energi Norge AS. The combined company is the second largest independent E&P company on the 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.



Gjøa platform

Impact, risk and opportunity management

Vår Energi assesses risks and opportunities using its Enterprise Risk Management (ERM) system. As part of the Company strategy development, planning and budgeting, risks and opportunities are identified and analysed. Risks and opportunities that may have an impact on the Company's strategic priorities, or otherwise affect active strategic initiatives, would typically be considered substantive in the context of strategic impact.

Appropriate mitigating actions to address these risks and opportunities are implemented in the Company, and Vår Energi's Executive management monitor timely execution and effectiveness of such actions.

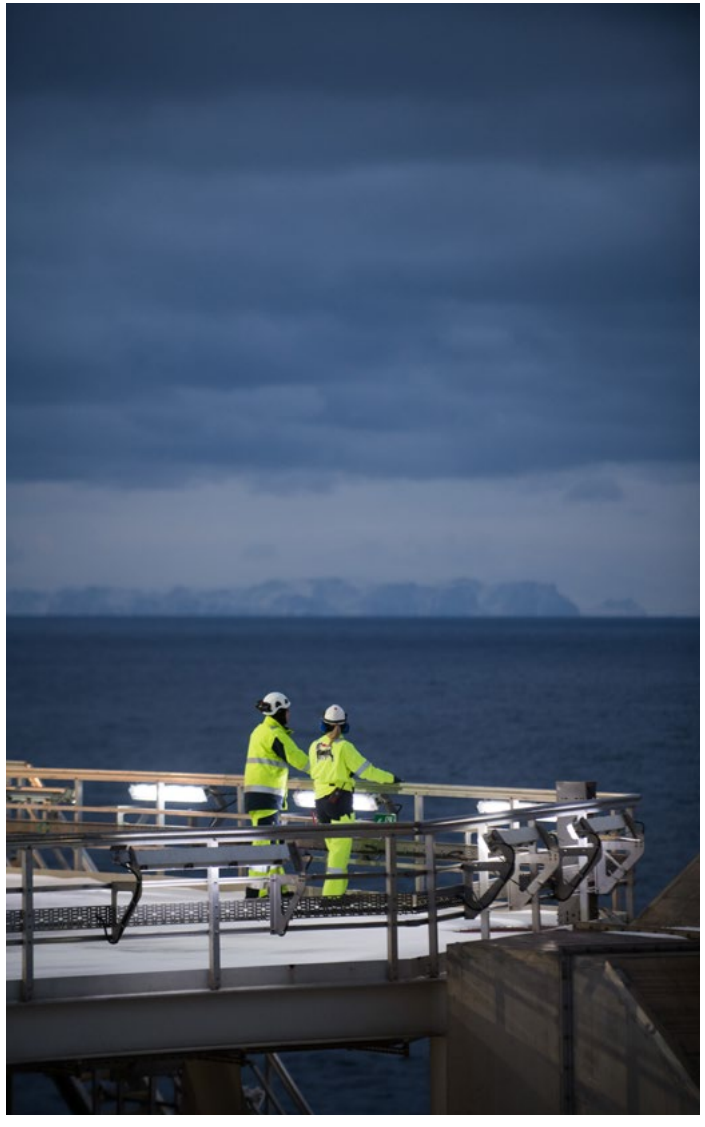
Project portfolio

Vår Energi's development pipeline and exploration track record has positioned the Company for growth in the coming years. Major sanctioned developments include Balder X and Johan Castberg. The Company's development projects generally exhibit high reserve quantities and low break-even prices.

The Company's production target by end-2025 is supported by 8 sanctioned development projects, well into execution with committed investments. In addition, there is a number of opportunities within Vår Energi's existing production base to add reserves and extend field life through incremental investments in infill drilling and well intervention programs, facilities modifications, subsea satellite developments and near field exploration.

A significant part of Vår Energi's capital expenditure program is targeted at future subsea tie-back projects, which are typically lower risk with relatively small-scale capital requirements and significant potential for financial returns.

Vår Energi ensures efficiency in growth plans and capital expenditures by taking a disciplined approach to field development, with the ambition to achieve project break-evens of around USD 35 per barrel. The Company's exploration strategy is focused on identifying additional near-field drilling prospects at established assets and core hubs.



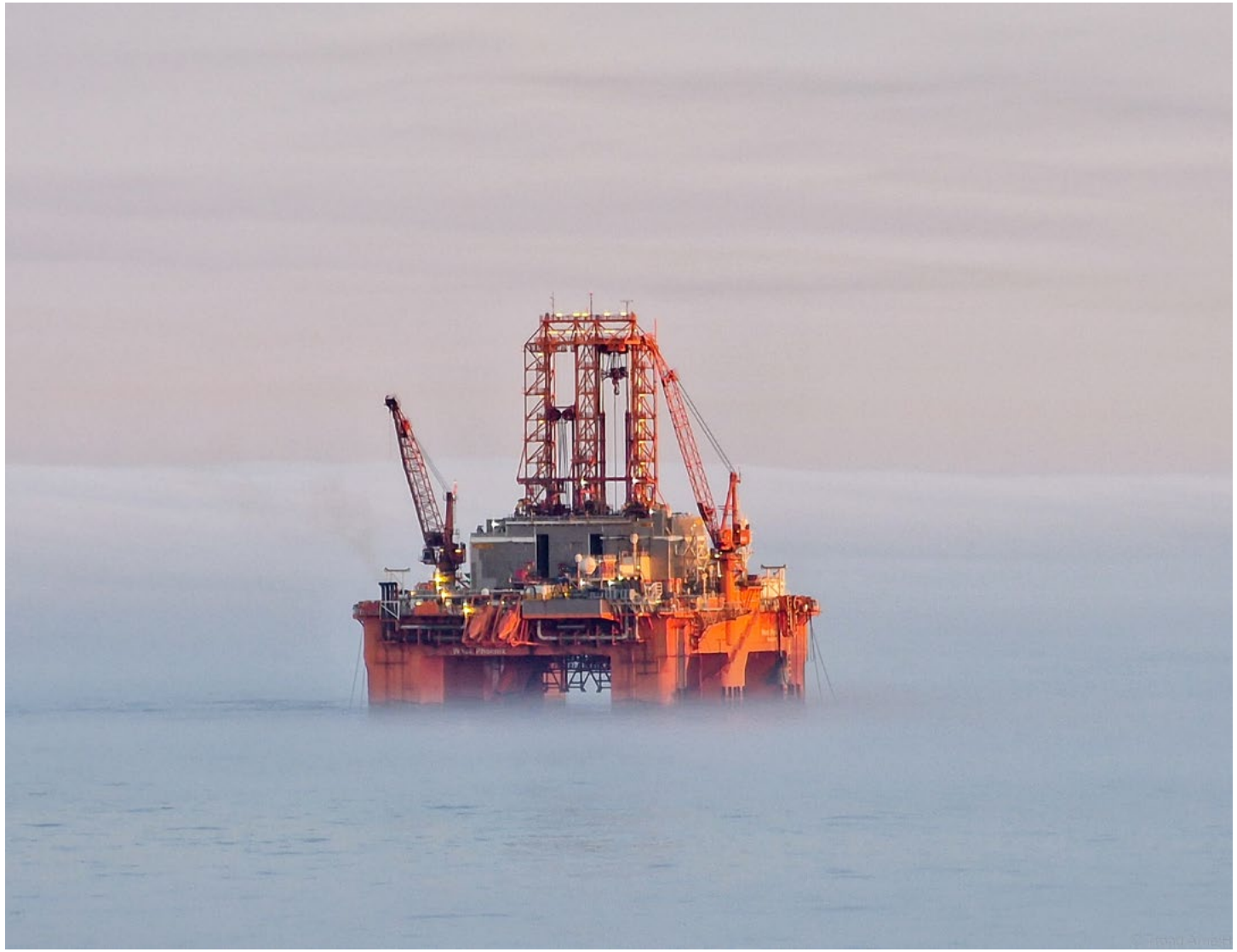
Exploration capabilities

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

Vår Energi was awarded 20 new production licenses, of which 7 as operator, in the 2023 APA license round[2].

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



West Phoenix

Hub strategy

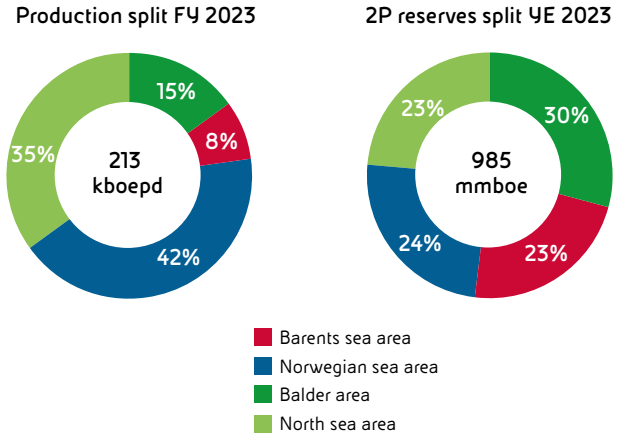
Vår Energi's hub strategy is to cultivate a strong portfolio with significant production and exploration potential. The robust and diverse portfolio provides insights into assets and licenses across the entire NCS, identifying and realising opportunities for value capture.

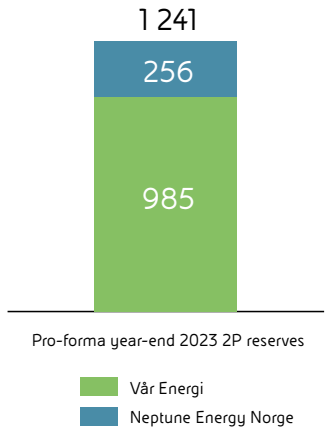
As part of Vår Energi's hub strategy, the Company identifies strategic focus areas that provide a framework for evaluating exploration and development opportunities, maximising the use of resources and optimising value creation throughout Vår Energi's portfolio.

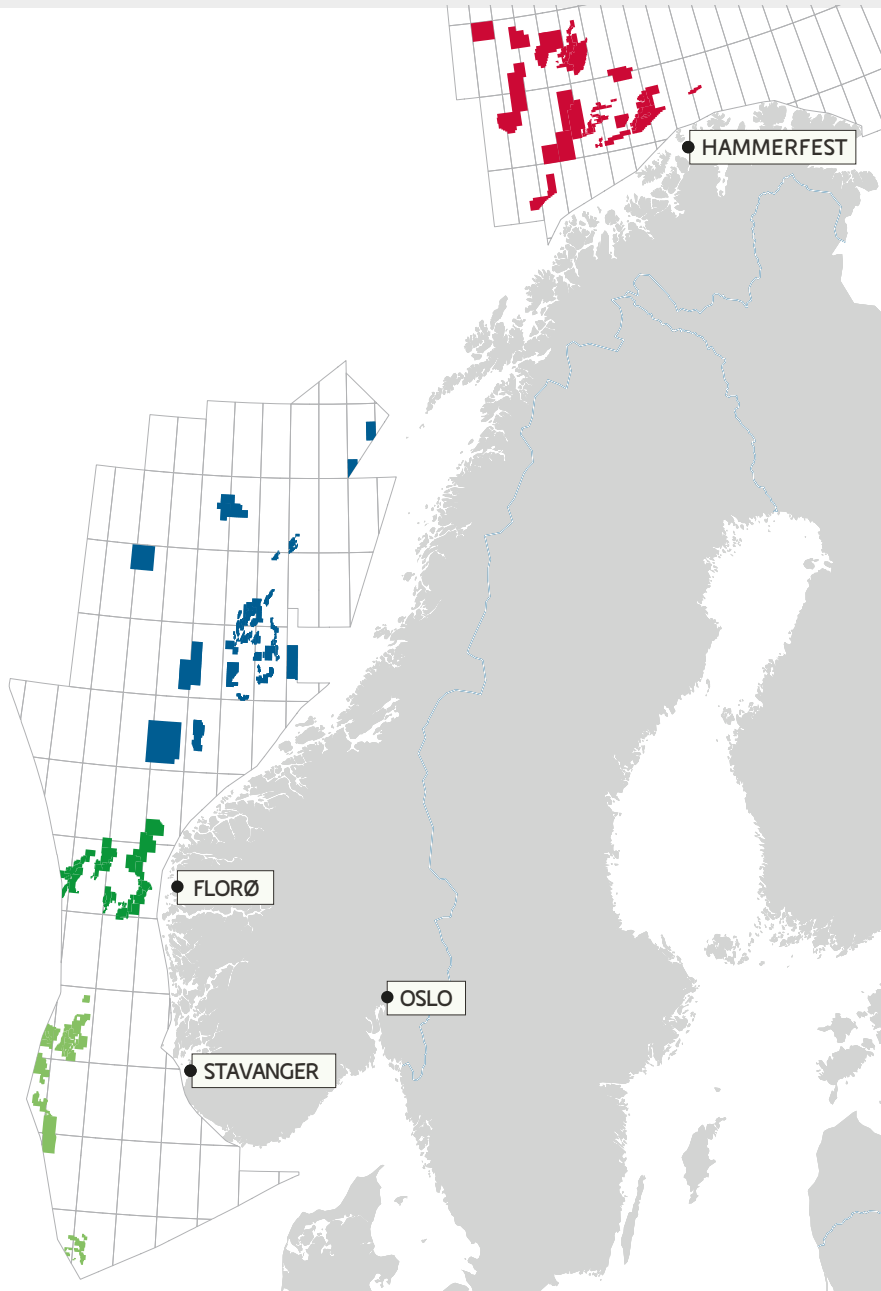
The Company's core assets are located around four strategic hubs: the Barents Sea, the Norwegian Sea, the Balder/Grane area, and the North Sea, with a total of 47 producing fields.

At the end of 2023, no single area accounted for more than 30% of the total 2P reserves[1] and no single field accounted for more than 14% of the total production.

[1]Not including 2P reserves from Neptune Energy Norge







The Barents Sea

The Barents Sea Area, which accounted for 8% of the Company's production for 2023 and 226[1] mmboe in 2P reserves at the end of the year, features significant value and upside potential. Key assets include the Goliat field (in which Vår Energi holds a 65% working interest and is operator), the only oil producing field in the Barents Sea Area with active infill drilling ongoing. It features one of the world's largest and most sophisticated circular and permanently anchored FPSO units.

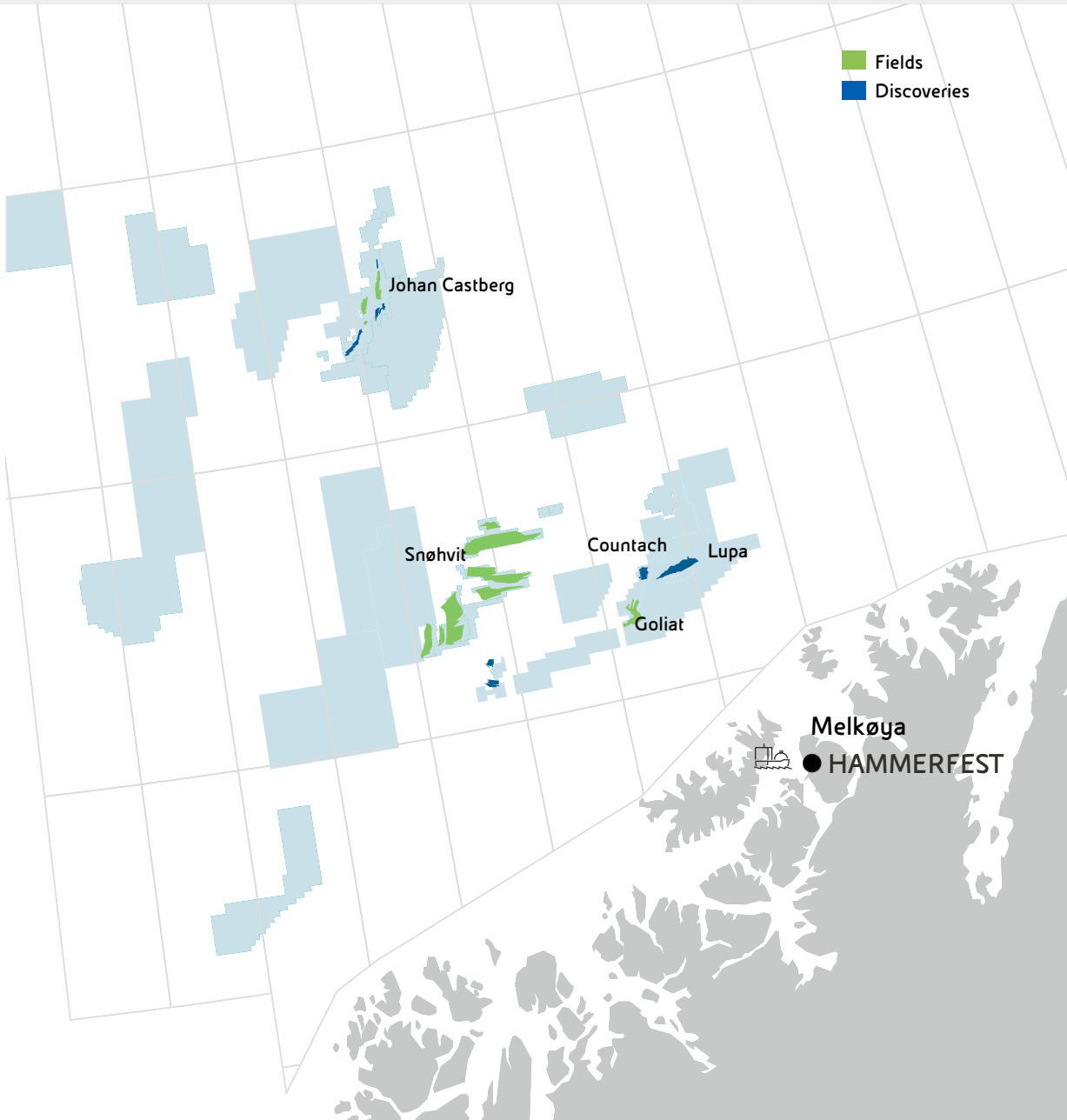
Vår Energi has together with the licence partner approved concept selection (DG2) for gas export solution from Goliat to the Snøhvit pipeline for further transport of gas to the Hammerfest LNG plant. The Goliat gas project is an important step for increased gas export capacity from the Barents Sea.

Another key asset in the Barents Sea Area is Johan Castberg, a sanctioned and substantially de-risked project with first oil planned for the fourth quarter of 2024. Vår Energi holds a 30% working interest in Johan Castberg.

In 2023, Vår Energi confirmed discovery of oil in the operated Countach well in the Goliat production license. The Countach well was drilled about 13 kilometers northeast of the Goliat field in the southern part of the Barents Sea and 91 km from Hammerfest. The discovery was the first well testing the Goliat-Countach trend. 3-4 follow-up wells are planned in 2024/2025 with potential of up to 200 mmboe net unrisked resources.

The Snøhvit field was added to the Barents Sea Area portfolio after the acquisition of Neptune Energy Norge AS, completed 31 January 2024. Snøhvit is a highly strategic long-life LNG asset.

[1]2P reserves at YE 2023 does not include pro-forma Neptune Energy Norge reserves



The Norwegian Sea

The Norwegian Sea, which accounted for 42% of the Company's production in 2023 and 238[1] mmboe in 2P reserves as of 31 December 2023, features multiple fields with high infill drilling activity. The area is the main gas producer in the Company's portfolio. Vår Energi is present in all the key producing assets and is participating in several development projects which will come on stream within a few years and provide additional high value barrels.

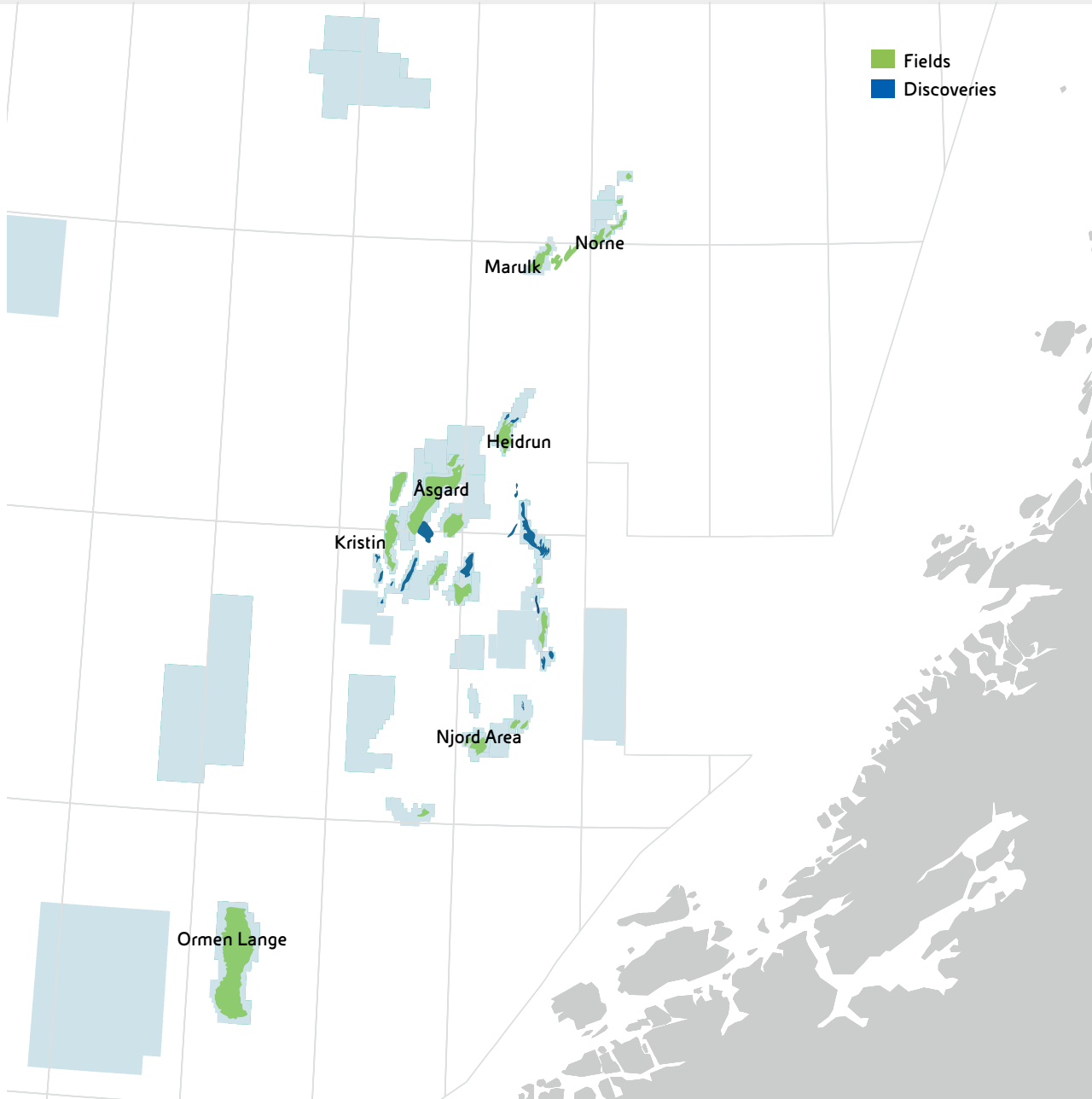
Looking beyond, the Company is engaging in several early phase developments following discoveries made in the past. Related to exploration, Vår Energi continues to be active to secure longer term production and the Company carries several firm wells in its program, both operated and non-operated.

With low unit cost and with several emission reduction projects in the pipeline, the long-term production from the area will be attractive also from a sustainability point of view.

Key assets:

- Åsgard (incl. Smørbukk, Midgard, Mikkel, Morvin, Trestakk)
- Njord Area (Njord, Fenja, Bauge, Hyme)
- Kristin (incl. Tyrihans)
- Ormen Lange
- Heidrun
- Norne (incl. Marulk)

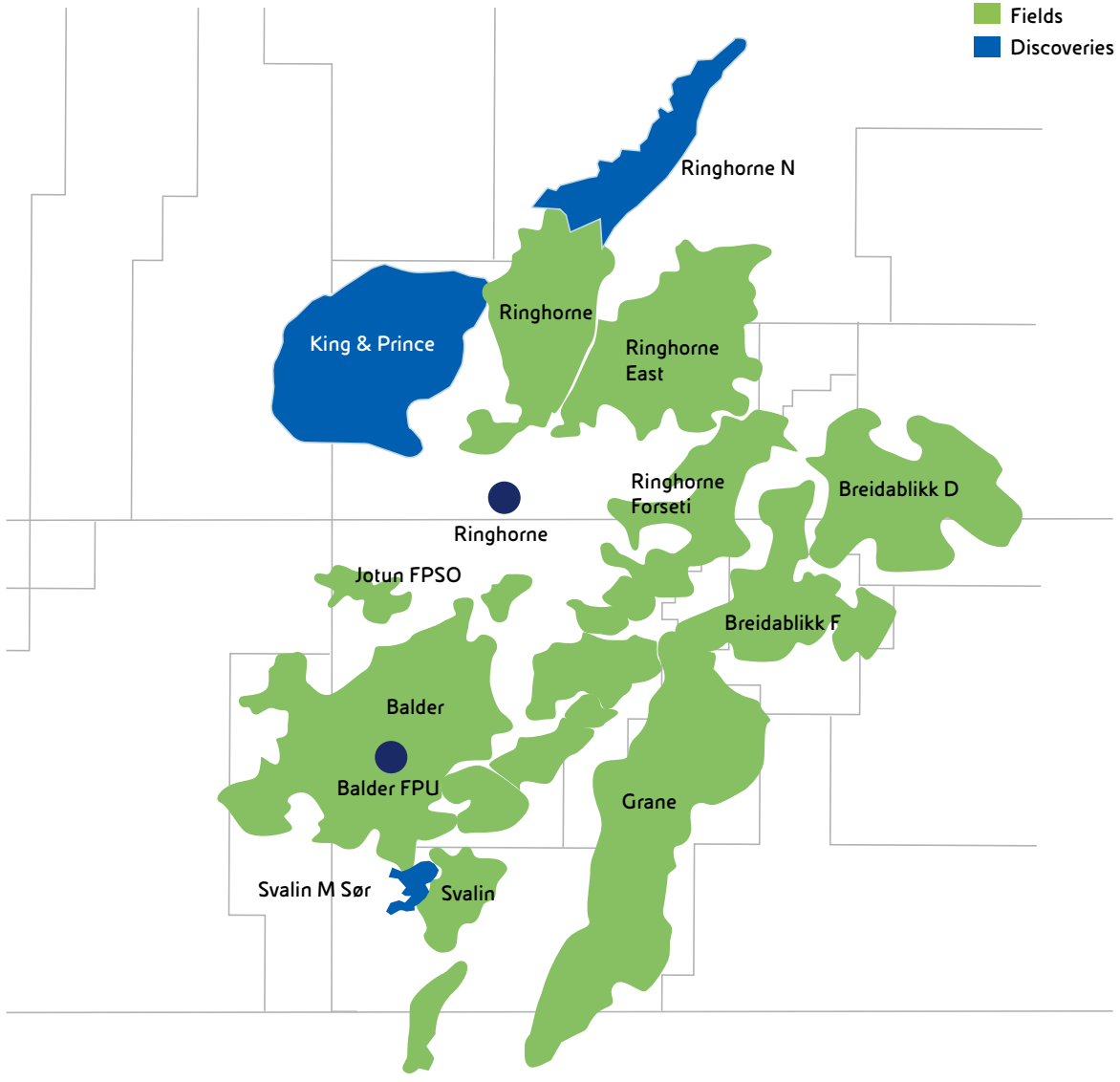
[1]2P reserves at YE 2023 does not include Neptune Energy Norge reserves



The Balder/Grane area

The Balder/Grane Area, which accounted for 15% of the Company's production for 2023 and 294[1] mmboe in 2P reserves at the end of the year, is a core hub with expected long-term production upside. At Balder and Ringhorne, Vår Energi is operator and holds 90% working interest in Balder and 70% working interest in Ringhorne East.

Other key assets in the Balder/Grane area are Grane and Breidablikk. Vår Energi holds a ~28.3% working interest in Grane. The Breidablikk field, which is located around 10 km northeast of the Grane platform, had its start-up ahead of schedule with its first production in October 2023. The field development concept includes four subsea templates linked to the Grane platform by pipeline. Vår Energi holds a 34.4% working interest in Breidablikk.



[1]2P reserves at YE 2023 does not include pro-forma Neptune Energy Norge reserves

The North Sea

The North Sea, which accounted for 35% of the Company's production in 2023 and 228[1] mmboe in 2P reserves as of 31 December 2023, is a combination of mature area with high activity and lifetime extension at key fields and prosperous future tie-ins.

After the acquisition of Neptune Energy Norge AS, completed 31 January 2024, Vår Energi became operator of the Gjøa and Duva fields in the North Sea. The Gjøa area consists of fully electrified assets with lower emissions from production than average on the NCS. Vår Energi also acquired a 25% working interest in the Gudrun field, with shared infrastructure and joint electrification with Sleipner.

The Hywind Tampen floating wind farm, which was opened in August 2023, provides power to Snorre and Gullfaks.

Key assets:

- Gjøa area (Gjøa, Duva, Vega)
- Ekofisk area
- Snorre and Statfjord
- Fram area
- Sleipner area (incl. Gudrun)

[1]2P reserves at YE 2023 does not include Neptune Energy Norge reserves

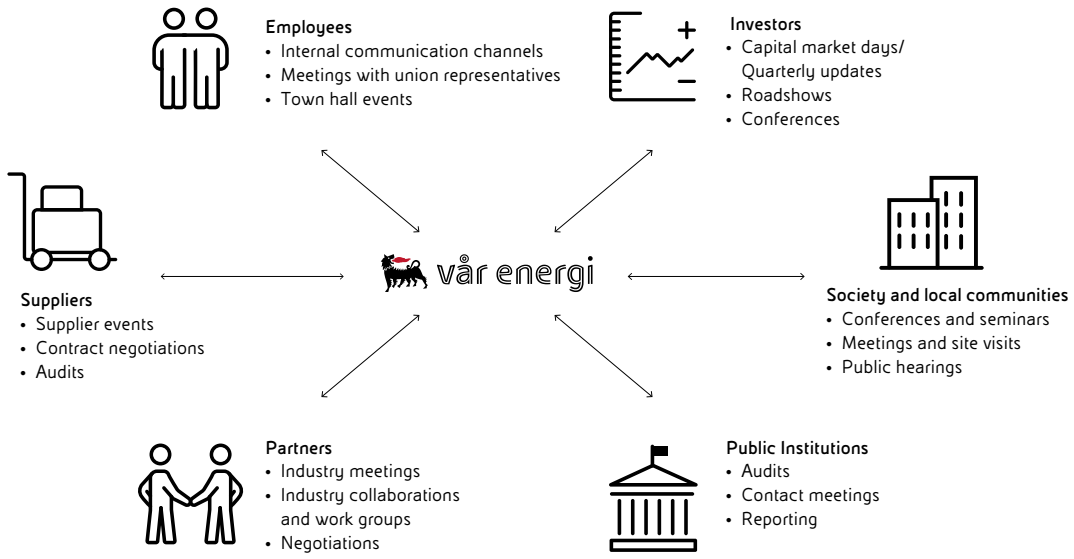
Stakeholder engagement

Vår Energi conducts stakeholder activities with two main objectives: to ensure long-term and predictable conditions for business activities and to create value and ripple effects for all stakeholders. Through stakeholder engagement and dialogue, the Company strives to ensure close alignment with local authorities, supplier networks and other relevant entities to mitigate risks and potential issues, make better decisions and conduct the Company's activities in a manner that benefits as many as possible.

Stakeholders are prioritised based on the potential impact of Vår Energi's activities. A stakeholder management plan is developed as part of the work to identify and involve key stakeholders to mitigate issues related to projects and activities.

In the north of Norway, the Company has an additional focus on stimulating and retaining settlement and particular attention is paid to supporting the indigenous Sami people and culture groups in Finnmark, near operations in the Barents Sea area.

Vår Energi's communication should be proactive and ensure good working relationships. All stakeholder interactions aim to be a dialogue, identifying mutual expectations and needs for collaboration, including expectations of supply chain sustainability issues like human rights and sound business practices.



Value chain

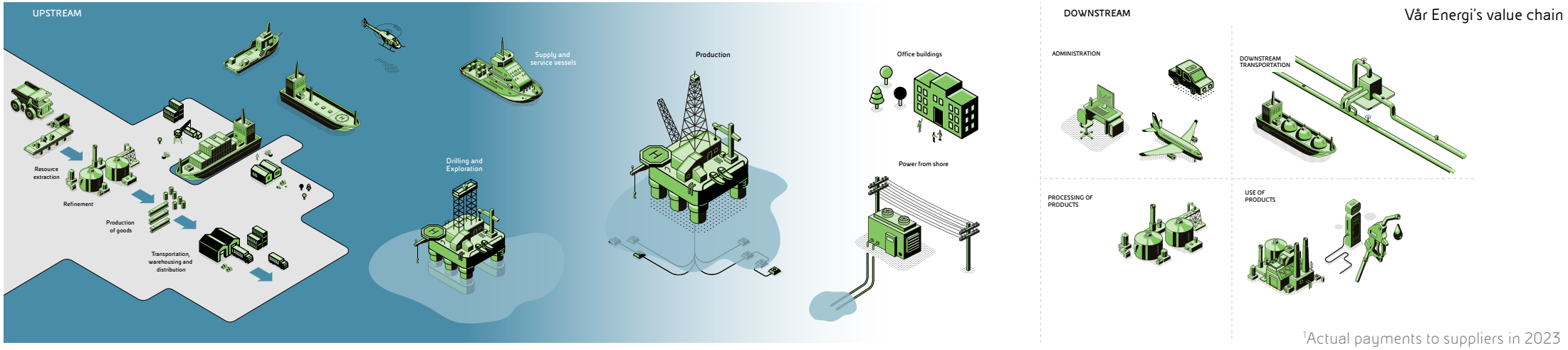
Vår Energi is a Norway-based company headquartered in Sandnes, with offices in Oslo, Hammerfest and Florø. The Company is producing oil and gas in 7 operated fields located in the Barents Sea, the Norwegian Sea, Balder area, and the North Sea. Vår Energi has equity stakes in a total of 47 fields. All the Company's operations are located in Norway.

A significant part of Vår Energi's activities are carried out by contracted suppliers. The Company purchased goods and services for USD 1.8 billion[1] in 2023, of which 97% could be linked to Norwegian suppliers. The suppliers are generally contracted for services such as engineering, equipment, drilling and well services, or leasing of rigs and marine services. Materials and equipment are mostly sent offshore to assets or to onshore projects either directly or through the Company's supply bases.

The produced crude oil, Liquefied Natural Gas (LNG) and Natural Gas Liquids (NGL) are generally sold on a Free on Board (FOB) basis. Under the FOB contracts, purchasers provide the necessary shipping capacity to offtake the product in line with the relevant field or terminal's lifting program. The natural gas is transported through the Norwegian pipeline grid and sold at exit points in the UK, Germany, and France.

Oil and NGL are sold under long-term agreements, while gas is sold under a mix of short- and long-term contractors to wholesalers. Downstream entities are all third parties, located in the UK, Italy, Germany, France, Switzerland, and Norway.

Vår Energi's value chain



[1]Actual payments to suppliers in 2023

Sustainability impacts

Vår Energi continually identifies and assesses the actual and potential impacts on sustainable development from business and activities, both as part of its day-to-day activities, and while engaging with relevant stakeholders and experts.

Given the importance of access to energy to support a sustainable development and the significant greenhouse gas emissions associated with the oil and gas industry, SDG 13: Climate Action and SDG 7: Affordable and Clean Energy, are particularly relevant for Vår Energi as a pure play oil and gas producer. Ensuring access to energy for all while transitioning toward a low-carbon economy is a major challenge both for Vår Energi and for the society in general.

All Vår Energi oil and gas operations are carried out offshore on the NCS, with a potential for negative impacts related to SDG 14: Life below water. Vår Energi is committed to conserve biodiversity at all operational sites and continuously strives to minimise negative impacts.

Work-related hazards with the potential of injuries and illness may be associated with Vår Energi's activities. To manage potential negative impacts on SDG 3: Good health and well-being, Vår Energi works systematically to manage these risks and to conduct business in a manner that protects the health and safety of its employees and all others involved.

Material topics

Vår Energi is a significant employer in the areas where it operates, with impacts on SDGs 5 Gender equality, and 10 Reduced inequalities. Diversity, equality, and inclusion are integral parts of creating successful teams and creating a high performing organisation. Vår Energi believes that its activities should benefit the communities where it operates, contributing to SDG 8 Decent work and economic growth. This means engaging in creating local ripple effects in terms of industrial development and employment as well as supporting skills development and cultural activities.

The vitally important natural resources Vår Energi manages generates substantial revenues for its owners and the Norwegian society. The activities may also have an impact on human rights issues through the entire value chain. Ultimately how the Company manages these responsibilities has a bearing on SDG 16 Peace, justice, and strong institutions. Vår Energi's Code of Ethics highlights the importance of fairness, transparency, honesty, and integrity in how the Company conduct its business, relationships with authorities and the corporate governance.

To support the Company ambition of being an ESG leader, Vår Energi has established a sustainability framework with strategic focus areas that cover the Company's main impacts. These areas are further detailed in material topics where the Company sets goals, targets and indicators to measure performance, as outlined in the figure below.

For the 2023 sustainability reporting, the assessment of material topics has been reviewed and prioritised based on:

- Actual and potential impact on UN SDGs
- Vår Energi's Sustainability Policy and other relevant policies and governing documents
- Risks identified in the enterprise risk management process
- Feedback from sustainability rating agencies
- Impacts and topics described in relevant reporting standards and requirements such as the European Sustainability Reporting Standards (ESRS), GRI Oil and Gas Sector Standard, CDP, SASB Oil & Gas Exploration & Production Sustainability Accounting Standard, Greenhouse Gas Protocol and TCFD recommendations on climate-related financial disclosures.

The 2023 sustainability reporting is prepared in accordance with the GRI Oil and Gas Sector Standard, where it is required to review each topic described in the Sector Standards and determine whether it is a material topic for the organisation.

The following topics have been determined as material:

- 11.1 GHG emissions
- 11.2 Climate adaptation, resilience, and transition
- 11.3 Air emissions
- 11.4 Biodiversity
- 11.5 Waste
- 11.6 Water and effluents
- 11.8 Asset integrity and critical incident management
- 11.9 Occupational health and safety
- 11.10 Employment practices
- 11.11 Non-discrimination and equal opportunity
- 11.12 Forced labour and modern slavery
- 11.13 Freedom of association and collective bargaining
- 11.14 Economic impacts
- 11.15 Local communities
- 11.17 Rights of indigenous peoples
- 11.19 Anti-competitive behaviour
- 11.20 Anti-corruption
- 11.21 Payments to governments
- 11.22 Public policy

Sustainability reporting practices

Vår Energi has reported sustainability information in accordance with the GRI Oil and Gas Sector Standard 2021 for the period from 1 January 2023 to 31 December 2023. The annual sustainability reporting period is aligned with the financial reporting and is applicable for Vår Energi ASA as the only entity.

The boundaries for sustainability reporting for the reporting year 2023 are operational control, unless specified otherwise. Unless specified, the report does not include data from equity interest fields/projects, such as joint ventures, where Vår Energi is not the operator.

The sustainability information in the annual report has been reviewed by senior managers for relevant disciplines and business units, the Executive management team and the Safety and Sustainability Committee, and approved by the Executive management team, the Audit Committee and the Board of Directors. This review includes the material topics assessed for the 2023 reporting period.

External auditors have provided limited assurance on the sustainability information according to the GRI Content Index and selected key performance indicators (KPIs) marked by "☑" in this report. The Auditor's report for independent statement regarding sustainability reporting is located in the appendix.

Finance policy

Vår Energi's profitable and resilient asset base provides a foundation to deliver significant value to shareholders, supported by an investment grade balance sheet. The Company believes its investment grade balance sheet and capital structure provide flexibility and a strong long-term outlook. Vår Energi has obtained BBB and Baa3 credit ratings from S&P and Moody's, respectively and is committed to maintaining an investment grade rating. Vår Energi targets a net leverage through-cycle of below 1.3x, where NIBD to EBITDAX ratio was 0.5x at the end of 2023.

The Company also delivers value to shareholders through an attractive dividend policy and has distributed total dividends of USD 2.2 billion since IPO, of which USD 1 110 million was related to 2023 declared dividends. The Company further plans to distribute a dividend of USD 270 million for the first quarter of 2024. The dividend for 2024 is planned to be approximately 30% of CFFO after tax for the full year. The Company has an ambition to distribute 20% to 30% of cash flow from operations (CFFO) in the future.

Vår Energi's conservative financial risk policy aims to secure full funding for all committed and planned activities, a sufficient liquidity buffer with headroom to manage market fluctuations and a diversified debt structure. In the second quarter the Company successfully issued EUR 600 million Senior Notes, listed on the regulated market of the Luxembourg Stock Exchange. Vår Energi issued EUR 750 million of subordinated fixed rates securities in the fourth quarter. This is broadening the Company's funding sources and investor base and is reinforcing the balance sheet with a new layer of capital. The Company further maintains a conservative risk profile through hedging, extensive insurance coverage and investment flexibility.

Waterfall of capital allocation priorities

- Sustain production of existing portfolio
- Fund capex of existing developments
- Maintain a strong investment grade credit profile
- Pay dividends according to stated policy
- Use additional FCF for new projects, additional shareholder distributions and debt repayment

Board of Directors' Report

Board of Directors' Report

Vår Energi ASA is a leading independent upstream oil and gas Company on the NCS.. The Company holds strategic positions in some of the most productive and profitable production regions across the entire NCS. In 2023, the Company made good progress in developing and executing its strategy for growth and long-term value creation as a leading, growing and profitable oil and gas company and thereby deliver additional value for its stakeholders and shareholders.

Vår Energi was founded in 2018 following the merger of Eni Norge AS and Point Resources AS. On 16 February 2022, the Company was listed on Oslo Stock Exchange (OSE) under the ticker "VAR".

On 22 June 2023, Vår Energi agreed with Neptune Energy Group Holdings Limited to acquire 100% of the shares of Neptune Energy Norge AS to accelerate growth and value creation. The transaction was completed at 31 January 2024 and adds scale, diversification, and further longevity to Vår Energi's portfolio.

Vår Energi expects that oil and gas will continue to play a fundamental role in the global energy mix for decades to come and is committed to delivering sustainable growth and value creation on the NCS. This is reflected in Vår Energi's vision statement; Committed to deliver a better future.

To deliver on the Company's main business objectives, the Board of Directors and management have defined the following strategic priorities going forward:

- Be the safest operator with leading ESG performance
- Foster a high performing organisation
- Be the partner of choice
- Drive operational excellence across the portfolio
- Cultivate a robust portfolio positioned for further growth

The combination of good operational performance and high commodity prices during the year led to a solid financial performance for Vår Energi reflected in cash flow from operations and increased dividend payment to the Company's shareholders for 2023. During the year, the Company refinanced the senior unsecured working capital facility with a new and extended USD 1.5 billion working capital facility. The Company established the Euro Medium Term Note (EMTN) programme and issued Senior Notes of EUR 600 million in May, and issued EUR 750 million subordinated fixed rate reset securities in November. Vår Energi's investment grade credit ratings of BBB from S&P Global and Baa3 from Moody's Investors Service were reiterated, both with a stable outlook.

The Company maintained focus on safe operations with zero serious accidents recorded during in 2023.

Commodity markets are still increasingly volatile following Russia's invasion of Ukraine in February 2022. These events underline Vår Energi's role as a safe and reliable supplier of oil and gas to Europe and the world amid energy shortages and supply uncertainty. The Company is concerned by the continued conflict and give its deepest support to the Ukrainian people and all of those affected by the crisis.

Board of Directors

The persons set forth below are Vår Energi's current members of the Board of Directors. The address for each of the Directors in relation to their directorship is Vestre Svanholmen 1, 4313 Sandnes, Norway.

Name	Born	Position
Thorhild Widvey	1956	Chair
Liv Monica Bargem Stubholt	1961	Deputy Chair
Francesco Gattei	1969	Board member
Guido Brusco	1970	Board member
Clara Andreoletti	1976	Board member
Marica Calabrese	1978	Board member
Ove Gusevik	1965	Board member
Fabio Ignazio Romeo	1955	Board member
Jan Inge Nesheim	1963	Board member, employee representative
Hege Susanne Blåsternes	1977	Board member, employee representative
Bjørn Nysted	1975	Board member, employee representative
Martha Skjæveland	1966	Board member, employee representative

Thorhild Widvey
Chair

Thorhild Widvey has over 20 years of experience in the Norwegian public and private sectors, with a focus on the energy industry. She is, among others, former Minister of Petroleum and Energy and State secretary in the Ministry of Foreign Affairs. Ms. Widvey is currently chair of Bergen International Festival, and member of the Board at QSPA (Queen Sonja Print Award).

Liv Monica Bargem Stubholt
Deputy Chair

Liv Monica Stubholt is Partner at Selmer, a Norwegian corporate law firm, with a focus on ESG, Governance and the Energy sector. She has previously served as Investment Director at Aker ASA, President and CEO of Aker Seafoods ASA, CEO of Aker Clean Carbon AS, EVP in Kværner ASA, and State Secretary at the Norwegian Ministry of Foreign Affairs and the Ministry of Energy. Liv Monica Stubholt holds a Master of Law from the University of Oslo.

Board of Directors continued

Francesco Gattei
Board member

Francesco Gattei has over 25 years of experience in the Oil and Gas industry across various senior roles at Eni SpA Group. He is currently Chief Financial Officer for Eni S.p.A and has previously served as Upstream Director of the Americas, Head of Investor Relations, Secretary to Eni's Advisory Board, Senior VP of Market Scenarios and Strategic Options, and Head of Upstream M&A. Mr. Gattei holds a Master in Energy and Environmental Management from the Scuola Mattei. Furthermore, he earned a degree in Economics and Commerce in 1994 at the University of Bologna with a thesis on the oil market.

Guido Brusco
Board member

Guido Brusco has over 25 years of experience in the upstream Oil and Gas sector for Eni SpA Group across different countries and senior positions. He is currently Chief Operating Officer Natural Resources for Eni S.p.A and has previously served as Upstream Director, Executive Vice President for the Sub-Saharan Region, Managing Director of Eni Angola, Managing Director in Angola and Kazskhstan. Mr. Brusco holds a degree cum laude in Mechanical engineering from Università La Sapienza, Rome, Italy.

Clara Andreoletti
Board member

Clara Andreoletti serves as President and CEO of Eni Next LLC, and has previously served as Head of Natural Resources Business Support Services, Head of Geosciences & Subsurface Operations Data Management, Head of Prospect and Exploration Projects Validation and Head of West Africa Exploration for Eni S.p.A. She has over 20 years of experience in the Oil and Gas exploration and development sector at Eni S.p.A Group. Mrs. Andreoletti holds a degree in Telecommunication Engineering from Politecnico di Milano.

Marica Calabrese
Board member

Marica Calabrese has over 20 years of experience in the Energy sector and was recently appointed as CEO of Eni Rovuma Basin. She previously served as Head of Resources Development Integrated Studies Africa Region at Eni S.p.A. Between 2017 and 2019, Ms. Calabrese worked in the M&A department at Eni S.p.A where she oversaw following M&A opportunities from origination, through negotiation, up to closing of the deal. She spent the first 14 years of her career in the Upstream Division of Eni S.p.A in the Reservoir Department and in Eni Norge AS. Marica holds a degree in Environmental Engineering (with Honours) from Politecnico di Milano and a Master's Degree in Petroleum Engineering (with Honours) from Imperial College of London.

Board of Directors continued

HITECVISION

Ove Gusevik
Board member

Ove Gusevik is senior partner at HitecVision, which he joined in 2021 from his role as Head of Investment Banking at SpareBank1 Markets. Ove Gusevik brings more than 30 years of investment banking experience, including being one of the founders of First Securities and serving as CEO Norway and Nordic Head of Energy at Alfred Berg ABN AMRO. His experience also includes being Chairman and Board Member of companies at the Oslo Stock Exchange. He has played a leading role in many of the largest energy industry transactions in Scandinavia, including within the oil and gas sector.

Mr. Gusevik holds a Master of Science Degree in Economic History from the London School of Economics as well as an MBA from the Middlebury Institute of International Studies in Monterey, California.

OmanCables الكابلات العمانية

Fabio Ignazio Romeo
Board member

Fabio Ignazio Romeo is currently the Chairman for Oman Cables. Romeo worked as Chief Strategy Officer in Prysmian Group S.p.A. from January 2014 to April 2021.

Mr. Romeo holds an undergraduate degree in Electrical Engineering from Politecnico di Milano, and a graduate degree and doctorate in Electrical Engineering and Computer Sciences from the University of California, Berkeley.

vår energi

Board member, employee representative

Jan Inge Nesheim
Jan Inge Nesheim has worked offshore for Vår Energi for more than 20 years (ExxonMobil and Point Resources). He holds the position as Discipline Responsible Mechanical at Balder. Prior to joining the Issuer, he worked offshore for other companies. During recent years, he has been an employee representative for the trade union SAFE, as well as the head of the trade union. Previously, Mr. Nesheim has represented the employees in numerous committees, such as the Working Environment Committee and the Works Council.

Hege Susanne Blåsternes
Hege Susanne Blåsternes has worked for Vår Energi since 2019. She currently holds the position of Vice President Subsurface, and previously held several leadership positions within the Company. Ms. Blåsternes has more than 20 years' experience in the industry. She serves on the Board of Directors as an employee representative from Tekna.

Hege Susanne Blåsternes has a Master's Degree in Petroleum Geophysics from the University of Bergen from 2002.

Bjørn Nysted
Bjørn Nysted has worked for Vår Energi since 2019. He currently holds the position as Vice President HSSE in Project & Operations in the Safety & Sustainability department. Mr. Nysted has over 25 years of experience in the Norwegian oil and gas industry, having worked in various roles from engineering to HSE and project management. He has previously worked for several different operator companies. Mr. Nysted serves on the Board of Directors as an employee representative from NITO.

Mr. Nysted has a Bachelor's degree in fire dynamics from Høyskolen Stord/Haugesund from 1997.

Martha Skjæveland
Martha Skjæveland has worked for Vår Energi since 2006. Martha has more than 30 years of experience in the oil industry and across drilling, operations, projects, service companies and commercial. She has been the leader of the union Industri Energi within Vår Energi since 2010. Ms. Skjæveland was also Eni Norge's representative in the Eni Corporate European Works Council from 2011 to 2018, and deputy Board Member of Eni Norge's Board of Directors from 2016 to 2018.

Executive Committee

Vår Energi is led by six experienced leaders. They represent a wide range of skills and knowledge from extensive careers in the oil- and gas industry.

The persons set forth below comprise the Executive management team as of 21 September 2023.

Name	Born	Position
Nick Walker	1962	Chief Executive Officer
Torger Rød	1974	Chief Operational Officer
Stefano Pujatti	1972	Chief Financial Officer
Aksel Luhr	1954	Executive Vice Precident Legal & Compliance
Tone Rognstad	1967	Executive Vice President People & Communication
Ellen Waldeland Hoddell	1980	Executive Vice President Safety & Sustainability

Nick Walker
CEO

Nick Walker is the Chief Executive Officer of Vår Energi and leads the Company's strategy, market engagement and stakeholder management. Mr. Walker held the position of CEO of the leading European E&P independent Lundin Energy until mid-2022 when he led the sale of the Company to AkerBP. He has also previously worked with BP, Talisman Energy, Africa Oil and Vedanta – Cairn Oil & Gas and has over 30 years of international oil and gas experience in technical, commercial, and executive leadership roles. Mr. Walker holds degrees in Mining Engineering from Imperial College London, Computer Science from University College London as well as an MBA from City University Business School, London.

Torger Rød
COO

Torger Rød is the Chief Operating Officer (COO) of Vår Energi. Mr. Rød joined the Company in June 2021, as CEO, and was responsible for listing the Company at the Oslo Stock exchange as well as the Neptune acquisition. He took the position as COO in September 2023. Previously, he was with Equinor for 23 years (including 11 years in executive positions), both in Norway and internationally. Most recently, he served as SVP and Head of Corporate Safety and Security, and prior to that role, he was SVP and Head of Project Development. Mr. Rød holds a Master's degree in Industrial Economics from the Norwegian University of Science and Technology in Trondheim.

Executive Committee continued

Stefano Pujatti
CFO

Stefano Pujatti is the Chief Financial Officer of Vår Energi. Mr. Pujatti was employed by Eni S.p.A until 31 December 2023. From 1 January 2024 he is employed by Vår Energi ASA. Mr. Pujatti has been CFO in the Company since 2019. He has more than 20 years of international experience in the oil and gas industry. Previously, he held the position of VP Planning & Control of the Africa sub-Saharan region in Eni S.p.A's headquarters in Italy and has had several international assignments in Eni major oil and gas subsidiaries. Mr. Pujatti began his career as an auditor with KPMG, where he also obtained his CPA qualification. Mr. Pujatti holds a Master of Economy degree from Catholic University in Milan, Italy.

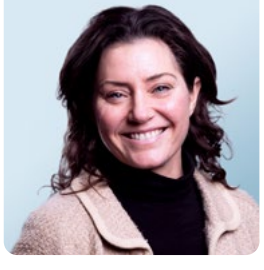
Aksel Luhr
EVP Legal & Compliance

Aksel Luhr is the Executive Vice Precident Legal & Compliance of Vår Energi. He has more than 40 years of experience in the oil and gas industry. Mr. Luhr holds the role of regular secretary to the Board of Directors of Vår Energi. Mr. Luhr represents Vår Energi in the International Association of Oil & Gas Producers' Legal Advisory Panel and Offshore Norge's Legal Committee, including membership in the Standard Contracts Board. Mr. Luhr served as honorary vice consul of Italy in Stavanger for a number of years and is awarded the Order of the Star of Italy - Ordine della Stella d'Italia. Mr. Luhr has a law degree as cand. jur. from the University of Oslo and is licensed as advocate and member of the Norwegian Bar Association.

Tone Rognstad
EVP People & Communication

Tone Rognstad is the Executive Vice President for People & Communication. She joined the Company in 2022 and comes from the role as VP for Project Management and Control in Equinor ASA. During her 15 years as an executive in Equinor ASA, she gained extensive managerial experience within the field of people, leadership and organisational development. She held roles in corporate, shared services and the business areas. Prior to joining Equinor ASA, Ms. Rognstad held various executive leadership positions in General Electric, both in Norway and internationally, within the areas of marketing, risk and operations. Ms. Rognstad holds a bachelor's degree in Banking and Finance from BI Norwegian Business School.

Ellen Waldeland Hoddell
EVP Safety & Sustainability



Ellen Waldeland Hoddell is the Executive Vice President Safety & Sustainability of Vår Energi. Ms. Hoddell has 15 years of experience within the oil and gas industry in Norway. She has held several positions within the area of Safety & Sustainability within Eni Norge and Vår Energi, including risk and barrier management, technical and operational safety and emergency preparedness and response. Ms. Hoddell graduated with a Master's degree in Risk Management and Societal Safety from the University of Stavanger in 2010.

Operational review

Vår Energi's production of oil, gas and NGL averaged 213 kboepd in 2023, a decrease of 3% compared to 220 kboepd produced in 2022. The year-over-year reduction was driven by natural field decline. Total volumes produced in 2023 (including fuel and flare) were 77.7 mmboe whereas total volumes sold were 78.8 mmboe. Oil represented 59% of the production in 2023, with gas and NGL making up 35% and 6%, respectively.

At 31 December 2023, Vår Energi had production from 39 fields. The Company's operated fields, which comprised of Balder, Ringhorne, Ringhorne East, Goliat and Marulk, delivered 18% of the production and the remainder came from partner-operated fields. Production efficiency for the operated fields was 90% in 2023, an increase from 85% in 2022.

Production (kboepd)	2023	2022
Balder area	32	30
Barents Sea	17	21
North Sea	75	78
Norwegian Sea	89	91
Total	**213**	**220**

Production cost per boe was USD 14.1 in 2023 compared to USD 13.5 per boe in 2022. Total production cost in 2023 was USD 1 095 million compared to USD 1 087 million for 2022. The increase was mainly due to higher well workover and maintenance costs, as well as higher environmental taxes. Transportation and processing costs were lower year-over-year.

Projects and development

Development activity in 2023 was high with expenditures on property, plant and equipment (PP&E) of approximately USD 2.5 billion in 2023 (USD 2.5 billion in 2022). Investments in the Balder area, Johan Castberg and Breidablikk area represented 67% of PP&E expenditures for the year.

The Balder Future targeted start-up has been moved from the third quarter 2024 to the fourth quarter 2024. The upgrade of the Jotun FPSO[1] is ongoing with high construction activity at the Rosenberg yard. The project has successfully met key milestones with the re-float and heavy lift installations completed. The current focus is on executing the remaining construction work and commissioning. The Jotun FPSO is more than 90% complete. Drilling and subsea activities are progressing according to schedule.

[1]Floating Production Storage and Offloading

Johan Castberg is on track to achieve fist oil in the fourth quarter of 2024. The FPSO is currently at Stord (Norway) where completion and commissioning activities 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.

Production from the Breidablikk field in the North Sea commenced in October 2023, delivered ahead of schedule and producing in line with expectations. 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.

The Tommeliten Alpha development project, located 25 km south-west of the Ekofisk field, commenced production in October 2023 ahead of plan and on budget.

The Fenja , Hyme and Bauge developments, subsea tie-ins to Njord, started production in April 2023.

The Hywind Tampen project was completed in May 2023 and delivers electricity to the Snorre Platform.

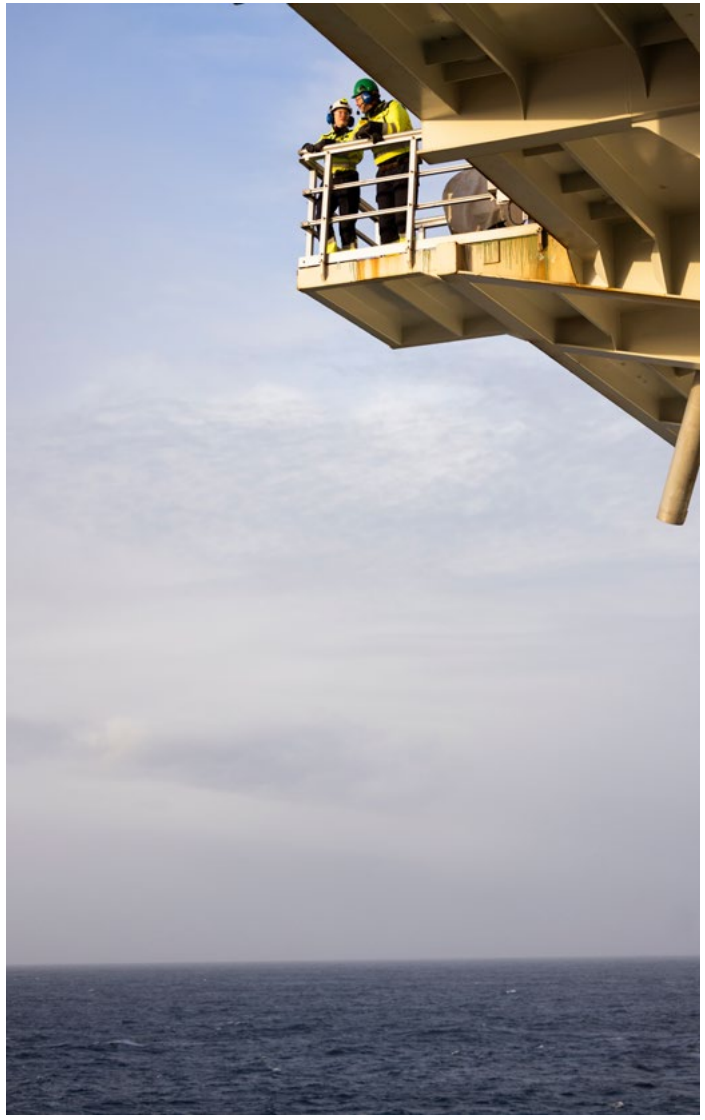
Exploration

During 2023, Vår Energi engaged in exploration drilling across all sectors of the NCS. The main objective for the exploration activities is to replace and expand the resource base. This is done through active exploration close to producing assets to optimise the use of existing infrastructure combined with selective high-impact exploration wells in frontier areas.

The 2023 exploration drilling included seven exploration wells, where five of the wells resulted in discoveries, one well was dry and one well was sub-commercial. In addition, one well was temporarily abandoned due to drilling challenges.

The overall exploration success rate at year end was more than 70%, continuing the strong exploration track record for Vår Energi.

The Countach well, spudded in late 2022, was confirmed as an oil discovery in February 2023, in the Barents Sea, where the Company already has a leading position and a long-term strategic ambition of organic growth. Additional non-operated discoveries of oil and gas have been made with the Crino/Mulder discovery, and in the Norma discovery. Furthermore, smaller discoveries in exploration pilots of production wells were made in Brage and Svalin M fields.
The partner operated Rondeslottet well was temporarily abandoned due to drilling challenges.



Reserves and resources

As of 31 December 2023, Vår Energi's total net proved and probable reserves (2P) were 985 mmboe, slightly down from 1 070 mmboe at year-end 2022. The decrease is mainly a function of high production (78 mmboe) in 2023 and the sale of the Brage asset as part of portfolio optimisation process (1 mmboe). The year 2023 was characterised by solid production within the guided range, several projects coming on-stream, portfolio optimisation, and continuous initiatives to increase recovery from producing fields by drilling additional infill wells.

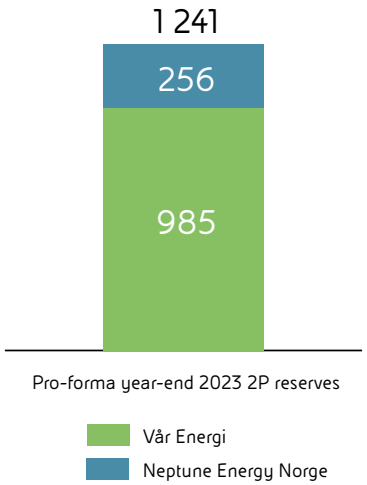
Total proved and probable reserves are distributed with 30% in the Balder area, 24% in the Norwegian Sea, 23% in the Barents Sea and 23% in the North Sea. The Company's proved and probable reserves were split on 73% oil, 22% gas and 5% NGL. The Company's five largest fields, Balder/Ringhorne, Åsgard, Johan Castberg, Breidablikk and Snorre combined, amounted to approximately 57% of total 2P reserves at year-end 2023.

Total contingent resources (2C) at year-end 2023 were 628 mmboe[1], an increase of 84 mmboe compared to year-end 2022. The increase was driven by several discoveries (Lupa, Countach, Calypso) as well as the inclusion of additional production optimisation activities that are part of the portfolio. The Company is actively de-risking and progressing these resources into new development projects.

The Company's reserve life index (RLI) at year-end 2023, calculated based on proved and probable reserves, was 12.7 years (13.3 years in 2022).

Acquisition of Neptune Energy Norge AS

The acquisition of Neptune Energy Norge AS was completed on 31 January 2024. The acquisition added scale, diversification, and longevity to Vår Energi's portfolio while strengthening the Company's position in existing hub areas. As a combined Company, the total 2P reserves are 1 241 mmobe[2] and total 2C resources of approximately 745 mmboe[2], totalling approximately 2 billion barrels of oil equivalent. The Company is actively de-risking and progressing these resources into new development projects. The year-end 2023 pro-forma 2P reserves and 2C resources represent an approximate measure of the performance of the combined Vår Energi and Neptune Energy Norge as of 31 December 2023.



[1]Excluding resources not considered to have commercial potential according to the PRMS definition
[2]Proforma figures including Neptune Energy Norge. Excluding resources not considered to have commercial potential according to the PRMS definition

Environment

Vår Energi is committed to developing sustainable growth opportunities on the NCS and aims to create long-term value by managing resources in a responsible and sustainable manner. As one of the leading oil and gas companies in Norway and a major supplier of energy to Europe, the Company is aware that its activities have both actual and potential impacts on the environment.

Climate change

Greenhouse gas (GHG) emissions from the oil and gas industry make up a large share of the national emissions contributing to climate change. These must be reduced for Norway to reach its environmental targets and fulfil its international obligations. At the same time, adequate energy supplies must be secured. As an oil and gas producer, Vår Energi is working towards a stable and secure energy supply with lower GHG emissions per unit produced, while the world transitions to renewable energy sources.

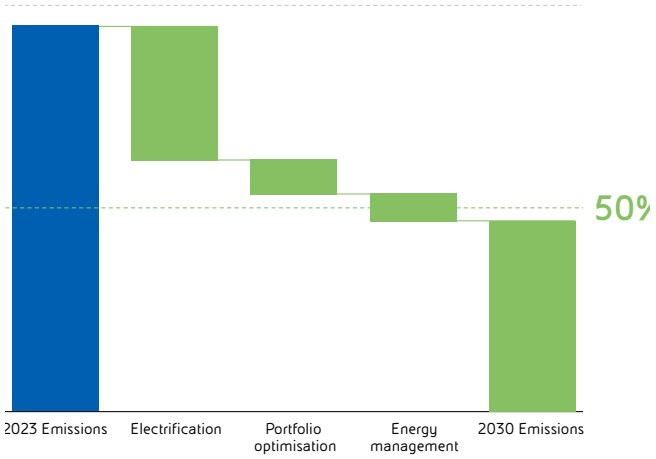
Governance and strategy

Through its Sustainability policy, Vår Energi is committed to reduce direct GHG emissions by more efficient production and use of energy, electrification of assets, portfolio management, innovation, and technology development. Vår Energi supports the goal of the Paris Agreement to limit temperature increases to well below 2°C by reducing GHG emissions in line with the reduction ambitions for the Norwegian oil and gas industry, described in the KonKraft strategy "The Energy Industry of Tomorrow on the Norwegian Continental Shelf – Climate Strategy Towards 2030 and 2050".

Direct (scope 1) emissions

Vår Energi's main decarbonisation target is more than a 50% reduction in direct (scope 1) emissions by 2030 for both operated and non-operated assets. The main initiatives to reach this goal is illustrated in the figure to the right.

For equity share, the reduction target translates to a reduction in absolute emissions from 1 100 000 to 550 000 tCO_2 per year. In addition to reducing emissions from own operations it is, Vår Energi will contribute to achieve this by financially supporting and stimulating the implementation of cost-effective measures to reduce GHG emissions from partner-operated assets.



Vår Energi's pathway to reach the 2030 goal of more than 50% GHG emission reductions (scope 1, equity share).

The baseline set for 2005 comprises the Company's drilling activities and assets in operation in 2005, and includes the following emission sources:

- combustion of diesel and natural gas for energy production,
- combustion of natural gas from safety flaring,
- release of natural gas from cold venting, loading & storage operations and diffuse emissions.

Methane

Methane emissions reductions are part of Vår Energi's general decarbonisation plan. The Company performs annual campaigns to identify sources of methane emissions and assess the opportunities for reduction efforts of gross direct (scope 1) methane emissions.

A continuous focus on leak detection and repairs means the fugitive methane emissions from Vår Energi assets are stable at a low level. The Company follows Offshore Norge's guidance on estimating methane emissions.

Vår Energi is a signatory to the OGCI Aiming for Zero Methane Emissions Initiative which aims to reach near zero methane emissions from operated oil and gas assets by 2030. For 2024, Vår Energi is targeting methane emissions of around 0.025%, which is well below near zero levels.[1]

Scope 3 emissions

The largest sources of emissions in Vår Energi's upstream supply chain are related to products such as steel, chemicals and cement, and use of maritime vessels both for transportation and to support operations. However, as an oil and gas producer, the largest scope 3 emissions sources by far are related to processing and use of the Company's products, which account for more than 90% of the total value chain emissions.

In 2023, Vår Energi awarded new contracts to drilling rigs with market leading low emission footprint. Emissions related to the Company's drilling activities are expected to be considerably reduced.

In addition to reducing scope 3 emissions, Vår Energi will assess offsetting scope 3 emissions from both up- and downstream transportation as well as business travels and commuting.

Purchased goods and capital goods

Vår Energi has initiated several initiatives to reduce emissions from the highest impact products. According to Vår Energi's procurement policy, ESG factors are weighted up to 30% in tenders where applicable and feasible. This provides a leverage to purchase products with lower GHG emissions, especially for high-impact products such as steel, chemicals, and cement. However, low data quality and lack of uniform methodologies complicates the comparison of emissions across various products. Vår Energi is continually working to improve the scope 3 GHG accounting, has initiated several initiatives to reduce emissions from the highest impact products and is working closely with relevant suppliers and other operating companies on the NCS to improve data quality based on standardised methodologies.

Up- and downstream transportation

It is the Company's ambition to be a driving force in cooperation with vessel and rig owners to reach 50% emission reductions in the offshore maritime sector by 2030. Vår Energi is also accelerating the ambition to be net zero on GHG emissions for standby vessels, supply vessels and tankers by 2025. The target is to maximise absolute reductions and use offsetting mechanisms to achieve net zero GHG emissions.

For supply vessels, work continues on measures such as hull cleaning and testing, operational efficiency and using vessels with dual fuel and battery technology. Vår Energi is also engaged in industry-wide and own initiatives for GHG emission reductions with both new and known technology investments. From 2023 and onwards, the shuttle tanker pool serving Vår Energi's oil fields consists of two dual fuel vessels running on MGO (marine gasoil) or LNG (liquified natural gas) combined with battery power and VOC (volatile organic compound). From 2022 to 2023, the absolute reductions in emissions from shuttle tankers were approximately 10 000 ton CO_2e, resulting in a 10-20%

[1]According to OGCI definition

reduction in CO_2e per barrel transported. The full effect of the emissions reductions from the two new tankers will be seen from 2024.

In September 2023, Vår Energi started a pilot project together with Equinor called the NCS Logistics Project (NLP). The project aims to reduce the number of vessels and to better utilise synergies in base handling. The overall goal is to reduce emissions by more than 30% on vessels and an approximate reduction of 50% on base handling, moving from two separate base flows to one joint base.

Aviation

The aviation activity has been almost constant from 2022 to 2023 despite increased offshore activity. This has been achieved by better seat utilisation amongst others through the NCS Logistics Project. With the lack of spare parts in the industry, additional measures are implemented to reduce flight hours by improving operational efficiency.

Land transportation

During 2023 the logistics contracts have been optimised to maximise load from a combined contractor and subcontractor supply chain. This has been done by implementing adoption agreements in the contractor supply chain and will increase traceability in addition to reducing emissions.

In 2022, the emissions were 826 tCO_2e, while in 2023 the emissions were 600 tCO_2e, this gives an overall reduction in emissions from 2022 to 2023 of 38%. Emissions per load decreased from 9.8 kg/tonnes in 2022 to 6.7/tonnes in 2023, a reduction of 32%.

Use of sold products

In addition to reducing direct emissions from own operations, Vår Energi supports the KonKraft goal to reduce emissions from use of oil and gas and gradually create a new and forward-looking energy industry on the NCS, including offshore wind power, hydrogen, and carbon capture and storage (CCS) projects. Vår Energi believe CCS will play a key role in reducing emissions from the use of products, enable reductions in hard to abate industries and facilitate for global emission reductions. As a pure play E&P company, the Company will have a value driven approach to CCS and are developing its position amongst others through the acquisition of Neptune, and exploring a strategic partnership along the value chain with Eni.

Vår Energi supports the Low Emissions Center, a research center developing new technology solutions and concepts for offshore energy systems and integration with renewable power production technologies. The objective of the project is to pave the road towards zero-emission production of oil and gas from the NCS.

Metrics and targets

The main sources of direct GHG emissions from Vår Energi's operations are:

1. Combustion of diesel and natural gas for energy production (87%)
2. Combustion of natural gas during safety flaring (8%)
3. Release of natural gas through cold venting, diffuse emissions and loading and storage operations (5%)

The Company sees potential to further reduce both GHG emissions and operational cost from these sources through energy management and electrification.

In 2023, the CO_2 emissions intensity was 12.0 kg per boe. The intensity factor is based on Vår Energi equity share of scope 1 CO_2 emissions from both operated and partner operated assets, including production and exploration.

Vår Energi's energy management system covers energy efficiency, flaring reductions and reduced cold venting and fugitive emissions. The Company adheres to the principles of ISO 50001 and the energy management system is an integral part of the management system. An energy management team and a steering committee, together with the operations teams, deliver systematic monitoring and analysis of the energy consumption and GHG emissions aligned with the targets in the decarbonisation plan.

Energy efficiency and emissions reductions

The key targets for 2023 was to further mature the opportunity portfolio for energy management and efficiency measures for all assets, activities, business processes and projects.

In total, scope 1 GHG emissions (gross operated) have increased by 14 555 tCO_2e (7%) compared to 2022. This is due to increased exploration drilling and high activity period on Balder. At the same time, approximately 12 500 tCO_2e were reduced compared to 2022 through reduced flaring, caused by both modifications and an updated flaring strategy on Goliat.

For 2024 the Company plans to:

- Further reduce safety flaring levels on Vår Energi operated assets
- Optimise testing of Goliat gas turbine
- Enable increased uptime for current wet gas compressor on Ringhorne
- Deliver energy management improvements according according to plan

Energy efficiency and emissions reductions

Initiative	Tonnes CO_2e emissions reduced	Asset	Description
Flaring reductions	7 066	Goliat	Reduced cold venting (237 t CH_4) in 2023 vs 2022 due to modification of nitrogen unit improving gas quality with regard to gas injection.
	5 479	Goliat	Reduced safety flaring emissions.
Reductions through energy efficiency	2 423	Goliat	Reduced emissions due to reducing maintenance running time when testing Goliat gas turbine (from September 2023).
	2 412	Ringhorne	Improved emission performance due to increased uptime of wetgas compressor. Reduction of 81 t CH_4 and 52 t nmVOC.
	870	Balder	Emission reduction due to optimisation of LP compressor operation.
	1 948	Goliat/ Balder	Reduced methane (65 t CH_4) and nmVOC (1 749 nmVOC) emissions due to contracting of shuttle tankers with high effective VOC (Volatile organic compound) recovering units.
	1 832	Balder	Floatel superior used less diesel for HAP23 vs HAP21
	1 434	Balder Field	West Phoenix rig fuel incentive program. Saving 1.5 Sm^3/day.
	506	Goliat	Reduced emissions by using Island Constructor (well intervention vessel) instead of drilling rig when performing work on Goliat well. Estimated 7 days rig time saved.

Emissions and energy consumption

Energy consumption

ENERGY				☑ 2023	2022	2021
Energy consumption within the organisation	a.	Total fuel consumption from non-renewable sources	GJ	2 404 686	1 991 312	2 159 722
	b.	Total fuel consumption from renewable sources	GJ	0	0	0
	c.	The total:	GJ	1 507 228	1 539 822	1 542 924
		i. electricity consumption		1 501 878	1 531 510	1 542 924
		ii. heating consumption		4 955	7 903	0
		iii. cooling consumption		396	409	0
		iv. steam consumption		0	0	0
	e.	Total energy consumption within the organisation	GJ	3 911 914	3 531 134	3 702 646
Energy intensity		Energy consumption/production	GJ/boe*	0.19	0.15	0.14

*Gross production numbers (oil, gas, NGL) from Balder, Ringhorne, Marulk, Goliat in barrels of oil equivalents (boe). All types of energy consumption within the organisation is included.

CO_2 emissions intenstiy (equity share)

Emissions intensity	Unit	☑ 2023
Non-operated	kg CO_2/boe	12.2
Operated	kg CO_2/boe	11.3
Total portfolio	kg CO_2/boe	12.0

Scope 1 GHG emissions (gross, operated)

Direct (scope 1) GHG emissions	Field	Source	Unit	☑ 2023	2022	2021
Breakdown of gross direct (scope 1) GHG emissions by operated asset and type of source:	Goliat	Stationary combustion	tCO_2e	19 339	21 429	29 702
		Process	tCO_2e	803	2 385	2 570
		Fugitive	tCO_2e	269	11 044	1 018
	Balder/Ringhorne, including Ringhorne East	Stationary combustion	tCO_2e	153 567	132 837	149 462
		Process	tCO_2e	2 251	2 594	3 057
		Fugitive	tCO_2e	6 915	6 472	6 756
	Countach exploration well	Stationary combustion	tCO_2e	7 833	1 598	0
		Process	tCO_2e	0	0	0
		Fugitive	tCO_2e	7	0	0
	Lupa exploration well	Stationary combustion	tCO_2e	226	2 784	0
		Process	tCO_2e	0	0	0
		Fugitive	tCO_2e	0	7	0
	H&M Exploration well	Stationary combustion	tCO_2e	4 496	0	0
		Process	tCO_2e	0	0	0
		Fugitive	tCO_2e	0	0	0
	Rødhette exploration well	Stationary combustion	tCO_2e	**0**	**0**	**2 787**
		Process	tCO_2e	**0**	**0**	**0**
		Fugitive	tCO_2e	**0**	**0**	**7**
Total GHG emissions			**tCO_2e**	**195 706**	**181 150**	**195 359**
Percentage of gross direct (scope 1) GHG emissions from CH4 (process and fugitive).			%	5%	12%	7%

Gases included: CO_2, CH_4 and all other gases
Standards and methodologies used:
Guidelines for reporting from offshore petroleum activities - Norwegian Environment Agency (in Norwegian)
044 - Recommended guidelines for discharge and emission reporting - Offshore Norge
Global warming potential (GWP) source applied is IPCC AR6.

Scope 1 CO_2 emissions (equity share)

Asset	Vår Energi equity share	Unit	2023	2022	2021	Operator
Balder & Ringhorne	90.00%	tCO_2	136 131	119 156	134 156	Vår Energi
Goliat	65.00%	tCO_2	12 374	13 709	96 890	Vår Energi
Brage[1]	12.26%	tCO_2	23 018	22 792	22 802	OKEA
Ekofisk/Eldfisk	12.39%	tCO_2	100 454	99 348	114 776	ConocoPhillips
Grane	28.32%	tCO_2	51 063	47 136	54 994	Equinor
Heidrun	5.18%	tCO_2	17 785	16 894	17 188	Equinor
Kristin	16.66%	tCO_2	53 964	53 673	50 464	Equinor
Norne	6.90%	tCO_2	17 819	23 014	20 780	Equinor
Sleipner	17.24%	tCO_2	105 101	113 604	119 285	Equinor
Snorre	18.55%	tCO_2	83 709	101 710	97 273	Equinor
Statfjord	21.37%	tCO_2	146 233	145 242	161 967	Equinor
Åsgard	22.06%	tCO_2	179 394	175 812	164 458	Equinor
Total CO_2 emissions		**Sum t CO_2**	**778 540**	**932 090**	**1 055 032**	

Subsea templates are not included - emissions are accounted for on the host installation.
Emissions from exploration not included.
Detailed reporting for each asset is provided by the relevant operator indicated in the table.

[1]Vår Energi's working interest in Brage field sold in fourth quarter 2023

Indirect (scope 2) emissions

The indirect (scope 2) GHG emissions are calculated based on the electricity used to power the Goliat platform offshore, and electricity, heat and cooling used in the Company's offices. 98.9% of the electricity used in the offices is delivered with guarantees of origin from renewable hydropower. The power for the Goliat operations is purchased through Nord Pool, and delivered through the local Finnmark grid and thus consists mainly of hydropower produced locally in Finnmark.

Asset	Source	Unit		☑ 2023	2022	2021
Goliat	Purchased electricity	tCO_2e	Location based	7 857	4 638	4 642
			Market based	207 602	170 776	170 923
Office Buildings	Purchased electricity	tCO_2e	Location based	69	33	72
			Market based	235	347	2 655
Total		**tCO_2e**	**Location based**	**7 927**	**4 671**	**4 714**
			Market based	**207 837**	**171 123**	**173 579**

Location based factor: Climate declaration for physically delivered electricity.
Market based factor: Electricity disclosure for power suppliers.
District heating Hammerfest office estimated at 58.6% electricity and 41.4% ambient heat
gases included: Information not available from sources.

Scope 3 emissions

Category		Unit	☑ 2023	2022	2021	Notes
1	Purchased goods and services	tCO_2e	237 041	86 692	-	1
2	Capital goods	tCO_2e	358 638	-	-	2
3	Fuel and energy related activities	tCO_2e	34 541	29 095	15 944	3
4	Upstream transportation and distribution	tCO_2e	44 511	32 662	42 051	4
5	Waste generated in operations	tCO_2e	3 103	2 341	1 401	5
6	Business travel	tCO_2e	1 144	891	639	6
7	Employee commuting	tCO_2e	271	268	92	7
9	Downstream transportation and distribution	tCO_2e	43 534	82 494	60 909	8
10	Processing of sold products	tCO_2e	-	-	-	9
11	Use of sold product	tCO_2e	7 390 010	8 169 903	9 304 083	10
Total		**tCO_2e**	**8 112 793**	**8 404 346**	**9 425 119**	

For emissions factors from DEFRA GWPs used are based on the Intergovernmental Panel on Climate Change (IPCC) Fourth Assessment Report (AR4) over a 100-year period. For other emissions categories GWP factors are not known due to supplier specific emission factors without GWP factor clarifications.

Scope 3 notes

1 For 2023, Vår Energi has employed a spend-based approach to quantify category 1 and 2 emissions utilising the Ignite Procurement portal. The spend data originates from Vår Energi's ERP system SAP, where Purchase Orders (PO's) invoiced in 2023 constitutes the spend. Each PO is linked with a specific material group (defines type of goods and service) in SAP, further categorised into Category 1 or 2 respectively. The total list of PO's with invoiced amounts are submitted to Ignite who uses emission factors from Exiobase (spend based) to calculate the CO_2e emissions.

2 For 2023, Vår Energi has employed a spend-based approach to quantify category 1 and 2 emissions utilising the Ignite Procurement portal. The spend data originates from Vår Energi's ERP system SAP, where Purchase Orders (PO's) invoiced in 2023 constitutes the spend. Each PO is linked with a specific material group (defines type of goods and service) in SAP further categorised into Category 1 or 2 respectively. The total list of PO's with invoiced amounts are submitted to Ignite who uses emission factors from Exiobase (spend based) to calculate the CO_2e emissions.

3 Data is based on scope 1 & 2 consumption data of fuel and electricity. In 2023, the calculations are updated to include technology and development losses in grid for Goliat and office buildings. This category includes well to tank emissions for scope 1 fuel use, and grid electricity losses associated with electricity consumption. WTT emissions associated with electricity consumption are not currently calculated. Emission factors are derived from DEFRA WTT and NVE.

4 This category includes emissions from oil and gas service vessels and helicopters associated with Vår Energi's operations. Emissions are calculated based on actual fuel use by the vehicles whilst they are engaged in services for Vår Energi. Emission factors are derived from DEFRA 2022, Fuels (TTW).

5 Emissions from onsite generated waste by waste disposal method, including both hasardous and non-hazardous waste. Emission factors are derived from DEFRA Waste Disposal.

6 Emissions from all business travels made by Vår Energi employees. Data is provided by he Company's supplier Berg-Hansen using their emission factors.

7 Emissions from employee commuting have been calculated in combination with SSB emission factors for vehicles from 2020 and internal data based on employee commuting patterns.

8 Emissions are calculated based on fuel used during transport of crude oil from assets under Operational Control (Goliat). Fuel use for the vessels is estimated based on average fuel consumption per day and days spent loading fuel, in transit, discharging and during the return transport leg (tanker data does not take equity share into consideration). Emission factor is from DEFRA for Marine Gas Oil.

9 For 2023, Vår Energi was not able to separate processed products from sold products due to insufficient information about product lifecycle after sale.

10 Emissions are reported based on Gross numbers of production. Equity share was reported in 2021. The reason for this change is to ensure consistency in all scope 3 emissions. For the calculation, a direct-use phase method was applied, where a conservative approach is taken and assume all sold products are used for energy through combustion. Emission factors are derived from IPCC which includes the processing of sold products, and assumes all products are going to combustion.

Maritime vessels

In 2023, emissions from maritime vessels show an overall reduction, with a total reduction of 26 000 tCO_2e of which 19 000 tCO_2e comes from updated methodology calculations and the remaining 7 000 tCO_2e comes from emission reduction for shuttle tankers in the period, which has been supported by the implementation of two new shuttle tankers in the fleet.

Due to higher activity in 2023 compared to 2022, there is an increase in standby and supply vessel emissions. This increase is offset by a 20% emissions reduction for supply vessels due to decarbonisation initiatives, focusing on collaboration on supply services together with Equinor through NLP.

Vessel type	Unit	2023	2022	2021
Standby	tCO_2e	5 297	4 545	4 744
Supply	tCO_2e	27 643	24 054	33 661
Tanker	tCO_2e	43 534	74 125	70 991
Total	**tCO_2e**	**76 474**	**102 724**	**109 396**

Stril Barents

Pollution and waste

Air emissions

Power generation from turbines and engines, as well as safety flaring operations, leads to direct non-GHG emissions such as sulphur oxides (SOx) and nitrogen oxides (NOx). Vår Energi has low SOx emissions from its operations due to use of low-sulphur diesel and low sulphur content in the natural gas. More than 90% of Vår Energi's NOx emissions are from the Balder FPU engines.

NOx and SOx emissions can lead to acidification effects on water, soil and ecosystems, adverse health effects if inhaled, and NOx can generate ground-level ozone. In addition, power generation and operational process activities, like loading and storage of crude oil, lead to emissions of non-methane volatile organic compounds (nmVOC). These emissions can generate ground-level ozone leading to effects on health and vegetation, and indirectly contribute to global warming as nmVOC is oxidised in air to CO_2 and ozone.

Through Vår Energi's commitment to energy management and reducing emissions to air from operations, the Company works to reduce non-GHG emissions such as SOx, NOx and nmVOC.

Vår Energi signed up to the first industry-government NOx Agreement in 2008 and has renewed its continued commitment to the agreement for 2025-2027. Vår Energi fully support the intent of the NOx Agreement and Norway's commitment to reducing the NOx-emissions through the Gothenburg Protocol.

Vår Energi is a member of the Board of Directors for VOCIC – VOC Industry Cooperation, a forum for sharing investment in emission-reducing technologies and fulfilment of authority requirements related to emissions. Outside of the interactions with these industry cooperations, stakeholders have not been systematically engaged.

Two new shuttle tankers with Vapor Recovery Units have been contracted for use at Goliat. One was taken into operation in January 2023 and the second in September 2023. This resulted in a reduction in nmVOC emissions in 2023 of about 1 749 tonnes nmVOC compared to 2022.

The volume of methane and nmVOC reported in 2022 has been reduced with 121 tonnes and 149 tonnes respectively, after it was documented that part of the volumes reported as methane and nmVOC flared at Goliat was nitrogen.

Emissions of acid gases and nmVOC (tonnes) (operational control)

Indicators	☑ 2023	2022	2021
Sulphur oxides (SOx)	56	36	39
Nitrogen oxides (NOx)	2 003	1 683	1 785
Non-methane volatile organic compounds (nmVOC)	1 318	2 606	2 724

Non-GHG air emissions are calculated using a range of methodologies based on the technical nature of the equipment. This ranges from direct measurement, calculation based on site-specific data, published emission factors and estimation. Vår Energi applies estimation on nmVOC emissions from minor sources, following NOROG Recommended Guideline 044, Appendix B and OGI NoLeak/Leak. Standard factors follow the same guidelines. Site specific factors have been used for calculation of nmVOC from loading (VOCIC), storage and fugitives. Equipment specific factors, including factors specified in Forskrift om Særavgifter §3-19-9, are used for turbines and engines for calculation of NOx emissions.

Water and effluents

According to the World Resource Institute Aqueduct Water Risk Atlas (WRI Aqueduct), the overall freshwater risk on the Norwegian mainland is low. Overall water risk is an aggregation of several physical, quality, and reputational risk indicators.

Identification of water risk and water resource management is an integral part of the environmental management system, and based on identification, evaluation, and mitigation of impact on water resources. Vår Energi has no operations in areas with increased overall water risk.

Water is a valuable and important resource in Vår Energi's operations. Seawater is used for cooling in production and drilling operations, and to generate freshwater used for sanitation, cooking and drinking offshore. Fresh water supplied from shore comes from local Norwegian water works that are shared with other domestic users and industries. It is ensured that it is not from water-scarce areas by using WRI Aqueduct.

Water based mud can be discharged from drilling operations if permitted due to low environmental impact.

Beyond the water management principles, Vår Energi adheres to national regulations and allowable discharges as per discharge permits and limits, including substitution of chemicals and other risk reducing measures to minimise the environmental impact to be as low as reasonably practicable.

Vår Energi supports and participates in industry efforts towards protecting the ocean environment and achieving zero discharge.

Produced water discharges and oil concentration are monitored daily and actions taken if there are deviations from the norm. Learnings from incidents and operating practices are used to continuously improve in this area.

The priority substances of concerns for water discharges are oil content and a few selected chemicals in produced water, and hypochlorite from cooling seawater discharges. These were selected based on both current national regulations and the discharge permits concerning allowed oil and chemicals in water content, as well as environmental risk modelling of the discharges. National legislation and discharge permits set the discharge limits for these priority substances of concern.

Calculations of environmental impact factor (EIF) for the discharged produced water is regularly conducted. To identify the impacts of discharge of produced water on marine organisms and to develop and improve the methods used in quantification of effects, Vår Energi regularly contribute to programs monitoring the effects of produced water discharge on the water column.

A total of 72% of the produced water from operated assets was reinjected in 2023, and all the produced water from Goliat and Ringhorne was reinjected. Balder FPU was the single installation with discharge of produced water, where 27% were injected. The annual average of oil content in discharged, produced water was 13.5 mg/l, well below the regulatory requirement of 30 mg/l.

Significant spills

No significant spills to sea were recorded in 2023.

Spills

	Target	2023	2022	2021
Hydrocarbon spills to sea >10L	0	0	2	0
Chemical spills to sea	0	3	2	8
Oil content in produced water (Balder)	30 mg/L	13.4	15.3	12.2

Water use

	Indicator	Unit	☑ 2023	2022	2021
Water withdrawal 303-3	Third-party water withdrawn from freshwater (≤1,000 mg/L Total Dissolved Solids)	Megaliters	11	58	71
	Seawater withdrawn from other water (>1,000 mg/L Total Dissolved Solids)	Megaliters	512	1 266	2 165
	Produced water withdrawn from other water (>1,000 mg/L Total Dissolved Solids)	Megaliters	7 118	6 618	7 496
	Total water withdrawal	**Megaliters**	**7 640**	**7 942**	**9 731**
Water discharge 303-4	Discharge to seawater	Megaliters	2 028	1 672	1 818
	Total water discharge	**Megaliters**	**2 028**	**1 672**	**1 818**
Water consumption* 303-5	**Total water consumption**	**Megaliters**	**5 612**	**6 270**	**7 913**

* difference between water withdrawal and water discharge

Standard and methodologies used:
044 - Recommended guidelines for discharge and emission reporting

Waste

Waste is generated offshore from living quarters, repair- and maintenance activities, drilling operations, development activities and the processing of oil and gas. If not handled correctly, waste streams may contaminate surface water, groundwater, seawater and soil with chemicals or heavy metals, and negatively impact plant and animal species in the marine environment, as well as human health.

Vår Energi's waste management for operations is governed by the Pollution Control Act and the Activities Regulations. Norway is also a signatory to the Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and their Disposal. Vår Energi follows national waste regulations and industry standards for efficient waste management based on the waste management hierarchy of prevention, reuse, recycling, energy recovery and disposal to prevent or mitigate potential negative impacts.

Vår Energi also adheres to the Norwegian oil and gas industry practices, Offshore Norge guideline 093 (recommended guidelines for waste management in the offshore industry).

Through permits, produced water and waste types such as oil and chemical containing waste and drainage water can be re-injected in the reservoir. Such injections are planned for and are continuously monitored to detect leaks early and ensure control of types and quantities.

Operations waste streams are sorted and separated into 31 different waste fractions before being transported to shore. The main waste contractors oversee waste handling onshore, ensuring that waste handling is in line with legislative obligations.

The contractors report waste data directly into Vår Energi's environmental reporting system monthly, which is followed up with the operations organisation should any lessons learned, deviations or low sorting ratios be encountered. Hazardous waste declarations are handled on the Norwegian Environment Agency on their waste declaration website, and Vår Energi's relevant contractors have full access to this system for the Company's waste.

Waste-sorting degree

	Target	2023	2022	2021
Sorting degree non-hazardous waste	>90%	84%	78%	85%
Sorting degree hazardous waste	100%	100%	100%	100%

Waste generated

Composition	Unit	☑ 2023	2022	2021
Hazardous waste	**Tonnes**	**18 019**	**13 625**	**15 194**
Drilling waste	Tonnes	11 264	9 538	11 004
Scale and sludges	Tonnes	6 281	3 739	3 484
Other	Tonnes	474	348	706
Non-hazardous waste	**Tonnes**	**1 308**	**1 460**	**906**
Mixed metals	Tonnes	700	730	308
Mixed waste	Tonnes	333	174	101
Sorted combustible waste	Tonnes	192	175	150
Other	Tonnes	84	381	347
Total	**Tonnes**	**19 327**	**15 085**	**16 100**

Waste diverted from disposal

	Unit	☑ 2023	2022	2021
Hazardous waste	**Tonnes**	**1 440**	**685**	**53**
Reuse	Tonnes	1 321	642	27
Recycling	Tonnes	119	42	26
Non-hazardous waste	**Tonnes**	**801**	**861**	**540**
Reuse	Tonnes	3	1	12
Recycling	Tonnes	798	860	528
Total	**Tonnes**	**2 241**	**1 545**	**593**

Waste directed to disposal

	Unit	☑ 2023	2022	2021
Hazardous waste	**Tonnes**	**16 579**	**12 940**	**15 142**
Incineration w/energy recovery	Tonnes	1 066	864	7 329
Landfilling	Tonnes	6 484	4 757	3 307
Other disposal operations (treatment)	Tonnes	9 029	7 319	4 506
Non-hazardous waste	**Tonnes**	**507**	**600**	**366**
Incineration w/energy recovery	Tonnes	416	419	345
Landfilling	Tonnes	92	181	21
Total	**Tonnes**	**17 086**	**13 540**	**15 507**

The increase in total waste, hazardous drilling waste and hazardous waste is due to high drilling activity.

Biodiversity

Vår Energi's oil and gas operations are carried out offshore on the Norwegian continental shelf, with a potential for impacts on habitats, biodiversity, and ecosystem services. Vår Energi is committed to life cycle conservation of biodiversity ecosystems and the services they provide at all its operational sites.

The Company continuously evaluates its interaction with ecosystem services while striving to minimise negative impacts by reducing emissions, discharges, and physical impact.

Through the Sustainability Policy, Vår Energi commits to conserve biodiversity and has adopted Biodiversity and Ecosystem Services Guidelines that define the Company's guidelines for management of Biodiversity and Ecosystem Services (BES). The BES Guidelines apply to all sites found to be exposed to biodiversity risks due to their geographical proximity to protected areas, sites of biodiversity importance, and/or species of global priority as defined by the International Union for Conservation of Nature (IUCN) Red List of Threatened Species.

Vår Energi monitors and conducts site surveys of the local marine environment according to national environmental guidelines and cooperate with other operators on the NCS to develop methods and execute environmental monitoring of the water column and the seabed. Every three years a sediment monitoring and biodiversity campaign is executed around the offshore assets. At the fixed assets chemical

contamination, heavy metals, types and numbers of species, as well as the species-diversity index are also assessed. The results of these campaigns are reviewed and used in risk assessments where appropriate. The reports are publicly available at the Norwegian Environment Agency web site (www.environmentagency.no).

None of Vår Energi's operated activities are assessed to have substantial negative impact on biodiversity and particularly valuable and vulnerable habitats and species as listed in the IUCN 'Red List of Threatened Species'. Vår Energi is not involved in any habitat area protection activities nor in any remediation activities in such areas.

Vår Energi is committed to developing ecosystem-based modelling techniques based on scientific studies relevant for strategic impact assessments, management plans and regulatory planning processes for environmentally sensitive areas. The Company is part of Offshore Norge working group following up the development of the management plans. The Company has also joined other operators on the NCS and funded additional environmental mapping and monitoring programs to understand more of the environmental conditions in the sea, how the offshore industry may influence it, and techniques to measure impacts.

Vår Energi is certified according to ISO 14001 Environmental management systems and the significant environmental register to include biodiversity.

Significant impacts

The Barents Sea

Oil and gas production at Goliat

The Goliat field is located within the management plan area for the Barents Sea-Lofoten and is overlapping with the Particularly Valuable and Vulnerable Areas Tromsøflaket and Coastal Areas Finnmark. The size of the Goliat operational site when including subsea templates and pipelines is approximately 30 km^2. The marine area has high environmental value (i.e. area with larger accumulations of marine species during the year or specific periods of the year) and high vulnerability to acute oil spills.

Equally important are the three Ramsar areas (valuable wetlands) close to the coast in Finnmark, where important sea bird nesting areas are located and are highly vulnerable to oil pollution. The environmental conditions on the seabed around the Goliat templates have been monitored for more than ten years. No significant impact on the seabed has been identified from drilling operations. Neither has there been identified a reduction of species, introduction of invasive species, pests, and pathogens, nor changes in ecological processes outside the natural range of variation as a result of Vår Energi's operations activities.

Exploration drilling in 2023

The Countach exploration well, located northeast of Goliat, was started in 2022 and completed in February 2023. A location-specific environmental risk and oil spill emergency preparedness analysis was performed before the operation to assess the potential environmental impacts from a significant oil spill. The environmental risks were identified to be acceptable. Vår Energi also investigated the environmental resources in the well area with a location-specific seabed survey.

The Norwegian Environment Agency granted the use and discharge permit for the drilling of the well. The discharges are expected to influence a very limited area on the seabed close to the wellhead and based on experience it is not expected to see a reduction in number of species, nor an introduction of invasive species, pests and pathogens, or any changes in ecological processes outside the natural range of variation in the area.

At the end of the operation, the well was plugged and abandoned. The well was cut below the sediment surface

and the wellhead removed to ensure there were no remaining obstacles for bottom-trawling fishing gear. The well was drilled while the rig was positioned by its thrusters only, and no moorings, reducing disturbances on the seabed.

The Norwegian Sea

Gas and condensate production at Marulk

The Marulk field is a single template with wells producing condensate and gas located in the middle of the Norwegian Sea, and far from any defined Particularly Valuable and Vulnerable Areas. The local environmental site conditions have been surveyed several times and insignificant effects from previous drilling discharges on the local seabed have been identified. Extra effort has been devoted to survey of coral specimens to evaluate impacts.

The North Sea

Oil and gas production at Balder and Ringhorne

The Balder and Ringhorne East fields with the Balder FPU and Ringhorne wellhead platform are located within the management plan area North Sea-Skagerrak. No defined Particularly Valuable and Vulnerable Areas overlap with the location of the fields. The area is assessed to have low to moderate environmental value and moderate vulnerability for acute oil spills throughout the year. There are two Ramsar areas (environmentally important wetlands) on the coast of Rogaland, which are important to protect from oil spills. Approximately 80 km south of Balder there is a Particularly Valuable and Vulnerable Spawning Area for North Sea mackerel. 120 km south is the similar Sandeel Area South. Vår Energi assess that normal production and drilling activities will not impact these areas.

For the Balder area there has not been identified a reduction of species, introduction of invasive species, pests and pathogens, nor changes in ecological processes outside the natural range of variation from the operations.

Production drilling at Balder Future

No major biodiversity concerns have been identified in the drilling operations for Balder Future wells and the Ringhorne wellhead platform. A seabed environmental baseline survey was performed to map the conditions prior to the drilling commenced in 2021 and in 2022 the areas planned for seabed infrastructure for further tie into the Jotun FPSO were surveyed for fauna and seabed habitats. Both installation work of seabed infrastructure and production drilling has been conducted in 2023. Plans for follow up environmental surveys for Balder Future will be made in 2024 after completion of production drilling in 2024.

Exploration drilling in 2023

Vår Energi spudded the exploration well Hubert & Magellan in the North Sea about 7.5 km northwest of Ringhorne with the drilling rig Deepsea Yantai.

No defined Particularly Valuable and Vulnerable Areas overlap with the location of the exploration well. The general environmental description for Balder and Ringhorne is valid also for this exploration well.

During seabed surveys performed in the area, two types of sea pens have been observed. Both species are on the "Norwegian Red List" and are classified as Least Concern (categorised by the International Union for Conservation of Nature as not being a focus of species conservation because the specific species is still plentiful in the wild.)

A location-specific environmental risk and oil spill emergency preparedness analysis was performed before the operation to assess the potential environmental impacts from a significant oil spill. The environmental risks were identified to be acceptable.

The Norwegian Environment Agency granted the use and discharge permit for the operation. The discharges were expected to influence a very limited area on the seabed close to the wellhead and based on experience it does not expect a reduction in number of species,

nor an introduction of invasive species, pests and pathogens, or any changes in ecological processes outside the natural range of variation in the area. At the end of the operation, the wells were plugged and abandoned. The wells were cut below the sediment surface and the wellhead removed to ensure there are no remaining obstacles for bottom-trawling fishing gear.

Metrics and targets

Vår Energi had no direct KPIs to measure biodiversity in 2023. However, the Company is performing both baseline seabed mapping with focus on biodiversity and chemical parameters before production drilling on new fields with regular follow up depending on field activity and for selected exploration wells (pending environmental knowledge and sensitivity). All reports are publicly available on the Norwegian Environment Agency web page. (www.environmentagency.no).

Vår Energi is certified according to ISO 14001 Environmental management systems and the significant environmental register to include biodiversity.

In addition, Vår Energi has interrelated environmental KPI's for hydrocarbon and chemical spills, oil in water content, direct GHG emissions and air emissions which give indication of possible impact on biodiversity.

Social

Vår Energi is run by people. The Company aims to maintain, attract, and further develop a diverse and professional workforce, dedicated to an inclusive and safe workplace. Safeguarding the people working for the Company will always be the number one priority. The ambition is to be the safest operator on the NCS, and to promote a good working environment and HSE (health, safety, and environment) culture at the core of all operations. Vår Energi works actively to promote diversity and non-discrimination as they are key elements in building a robust organisation.

People, organisation and working environment

In 2023, Vår Energi has continued the operationalisation of a new organisation structure and ways of working, clarifying accountability within and across business units. This will continue to be of importance throughout 2024, when Neptune Energy Norge employees will be integrated into the Company. To enforce the new organisational structure, the Company is driving several improvement initiatives, including the development of a new resource allocation tool.

Further for 2023, the Company has achieved significant milestones to advance the people agenda and drive organisational success.

Workforce and employees

At year-end 2023[1], Vår Energi had a workforce of a total of 1297 workers, where 1066 were permanent employees. The permanent employees are split on 1055 full-time employees and 11 part-time employees. 7 students and apprentices held temporary positions. There were no employees holding involuntarily part time positions and no non-guaranteed hours employees in Vår Energi in 2023. 212 of the total employees were contract workers, and 12 employees were inpatriates. There are no significant fluctuations in the number of employees compared to previous year.

Most of the workers (793) work out of the Company's headquarter at Forus, while 34 workers work out of the Oslo office and 64 from the Hammerfest office. Some are also located at Rosenberg yard or abroad. Of the total number of employees, 377 work offshore. Some of the offshore workers are included in the Forus headquarters and Hammerfest count, as they work out of these locations..

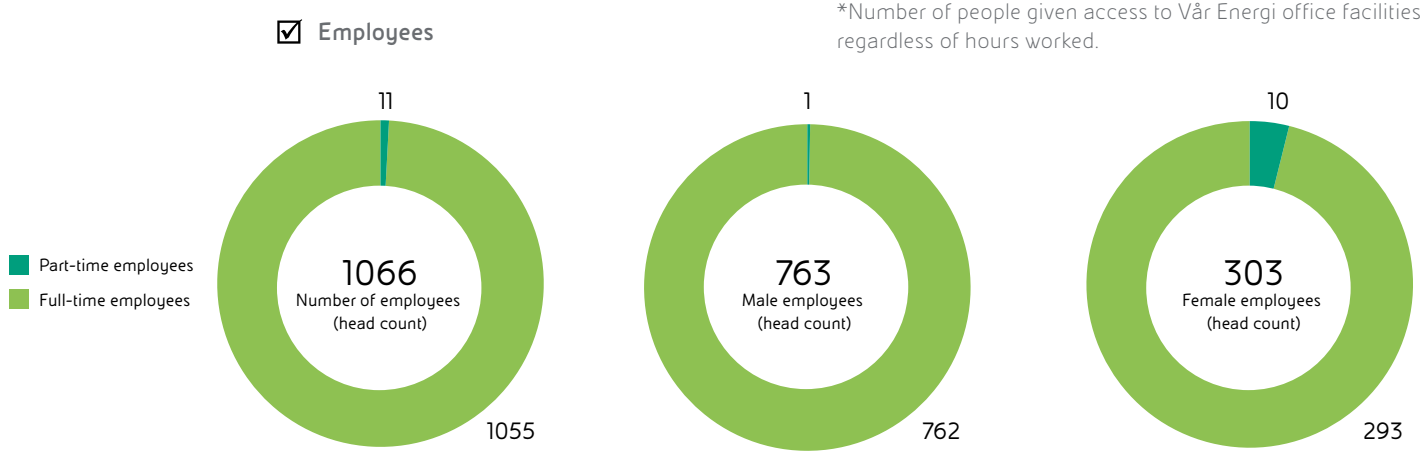
Workers who are not employees are defined as:

- Contract workers or independent contractors generally hired for specific projects or services on a shorter-term basis in all parts of the Company.
- Service agreement personnel whose workplace is controlled by Vår Energi. This includes offshore service personnel, management consultant services, canteen services, office security services etc, where Vår Energi does not control the work as this is based on a service delivery, not specific personnel, but that is working in locations controlled by the Company, either onshore or offshore.

For 2023, workers who are not employees included 212 contract workers and 932* service agreement personnel, giving a total head count of 1144. There are no significant fluctuations in the number compared to previous years.

Leave of absence due to sickness in 2023 was 2.6% (3.2% in 2022).

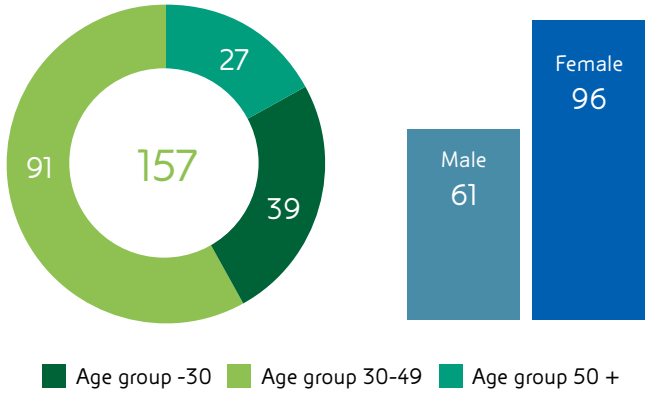
*Number of people given access to Vår Energi office facilities and/or systems during 2023 to perform work, regardless of hours worked.



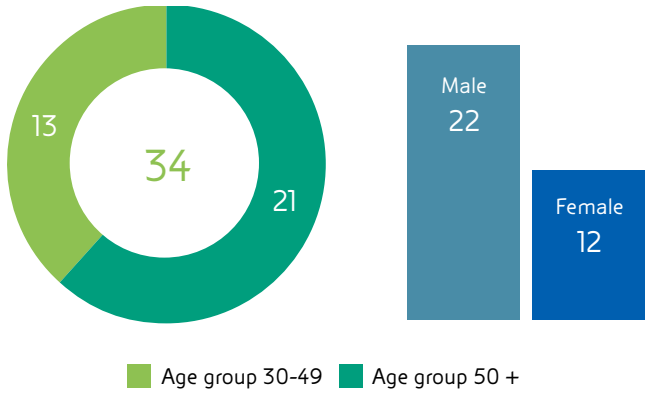
[1]Excluding Neptune Energy Norge employees

☑ New employee hires and employee turnover

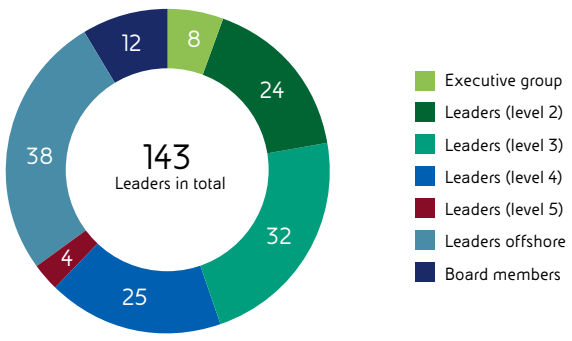
Total new hires



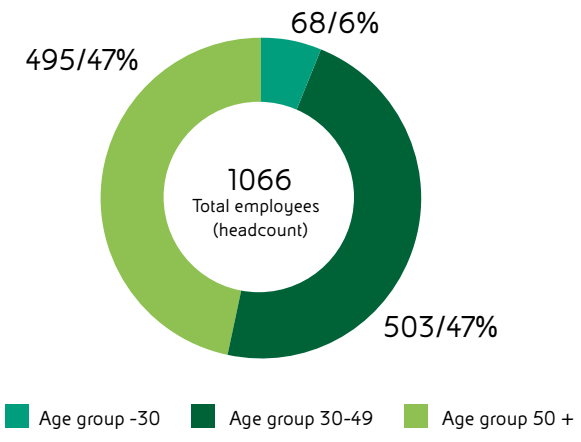
Total turnover



☑ Total number of leaders



☑ Diversity of employees by age



Parental leave

Vår Energi employees are entitled to parental leave in accordance with Norwegian legislation; a total of 49 weeks with full pay, or 59 weeks with 80% pay. Vår Energi pays the full salary during parental leave. During this period, employees are still covered by Vår Energi's insurance plans.

A total of 44 employees were entitled to and took parental leave in 2023; 14 women and 30 men. Women's parental leave averaged 19 weeks, while men's leave averaged 10 weeks. All employees returned to work after parental leave in 2023 and still remains in the Company.

Parental leave

	Total	Women	Men
Employees who were entitled to and took parental leave in 2023	44	14	30
Average leave in weeks	13	19	10
Returned to work after leave in 2023	44	14	30
Retention rate	100%	100%	100%
Remained at work after 12 months*	36	9	27

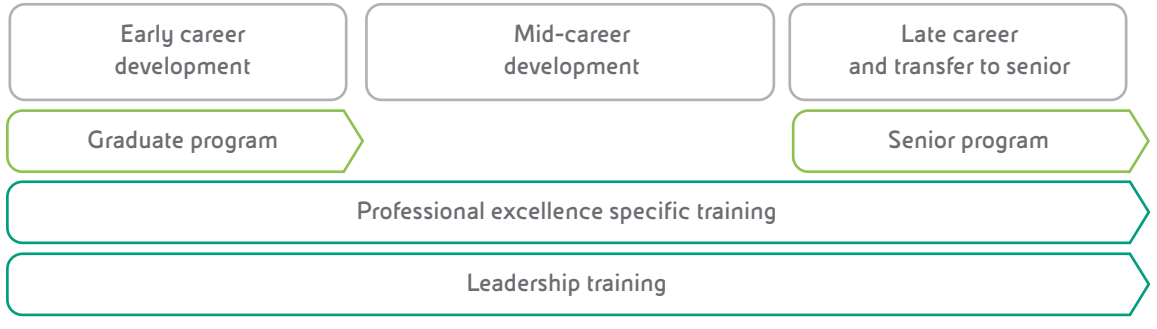
*not all of the 44 who returned to work after parental leave have remained 12 months yet, due to timing of return

Training and education

Vår Energi went live with a new Learning Management platform in 2023, enabling the Company to manage and deliver integrated training and learning programs to all employees. This is integrated with an improved offshore learning system to ensure compliance and quality for mandatory offshore courses. In addition, the platform will enhance integration with performance evaluation and career development, by ensuring employees acquire the skills and knowledge needed to develop.

Some training programs and activities are tailored to different career stages. Summer Internships and Graduate Positions are offered individualised training programs along with their "on-the job" training. For senior employees, Vår Energi offer a transition assistance program which provides personal pension advice.

Vår Energi has a responsibility to offer relevant training initiatives and ensure employees have the necessary time for mandatory training activities, while the employees have the responsibility to engage in and successfully finish all mandatory training programs. Several training and learning experiences are offered throughout the Company, representing both mandatory and voluntary professional development for career progression, as well as common training on values and culture. Vår Energi also conduct comprehensive training on safety and emergency management within the offshore organisation, in addition to onshore companywide training including a range of nano learning, participation in the "Always safe" program and 2nd line emergency response training.



Each employee has conducted an average of 35 hours of training throughout 2023.

35 hours average training per employee

90 hours average training per offshore employee

40 hours average training male

19 hours average training female

Training and education take various forms, including internal and external e-learning, on-site classroom exercises, "on-the-job" training and workshops.

Inclusion and diversity

Vår Energi view diversity and inclusivity as valuable assets that enhance progress and performance. The Company holds deep respect for each person's unique contributions to the organisation and is dedicated to foster an inclusive workplace that honours each individual's dignity. Vår Energi maintain a strict zero-tolerance policy towards harassment and, in alignment with the Code of Ethics and People policy (with references to the International Labour Organisation Convention), ensure a discrimination-free working environment. Throughout the reporting period, there have been no reported instances of discrimination based on factors such as gender, age, religion, political beliefs, race, skin colour, nationality, ethnic origin, sexual orientation, or living arrangements.

According to the The Activity Duty and The Duty to Issue a Statement (Aktivitets- og Redegjørelsesplikten) Vår Energi has a duty to work actively, targeted and systematically to promote gender equality and prevent discrimination in the workplace.

During 2023 Vår Energi has structured a Diversity, Equity and Inclusion agenda according to the practices in the four-step-model described in the Activity Duty. This includes investigating, analysing, implementing measures and evaluating results in terms of equality and discrimination.

☑ Diversity of governance bodies and employees by gender

	Female	%	Male	%	Total
Total leaders	33	25%	98	75%	131
Executive and direct reports	3	38%	5	62%	8
L2	9	38%	15	62%	24
L3	10	31%	22	69%	32
L4	5	20%	20	80%	25
L5	2	50%	2	50%	4
Offshore	5	13%	33	87%	38
Employees (excluding leaders)	270	29%	665	71%	935
Board members	6	50%	6	50%	12

☑ Diversity of governance bodies and employees by age

	- 30	%	30-49	%	50+	%	Total
Total leaders	1	1%	73	56%	57	44%	131
Executive and direct reports			4	50%	4	50%	8
L2			13	54%	11	46%	24
L3			20	63%	12	37%	32
L4			21	84%	4	16%	25
L5			3	75%	1	25%	4
Offshore	1	2%	12	32%	25	66%	38
Employees (excluding leaders)	67	7%	431	46%	437	47%	935
Board members	0	0%	4	33%	8	67%	12

Compensation and benefits

Vår Energi's compensation arrangements are aligned with the fundamental principles of the salary policy and should be both predictable and equitable in its perception. The Company follow a gender-neutral compensation system for all employees. Salaries are determined based on an individual's role, including responsibilities, problem-solving capacity, and competency prerequisites, in combination with personal proficiency level.

Full- and part-time permanent and temporary employees at all Vår Energi's locations of operation in Norway are offered the same benefits, both financial and recreational, except for the subsidised house and car loans, which is offered to permanent employees working at least 50% of full time. However, some benefits, such as bonus and share saving plans, requires employment over a given time period that may limit eligibility for temporary employees.

According to Vår Energi's pension plan, monthly contributions are paid on behalf of all employees as follows (1G was 118 620 NOK in 2023):

- 7% percent of salary (pensionable base) between 0 and 7.1G
- 25.1% percent of salary (pensionable base) between 7.1G and 12G (7% + 18.1%)
- For employees with an annual salary over 12G, a deposit amount equal to 15% of the difference between pensionable income and 12G is paid out through salary

Annual total compensation ratio

The total compensation ratio between the highest paid individual in Vår Energi and the median was 9.3 in 2023[1]. The ratio of the percentage increase was 3.5. The salary of the organisations highest paid individual increased by 9% from 2022 to 2023. The median percentage increase in annual total compensation for all employees was 3% in the same period.

Collective bargaining agreements

Workers' rights to organise and to take collective action are critical for supporting and improving working conditions, including conditions relating to occupational health and safety, wages, and job security. Vår Energi has established collective bargaining agreements with four unions. These agreements extend to the entire permanent employee base, except for selected management roles.

The collective agreements cover 85% of the permanent employees. The remaining 15% of employees operate under individual contracts, which are aligned with the principles of these collective agreements. All contractual details, including notice periods and provisions for consultation and negotiation, are explicitly defined within the collective agreements.

[1]The guidelines for remuneration of the Executive management (99,9% voted for the policy in the Annual General Meeting) is available on Vår Energi's website.

Ratio of base salary and remuneration of women to men

Employee involvement and engagement

Through Vår Energi's policy for employee participation, the Company has a duty to involve employees and make use of their collective knowledge and experience. The Company works to ensure that issues are thoroughly examined before making decisions which concern health, safety, environment, and other matters concerning the working situation.

Vår Energi strives for transparency in information flows between leaders and workforce, and maintain a variety of communication channels, including digital platforms and regular Town Hall meetings. Importantly, the Company prioritise involving trade unions and employee representatives in the decision-making process, particularly in the context of significant operational changes that may impact the employees. The notice period for changes depends on business needs and other characteristics of the change. The Company agreement refers to "Hovedavtalen", where it is stated that changes concerning employees should be consulted "as soon as possible".

A People Survey was conducted in 2023, with 76% response rate, providing insights from employees on the various aspects of the organisation, work practices, and the psychosocial work environment. improvement areas. The Net Promotor Score (NPS) result from the survey in 2023 was 37%, compared to 23% in 2022.

An NPS score ranges from -100 to 100, and any score value above 0 is considered a good score.

Local value creation

Vår Energi depends on its relationship with the local communities where it operates. Therefore, the Company engage in the communities where it has industrial activity to create local and regional ripple effects such as increased industrial activity, job creation and competence development.

The Company regards its positive economic impacts and employment effects from its activities on Norwegian society as a central part of its license to operate. The activities have significant positive effects on the local communities around the operations, not only through direct economic impacts, but also through the value created in the supply chain. The Company continuously strive to minimise potential negative impacts on local communities such as impacts on biodiversity and the health and safety of employees and contractors. No significant negative effects have been registered in the reporting period.

Whenever planning development of a new field or other major projects, Vår Energi analyse the potential impacts of the activities and who would be affected. A stakeholder management plan is developed as part of the work to identify and mitigate key issues related to projects and activities. This also include ripple effect studies in the development phase of projects over a certain size to better understand and manage the impacts of planned activities on value creation and job security. Such studies are also shared amongst key stakeholders.

One of the keys to achieving industrial ripple effects is Vår Energi's local presence, and contracts and procurement strategy, adapted to the regions' industrial structure. The Company chooses local suppliers wherever feasible. All operations are located in Norway. The Executive management group comprises six corporate executives, where four (~67%) are Norwegian citizens.

Vår Energi bought goods and services for USD 1.8 billion[1] in 2023, of which 97% could be linked to Norwegian purchases of goods and services, in line with the Company's stated goal to create local value around the Company's operations.

Direct and indirect social and economic impacts are evaluated through annual ripple effect analyses. In 2023, the independent research organisation Kunnskapsparken Bodø (KPB) conducted a mapping of the societal ripple effects of the oil and gas activity in Norway, with basis in the operatorship of the four fields, Balder, Marulk, Ringhorne and Goliat.

[1]Actual payments to suppliers in 2023

Engagement with local communities is an important foundation for supporting Vår Energi's activities. Through stakeholder engagement and dialogue, the Company strives to ensure close alignment with local authorities, supplier networks and other relevant entities. Vår Energi participate in relevant networks and venues for dialogue and information sharing, for example through membership and engagement in the Arctic Energy Partners (AEP) for the supplier industry in Northern Norway. The network has cooperation agreements with companies operating or developing operations in the northern part of the Norwegian Sea and the Barents Sea.

Vår Energi has commercial social investment projects in all local communities where it has industrial operations, focusing on:

- Using local suppliers as far as possible and facilitating opportunities for national suppliers establishing local presence, as well as industrial collaborations locally, especially in Northern Norway.
- Investing in educational projects and collaborations to increase awareness and competency, and thus securing future recruitment and industrial development.
- Supporting cultural and sport projects and institutions to increase communities' attractiveness for existing and potential new residents.

Economic Value Generated and Distributed

The Economic Value Generated and Distributed (EVG&D) provides a basic indication of how Vår Energi has created wealth for stakeholders. The economic value retained is calculated as the direct economic value generated less economic value distributed.

The direct economic value generated, or revenue, is calculated as net sales plus revenues from financial investments and sale of assets. In 2023, Vår Energi's revenues merely reflect sales of crude oil, gas and NGL sales.

Economic value distributed includes operating costs, employee wages and benefits, payments to providers of capital and to government, plus community investments. Operating costs comprise of total operating expenses reported in the 2023 financial statements less total salary expenses, as this is reported separately in the EVG&D calculation.

Employee wages and benefits include total salary expenses, pension cost and other personnel expenses. Social security tax is excluded from the component and included in taxes to government. Payments to providers of capital include dividends to shareholders plus interest payments made to providers of loan. Payments to government relates to income taxes paid by Vår Energi in 2023, including social security tax. Community investments refers to actual expenditures on social investment projects.

Vår Energi has calculated the Economic Value Retained (EVR) in 2023 to USD 1 461 million (USD 4 051 million in 2022). The percentage value distributed was 79% of the economic value generated, whereas the economic value retained equaled 21%.

[1]Operating costs from 2022 was revised in the EVGD analysis to reflect cash payments after GRI 201. Due to this, the economic value distributed in 2022 was revised from 7 092 to 5 777. The economic value retained was revised from 2 736 to 4 051.

USD million	2023	2022
Direct economic value generated		
Revenue	6 850	9 828
Total economic value generated	**6 850**	**9 828**
Economic value distributed		
Operating costs[1]	1 151	1 938
Employee wages and benefits	203	175
Payments to providers of capital		
Dividends paid	1 110	775
Interest payments	215	161
Payments to government and community investments		
Taxes to government	2 708	2 726
Community investments	2	2
Total economic value distributed	**5 388**	**5 777**
Economic value retained		
Direct economic value generated	6 850	9 828
Economic value distributed	**5 388**	**5 777**
Economic value retained	**1 461**	**4 051**

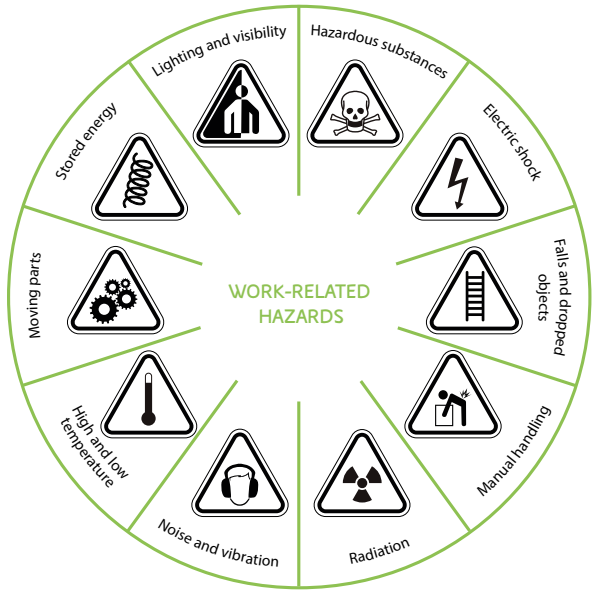
Economic value distributed, %	79%	59%
Economic value retained , %	21%	41%

Health, safety and security

Vår Energi's activities may involve a risk for work-related hazards with potential for high-consequence work-related injuries and illnesses. The risk for work-related hazards is based on incident statistics from the global petroleum industry and provides an overview of the high-consequence hazards related to the Company's operations.

A comprehensive occupational health and safety management system ensures that Vår Energi identifies, understands, mitigates, and manages occupational health and safety risks throughout its offshore and onshore activities. The management system is based on regulatory requirements, mainly the Petroleum Act and Working Environment Act including applicable regulations. In addition, the system follows international, national, and industry-specific standards. All employees and contractors working under Vår Energi's control are covered by and shall comply with the Company's occupational health and safety management system.

The Energy Wheel



Overview of high-consequence hazards related to Vår Energi's operations, based on incidents statistics from the global petroleum industry

Health and safety training

For Vår Energi to succeed in safety work, the personnel need a high level of risk awareness, and good knowledge about both risk factors and protective measures. All employees, supervisors, and line management are given sufficient and appropriate information and instructions about the nature of the working environment, safety risks, and possible preventive measures.

The results of risk assessments are made known to relevant personnel and line management. Written operational instructions are prepared for high-risk work tasks.

Worker participation

Vår Energi has a Safety Delegate Service in accordance with the Working Environment Act that safeguards the interests of workers in matters related to occupational health and safety. The safety delegates ensure that the working environment is properly maintained, and that work is performed in a manner that secures the health, safety, and welfare of all personnel working for the Company.

The Company has a Works Council and active Working Environment Committees where the employer, employees, and the occupational health service are represented. The committees participate in planning of health and safety work, review all reports related to occupational health and safety inspections and measurements, and closely monitor the development of the working environment.

Vår Energi has established and participates in different arenas to engage with stakeholders. Positive and negative impacts on occupational health and safety are addressed and discussed in contractor working environment committee and cooperation meetings with HSE and occupational health service personnel. Such discussions also take place in license meetings with partners.

Work health promotion

Norway has a public health care system that covers all inhabitants and foreign workers residing in Norway. The public system is supplemented by health care services provided by private clinics with or without reimbursement arrangements for patients. Vår Energi employees are covered by a health insurance plan allowing quick access to examination and/or certain kinds of treatment offered by private clinics, for both occupational and non-occupational medical conditions.

The Company cooperates with an occupational health service approved by the Norwegian Labour Inspection Authority to help monitor the working environment, propose improvements, and provide the professional competency needed to prevent unsafe conditions and work-related illness and injuries. In the event of possible occupational symptoms or illness, the employee has access to a specialist in occupational medicine. Employees can find contact information for the occupational health service in the employee handbook.

Vår Energi promotes a healthy workplace. Offshore and onshore locations offer, e.g., healthy food, indoor exercise facilities and company-sponsored outdoor leisure activities and cabin rentals.

Vår Energi is a member of the Norwegian Tripartite Committee for the Prevention of Alcohol and Drug Problems in the Workplace (AKAN). AKAN's main objective is prevention of and assistance in issues related to alcohol, drug, and gambling problems among employees.

Reporting of incidents, work-related injuries and ill health

Vår Energi has work processes, procedures, and clear expectations to ensure that identified unsafe conditions, near-misses and accidents are reported according to requirements in the Working Environment Act (WEA). The law also explicitly states that employees and contractors who file such reports are protected against retaliation. Health and safety incidents, including accidents, near-misses, and unsafe conditions, are registered, and followed up to investigate why the incident occurred and to identify measures to prevent recurrence. In the total statistics of Serious Incident Frequency (SIF) Vår Energi also include incidents with potential for personal injury. This gives the Company the opportunity to take precautionary actions to eliminate hazards and minimise risks.

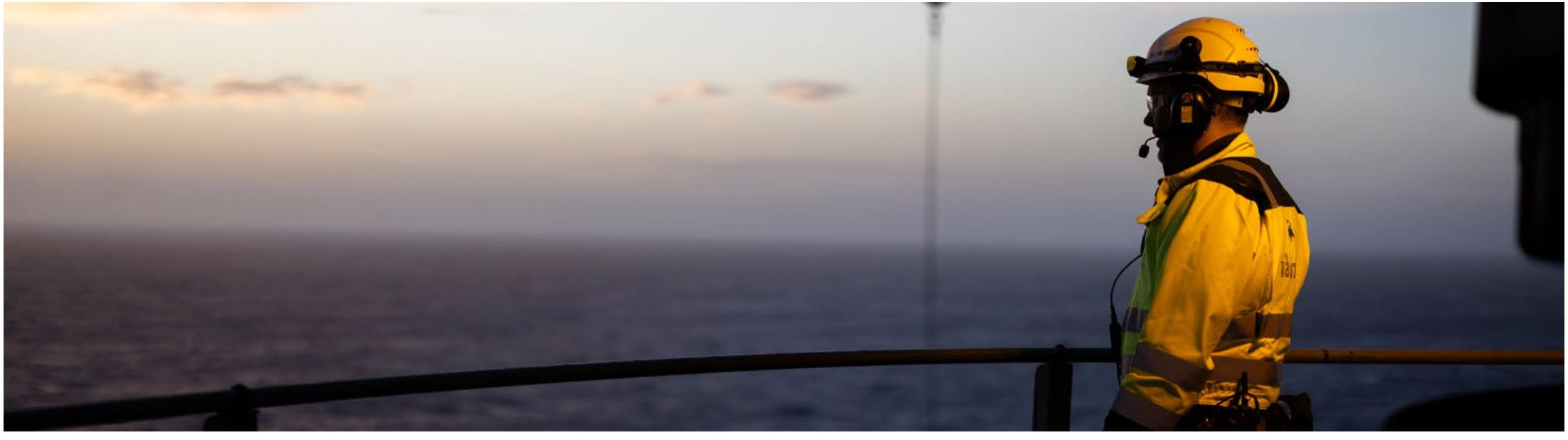
In 2023, Vår Energi reported no work-related injuries or ill health for employees. For workers who are not employees, the number of recordable work-related injuries was 3. In 2023, the SIF was 0.4 (1.0 in 2022) and the total recordable injury frequency (TRIF) was 1.9 (3.2 in 2022).

Work-related illness and exposure incidents

The main types of hazards that can cause work-related illness (WRI) in Vår Energi are noise and vibration, hazardous chemicals, ergonomics, and psychosocial issues. WRIs may occur as either acute, recurring, or chronic health problems. The Company has reasons to believe that WRI may be under-reported but is working systematically to ensure that all WRI is reported. The reasons WRI may be under-reported, includes:

1. WRI often has a long latency period and complex casual relationships. The work-related factor may then be underestimated or even forgotten when the diagnosis is established.
2. If the worker is diagnosed with WRI outside of the Company's occupational health service, other professional health care workers are not required to report this to the Company.
3. If theWRI is diagnosed after the employment period ends or upon retirement, it is unlikely that such information will be shared with the Company.

Statistics from SINTEF reveal that WRI represent a 7-8 times greater burden to individuals and society compared to work related injuries in Norway. To prevent WRI from occurring or developing, it is imperative to prevent health hazardous exposure (Exposure Incidents) in the workplace and thereby reduce the risk for WRI in a long-term perspective. Note that risk of work-related injury will end by retirement while risk of developing a WRI will accumulate and persist throughout lifetime.



On this background, Vår Energi has introduced reporting and classification of exposure incidents. Exposure incidents will be reported if a worker is exposed beyond the "safe" level in combinations with insufficient or lacking control measures. Exposure incidents are classified based on the inherent property of the exposure factors (the ability to create consequences) and classified into four severity levels:

1. Potential for reversible, non-fatal WRI
2. Potential for irreversible, non-life altering, non-fatal WRI
3. Potential for irreversible, life altering, non-fatal WRI
4. Potential for life shortening/life threatening WRI

When first introducing exposure incident registration and classification, under-reporting was expected. This is due to lack of knowledge and awareness among workers and supervisors. Increasing numbers of reported incidents indicate that the organisation has realised the importance of focusing on such events. This, in turn, may lead to prevention of incidents. The the current trend could be interpreted as a reflection of a real decrease of incidents. However, Vår Energi still sees the need for increased awareness to be able to conclude that reports reflect reality.

Work related injury 403-9	☑ 2023	2022	2021
Employees:			
Number of fatalities as a result of work-related injury	0	0	0
Rate of fatalities as a result of work-related injury	0	0	0
Number of high-consequence work-related injuries (excluding fatalities)	0	0	0
Rate of high-consequence work-related injuries (excluding fatalities)	0	0	0
Number of recordable work-related injuries	0	1	0
Rate of recordable work-related injuries	0	0.7	0
Main types of work-related injury	NA	Soft tissue injury (hand)	NA
Number of hours worked	1 618 579	1 518 859	1 518 305
Workers who are not employees:			
Number of fatalities as a result of work-related injury	0	0	0
Rate of fatalities as a result of work-related injury	0	0	0
Number of high-consequence work-related injuries (excluding fatalities)	0	0	0
Rate of high-consequence work-related injuries (excluding fatalities)	0	0	0
Number of recordable work-related injuries	3	3	5
Rate of recordable work-related injuries	1.5	1.7	2.0
Main types of work-related injury	Tooth, soft tissue, fracture	Chemical Inhalation injury	Soft tissue injury (hand)
Number of hours worked[1]	2 012 243	1 765 807	2 450 892

Work-related ill health 403-10	2023	2022	2021
Employees:			
Number of fatalities as a result of work-related ill health	0	0	0
Number of cases of recordable work-related ill health	0	1	1
Main types of work-related ill health.	NA	Muscle-skeletal disorder	Muscle-skeletal disorder
Workers who are not employees:			
Number of fatalities as a result of work-related ill health	0	0	0
Number of cases of recordable work-related ill health	0	0	0
Main types of work-related ill health.	NA	NA	NA

Company reporting	☑ 2023	2022	2021
Worked Hours[2]	10 868 008	10 123 795	8 930 351
Serious Incidents (SI)[3]	4	10	11*
Serious Incidents Frequency (SIF)	0.4	1.0	1.2*
Total Recordable Injury (TRI)[4]	21	32	29
Total Recordable Injury Frequency (TRIF)	1.9	3.2	3.2
Dropped Objects (DO)[5]	9	31	18
Dropped Objects Frequency (DOF)	0.8	3.1	2.0
Work Related Illness[6]	1	2	1
Exposure Incident (Number of health hazardous exposure)[7]	7	6	14
Number of personnel involved in Exposure Incidents	19	21	36

All frequencies are per 1 000 000 exposed hours.

[1] Includes manhours for:

a) Workers that are not employees but work at Company site where the contractor provides personnel and tools for the execution of the work under supervision, instruction, and management system of the Company.

b) Workers who perform work defined as petroleum activities on the Company's assets under contractor management system at contractor site, e.g., drilling rigs, floatel at the Company's request.

c) Onshore service agreement personnel not included.

[2] Includes manhours for:

a) Workers that are not employees but work at Company site where the contractor provides personnel and tools for the execution of the work under supervision, instruction, and management system of the Company.

b) Workers who perform work defined as petroleum activities on the Company's assets under contractor management system at contractor site, e.g., drilling rigs, floatel at the Company's request.

c) Complex and/or large contracts where contractor as a main rule performs all work under their own management system at Contractor site, e.g., EPCI activities (Engineering, Procurement, Construction, Installation).

[3] Serious Incidents: Accidents and near misses, excluding Exposure Incidents, WRI, unsafe conditions, material damage, loss of production, security and reputation. Incidents related to personnel injury is defined as Serious Incident if the following has occurred or has the potential to occur under slightly changed circumstances:

- Head injuries involving concussion, loss of consciousness or other serious consequences.
- Loss of consciousness due to other causes.
- Skeletal injuries and tendon injuries, with the exception of rupture or fracture of fingers or toes where the adjoining bones are not out of position (not dislocated fracture).
- Injury to internal organs.
- Full or partial amputation of body parts, with the exception of nails, or the tips of fingers or toes without simultaneous loss of bone substance.
- Poisoning or chemical exposure with danger of permanent health injury.
- Burns, frostbite or corrosive injury involving the full dermis (third degree) or partial dermal injuries (second degree) of the face, hands, feet or in the abdomen, as well as all partial dermal injuries affecting more than five per cent of the body.
- General hypothermia (second degree or higher).
- Permanent damage or delayed consequences of injury leading to defined medical disability, cf. the Directorate of Labour and Welfare's disability tables.
- Eye injuries leading to full or partial loss of sight.
- Ear injuries leading to full or partial loss of hearing.
- Injury with extensive loss of muscle mass or skin.

[4] TRI: Number of personal injuries except first aid, including fatalities, lost time injuries, substitute work, and other injuries requiring treatment by a medical professional. Lost time injuries defined as incidents resulting in fatalities, serious injuries and lost workday cases, but excluding restricted workday cases, medical treatment cases and first aid cases.

[5] Number of dropped objects above 40 joules. The potential kinetic energy of a dropped object is calculated using the following formula: m x h x 9.8(m/s2) = (Joules), where m=mass (kg), H= height (m).

[6] WRI: Acute, recurring or chronic health problems (e.g. hearing loss, asthma, allergies, skin diseases, musculoskeletal disorders, stress/burnouts, cancers) caused by - or aggravated by - work conditions such as for example noisy environments, hazardous chemicals, radiation, cold climate, ergonomic hazards, confined spaces etc.

[7] Exposure Incidents: Number of severity level 3 (irreversible non-fatal) and 4 (life threatening) health hazardous exposure (actual exposure to work-place hazard such as noise, hazardous compounds, radiation, cold climate, physical workload, if adequate control measures have not been implemented).

*Due to an update of the SI definition in 2023, the reporting of SI has changed for 2021 (from 12 to 11) and the reporting of SIF for 2021 (from 1.3 to 1.2), compared to previous years reporting. There were no changes in the reported numbers for 2022 due to the definition change.

Asset integrity and critical incident management

Asset integrity and critical incident management in Vår Energi deal with the prevention, risk mitigation and control of major accidents* throughout the life cycle of an asset. The Company operates in compliance with HSE Regulations stipulated by the Norwegian Ocean Industry Authority. The HSE Regulations are laid down pursuant to the Petroleum Act.

To prevent and mitigate the risk of major accidents and to establish, monitor and maintain barriers, Vår Energi applies an effective system for management of process safety, asset integrity and barriers integrated in the business management system. To manage critical incidents and reduce potential consequences for people, environment, assets, and reputation, the Company has a robust and efficient emergency preparedness and response system.

Vår Energi's emergency response organisation (ERO), on- and offshore, is dimensioned to handle critical incidents, emergencies and hazardous incidents with a risk-based approach in pursuance of relevant statutes, HSE Regulations, standards and industry best practices.

Engagement with stakeholders such as the Norwegian Ocean Industry Authority and license partners takes place through regular meetings and on demand.

*A major accident is defined by the Norwegian Ocean Industry Authority as an acute incident that immediately or subsequently entails multiple serious personal injuries and/or loss of human lives, serious harm to the environment and/or loss of major financial assets. Major accidents related to own operations include loss of control or containment of hydrocarbons, well blowout, explosions, fires, unplanned plant disruption and shutdown.

Process safety management

Process safety management entails proactive identification, assessment, prevention, and mitigation of risks that may cause a major accident or other incidents. Through the life cycle of an asset, the Company primarily manage and reduce such risks by implementing safe and robust technical, organisational, and operational solutions. Vår Energi's Process Safety Management System describes the managerial processes for

- process safety
- hazard and risk identification and assessment
- risk management
- verifications and accident management

Asset integrity management

A significant objective of Vår Energi's asset integrity management is to prevent and mitigate major accident risks by adopting robust management and technical standards, such as best practices in the design, operation, maintenance, and disposal of assets. This is done by ensuring that the business processes, systems, tools, competence, and resources needed to ensure design-, operational-, and technical integrity throughout the lifecycle of an asset are in place.

Activities to monitor the asset integrity performance are scheduled in an annual cycle.

Barrier management

Vår Energi's Barrier Management Framework is based on regulatory requirements and the Petroleum Safety Authority Norway's Barrier Memorandum (2017) and is embedded in the business management system and implemented in the daily work processes

Process safety events[1]

No Tier 1 and no Tier 2 process safety events were recorded in 2023. Tier 1 process safety events refer to incidents with the greatest consequence, while tier 2 are incidents with lower consequence.

[1]Process Safety Indicators (PSI), as described in API Recommended Practice 754 and defined in IOGP RP 456 Process safety, are retrospective and outcome-based indicators recorded in Vår Energi in accordance with the four-tier approach in the process safety indicator pyramid from API RP 754.

Governance

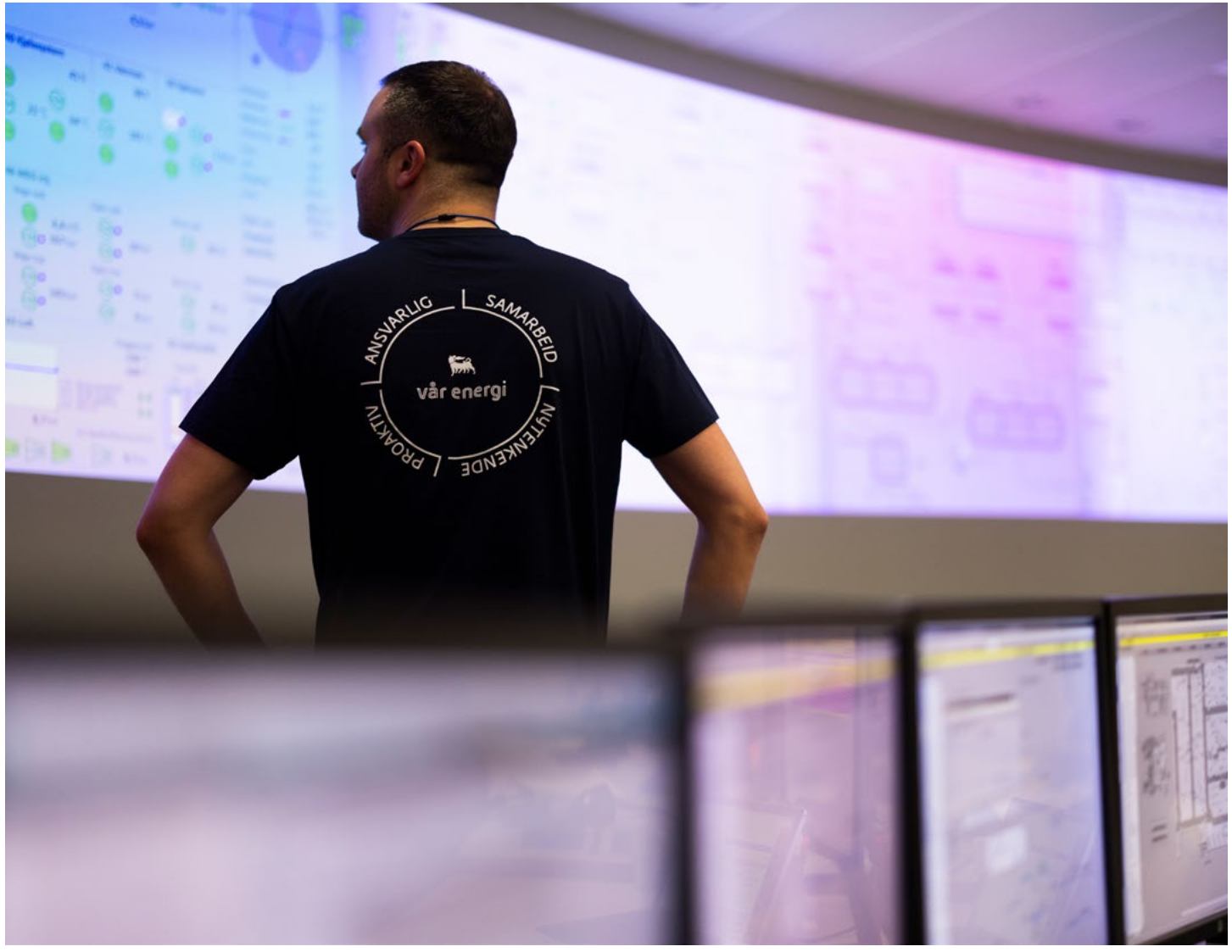
Good Corporate Governance builds trust. The way Vår Energi is governed affects the ability to achieve its objectives. Having transparent rules and controls, guiding leadership, and making sure everyone's interests - shareholders, directors, management, and employees are aligned makes good corporate governance.

The corporate governance framework

Vår Energi ASA is a public company listed on the Oslo Stock Exchange and is following the Norwegian Code of Practice for Corporate Governance from the Norwegian Corporate Governance Board (NUES).
The Company treats all shareholders equally, providing access to up-to-date, reliable and relevant information about its activities. Vår Energi is committed to providing information in an open, transparent, and timely manner to the shareholders and stakeholders. For further details see the Corporate Governance Report.

Ethical and responsible business conduct

Vår Energi ensures good corporate governance by following applicable law, including anti-corruption and competition laws, and promotion of ethical business conduct described in the Code of Ethics.



Governing bodies

The Board of Directors is independent of the Company's management and has the overall responsibility for managing and supervising Vår Energi's operations and business. The CEO is responsible for day-to-day management and presents important company matters such as strategy, goals, actions, and financial statements to the Board.

The Board authorises the CEO to act within certain bounds and has also given the CEO a standing Delegation of Authority to give mandate to the business line.

Governance

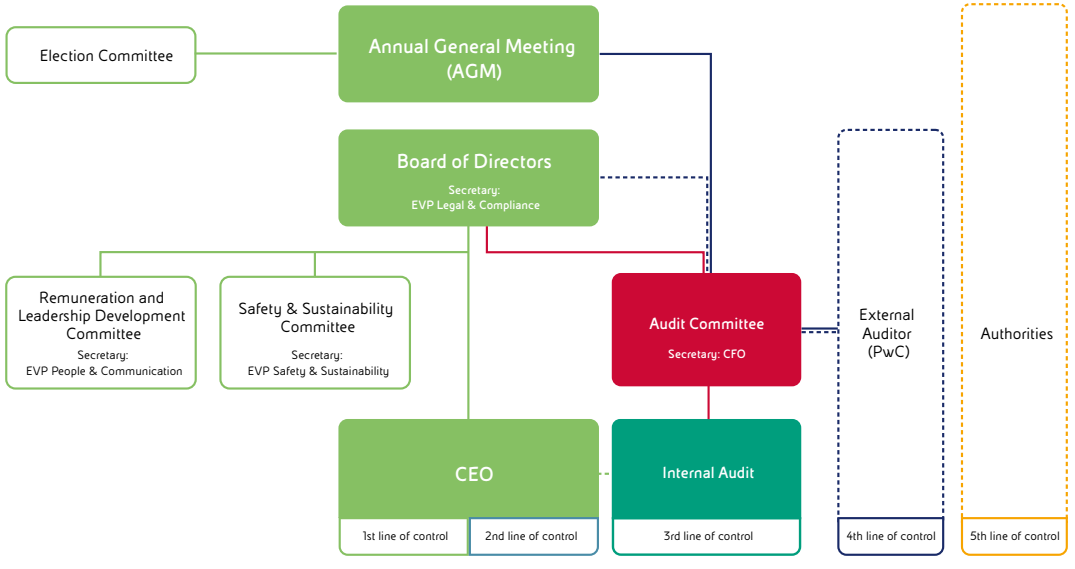
The Board and the Executive Committee review, monitor and discuss selected company matters. The Board has three sub-committees preparing materials for decisions:

- The Safety and Sustainability Committee, regarding safety and sustainability matters.
- The Remuneration and Leadership Development Committee, regarding remuneration of CEO and other members of the Executive management and other principal remuneration issues or strategic people processes.
- The Audit Committee, regarding financial reporting and the Company's internal control and risk management system.

The Election Committee is elected by the General Meeting and proposes candidates for members of the Board of Directors.

For more information on the Board and its committees, please see the Corporate Governance Report.

The Board has a high focus on the Company's governance, risk and compliance work. The Company's enterprise risk is presented to the Board twice a year. The Board also receives a compliance report twice a year, after it is first received by the Audit Committee. In addition, the Board is presented an overview of the rules and regulations for good board governance by external legal counsel.



Responsible business conduct

Vår Energi's Code of Ethics sets out the rules and standards that apply for all the Company's activities and business relationships and sets the foundation for the corporate culture. Using the UN Sustainable Development Goals as a framework, it constitutes a guide for decisions and actions that is consistent with Vår Energi's culture of responsibility, legality, transparency and long-term value creation for all stakeholders.

Through the Code of Ethics, Vår Energi is committed to respect and support all internationally recognised human rights and seeks to avoid complicity in human rights violations, in line with the Norwegian Human Rights Act, the Norwegian Transparency Act, the OECD Guidelines for Multinational Enterprises, the United Nations Guiding Principles on Business and Human Rights and the ILO Declaration on Fundamental Principles and Rights at Work. The commitments include applying the precautionary principle related to health and safety, and the environment, and carrying out due diligence on human rights and worker rights as described in the OECD Due Diligence Guidance for Responsible Business.

The Code of Ethics is approved by the Board of Directors and communicated to all Vår Energi's employees upon hiring. It is also disseminated when updates or changes occur, and reminders are provided through training and announcements to all employees. It is a requirement in all supplier agreements to follow the principles set out in the Code of Ethics.

Embedding policy commitments

The Governing Documentation hierarchy constitute the core of Vår Energi's Management System (VEMS). "We are Vår" is found on top of the pyramid, which outlines the core aspects of Vår Energi's identities, operations and values. On the next level is "Vår Fundamentals". At this level, Vår Energi's Code of Ethics, company policies and Governance, Risk and Compliance framework are found. Together they define the principles and general rules of conduct on which all activities must be based. Amendments to Code of Ethics and policies are approved by the Board of Directors.

The Company's governance principles are organised in the three lines of assurance model. The first line of assurance consists of leaders and operational staff. The second line of assurance provides overview, support and expertise to the first line, including risk management, compliance and other control functions. The third line of assurance is represented by the internal audit function. Internal audit provides independent assurance to the organisation by evaluating and improving the effectiveness of risk management, control and governance.

All tender processes include the obligation to vendors to acknowledge these documents, as part of the Company's standard:

- Vår Energi Code of Ethics
- Vår Energi Sustainability Policy
- Vår Energi Compliance Declaration Form

These are all available at Contractors and Suppliers - Vår Energi (varenergi.no).

Training courses have been held as deemed necessary, for instance after changes in processes or guidelines.

Mechanisms for seeking advice and raising concerns

In the Code of Ethics, Vår Energi encourages anyone that has questions or concerns to contact either their manager or the Compliance function. The Code also sets out the duty to report if someone is not applying, or is about to violate, any of the principles of the Code of Ethics.

Vår Energi has a reporting process for whistleblowing cases in accordance with the requirements of the Norwegian Working Environment Act (WEA). This process is available for both internal and external stakeholders via Vår Energi's web page and was prepared in cooperation with the work force representatives.. Vår Energi uses the externally provided and web-based tool WhistleB for managing whistleblowing cases. Grievances can also be reported here. WhistleB ensures anonymity unless the user decides to disclose their identity. The communication channel is encrypted, password protected and complies with the ISO 27001 IT security standard.

Whistleblowing cases are handled by the Whistleblowing committee (WBC) consisting of three senior employees. Only the WBC has access to reports from WhistleB. Concerns and grievances can also be raised to the relevant manager, the Legal & Compliance department or the Senior Vice President Internal Audit who is also the chairman of the WBC. It is also a requirement that the employer or the safety representative should be notified as soon as one becomes aware of harassment or discrimination in the workplace.

A reminder of the whistleblowing function was communicated to all employees in November 2023 to ensure that everyone working for Vår Energi is aware of what to do with and how to report any concerns they may have.

Six cases were reported through the whistleblowing channel during 2023. Five of the six cases were closed as per 31 December 2023, one remained open.

Processes to remediate negative impacts

All of Vår Energi's activities are carried out under Norwegian jurisdiction, with well-established state-based judicial and non-judicial grievance mechanisms. The procedures for handling grievances and concerns submitted by complainants to Vår Energi is described in the Responsible and sustainable enterprise framework.

The grievance mechanism process is in line with the internationally recognised principles of effectiveness and describes a set of activities to be carried out if Vår Energi receives concerns or grievances in relation to its activities.

Once the proposed resolution has been approved, the complainant will be notified of the resolution. If an agreement cannot be reached one may involve third parties to resolve the grievance/concern. This involvement may consist of, but not be limited to:

- Referring the matter to a review committee composed of representatives from Vår Energi and from the local community in equal measure.
- Referring the matter to an independent third party who assesses the complaint and proposes an impartial resolution that the parties will decide whether to accept or reject.

The Sustainability function is responsible for monitoring the grievance mechanism's degree of effectiveness by analysing, at least once a year, the following performance indicators:

- Participation: number of concerns and grievances received
- Resolution: Percentage of grievances resolved
- Occurrences: number of grievances by category (subject, geographical area, etc.) and trends

No grievances have been received in 2023.

Governance of sustainability impacts

The Board of Directors has a leadership and supervisory role in all sustainability matters. The Board has also established a Safety and Sustainability Committee (the Committee), a sub-committee to the Board of Directors. The Committee oversees and provides recommendations and advice to the Board of Directors on safety and sustainability issues aimed at ensuring commitment to sustainable development.

The Committee also monitors and reviews the Company's sustainability risks. The Committee meets as often as necessary to perform its duties, but normally at least twice a year. The Committee reports to the Board of Directors as deemed appropriate but at least once a year. During 2023, the Committee had 3 meetings. Safety, security and ESG performance and reporting, along with preparations for the upcoming Corporate Sustainability Reporting Directive has been reviewed and discussed. The Committee also reviewed and approved the Sustainability Report for 2022.

Overall responsibility for how the Company manages its impacts on the economy, environment and people is placed at the Executive Committee where the CEO has the ultimate responsibility. The corporate executives in Vår Energi's management group hold operational responsibility for managing sustainability impacts, where relevant issues are integrated in both strategic planning and the business planning process. These are subject to regular review by the Board of Directors.

Compliance with laws and regulations

Vår Energi received a resolution from the Norwegian Environment Agency that the Company must establish a measurement system for CO_2 emissions from turbines at Ringhorne in accordance with the requirements in EU's BAT 4. CO_2 emissions shall be reported in the annual reports as from 2024.

There have been no significant instances of non-compliance with laws and regulations, and no fines have been paid during the reporting period.

Anti-competitive behaviour

Vår Energi believes in business freedom and free competition in a fair and ethical manner. Violation of antitrust legislation could expose the Company to significant economic losses. The Code of Ethics addresses the obligation to comply with competition laws and protect competition in the market. The Company does not tolerate collusive practices with competitors and do not abuse market power. Vår Energi is committed to full and fair cooperation with Antitrust Authorities.

The Antitrust management system guideline contains further details regarding the Company's commitment to comply with competition laws. The principles and values in Vår Energi's Antitrust Compliance Program serve to guide the Company's behaviour in the markets in which it operates.

All of Vår Energi's employees must have knowledge of the content and the principles of the Antitrust Framework and ensure full compliance with it. To acquire adequate awareness of antitrust issues, all Vår Energi employees are required to participate in training events and targeted refresher courses.

There have been no legal actions pending or completed during the reporting period regarding anti-competitive behaviour and violations of anti-trust and monopoly legislation in which Vår Energi has been identified as a participant.

Anti-corruption

Violation of anti-corruption laws may incur considerable legal consequences, seriously damage a company's reputation and is linked with several negative impacts for society in general. While the impact of corruption could be high, Vår Energi only operates on the NCS, which reduces the risk of corruption considerably. The likelihood of a corruption risk materialising is thus considered low and with the mitigating measures in place, the Company is considered to be less exposed for corruption.

Risk assessment is carried out at least annually for all defined compliance areas, including anti-corruption. The risk assessment is done using the same format as for enterprise risk assessments and is performed in a workshop with the EVP Legal & Compliance, the VP Compliance and the Compliance Advisor. The corruption risk for the Company is evaluated, including risk factors and mitigating measures to reduce risk of corruption. No significant risks were identified through this, neither for corruption, nor any of the compliance areas.

One of the mitigating measures in place is the due diligence process of all new business partners. These are inspected through a dedicated IT tool where the companies, their directors, senior managers, and ultimate beneficial owners are all checked for sanctions, political exposure, fines, charges and/or adverse media related to corruption, fraud and human rights violations. Financial due diligence is also included. Please see section on Human Rights risk and impact assessment for more information. Stakeholder feedback on actions and their effects can be obtained through the general stakeholder dialogue. There is no separate stakeholder dialogue mechanism regarding anti-corruption specifically.

The Petroleum Act provides the overall principles applicable for operations on the NCS, and the legal framework for the licensing system, whereby petroleum activities such as exploration and production cannot be carried out unless a license has been awarded. One of the conditions for the award of a production license is that the licensees in each license enter into a standard agreement for petroleum activities. Such standard agreement stipulated by the Ministry of Energy consists of certain special provisions which set out e.g., the voting rules in the license, the standard Joint Operating Agreement (JOA) and a standard accounting agreement and is subject to confidentiality provisions. The standard JOA and accounting agreement, however, is publicly available on the website of the Ministry of Energy.

Eni International B.V. is a beneficial owner of Vår Energi with a 63.04% ownership. A list of the Company's largest shareholders is available under Shareholder information.

Anti-corruption disclosures	Region category	Number	%
Total number and percentage of Board of Directors (governance body members) that the Organisation's anticorruption policies and procedures have been communicated to, broken down by region.	Norway	7	100%
	Italy	5	100%
Total number and percentage of employees that the Organisation's anti-corruption policies and procedures have been communicated to, broken down by employee category.	Managers	131	100%
	Other employees	924	100%
Total number and percentage of business partners that the Organisation's anticorruption policies and procedures have been communicated to.[1]	Suppliers - Norway	442	88%
	Suppliers - Europe	44	9%
	Suppliers - USA	8	2%
	Suppliers - other	4	1%
Total number and percentage of Board of Directors (governance body members) that have received training on anti-corruption.	Norway	0 [2]	0%
	Italy	0 [2]	0%
Total number and percentage of employees that have received training on anticorruption.	Managers	54[3]	100%
	Other employees and contractors	600[3]	100%
Total number and nature of confirmed incidents of corruption.		0	0%
Total number of confirmed incidents in which employees were dismissed or disciplined for corruption.		0	0%
Total number of confirmed incidents when contracts with business partners were terminated or not renewed due to violations related to corruption.		0	0%
Public legal cases regarding corruption brought against the Organisation or its employees during the reporting period and the outcomes of such cases.		0	0%

[1] Reflect all suppliers the Company has issued new contracts, amendments or purchase orders with during 2023
[2] Bi-annual training, 100% completion in 2022
[3] Bi-annual training. Numbers reflect only individuals required to take the training in 2023

Anti-corruption training

During the financial year 2023, Vår Energi provided anti-corruption training to employees in terms of an established training plan. The training is mandatory and required every two years for all employees and contractors. Most employees and contractors and the Board received the training in 2022. Only new hires in 2023 and those returning from long-term leaves were due to do the training in 2023. Topics covered include definition of and types of corruption through different examples with interactive questions.

During the year, a new compliance training plan was established. The organisation is split into high and medium-low risk regarding different compliance areas, particularly regarding anti-corruption. The high-risk groups will receive training annually, whereas the rest of the organisation will receive training every other year.

Human rights and due diligence assessment

Vår Energi is committed to lawful and ethical business, and to respect fundamental human rights and decent working conditions associated with its operations, supply chains and business relationships. Vår Energi strive to implement an adequate and effective Human Rights Due Diligence Program that will facilitate the avoidance of and response to adverse impacts on human and labour rights in relation to its operations.

The Norwegian Transparency Act 2021 outlines that companies like Vår Energi are expected to perform human rights due diligence in line with the OECD Due Diligence Guidance for Responsible Business Conduct.

Statement according to the Transparency Act

Vår Energi has reported according to the Transparency Act, where all the required information is included in the BoD's report. Please see the Appendix: Transparency Act Report for an overview of where to find the relevant information.

Human rights risk and impact assessment

The fundamental element in the Human Rights Due Diligence Program is the risk and impact assessment. This approach enables Vår Energi's senior leaders to take holistic business decisions, and to incorporate effective mitigating measures and risk re-assessments. In this way, human rights risk can be regularly reported to management and the Board of Directors as part of the internal risk reporting process. The output of the exercise can also be used to document the already existing preventing or detecting controls at Vår Energi.

The starting point for the exercise is an overall context and stakeholder analysis, and an overall supply chain analysis, which is part of the scoping exercise to identify and assess actual and potential adverse impact associated with Vår Energi's operations, supply chains and business relationships.

Human rights impacts are influenced largely by the local human rights context and the nature of a project's specific activities. To be consistent with the regulatory frameworks applicable to Vår Energi, the full range of human rights impacts needs to be considered, including those caused or contributed to by the project, cumulative impacts, and those directly linked to the project, e.g. through business relationships.

Stakeholder analysis

Regular and meaningful engagement with affected communities and individuals, as well as with other relevant stakeholders, is a key component in ensuring the effective identification and management of human rights impacts.

Employees

Vår Energi's employees are covered in the section "People, organisation and working environment". Employees are regularly engaged with through town hall and department meetings.

Shareholders

Vår Energi's main shareholder, Eni International B.V., owned by Eni S.p.A., receives updates on work related to the Transparency Act in the Compliance Report issued to the Board of Directors twice a year.

Vår Energi's largest Norwegian shareholder, HitecVision, conducts meetings with management from Vår Energi twice a year on ESG topics, and since 2022 the status on Vår Energi's work on human rights and compliance with the Transparency Act has been on the agenda.

Government agencies and institutions

Vår Energi engages with the Ministry of Energy, the Norwegian Offshore Directorate, the Norwegian Ocean Industry Authority (Havtil), the Norwegian Environment Agency (NEA) and other governmental agencies.

Lenders, financial institutions and investors

Vår Energi only operates in Norway, which is an open, transparent and low-risk country with a well-regulated oil and gas industry with industry leading safety standards, fair working conditions and high ethical and governance frameworks. Questions regarding human rights are less frequent in meetings with these stakeholder groups.

Joint venture partner projects

In 2023, Vår Energi participated in Offshore Norge's initiative to develop a common set of guidelines for the Transparency Act. This collaboration involved other operators and joint venture (JV) partners in the industry. Under the framework of the Transparency Act, every JV partner is legally required to perform due diligence. However, JVs can align their due diligence processes with those conducted by the operator.
Operators, including Vår Energi, regularly update their JV partners about their work in human and labor rights and compliance with the Transparency Act. This is primarily done in the annual Partner Forum, but additional information can be requested as needed.

Vår Energi informed JV partners about the work with respect to the Transparency Act in a Partner Forum on 12 September 2023.

Supplier employees

Supplier employees are considered first line contracted personnel, such as yard or platform personnel, or employees in the supply chain.

Yard and platform personnel: These are employees working directly at sites like the Rosenberg Worley yard and on operated offshore facilities such as Balder, Ringhorne and Goliat. They are integrated with the day-to-day operations and maintenance of these facilities.

Employees in corporate offices: This category includes those working in roles such as canteen personnel, IT support, security, and cleaners. They are employed through business partners but work within Vår Energi's offices, contributing to the smooth running of the Company's administrative and support functions.
Supplier employees working in Vår Energi's facilities are part of the Company's interaction through town hall and applicable department meetings. Most supplier employees are also part of training plans and receive appropriate training and are part of applicable team buildings.

Sub-supplier personnel

The majority of sub-suppliers are actively engaged in projects for the Company's major suppliers. Positioned further down the supply chain, such personnel is often found at various specialised sites such as at manufacturing and production facilities, as well as at fabrication sites.

Sub-supplier employees working in Vår Energi's facilities are part of the Company's interaction through town hall meetings and department meetings as appropriate.

Customers

Vår Energi only has a few customers buying oil and gas from the Company. They are all well-known international companies in the oil and gas industry, and they are all based in Europe. Customers are thus not prioritised in the human rights risk and impact assessment.

Indigenous people

Protecting the rights of indigenous peoples is a part of the internationally recognised fundamental principles of human rights. As operator of the Goliat field in the Barents Sea, Vår Energi promotes the sustainable development, rights and expectations of the indigenous Sami people who depend on areas in the Finnmark area for their livelihood, culture and traditions. This is incorporated into the Company's processes and way of business.

Vår Energi has no operations in or near areas of indigenous people* and operate in accordance with Norwegian legislation, hence the Company considers the risk of infringing on indigenous peoples' rights to be low. Vår Energi has not been involved in processes of seeking free, prior and informed consent (FPIC) from indigenous peoples. There have been no incidents violating the rights of indigenous people during the reporting period.

*Indigenous land defined as the STN area. Definition of "near" (5 km) from SASB Oil and Gas Sustainability Reporting Standard

Other affected communities and individuals

All communities and individuals who are impacted by oil and gas projects, are human rights holders. Organisations or entities, such as States, trade unions or religious institutions, are not human rights holders, but may act in a representative capacity for individuals or groups who are human rights holders.

For project locations near fishing grounds, spawning grounds, breeding grounds etc. Vår Energi is generally expected to undergo a rigorous process of impact assessments and consultations with local communities, fisheries, and indigenous people before receiving a permit to operate. Establishing good communication lines between all parties will allow to account for local knowledge and planing time or area restrictions. The efforts to understand potential impacts early in the project (and in procurement processes) is a further step towards risk avoidance and effective mitigation. Affected communities and individuals should also be engaged regarding the scope and assessment methodology for human rights impacts.

See sections "Stakeholder engagement" and "Local value creation" for more information on Vår Energi's stakeholders.

Supply chain analysis

Vår Energi has a broad range of suppliers, most of them related to upstream operations and projects. The Company has registered around 200 suppliers out of which most are active suppliers in supply chains that in whole or in part operate in non-OECD countries. When considering new tenders for goods and services, Vår Energi conduct integrity due diligence assessments of new and existing suppliers, both under the Transparency Act and as part of the Company's regular compliance work. The Company also performs integrity due diligence of sub-suppliers as well as all other new business partners like customers, consultants, and joint venture partners.

Due diligence assessment

Various tools are used to identify and prioritise potential negative social impacts at key decision making milestones. The integrity due diligence tool identifies a broad range of crimes.

Where the integrity due diligence assessment shows a higher risk of human rights violations, qualification requirements are used to ensure that the supplier has sufficient technical and professional qualifications to safeguard human rights in the contract when this is possible. For new suppliers, Vår Energi ensures that contractual provisions are in place. This may include setting Key Performance Indicators (KPIs) to monitor compliance and performance. Additionally, it is essential that these suppliers demonstrate robust human rights procedures in place. The potential supplier must also complete a comprehensive questionnaire to review

sufficient safeguards in place.
Operators on the Norwegian continental shelf has a collaborative approach to responsible business conduct and has developed a human rights assessment service to perform and share human rights audits of suppliers in the energy sector. Vår Energi began using the service managed by Offshore Qualific, an Offshore Norge subsidiary, in 2022 and in 2023 completed two on-site audits of suppliers. Through the cooperation the Company also gets access to Human Rights audits of several other suppliers. Vår Energi has also been active in defining the service and scope of work in the coming years, for instance through increase in Norwegian companies to use for these types of audits. This is in line with the Company's local engagement program that focus on using local suppliers as far as possible.

Vår Energi puts a special emphasis on long-term strategic suppliers and those that are critical and that cannot be easily replaced in the overall supply chain risk assessment. The Company has focused its human rights audits through Offshore Qualific on Vår Energi's strategic suppliers, both in 2022 and in 2023.

In 2023, Vår Energi performed a total of 286 due diligence assessments. Seven potential business partners were assessed as high risk due to their financial performance, triggering mitigating measures. Four sub-suppliers were assessed as high risk due to being from a country with a higher risk of human and labour rights violations. One supplier was assessed as high risk for having an ultimate beneficial owner from one of these countries. For these, an extra security check was carried out and the supplier for the mentioned sub-suppliers had to complete the Human rights questionnaire mentioned above. The questionnaire, with supporting documentation, was received in January 2024 and gave no reasons for concerns. Seven business partners were assessed as high risk due to other issues.

Due diligence assessment		Value	Comment
New suppliers that were screened using social criteria	Percentage of new suppliers that were screened using social criteria.	100%	Vår Energi is screening all suppliers and sub-suppliers to new contracts for social criteria.
Negative social impacts in the supply chain and actions taken	Number of suppliers assessed for social impacts.	286	
	Number of suppliers identified as having significant actual and potential negative social impacts.	1	1 supplier of a total of 4 sub-suppliers from countries with a higher risk of human and labour rights violations. No actual negative social impact discovered, but potential
	Significant actual and potential negative social impacts identified in the supply chain.	0	No significant negative social impacts identified in the supply chain, but potential impacts are under review
	Percentage of suppliers identified as having significant actual and potential negative social impacts with which improvements were agreed upon as a result of assessment.	0	Assessments performed to date have not revealed any negative consequences requiring improvements
	Percentage of suppliers identified as having significant actual and potential negative social impacts with which relationships were terminated as a result of assessment, and why.	0	No significant risk identified
"Operations and suppliers at significant risk for incidents of forced or compulsory labour"	"Operations and suppliers considered to have significant risk for incidents of forced or compulsory labour"	1	1 supplier of a total of 4 sub-suppliers from countries with a higher risk of human and labour rights violations. No actual negative social impact discovered, but potential
	Measures taken by the Organisation in the reporting period intended to contribute to the elimination of all forms of forced or compulsory labour.	0	Assessments performed to date have not revealed any negative consequences requiring improvements

Tax and tax policy

Vår Energi's business gives significant contributions to the Norwegian tax revenue supporting economic and social development. Vår Energi is aware of the importance that these revenue flows represent for societal well-being, and as such adopts conduct in keeping with the principles of transparency, accuracy and good faith provided for by the Company's Code of Ethics.

An overview of the Norwegian petroleum taxation can be found at Vår Energi - Reports & Presentations (varenergi.no).

Vår Energi's tax strategy is approved by the Board of Directors. The primary goal of the tax strategy is compliance with tax law in a manner consistent not only with the letter, but also with the spirit of such laws.

Vår Energi intends to minimise its tax risk, and to this end provides for specific controls which aim to ensure the accuracy and punctuality of the payment of taxes, within the framework of a transparent and accurate compliance strategy which also aims to prevent any disputes. To this end, Vår Energi encourages preventive dialogue with the tax authorities, in compliance with the normative tools provided for this purpose.

Vår Energi does not operate using methods such as facilitating tax evasion by parties acting on its behalf.

Governance

The CFO is responsible for the Tax Control Framework and performing an annual review of the same. The results of this and the main topics characteristic of the effective application of the Tax Strategy are contained within the Annual Report sent to the Control and Risk Committee (which reports the results to the Board of Directors) and to the Audit Committee.

The department of Financial Reporting & Tax works in close contact with the business areas to ensure that potential tax risks are identified and suitably managed. The tax impacts of extraordinary transactions are analysed and approved by the appropriate organisational positions.

Control framework

Vår Energi has developed a Tax Control Framework within its internal control system with the goal of ensuring, with reasonably certainty, that its business is managed in accordance with the principles and ends laid out in these guidelines, reducing the risk of material violations to a remote level.

The adoption of the Tax Control Framework occurs through a structured process consisting of three phases:

- Tax Risk Assessment
- Identifying and assessing the controls to prevent these risks
- Reporting

The Tax Management System Guidelines set out the standards and methodologies for the design, implementation, and long-term maintenance of the Tax Control Framework.

Risk assessment

The Tax Risk Assessment consists of the entirety of the activities which aim to identify and assess the actions or events whose occurrence or absence could partially or fully compromise the goal of minimising tax risk.

Identification and assessment of the tax risk is performed at an "inherent" level, therefore not considering the existence and operational effectiveness of specific monitoring techniques which aim to eliminate the risk itself or to reduce it to an acceptable level (known as the residual risk).

The Tax Manager, with the support from the department of Financial Reporting & Tax, assesses the tax risk of the Company and processes and submits it to the CFO of Vår Energi for approval.

Monitoring

Monitoring consists of the regular assessment of the appropriateness and operational effectiveness of the controls and is performed using Line or Independent monitoring depending on the corporate party to whom the responsibility for its performance is assigned. Line monitoring is assigned to the management of the operational structures affected by the tax risks and is performed using the same methodologies and operational tools specified for the financial reporting control system.

The Independent monitoring is assigned to the Internal Audit department within the scope of the independent monitoring plan defined on an annual basis for the purposes of the financial reporting control system. There is no separate process to collect views and concerns from stakeholders on tax related matters. Concerns about Vår Energi's business conduct, including tax practices, can be raised through regular channels for raising concerns, or through the whistle-blowing mechanism.

Public policy

Vår Energi engages with industry associations, public authorities, and other stakeholders in relation to the development of various policy initiatives which may have an impact on the oil and gas industry. The Company promotes its views on issues of importance either through direct interaction with public authorities or through various industry associations.

Vår Energi is a member of Offshore Norge, which is an employer and industry organisation for companies with activities related to the Norwegian continental shelf. The Company participates in relevant committees and is represented on the board. Offshore Norway's views on relevant policy issues are publicly available at their website.

Some of the important topics for Vår Energi will be the continued stability of the fiscal framework and access to exploration acreage. In 2023, the Company developed a framework of topics which will be central to its stakeholder dialogue going forward:

Barents Sea area solution

Vår Energi has a long-term strategy to not only remain in the Barents Sea area, but also to strengthen its activity in the region. However, success depends on the development of adequate infrastructure, discoveries of additional resources and on society's openness to petroleum activity in the region.

Electrification

The petroleum sector accounts for 25% of Norway's GHG emissions, most stemming from gas turbines on the Norwegian continental shelf. It is important that these emissions are reduced. Electrification with renewable power from shore or offshore wind parks are a key element to this.

License to operate

Norway is characterised by long term stable framework conditions for the oil and gas industry. A major share of the political parties in parliament, supported by a majority of voters, are in favour of continued development of the oil and gas industry on the Norwegian continental shelf. To maintain public trust and uphold the current predictable regulatory principles, the Company constantly works to secure its license to operate by operating safely, creating value for society and all stakeholders and by engaging in dialogue, activities and processes which may impact the regulatory framework.

Recruitment

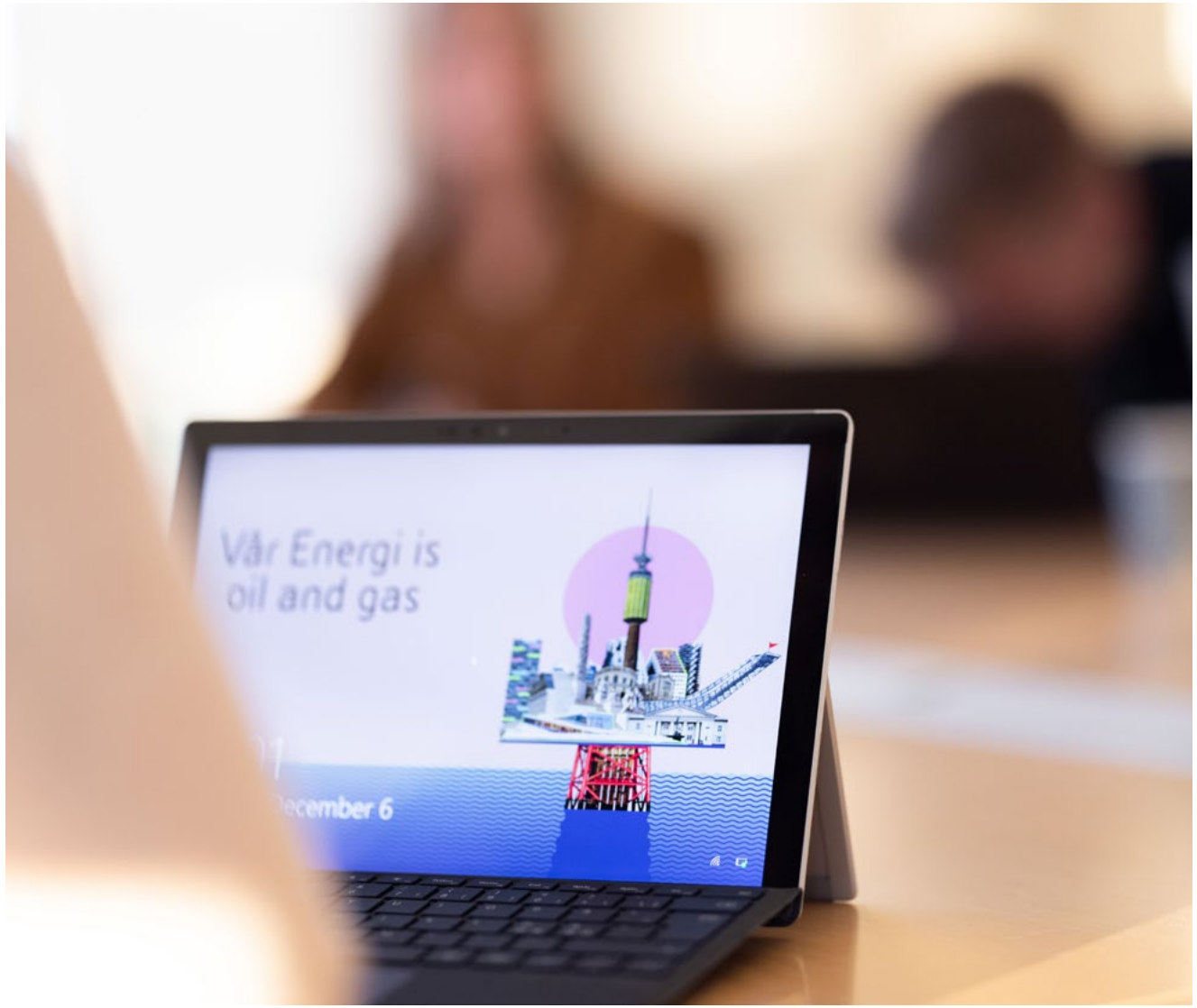
Recruiting individuals with diverse and relevant competencies, skills and perspectives is crucial for Vår Energi's business. To achieve this, the Company works to foster an inclusive workforce that supports diversity and underrepresented groups while prioritising resilient and relevant skills in the education system.

Political influence and lobbying activities

Vår Energi engages directly with elected political representatives in the Norwegian Parliament, including members of the Energy and Environment Committee as well as local politicians in matters which affects the Company's activities and operations. A range of topics, from framework conditions, access to exploration acreage, project developments, to social impact and educational collaboration at local level were included in the dialogue.

Data on public affairs and lobbying is gathered through a digital stakeholder management tool. Approximately one full-time equivalent was dedicated to public affairs and public policy development in 2023. Stakeholder feedback has not been used systematically to assess the effectiveness of the public policy management.

According to the Code of Ethics, Vår Energi may not make financial contributions to political parties. No such contributions took place in 2023.



R&D

Vår Energi's research and development (R&D) activities seek to provide advanced technical solutions to support Vår Energi's growth, operational excellence, and ambition to be the safest operator with leading ESG performance. The R&D strategy sets clear and coherent R&D goals that echoes the Company's commitment of always operating in line with the UN's 17 SDGs in all business activities.

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

- Safety and environmental protection
- Decarbonisation
- Successful exploration
- Operational excellence
- Maximise recovery

Vår Energi collaborates in several large-scale national projects, run by Norwegian Research Institutes, and jointly funded by other operators and the Research Council of Norway:

- Low Emission Centre, run by SINTEF, which develops concepts for offshore energy systems and integration with renewable power production technologies.
- Norwegian CCS Research Centre (NCCS), run by SINTEF, which seeks to develop cost-efficient carbon capture and storage (CCS), required to meet global climate targets while maintaining security of energy supply.
- DigiWells SFI: Digital Well Centre for Value Creation, Competitiveness and Minimum Environmental Footprint run by NORCE, which seeks to enable more efficient drilling with less emissions by developing new knowledge, methods and innovative solutions to improve the well delivery process through digitalisation, automation and autonomy.

Vår Energi is partner in development and qualification projects that encompass flow assurance, electrical Xmas trees, pump system, engines and topside compressors/turbines seal system, all with elements of emission reduction.

In 2023, Vår Energi's R&D invested across the full value chain in a balanced portfolio of projects directly aligned with the business needs and strategy. Some further examples from the new activities include; maturing knowledge in the hydrogen value chain; improved subsurface understanding; and developing new software solutions to optimise drilling operations with artificial intelligence and machine learning.

Impact, risk, and opportunity management

Risk and risk management

Vår Energi's financial and operating results are subject to a variety of risks inherent in the oil and gas business. Many of these risks are not within the Company's control and could adversely affect business activities, the financial and operating results, and/or the Company's financial condition.

The Company's enterprise risk management framework ensures effective management of risks and opportunities relevant to the business. Managing risks and opportunities is essential to the business planning to achieve Vår Energi's strategic objectives. Implementing appropriate measures to mitigate risk or capture opportunities is an integral part in Vår Energi's way of working. The framework promotes a bottom-up approach for managing risks arising from the business activities and a top-down approach to support and challenge.

The Board of Directors is responsible for risk management as part of providing strategic oversight and stewardship of the Company. This includes approving the Company strategy, annual budget and four-year business plan, evaluating risks to the delivery of the plan and agreeing financial and operational targets. Key strategic risks and opportunities are reviewed periodically by the Executive management and Board of Directors.

The risks described below may impact the Company's business activities, the financial and operating results, and/or the financial condition.

Operational risk

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

Major operational incidents could occur as drilling, production and decommissioning activities will never be completely risk-free. Further, there are risks related to the integrity of the Company's assets, the reported reserves and resources, the ability to expand reserves or find replacement reserves and with third-party contractors or operators, as a large share of the Company's assets are operated by others. The Company's risk management includes contingency plans to minimise the potential impact of operational incidents.

Costs of development projects or exploration efforts are also uncertain. As a result of these risks, the Company may incur costs that could adversely affect the Company's financial position or its reputation as a player on the Norwegian Continental Shelf.

Market risk

Vår Energi operates in the crude oil and natural gas market and fluctuations in hydrocarbon prices may therefore impact revenues, reserve estimates, profitability and the rate of growth. Commodity price risks represent the Company's most important market risk. Vår Energi uses commodity price hedging to manage this risk and secure cash flow from sale of crude oil and gas.

At the end of 2023, the Company had hedged approximately 100% of planned after-tax volumes of oil by use of monthly settled oil price put options with a strike price of USD 50 per barrel under an established hedging program covering 2024 production. To align after-tax cash flows and adjust for different tax treatment of financial derivatives and the underlying oil production, 28.2% of the planned production volume is hedged.

Vår Energi uses fixed price contracts for up to 30% of gas sales for down-side protection. Such fixed price transactions have been executed for the three first quarters of 2024, representing 25% of its gas production in the period.

Financial risk

The Company is exposed to market fluctuations in foreign exchange rates and interest rates. These fluctuations could impact the Company directly or indirectly as they may influence credit-institutions' and investors' desire to provide loans to, or invest in, the Company.

The Company considers its overall credit risk or financial risk of license partners to be low, and procedures are in place to assess credit risk and financial risks related to existing and new license partners and suppliers.

The Company is highly focused on active risk management through hedging, liquidity focus, and insurance.

The Company has insured its pro-rata liability on the NCS in line with the best industry practices and has offshore insurance programs covering the following risks (non-exhaustive):

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

Currency risk

Vår Energi is exposed to market fluctuations in foreign exchange rates, as the Company's expenses to a large degree is denominated in NOK, while the income, as well as the price of oil, predominantly is denominated in USD. The price and sale of gas is denominated in Euro. Exchange fluctuations may consequently have impact on the Company's cash flow and financial condition.

Interest rate risk

The Company's financing arrangements is a mix of fixed rate and floating interest rates. Vår Energi entered into an interest rate swap in May 2023. Under the swap, the Company receives a fixed amount equal to the coupon payment for the EUR Senior Notes and pays a floating rate to the swap providers. Hence, the Company is exposed to interest rate fluctuations.

Liquidity risk

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

External risk

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

Climate risk

Climate risk may be related to transitional risk and physical risk. Transitional risks relate to risks associated with transitioning to a low-carbon economy and may comprise of regulatory and legal risks, market risk, technological risk and reputational risk. Physical risks are the risks which arise from the physical effects of climate change and environmental degradation and may arise through changes in weather patterns, temperature increases and other physical effects of climate change.

Potential sustainability impacts are included in Vår Energi's procurement process and may have up to a 30% weight in the decision model. Assessment of potential climate and environmental impacts are included in all investment decisions.

Transitional risks

Regulatory and legal risks

Vår Energi's business and results of operations could be adversely affected by the adoption of new climate change laws, policies and regulations. Growing concerns about climate change and GHG emissions have led to the adoption of various regulations and policies and future global policy may further influence climate related action from the government.

Future changes in climate related regulations, such as increased CO_2 or other emissions related taxes, are likely to impact Vår Energi's financial results. Uncertainty exists related to development in actual quota prices going forward, and the timing of ramp-up of the total CO_2 costs towards 2030.

Another regulatory risk may be the implementation of new regulations to reduce or stop exploration activities and/or reduce tax relief on exploration activities on the NCS. There is also a risk that mature assets with higher emissions may not be granted extension of licence and will be decommissioned earlier than anticipated.

Regulations related to the availability of funding in the capital market and implementations of higher interest rates for companies in the oil and gas sector and/or with high production emissions may be identified as a regulatory risk.

Market risk

In context of the ongoing energy transition process,

the demand for oil and gas, and subsequently the price of oil and gas may decrease. If regulatory limiting or terminating the oil and gas production by 2030 or 2050 were to materialise, the industry could experience an overproduction with oversupply of the commodities in the years leading up to 2030/2050, resulting in a price collapse.

Vår Energi's financing arrangements consist mainly of fixed interest rates, but also some floating interest rates and the Company is therefore exposed to interest rate fluctuations.

Technological risk

New technology and sources of energy may reduce the demand for oil and gas, such as renewable energy, hydrogen, electrification, and batteries. Transitions into substitutional energy sources may have an impact on the financial results.

Reputational risk

Emissions from oil and gas activities and products contribute to climate change, and Vår Energi is continuously assessing the reputational risks of the Company in this context. From a general industry perspective, the climate related reputational risks associated with being in the oil and gas business could impact the Company in the form of negative media coverage, reduced

attractiveness as an employer, operator or business partner and/or increased cost of or access to capital. The reputational risk in this context is dependent on how the Company responds to the climate related issues within the industry.

Physical risks

Extreme weather events such as storms, extreme waves and heavy rain may affect own production and supply chain logistics, resulting in halting or shutdown of production. Installations may require improvement and investments to handle extreme weathers. It may also affect the assets in terms of reduced useful life and technical reserves.

Increased volatility in weather, sea-level rise and wave height are considered chronic physical risk factors that are climate related. These are all elements that would potentially affect the working conditions on the Company's producing offshore assets as well as the long-term integrity of the installations.

Geopolitical risk

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. These uncertainties may impact the predictability of market conditions, affecting both short-term decision-making and long-term strategic planning eventually impacting business performance.

The Russian assault on Ukraine, and the retaliation by the Western nations by implementing stringent sanctions against Russia, has prompted Russia to embrace bolder tactics and escalate its utilisation of hybrid warfare techniques. Sabotage of Nord Stream, numerous drone observations, and various incidents have heightened concerns about security. This has led to substantial enhancement of security measures and an escalation in the national security threat level. As a response, the Company cooperates closely with the relevant authorities and its partners within the oil and gas industry. Security measures has been put in place to protect personnel, installations, and operations.

Mitigating actions

Vår Energi is continuously assessing market trends with regards to financial impact and include sensitivity analysis (alternative price scenarios) in the process to evaluate the robustness of new projects.

Having set ambitious climate targets for the Company, Vår Energi is shifting focus towards operationalising already developed plans for achieving GHG reductions in line with the set goals. One way of achieving reduction of direct emissions is by electrification of assets with renewable power from shore or offshore renewable energy sources. The Company's strategy is that all future greenfield developments where Vår Energi is operator shall be electrified with power from shore or from offshore renewable sources. The Company is also exploring opportunities for further electrification from renewable sources of Vår Energi's existing fields to reduce GHG emissions.

Technological development is a key enabler with regards to mitigating climate risks and pursuing climate opportunities and plays a key part in Vår Energi's long term target to reach more than 50% emissions reduction (scope 1) by 2030.

Vår Energi's R&D activities seek to provide advanced technical solutions supporting the Company's ambitions of reducing environmental impacts and improving production efficiency.

Financial information

Financial review

Declaration regarding the financial statements

The Board of Directors believes that the financial statements provide a true and fair view of the Company's result for 2023 and the financial position at year end.

Profit and loss

Total income in 2023 was USD 6 850 million (-30%) compared to USD 9 828 million in 2022. Petroleum revenues in 2023 amounted to USD 6 816 million, down from USD 9 781 million in 2022. The decrease in petroleum revenues was mainly due to lower oil and gas prices realised in 2023. Total other operating income in 2023 was USD 33.8 million, compared to USD 47.1 million in 2022.

Total volumes sold was 74.5 mmboe, compared to 78.8 mmboe in 2022. Realised average price per boe amounted to USD 91.4 in 2023, a decrease from USD 124.1 in 2022.

Total 2023 production cost (sold volumes) was USD 1 138 million, compared to USD 1 143 million in 2022.

Exploration expenses in 2023 were USD 86 million, an increase from USD 72 million in 2022. The increase is mainly related to higher seismic and dry well expenses in 2023 compared to previous year.

Depreciation and amortisation amounted to USD 1 423 million in 2023, a decrease from USD 1 448 million in 2022. Impairment losses in 2023 amounted to USD 526 million, while in 2022, impairment losses and reversals amounted to USD 658 million. Impairment is recognised when the book value of an asset or a cash-generating unit (CGU) exceeds the recoverable amount. Impairment is correspondingly reversed if the conditions for the impairment are no longer present (except for Goodwill). The impairment losses in 2023 are related to the Balder CGU. Other operating expenses were USD 160 million in 2023, compared to USD 138 million in 2022.

Operating profit for 2023 was USD 3 517 million compared to an operating profit of USD 6 369 million in 2022.

2023 net financial expenses were USD 113 million, a decrease from USD 116 million in 2022. Vår Energi recognised a net foreign exchange loss of USD 47 million, compared to a loss of USD 397 million in 2022. The 2023 tax expense was USD 2 747 million, compared to a tax expense of USD 4 919 million in 2022.

Total profit in 2023 was USD 610 million compared to USD 936 million recorded in 2022.

Financial position

Total assets as at 31 December 2023 amounted to USD 19 289 million, compared with USD 18 797 million the previous year. Total non-current assets were USD 17 630 million, an increase from USD 17 077 million at end of 2022.

Net additions in tangible assets in 2023 amounted to USD 2 416 million and related mainly to the Company's investments in its development projects, production facilities and exploration activities. Total depreciation and impairment charges amounted to USD 1 949 million.

Total current assets decreased to USD 1 659 million from USD 1 720 million in 2022. The decrease was mainly caused by lower trade receivables, partly offset by an increase in cash and cash equivalents. .

The cash position at year end was USD 735 million, up from USD 445 million in 2022. In addition, at year end 2023 the Company had USD 3 000 million in undrawn credit facilities bringing total available liquidity to USD 3 735 million.

Total equity as at 31 December 2023 was USD 1 768 million, up from USD 1 482 million at end of 2022. This corresponds to an equity ratio of 9.2% compared to 7.9% the previous year. Included in the total equity is a hybrid capital of USD 799.

Total non-current liabilities at year end were USD 15 397 million compared to USD 14 007 million in 2022, mainly reflecting an increase in interest-bearing loans and borrowings and deferred tax liabilities. Total current liabilities were USD 2 124 million compared to USD 3 309 million in 2022, reflecting a decrease in taxes payable and current interest-bearing loans.

Total interest-bearing debt (including leasing) was USD 3 264 million at year-end 2023, an increase from USD 3 165 million in 2022. EBITDAX was USD 5 552 million in 2023 and free cash flow (FCF) amounted to USD 779 million. The leverage ratio (NIBD/EBITDAX) at year-end 2023 was 0.5x, up from 0.3x in 2022.

Cash flow

Cash flow from operating activities (CFFO) was USD 3 420 million (-40%) compared to USD 5 682 million in 2022. The decrease in operating cash flow was mainly related to decreased profit due to lower product prices. The difference between CFFO and operating profit is mainly explained by depreciation and amortisation in the period, impairment and tax payments.

Net cash used for investment activities was USD 2 668 million in 2023 compared to USD 2 663 million in 2022. Expenditures on property, plant and equipment was USD 2 528 million in 2023, stable from USD 2 516 million in 2022.

Net cash used in financing activities was USD 459 million in 2023, compared to net cash from financing of USD 2 903 million in 2022. The Company's cash position was USD 735 million at 31 December 2023 compared to USD 445 million previous year. In 2023 the Company issued EUR 600 million Senior Notes and EUR 750 million subordinate fixed rate reset securities (hybrid bonds). The majority of the hybrid bonds are treated as equity in the financial statement. More information can be found in note 2 and note 23.

Dividend

Vår Energi's material cash flow generation and Investment Grade balance sheet support attractive and resilient distributions. In 2023, the Company paid a total dividend of USD 1 110 million. The dividend was paid in quarterly instalments. In February 2024, Vår Energi declared a further dividend of USD 270 for the fourth quarter of 2023, which was distributed to shareholders on 27 February 2024.

Going concern statement

A key objective of the Company is to have sufficient liquidity to be able to finance its operations and investments in accordance with the Company's business plan and portfolio commitments. The Board of Directors confirms that the financial statements of the Company have been prepared under the going concern assumption in accordance with the Norwegian Accounting Act, section 3-3 a. The Board of Directors considers Vår Energi as well positioned to continue its operations, based on the current balance sheet, production and cash flow forecasts and projected investments and expenses.

Accounting standards

The accounting policies used in the IFRS Financial Statements for 2023 are consistent with those used in the 2022 Financial Statements.

EU Taxonomy

Vår Energi has prepared reporting required under the EU Taxonomy Regulation, approved by the EEA Joint Committee and implemented into Norwegian law.

The EU Taxonomy analysis and results are provided in the Appendix.

Internal control and audit

Vår Energi has established internal control functions to prevent errors and frauds related to financial reporting. The internal controls are periodically assessed and modified to comply with changes in the organisation and business activities. A compliance function has been established to monitor internal controls with respect to compliance with internal guidelines and external laws and regulations. Any material deviations from the established internal control design will be reported to theExecutive Committee, the Safety and Sustainability Committee, the Audit Committee and the Board of Directors.

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

Information about shareholder matters

The shares of Vår Energi ASA are freely transferable. There are two classes of shares in the Company, A and B shares, where B class shares have certain appointment rights in relation to the Board of Directors. Except for this, all shares carry equal rights. The Company emphasises equal treatment of its shareholders.

Vår Energi has a share saving program for its employees. The shares are purchased quarterly by DNB after the Company has placed a purchase order. DNB buys shares in the open stock market and allocates these to employees included in the program quarterly.

Agreements covering the debt financing of the Company, including both bank financing and Senior Notes issued, contain standard clauses regarding change of control, which would allow lenders or holders of notes to request repayment if certain restrictions are met.

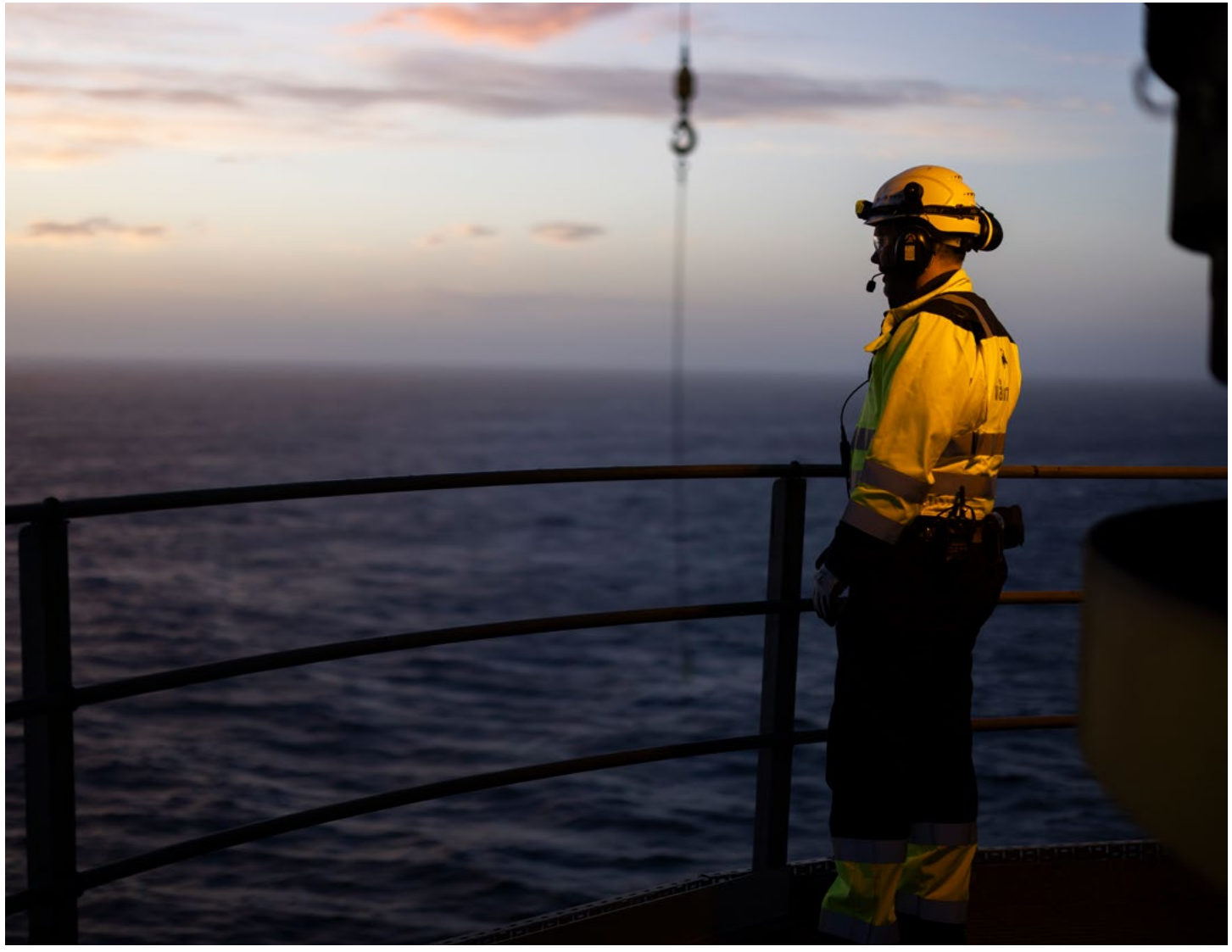
For more detail on share capital and shareholders see the Corporate Governance Report, Shareholder information or note 22 in the financial statement.

Director and Officer's Liability Insurance

Vår Energi has implemented a Directors and Officers insurance scheme for the Board of Directors and key managers. The insurance covers personal legal liabilities including defence and legal costs.

Reporting of payments to governments

Vår Energi has prepared a report on government payments in accordance with the Norwegian Accounting Act § 3-3 d) and the Norwegian Securities Trading Act § 5-5a. It states that companies engaged in activities within the extractive industries shall annually prepare and publish a report containing information about their payments to governments at country and project level. The report is provided in a separate section in the annual report and on the Company's website.



Events after the reporting period

On 31 January 2024 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 transaction with Neptune Energy Norge AS will be recorded as a Business Combination and was completed on 31 January 2024. Vår Energi has decided to use 1 January 2024 as the transaction date for accounting purposes. The cash consideration of USD 2 275 million was financed through available liquidity and credit facilities. The net cash consideration paid upon completion less cash available in Neptune Energy Norge was approximately USD 1 200 million.

On 16 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's 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%[1] 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.

The Company refers to note 34 in the Financial Statements for further subsequent events.

[1]Does not include Neptune Energy Norge share of gas production

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 has guided 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 raitings is a priority for Vår Energi. As such, the Company targets a NIBD/EBITDAX of below 1.3x through the cycle.

Sandnes, 15 March 2024
The Board of Directors of Vår Energi ASA
Signed electronically

Thorhild Widvey
Chair

Liv Monica Bargem Stubholt
Deputy Chair

Francesco Gattei
Director

Guido Brusco
Director

Clara Andreoletti
Director

Marica Calabrese
Director

Fabio Ignazio Romeo
Director

Ove Gusevik
Director

Martha Skjæveland
Director, employee elected representative

Hege Susanne Blåsternes
Director, employee elected representative

Bjørn Nysted
Director, employee elected representative

Jan Inge Nesheim
Director, employee elected representative

Nicholas John Robert Walker
Chief Executive Officer

Governance

Corporate governance report

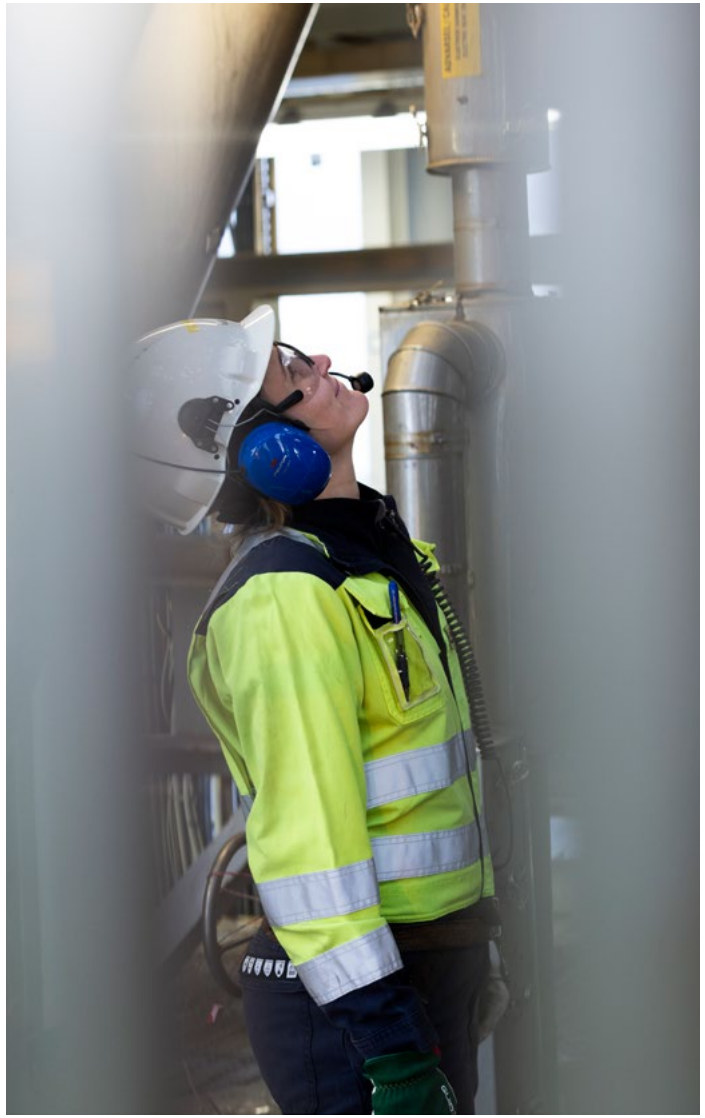
Vår Energi is committed to provide information in an open, transparent, and timely manner to its shareholders and stakeholders. On 16 February 2022, the Company was listed on Oslo Børs (Oslo Stock Exchange - OSE). As of 31 December 2023, Eni International B.V. and Springpoint Holding II AS were the Company's two largest shareholders with 63.04% and 13.15%, respectively.

1. Implementation and reporting on corporate governance

The Board of Directors has approved a "The Corporate Governance Policy" (the CG Policy) which is based on the Corporate Governance Code issued by the Norwegian Corporate Governance Board (www.nues.no). The CG Policy addresses the framework of guidelines and principles regulating the interaction between the Company's shareholders, the Board of Directors, the CEO and the Company's Executive Committee. The CG Policy supplements the Company's Code of Ethics and other Policies and Management System Guidelines (MSGs).

The Board provides a report on the Company's corporate governance practices in the annual report which addresses each individual section of the Corporate Governance Code based on the "comply or explain" principle should the Company's practices differ from the recommendation of the code. As of 31 December 2023, the Company deviated from section five of the Corporate Governance Code:

"The Company has two share classes with deviating voting rights in respect of Board elections, whereby the holder of the Class B shares shall be entitled to appoint four of the shareholder-elected directors to the Board of Directors. There are no specific measures in place regulating the exercise of the influence which follows from holding a majority of the shares in the Company."



2. The business

Vår Energi is a leading independent upstream oil and gas company. The Company's business is as defined by article 3 in the Articles of Association, last updated 4 May 2023.

"The business of the Company is exploration for and production and sale of oil and gas and other business in connection therewith. The business of the Company may be operated through participation in other companies."

The Board of Directors has established objectives, strategies, and risk profile for Vår Energi's activities within the scope of the definition of its business, to create value for its shareholders in a sustainable manner, also considering economic, social and environmental factors. The Company's objectives, strategies and risk profile are subject to annual review by the Board. The Company's objectives, principal strategies and corporate responsibility framework are further described in this report, and also available at www.varenergi.no.

3. Equity and dividends

Equity and capital structure

As at 31 December 2023, the Company's equity was USD 1 768 million, which is equivalent to 9% of total assets. The Board of Directors considered the capital structure at year end to be satisfactory in relation to the Company's objectives, strategy, and risk profile.

Dividend policy

The Company is committed to maintain a satisfactory equity ratio according to the Company's goals, strategy and risk profile, and to create long-term value for its shareholders. The dividends will be contingent on the Company's financial position and the business outlook.

The annual general meeting (AGM) on 4 May 2023 authorised the Board to resolve and declare dividends during 2023 based on the Company's annual financial statements for 2022. The authorisation is valid until the Company's annual general meeting in 2024.

For the financial year 2023, the Company distributed a total of USD 1 080 million in dividends, of which USD 810 was paid during the year, and USD 270 million were distributed in February 2024. The dividends were paid quarterly in line with policy. The dividends were paid in NOK per share, totalling approximately NOK 4.56 per share for the year.

Board authorisations

As of 31 December 2023, the Board held the following authorisations granted at the annual general meeting on 4 May 2023.

- An authorisation for the Board to resolve and declare dividends based on the Company's annual financial statements for 2022. The authorisation is valid until the Company's annual general meeting in 2024.
- An authorisation for the Board to increase the share capital with up to NOK 39 942 500 through issuance of ordinary shares.
- An authorisation to acquire shares in the Company (treasury shares) for an aggregate nominal value of up to NOK 19 971 250, for use for investment purposes, for the purpose of sale and/or transfer to employees in the Company or for the purpose of utilising the Company's shares as transaction currency in acquisitions, mergers, demergers or other transactions. When acquiring treasury shares the consideration per share may not be less than NOK 1 and may not exceed NOK 200. The authorisation is valid until the AGM in 2024, but at the latest expires on 30 June 2024.

4. Equal treatment of shareholders

Pre-emption rights to subscribe

According to the Norwegian Public Limited Liability Companies Act, the Company's shareholders have pre-emption rights in share offerings against cash contribution. Such pre-emption rights may, however, be set aside, either by the General Meeting or by the Board of Directors if the General Meeting has granted a board authorisation which allows for this. Any resolution to set aside pre-emption rights will be justified by the common interests of the Company and the shareholders, and such justification will be publicly disclosed through a stock exchange notice from the Company. There were no such resolutions in 2023.

Trading in own shares

In the event of a share buy-back programme, the Board of Directors will aim to ensure that all transactions pursuant to such programme will be carried out either through the trading system or at prevailing prices at Oslo Børs. In the event of such programme, the Board of Directors will take the Company's and shareholders' interests into consideration and aim to maintain transparency and equal treatment of all shareholders. If there is limited liquidity in the Company's shares, the Company shall consider other ways to ensure equal treatment of all shareholders. All shares acquired by Vår Energi during 2023 were acquired through the trading system at Oslo Børs.

5. Shares and negotiability

There are two classes of shares in the Company, where one class (the B shares) has certain appointment rights in relation to the Board, save for this all shares carry equal rights. The Company emphasises equal treatment of its shareholders.

The ordinary shares of the Company are freely transferable on Oslo Børs. The class B shares are not transferable as specified in article 8 of the Articles of Association.

6. General meetings

All shareholders have the right to participate in the general meetings of the Company, which exercise the highest authority of the Company. The AGM shall normally be held before 31 May each year. The 2023 AGM was held on 4 May.

The full notice for general meetings shall be sent to shareholders no later than 21 calendar days prior to the meeting and shall provide the shareholders with sufficient details to assess all the cases to be considered as well as the relevant information regarding procedures of attendance and voting. The notice and related documents may be sent to or made available for the shareholders by electronic communication, to the extent allowed in the Company's Articles of Association.

Notices for general meetings shall provide information on the procedures shareholders shall observe in order to participate in and vote at the general meeting. The notices set out: (i) the procedure for representation at the meeting through a proxy, including a form to appoint a proxy, and (ii) the right for shareholders to propose resolutions in respect of matters to be dealt with by the general meeting.

The cut-off for confirmation of attendance is set as short as practically possible and the Board will arrange matters so that shareholders who are unable to attend in person, will be able to vote by proxy. A form of proxy will be distributed with the notice.

7. Election committee

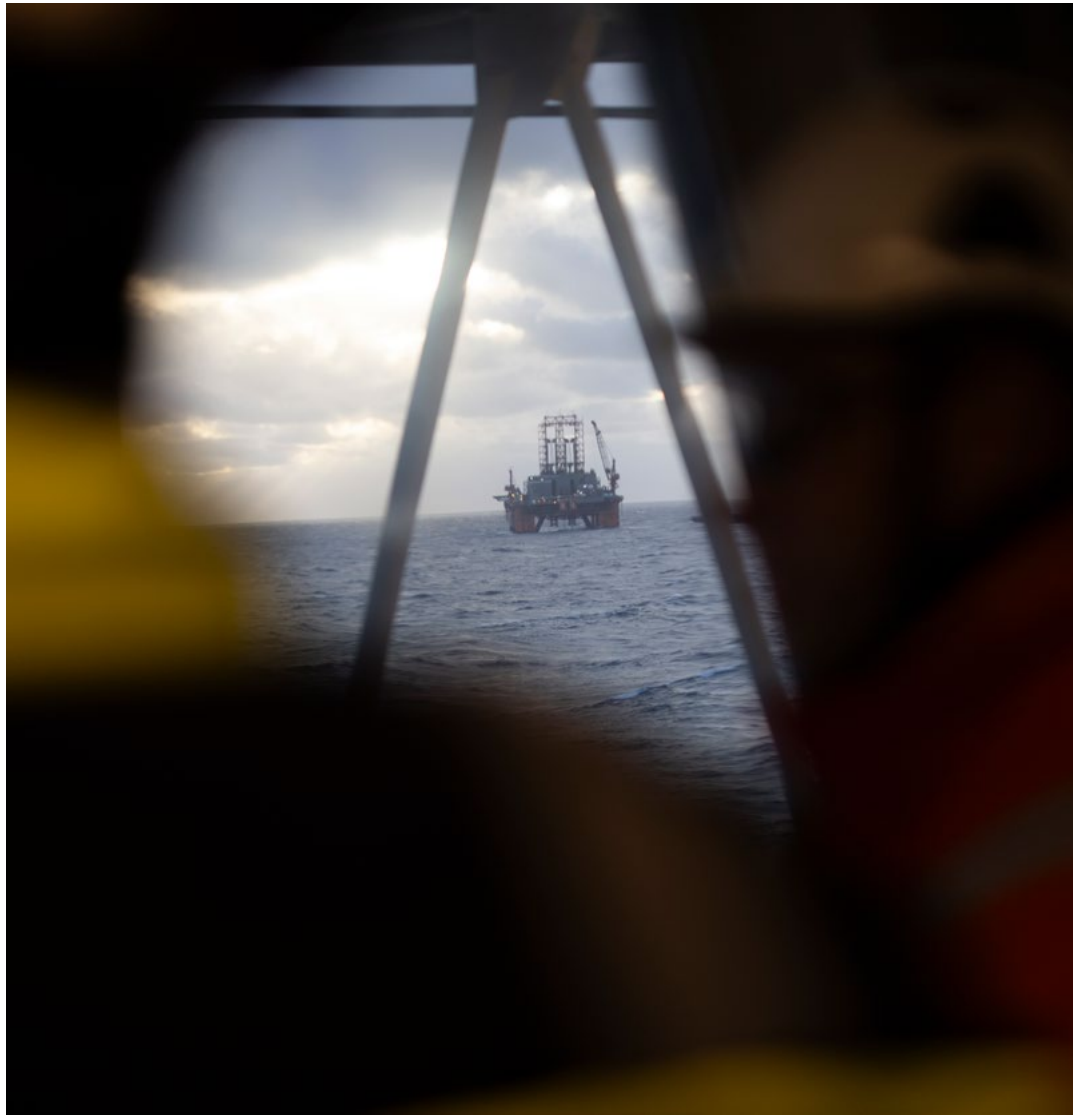
The Company has an election committee as set out in the Articles of Association. The extraordinary general meeting on 26 January 2022 appointed the following two members to the election committee with a term until the Company's AGM in 2024: Philip Duncan Hemmens (Chair) and Lars Christian Bacher.

The committee members were appointed considering the interests of shareholders in general. Both are considered independent of the Executive Committee and the Board.

The instructions for the election committee were issued in 2022 and approved by the Company's general meeting. The committee's main task is to propose to the general meeting (i) candidates to be elected as members of the board other than the members of the board to be elected by the Class B shares, (ii) candidates to be elected as members of the election committee, and (iii) remuneration of the members of the board and the election committee.

Each proposal is justified on an individual basis. All shareholders are entitled to nominate candidates to the Board of Directors, and information on how to propose candidates can be found by contacting ir@varenergi.no.

There have been 4 meetings in the election committee in 2023.



8. The Board of Directors – composition and independence

Pursuant to article six of the Company's articles of association, the Board has eight members elected by the shareholders at a general meeting, in addition to any employee representatives. Board members shall be elected for periods not exceeding two years at a time, with the possibility of re-election.

On 31 December 2023, the Board of Directors comprised of 12 members, of which four were shareholder elected, four were appointed by the holder of class B shares and four were elected by and among the employees. The Company does not have a corporate assembly.

The Chair of the Board was appointed from among the independent directors.

Name	Role	Considered independent of main shareholders	Served since	Term expires	Participation Board meetings 2023	Shares in Vår Energi (direct/indirect) at 31.12.2023
Thorhild Widvey	Chair	Yes	26.01.22	AGM 2024	100%	62 142
Liv Monica Bargem Stubholt	Deputy chair	Yes	26.01.22	AGM 2024	91%	41 785
Francesco Gattei	Member	No[2]	26.01.22	AGM 2024	100%	0
Guido Brusco	Member	No[2]	26.01.22	AGM 2024	64%	0
Clara Andreoletti	Member	No[2]	26.01.22	AGM 2024	100%	0
Marica Calabrese	Member	No[2]	26.01.22	AGM 2024	100%	0
Ove Gusevik	Member	No[1]	26.01.22	AGM 2024	100%	0
Fabio Ignazio Romeo	Member	Yes	26.01.22	AGM 2024	91%	0
Jan Inge Nesheim	Employee rep.[3]		26.03.20	AGM 2024	73%	34 407
Martha Skjæveland	Employee rep.[3]		04.05.22	AGM 2024	73%	12 874
Bjørn Nysted	Employee rep.[3]		04.05.22	AGM 2024	100%	23 270
Hege Susanne Blåsternes	Employee rep.[3]		04.05.22	AGM 2024	100%	17 227

1. Affiliated with second largest shareholder Springpoint Holding II AS
2. Affiliated with the largest shareholder Eni International B.V.
3. Elected by and among employees

All the shareholder elected members of the Board of Directors are considered independent of the Company's Executive management and material business contacts.

The Board has the necessary competence to act independently and function well as a team. Information on the expertise of the members of the Board of Directors is included in this annual report and on the website. The Board considers its composition to be diverse and represents required competencies and capacities including financial and industrial experience. Board members are encouraged to own shares in the Company.

9. The work of the Board of Directors

The Board of Directors is responsible for the overall management of the Company and shall supervise the Company's day-to-day management and the Company's activities in general.

Responsibility of the Board of Directors

The Board prepares an annual plan for its work with special emphasis on goals and strategy. The Board's primary responsibilities shall be (i) participating in the development and approval of the Company's strategy, (ii) performing necessary control functions and (iii) acting as an advisory body for the Executive management team. Its duties are not static, and the focus will depend on the Company's ongoing needs. The Board is also responsible for ensuring that the operation of the Company is compliant with the Company's values and ethical guidelines. The chair of the Board is responsible for ensuring that the Board's work is performed in an effective and correct manner.

The Board ensures that the Company has proper management with internal distribution of responsibilities and duties. A division of work has been established between the Board and the Executive management team. The CEO is responsible for the Executive management of the Company.

All members of the Board receive regular information about the Company's operational and financial development. The Company's strategies are subject to regular review and evaluation by the Board. The Board shall prepare an annual evaluation of its work. In 2023, the Board conducted a total of 11 Board meetings. Reference is further made to the Rules of Procedures for the Board of Directors of Vår Energi ASA.

Transactions with related parties

Any transactions, agreements or arrangements between the Group and the Company's shareholders, members of the Board, members of the Executive management team or close associates of any such parties may only be entered into as part of the ordinary course of business and on arm's length market terms. All such transactions shall, where relevant, comply with the procedures set out in the Norwegian Public Limited Liability Companies Act and the Corporate Governance Code. Note [30] of the Company's financial statements provides further information about transactions with related parties in accordance with applicable accounting principles.

Board members shall immediately notify the Board and members of the Executive management team shall immediately notify the CEO (who, where relevant, will notify the Board) if they have any material direct or indirect interest in any transaction to be entered into by the Group.

The Board of Directors' consideration of material matters in which the chair of the Board is, or has been, personally involved, shall be chaired by some other member of the Board. There were no such cases in 2023.

Sub-committees of the Board of Directors

Audit committee

The Board has established an Audit Committee in accordance with the rules of the Norwegian Public Limited Liability Companies Act and the listing rules of the Oslo Stock Exchange (OSE). The Board has issued instructions to the Audit Committee, last updated 15 February 2022.

As of 31 December 2023, the Audit Committee comprised of Liv Monica Bargem Stubholt (Chair), Francesco Gattei, Ove Gusevik and Bjørn Nysted. A majority of the members are independent of the Company's Executive management, and at least one member has qualifications within accounting or auditing.

The audit committee's objective is to act as a preparatory body in connection with the Board's supervisory roles with respect to audit, financial

reporting and the effectiveness of the Company's internal control and risk management system, as well as other tasks assigned to the committee in accordance with the provisions set forth in the audit committee instructions.

The Committee supports the Board in the administration and exercise of its responsibility for supervision in accordance with applicable provisions of the Norwegian Public Limited Liability Companies Act and other relevant legislation.

In 2023, the Audit Committee conducted a total of seven meetings with 100% participation.

Remuneration and Leadership Development committee

The Board has established a Remuneration and Leadership Development Committee. The committee reviews and recommends to the Board the remuneration policy for the Company's Executive management, and provides general advice related to compensation.

As at 31 December 2023, the Committee comprised of Thorhild Widvey (Chair), Guido Brusco and Martha Skjæveland.

In 2023, the Committee conducted a total of five meetings with 100% participation.

Safety & Sustainability committee

The Board has also established a Safety & Sustainability committee to assist the Board in reviewing the performance of the Company within safety and sustainability.

As of 31 December 2023, the Safety & Sustainability Committee comprised of Marica Calabrese (Chair), Fabio Ignazio Romeo, Jan Inge Nesheim and Hege Susanne Blåsternes.

In 2023, the Safety & Sustainability Committee conducted a total of three meetings with 92% participation.

The Board's evaluation of its own work

The Board of Directors conducts an annual assessment of its performance and expertise, which is shared with the Election committee.

10. Risk management and internal control

The Board shall ensure that the Company has sound internal control and risk management routines that are appropriate in relation to the extent and nature of the Company's activities. Risk management and internal control routines shall also encompass the Company's corporate values and ethical guidelines. Reference is further made to the Code of Ethics approved by the Board on 24 October 2022, available at www.varenergi.no.

The objective of the risk management and the internal control system is to manage exposure to risks in order to ensure successful conduct of the Company's business, to support the quality of its financial reporting and ensure compliance with laws and regulations.

The Board conducts an annual review of the Company's most important areas of exposure to risk and its internal control arrangements. The Company prepares a statement of its financial policy, providing details of the Company's handling of financial risks, hedging, funding policies, etc, which is included in the annual report. The Board also provides an account in the annual report of the main features of the Company's internal control and risk management systems as they relate to the Company's financial reporting.

11. Remuneration of the Board of Directors

The AGM determines the Board's remuneration annually, based on a recommendation from the election committee included in the notice to the general meeting. The remuneration is reasonable and reflects the Board's responsibilities, work, time invested and the complexity of the Company. Detailed information on the remuneration of the Board members is specified in note [6] of the financial statements.

The Board shall be informed if individual Board members perform tasks for the Company other than exercising their role as Board members. Work in sub-committees is compensated in addition to the remuneration received for Board membership.

12. Salary and other remuneration for Executive personnel

The Board, based on proposal from the Remuneration and Leadership Development Committee, has issued a policy for the remuneration of the CEO and the Executive management team. The salary level should not be of a size that could harm the Company's reputation or above the norm in comparable companies. The salary level should, however, ensure that the Company is able to attract and retain Executive employees with the desired expertise and experience. Revised guidelines were approved by the AGM on 4 May 2023.

The Board decides the salary, bonus and other compensation of the CEO based on an evaluation of the CEO's and the Company's overall performance. Any fringe benefits shall be in line with market practice and should not be substantial in relation to the CEO's basic salary. The Board annually carries out an assessment of the salary and other remuneration to the CEO. The CEO determines the remuneration of Executive employees within the guidelines and instructions provided by the Board. See note 6 of the financial statements for more information on salary and other remuneration for Executive personnel.

One member of the Executive Committee, the Chief Financial Officer, was employed by ENI S.p.A. until 31 December 2023 and had a separate arrangement regardingcompensation and benefits. As of 1 January 2024, the CFO is employed by Vår Energi ASA.

13. Information and communication

The Board and the Executive management team assign considerable importance to giving the shareholders relevant and current information about the Company and its activity areas. Emphasis is placed on ensuring that the shareholders receive the same and simultaneous information.

Sensitive information will be handled internally in a manner that minimises the risk of leaks.

The Company has routines for who is allowed to speak on behalf of the Company on different subjects and who is responsible for submitting information to the market and investor community. The CEO, COO, CFO and Head of Investor Relations will be the main contact persons of the Company in such respects.

The Board ensures that the shareholders are given the opportunity to make known their points of view at and outside the general meeting.

Reference is made to the Investor Relations Policy approved by the Board on 15 February 2022 available on www.varenergi.no.

14. Take-overs

In the event of a take-over process, the Board and the Executive management team each have an individual responsibility to ensure that the Company's shareholders are treated equally and that there are no unnecessary interruptions to the Company's business activities. The Board has a particular responsibility in ensuring, to the extent possible, that the shareholders have sufficient information and time to assess the offer.

In the event of a take-over process, the Board shall ensure that:

a) the Board will not seek to hinder or obstruct any takeover bid for the Company's operations or shares unless there are particular reasons for doing so,
b) the Board will not undertake any actions intended to give shareholders or others an unreasonable advantage at the expense of other shareholders or the Company,
c) the Board will not institute measures with the intention of protecting the personal interests of its members at the expense of the interests of the shareholders, and
d) the Board shall be aware of the particular duty it has for ensuring that the values and interests of the shareholders are protected.

In the event of a take-over bid, the Board will, in addition to complying with relevant legislation and regulations, seek to comply with the recommendations in the Corporate Governance Code unless there are specific reasons not to. This includes obtaining a valuation from an independent expert. On this basis, the Board will seek to make a recommendation as to whether the shareholders should accept the bid.

15. Auditor

The Company's auditor is PwC. The auditor is appointed by the general meeting and is independent of Vår Energi ASA. The auditor is invited to attend all general meetings.

Each year, the auditor presents to the Board a plan for the implementation of the audit work and a written confirmation that the auditor satisfies established requirements as to independence and objectivity.

The auditor is present at Board meetings that deal with the annual accounts. Whenever necessary, and at least once per year, the Board and/or audit committee meets with the auditor to review the Company's accounting principles, risk areas, internal control routines, etc.

The Board has established guidelines for use of the auditor for other services than audit. Only the Company's CEO and/or CFO has the authority to enter into agreements in respect of services other than audit.

A review of the auditor's compensation for audit work and remuneration associated with other concrete assignments is presented to the AGM and in note [7] of the financial statements.

In connection with the auditor's presentation to the Board of the annual work plan, the Board should specifically consider if the auditor to a satisfactory degree also carries out a control function.

Payments to governments report

Payments to governments is prepared in accordance with the Norwegian Accounting Act Section § 3-3 d) and Securities Trading Act § 5-5 a). It states that companies in the extractive industry are required annually to disclose payments to governments per country and project.

Vår Energi had tax payments of USD 2 448 million (excluding interest) in income tax to the Norwegian Government in 2023. The corresponding tax in 2022 amounted to a tax payment of USD 2 678 million (excluding interest).

Area fees per license paid as operator in 2023 to the Norwegian authorities on behalf of the joint ventures (100% figures) are presented in the table to the right.

Net Profit interest (NPI) payment to the Norwegian authorities amounted to USD 14.8 million in 2023. The NPI payment is related to licenses awarded in the second licensing round and collected by Petoro.

CO_2 and NOX fees are considered to be taxes paid on consumptions and exempted from this reporting similar to Value Added Taxes.

When companies are required to report payments to government, it is also mandatory to report on investments, sales income, production volumes and purchases of goods and services in the country in which companies have activities within the extractive industries. Vår Energi operates only on the Norwegian Continental Shelf. This reporting requirement is therefore deemed to be met by the financial statements as specified below:

- Total net investments in 2023 amounted to USD 2 668 million, as specified in the cash flow analysis in the financial statements
- Petroleum revenues in 2023 amounted to USD 6 816 million, as specified in Note 4 to the financial statements
- Total production in 2023 was 77.7 mmboe, as specified in Note 5 to the financial statements

For information about purchases of goods and services, reference is made to the Income Statement and the related notes.

Area Fees Paid / (refunded) (USD thousand)	
License:	**Amount:**
PL229	2 073
PL393	1 936
PL489	1 422
PL901	1 051
PL917	662
PL229E	651
PL122	617
PL001 Production	545*
PL820	431
PL001 CS/DS	103
PL001 AFEX	69
PL027 FS/HS	39*
Total	**9 599**

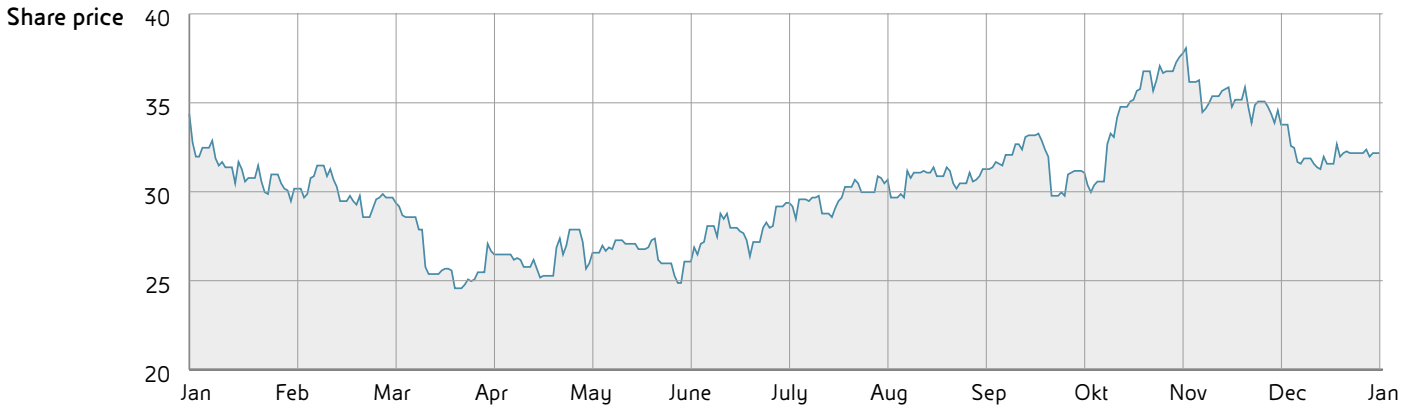
*Area fees paid in 2023, for the period of 05.2023-05.2024

Shareholder information

Share price development

Vår Energi ASA has two classes of shares. There were 2 496 406 246 ordinary shares and four Class B shares issued at the end of 2023, each with a nominal value of NOK 0.16. The number of shares issued is unchanged since the IPO 16 February 2022.

The Company's shares listed on Euronext Oslo Stock Exchange (OSE) 16 February 2022 at NOK 28.00 per share. In 2023, the shares traded between NOK 24.62 and NOK 38.13 per share. During the year, 1 001 million shares were traded in total.



Major shareholders and voting rights

Vår Energi ASA had 34 459 registered shareholders in the Norwegian Central Securities Depository (VPS) on 31 December 2023, up from 29 025 shareholders at the end of 2022. The 20 largest shareholders owned 85% of the shares. The percentage of issued shares held by foreign shareholders was 72.43%. All the shares registered by name carry equal voting rights.
The shares are freely negotiable.

Vår Energi ASA's 20 largest shareholders as at 31 December 2023

No.	Name	No. of shares	Holding %
1	ENI INTERNATIONAL BV	1 573 713 749	63.0%
2	SPRINGPOINT HOLDING II AS	328 391 713	13.2%
3	FOLKETRYGDFONDET	33 260 334	1.3%
4	Geveran Trading Company LTd	29 947 876	1.2%
5	The Northern Trust Comp, London Br	22 525 190	0.9%
6	VERDIPAPIRFONDET DNB NORGE	13 521 302	0.5%
7	JPMorgan Chase Bank, N.A., London	11 758 025	0.5%
8	State Street Bank and Trust Comp	10 795 253	0.4%
9	SKANDINAVISKA ENSKILDA BANKEN AB	10 641 798	0.4%
10	State Street Bank and Trust Comp	10 228 263	0.4%
11	VERDIPAPIRFONDET ALFRED BERG GAMBA	10 175 698	0.4%
12	SIX SIS AG	10 128 008	0.4%
13	VPF DNB AM NORSKE AKSJER	9 764 457	0.4%
14	Deutsche Bank Aktiengesellschaft	8 711 700	0.3%
15	DANSKE INVEST NORSKE INSTIT. II.	8 542 200	0.3%
16	VERDIPAPIRFOND ODIN NORGE	8 145 385	0.3%
17	UBS Switzerland AG	8 112 403	0.3%
18	VPF DNB NORGE SELEKTIV	7 272 861	0.3%
19	CACEIS BANK	7 153 965	0.3%
20	PARETO INVEST NORGE AS	5 760 338	0.2%

Oslo Stock Exchange VPS register as at 31 December 2023.

Corporate actions

	Date
Purchase and allocation of 371 728 shares to employee share saving programme	06 Mar 2024
Q4 2023 dividend payment of NOK 1.136 per share, totalling USD 270 million	27 Feb 2024
Allocation of bonus shares to employees taking part in the Employee offering at IPO, with purchase of a total of 1 385 780 shares allocated to employees	22 Feb 2024
Purchase and allocation of 308 168 shares to employee share saving programme	06 Dec 2023
Q3 2023 dividend payment of NOK 1.204 per share, totalling USD 270 million	16 Nov 2023
Purchase and allocation of 316 632 shares to employee share saving programme	07 Sept 2023
Q2 2023 dividend payment of NOK 1.091 per share, totalling USD 270 million	14 Aug 2023
Purchase and allocation of 207 708 shares to the Executive management as part of long-term incentive (LTI) program	10 August 2023
Purchase and allocation of 382 104 shares to employee share saving programme	06 June 2023
Q1 2023 dividend payment of NOK 1.148 per share, totalling USD 270 million	10 May 2023
Purchase and allocation of 352 253 shares to employee share saving programme	09 Mar 2023
Q4 2022 dividend payment of NOK 1.226 per share, totalling USD 300 million	03 Mar 2023
Allocation of bonus shares to eligible investors granted by the Company's shareholders Eni International BV and Point resources Holding	23 Feb 2023

Dividends and dividend policy

Vår Energi ASA is committed to deliver attractive and sustainable returns to its shareholders, enabled by material cash flow generation and an investment-grade balance sheet. For 2023, the Company distributed a total of USD 1 080 million in dividends to its shareholders, paid on a quarterly basis.

From 2024 onwards, the Board of Directors at Vår Energi ASA has introduced a flexible dividend policy whereby the ambition is to distribute 20-30% of cash flow from operations (CFFO) after tax in dividend over the cycle. The dividend level is subject to a quarterly assessment considering the Company's underlying financial performance, macro environment and other eligible factors. For 2024, the dividend is expected to be approximately 30% of CFFO (after tax).

The 2023 AGM granted the Board of Directors authorisation to resolve and declare dividends based on the Company's annual financial statements for 2022. The authorisation is valid until the 2024 AGM. Dividend is declared on a quarterly basis and paid to shareholders approximately two weeks after date of approval.

Analyst coverage

Ten Nordic and six international investment banks had active coverage of Vår Energi ASA at the end of 2023. For contact details, please see the Company website www.investors.varenergi.no.

General Meetings and Board authorisations

As at 31 December 2023, the Board held the following authorisations granted by a general meeting 4 May 2023.

- An authorisation for the Board to resolve and declare dividends based on the Company's annual financial statements for 2022. The authorisation is valid until the Company's annual general meeting in 2024
- An authorisation to increase the Company's share capital by up to NOK 39 942 500 through issuances of new ordinary shares. The authorisation may be used for the purpose of raising equity capital for investments within the Company's scope of operations and general corporate purposes, or as consideration in connection with acquisitions, mergers, de-mergers, or other transactions. The shareholder's preferential rights may be set aside. The authorisation is valid until the AGM in 2024, but at the latest expires on 30 June 2024. This authorisation replaces the corresponding authorisation given at the extraordinary general meeting on 15 February 2022.
- An authorisation to acquire shares in the Company (treasury shares) for an aggregate nominal value of up to NOK 19 971 250, for use i.e., in connection with incentive programmes as well as to deliver bonus shares pursuant to terms of the Company's IPO. When acquiring treasury shares the consideration per share may not be less than NOK 1 and may not exceed NOK 200. The authorisation is valid until the AGM in 2024, but at the latest expires on 30 June 2024. This authorisation replaces the corresponding authorisation given at the extraordinary general meeting on 15 February 2022.

Further information can be found in the minutes from the Annual General Meeting, available from the Company's website www.varenergi.no and www.newsweb.no.

Financial calendar 2024

Event	Date
Quarterly Report, Q4 2023	13 February 2024
Capital Markets Update	13 March 2024
Integrated Annual Report 2023	18 March 2024
Quarterly Report, Q1	23 April 2024
Annual General Meeting	7 May 2024
Half-yearly Report (incl. Q2 Report)	23 July 2024
Quarterly Report, Q3	22 October 2024

IR Policy

Vår Energi's IR policy can be found at www.varenergi.no.

Reliable and secure supplier of energy to Europe

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Statement of comprehensive income

USD 1000	Note	2023	2022
Petroleum revenues	4	6 815 966	9 780 543
Other operating income	4	33 750	47 088
Total income		**6 849 716**	**9 827 630**
Production costs	5	(1 137 678)	(1 143 139)
Exploration expenses	9, 12	(86 491)	(72 063)
Depreciation and amortisation	13, 14	(1 422 598)	(1 447 966)
Impairment loss and reversals	12, 13, 15	(526 427)	(657 922)
Other operating expenses	8	(159 976)	(137 721)
Total operating expenses		**(3 333 171)**	**(3 458 811)**
Operating profit / (loss)		**3 516 545**	**6 368 820**
Net financial income / (expenses)	10	(112 913)	(115 889)
Net exchange rate gain / (loss)	10	(46 699)	(397 039)
Profit / (loss) before taxes		**3 356 933**	**5 855 891**
Income tax (expense) / income	11	(2 746 704)	(4 919 489)
Profit / (loss) for the period		**610 229**	**936 402**
Attributable to:			
Holders of ordinary shares		610 229	936 402
Dividends on hybrid capital		-	-
Profit / (loss) for the period		**610 229**	**936 402**
Other comprehensive income (fully allocated to ordinary shareholders):			
Items that may be reclassified subsequently to the income statement:			
Currency translation differences		(17 603)	(203 234)
Net gain / (loss) on put options used for hedging		1 957	5 173
Other comprehensive income for the period, net of tax		**(15 646)**	**(198 060)**
Total comprehensive income		**594 582**	**738 342**
Earnings per share			
Basic and diluted earnings per share	22	0.24	0.38

Balance sheet statement

USD 1000	Note	31 Dec 2023	31 Dec 2022
ASSETS			
Non-current assets			
Intangible assets			
Goodwill	12	1 958 478	2 019 512
Capitalised exploration wells	12	276 504	225 287
Other intangible assets	12	83 060	93 515
Tangible fixed assets			
Property, plant and equipment	13	15 237 078	14 562 237
Right of use assets	14	73 812	175 423
Financial assets			
Investment in shares	16	739	763
Other non-current assets		745	532
Total non-current assets		**17 630 416**	**17 077 268**
Current assets			
Inventories	17	251 503	265 811
Trade receivables	18, 30	362 895	796 317
Other current receivables and financial assets	19	309 472	213 286
Cash and cash equivalents	21	734 914	444 607
Total current assets		**1 658 783**	**1 720 020**
TOTAL ASSETS		**19 289 199**	**18 797 288**

Balance sheet statement continued

USD 1000	Note	31 Dec 2023	31 Dec 2022
Equity and liabilities			
Equity			
Share capital	23	45 972	45 972
Share premium		758 181	1 868 181
Hybrid capital		799 461	-
Other equity	3	164 414	(432 582)
Total equity		**1 768 026**	**1 481 571**
Non-current liabilities			
Interest-bearing loans and borrowings	24	3 146 582	2 452 589
Deferred tax liabilities	11	8 943 019	8 127 971
Asset retirement obligations	25	3 207 667	3 156 126
Lease liabilities, non-current	29	17 663	113 334
Other non-current liabilities	26	82 149	156 544
Total non-current liabilities		**15 397 080**	**14 006 564**
Current liabilities			
Asset retirement obligations, current	25	87 385	60 012
Accounts payable	30	328 951	368 589
Taxes payable	11	964 414	1 778 222
Interest-bearing loans, current	24	-	500 000
Lease liabilities, current	29	99 265	99 312
Other current liabilities	27	644 079	503 019
Total current liabilities		**2 124 093**	**3 309 154**
Total liabilities		**17 521 173**	**17 315 718**
Total equity and liabilities		**19 289 199**	**18 797 288**

Sandnes, 15 March 2024

Signed electronically

Thorhild Widvey
Chair

Liv Monica Bargem Stubholt
Deputy Chair

Francesco Gattei
Director

Guido Brusco
Director

Clara Andreoletti
Director

Marica Calabrese
Director

Fabio Ignazio Romeo
Director

Ove Gusevik
Director

Martha Skjæveland
Director, employee elected representative

Hege Susanne Blåsternes
Director, employee elected representative

Bjørn Nysted
Director, employee elected representative

Jan Inge Nesheim
Director, employee elected representative

Nicolas John Robert Walker
Chief Executive Officer

Statement of changes in equity

					Other equity			
USD 1000	**Note**	**Share capital**	**Share premium**	**Hybrid Capital**	**Other equity**	**Translation differences**	**Hedge reserve**	**Total equity**
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)	5 173	(198 060)
Total comprehensive income / (loss)		-	-	-	936 402	(203 234)	5 173	738 342
Dividends paid		-	(775 000)	-	-	-	-	(775 000)
Share-based payments		-	-	-	2 401	-	-	2 401
Balance at 31 December 2022		**45 972**	**1 868 181**	**-**	**9 943**	**(425 880)**	**(16 644)**	**1 481 571**
Balance at 1 January 2023		**45 972**	**1 868 181**	**-**	**9 943**	**(425 880)**	**(16 644)**	**1 481 571**
Profit / (loss) for the period		-	-	-	610 229	-	-	610 229
Other comprehensive income / (loss)		-	-	-	-	(17 603)	1 957	(15 646)
Total comprehensive income / (loss)		-	-	-	610 229	(17 603)	1 957	594 582
Dividends paid		-	(1 110 000)	-	-	-	-	(1 110 000)
Share-based payments	22	-	-	-	4 215	-	-	4 215
Hybrid capital issue	23	-	-	799 461	-	-	-	799 461
Other		-	-	-	(1 802)	-	-	(1 802)
Balance at 31 December 2023		**45 972**	**758 181**	**799 461**	**622 585**	**(443 484)**	**(14 687)**	**1 768 026**

Statement of cash flows

USD 1000	Note	2023	2022
Profit / (loss) before income taxes		3 356 933	5 855 891
Adjustments to reconcile profit before tax to net cash flows:			
- Depreciation and amortisation	13, 14	1 422 598	1 447 966
- Impairment loss and reversals	12, 13	526 427	657 922
- (Gain) / loss on sale and retirement of assets	4, 8	(24 531)	31 721
- Expensed capitalised dry wells	9, 12	40 928	30 600
- Accretion expenses (asset retirement obligation)	10, 25	98 765	94 243
- Unrealised (gain) / loss on foreign currency transactions and balances	10	(23 908)	81 175
- Realised (gain) / loss on foreign currency financing transactions		97 610	311 442
- Other non-cash items and reclassifications		16 073	(11 942)
Working capital adjustments:			
- Changes in inventories, accounts payable and receivables		394 572	(155 346)
- Changes in other current balance sheet items	19, 27	(22 000)	25 059
Income tax received / (paid)	11	(2 463 195)	(2 686 852)
Net cash flows from operating activities		**3 420 273**	**5 681 877**

USD 1000	Note	2023	2022
Cash flows from investing activities			
Expenditures on exploration and evaluation assets	12	(113 107)	(77 050)
Expenditures on property, plant and equipment	13	(2 527 926)	(2 516 097)
Payment for decommissioning of oil and gas fields	25	(40 688)	(70 318)
Proceeds from sale of assets (sales price)		13 602	300
Net cash used in investing activities		**(2 668 118)**	**(2 663 165)**
Cash flows from financing activities			
Dividends paid		(1 110 000)	(775 000)
Net proceeds from bond issue		651 360	2 463 523
Net proceeds from hybrid bond issue		808 170	-
Net proceeds / (payments) of bridge credit facilities	20, 24	(500 000)	(4 020 500)
Payment of other loans and borrowings	20, 24	-	(300 000)
Payment of principal portion of lease liability	29	(94 304)	(110 447)
Interest paid	3	(214 527)	(160 803)
Net cash from financing activities		**(459 302)**	**(2 903 227)**
Net change in cash and cash equivalents		**292 853**	**115 485**
Cash and cash equivalents, beginning of period		444 607	223 588
Effect of exchange rate fluctuation on cash		(2 546)	105 534
Cash and cash equivalents, end of period		**734 914**	**444 607**

Notes to the financial statements

Note 1 Corporate information

The financial statements of Vår Energi ASA for the twelve months period ended 31 December 2023 were authorised for issue in accordance with a Board resolution on 15 March 2024.

Vår Energi ASA is a public limited liability company incorporated and domiciled in Norway and the Company's shares are listed on Oslo Stock Exchange. The head office is located at Vestre Svanholmen 1, 4313 Sandnes, Norway.

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

Vår Energi ASA has three subsidiaries per 31 December 2023 which are not consolidated into group accounts for 2023 since these subsidiaries are immaterial.

There are no business activities in Vår Energi Marine AS and PR Jotun DA as of 31 December 2023. The balance sheets of the subsidiaries hold tax positions of USD 17 852 thousand which are offset by receivables towards Vår Energi ASA. The tax positions are presented as tax liabilities in Vår Energi ASA.

On 30 June 2023, Vår Energi ASA executed a strategic acquisition of Feistein CCS AS to accelerate the Company's position and competence on CO_2 storage. Subsequent to the acquisition, the Company name was changed to Vår Energi CCS AS

Below table show the group structure per 31 December 2023.

Shares in subsidiaries

Name	Business location	Voting/ Ownership 2023
Vår Energi Marine AS	Sandnes, Norway	100%
Vår Energi CCS AS	Sandnes, Norway	100%
PR Jotun DA	Sandnes, Norway	5%

Shares in subsidiaries indirectly owned

Name	Business location	Voting/ Ownership 2023
PR Jotun DA	Sandnes, Norway	95%

Note 2 Summary of IFRS accounting principles

2. Significant accounting policies

2.1 Basis of preparation

The financial statements of the Company have been prepared in accordance with IFRS® Accounting Standards as adopted by the EU and the Norwegian Accounting Act. The financial statements have been prepared on a historical cost basis, except for certain financial instruments that have been measured at fair value. The financial statements have been prepared based on the assumption of going concern. The Company has three subsidiaries per 31 December 2023 which are not consolidated into group accounts for 2023 since these subsidiaries are immaterial. No parent company accounts are prepared.

All figures in the financial statements are presented in USD and all values are rounded to the nearest thousand (000), except when otherwise indicated. Vår Energi's functional currency is NOK, but the Company has chosen to present its financial statements in USD, primarily as this is the common presentation currency among upstream oil & gas companies.

Transactions in foreign currencies are recorded at the exchange rate on the transaction date. Monetary items are measured at year end exchange rates and the corresponding currency loss/gain is recognised in profit or loss.

For presentation purposes, balance sheet items are translated from functional currency to presentation currency using spot rates at the balance sheet date. Items within profit or loss and other comprehensive income are translated from functional currency to presentation currency using monthly average exchange rates, or rates at the dates of the transactions if significantly different. For share capital and share premium historical exchange rates are used. I.e. these equity items are not re-translated and the cumulative translation adjustment (CTA) only include the cumulative differences between opening and closing rates on total net assets, and average to closing rates on retained earnings and other performance statement items, such as the cash flow hedge reserve.

Comparative information has been provided for the previous period.

2.2 Summary of significant accounting policies

Business combinations and goodwill
Business combinations are accounted for using the acquisition method. Identifiable assets, liabilities and contingent liabilities are measured at fair value at the date of acquisition. Acquisition cost is measured against the fair value of the acquired assets and liabilities. Identifiable intangible assets are included to the extent they may be separated from other assets or meet the legal contractual criteria. If the acquisition cost at the time of the acquisition exceeds the fair value of the acquired net assets, goodwill arises. Acquisition date is the date on which the acquirer achieves control over the acquiree and is set at completion date.

The valuation is based on currently available information on fair values as of the acquisition date. Calculation of fair value has been obtained by discounting expected cash flows from future operations to get to the net present value. If new information becomes available within 12 months from the acquisition date and provisional purchase price allocation, the Company may make changes to the purchase price allocation. Working interests in licences on the Norwegian Continental Shelf (NCS) are only sold in a post-tax market. I.e. the acquirer generally takes over the tax written down values of the seller and is therefore not entitled to a tax deduction for the consideration paid over and above the seller's tax values. A provision for deferred taxes on the difference between the acquisition cost and the transferred tax depreciation bases is made. The offsetting entry to this deferred tax liability is goodwill. Consequently, in addition to ordinary goodwill as discussed above, goodwill also arises as a technical effect of deferred taxes recognised for the after-tax consideration paid in business combinations for assets acquired under section 10 of the Norwegian Petroleum Tax Act. Goodwill arises from differences between the fair value of assets acquired and the purchase price. After initial recognition, goodwill is not depreciated, but tested for impairment when there are indications of impairment and at least annually. Goodwill impairments cannot be reversed in later periods if impairment indicators are no longer present.

Revenue and over- and underlift balances
Revenue from the sale of liquids or gas is recognised at the point in time when Vår Energi's contractual performance obligations have been fulfilled and control is transferred to the customer. This will generally be at the time of delivery which is also when title passes to the customer. Revenues are recognised on the basis of volumes lifted and sold to customers during the period (sales method). To the extent the Company has lifted and sold more than its entitled share of production based on the ownership interest, an accrual is recognised at cost. To the extent the Company has lifted and sold less than its entitled share of production, costs are deferred for the underlift.

Interests in joint arrangements
Vår Energi has interests in licences on the Norwegian Continental Shelf. Joint arrangement are defined as an arrangement over which two or more parties have joint control. Joint control is the contractually agreed sharing of control which exists only

when decisions about the relevant activities (being those that significantly affect the returns of the arrangement) require unanimous consent of the parties sharing control.

Joint Arrangements, a joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities, relating to the arrangement. Vår Energi recognises investments in joint operations (oil and gas production licences) by reporting its share of related revenues, expenses, assets, liabilities and cash flows under the respective items in the Company's financial statements.

For those licences that are not deemed to be joint arrangements pursuant to the definition above as there is no joint control ("undivided interests"), the Company recognises its share of related expenses, assets, liabilities and cash flows. The terms "joint operations" and "undivided interests" are used interchangeably throughout the financial statements.

Income taxes

Income taxes include current taxes payable or refundable, adjustments of prior years' taxes payable and deferred taxes. The deferred taxes are calculated using the full liability method, under which tax on temporary differences between the carrying amounts of assets and liabilities and their tax bases are recognised. Deferred tax assets are recognised to the extent it is probable that the asset will be realised. An "uncertain tax treatment" is a tax treatment relating to which there is uncertainty whether the relevant tax authority will accept the tax treatment under the local tax law. Uncertain tax positions are recognised and presented as assets or liabilities depending on whether an outflow or inflow of economic resources embodying economic benefits has become probable. Taxes relating to items recognised in OCI are recognised in OCI.

Exploration costs

Exploration drilling costs are treated in accordance with the successful efforts method; each well making the basis for the evaluation. Costs related to exploration wells in progress and exploration wells with discoveries are capitalised until the evaluation of the well has been completed. Such capitalised costs may remain capitalised for more than one year. The main criteria for keeping exploration costs capitalised are that there is a plan for future activity in the licence area and a development decision is expected in the near future. To the extent that no resources are discovered, or recovery of the resources is considered commercially unviable, the capitalised exploration expenditures are charged to the profit or loss. Other exploration costs, including seismic studies, are expensed as incurred.

Development expenditures

The development phase commences when the licence partners have decided field evaluation. Direct and indirect expenditures and financing costs related to development projects are capitalised.

Property, plant and equipment

Property, plant and equipment (PPE) are measured at depreciated cost adjusted for impairments. Capital spare parts are defined as critical, often tailormade long-lead items purchased in connection with development of a field and are recognised as PPE. Upon disposal or retirement, the difference between any proceeds and the carrying amount is recognised as gains or losses.

Maintenance is expensed as incurred, whereas costs for improving and upgrading production facilities are added to the acquisition cost and depreciated with the related asset.

Depreciation

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

Impairment

Tangible fixed assets are assessed for potential impairment when events or changes in circumstances indicate that the book value of the assets is higher than their recoverable amounts. The unit of account for assessment of impairment is the lowest level for which independent cash inflows are possible to identify. For oil and gas assets, this is typically the field or licence level, but can also be at a hub level. Impairment is recognised when the carrying amount of the cash generating unit (CGU), including any allocated goodwill, exceeds the recoverable amount. The recoverable amount is the higher of the asset's fair value less costs of disposal and its value in use. When estimating value in use and fair value less costs of disposal, expected future cash flows are discounted to the net present value applying a discount rate after tax that reflects the current market valuation of the time value of money and risks specific to the asset or CGU. The discount rate is derived from a weighted average cost of capital (WACC) determination. For the purpose of impairment testing the lifetime of the field is normally determined to be the time when the operating cash flows from the field becomes negative. A previously recognised impairment can only be reversed if changes to the estimates used for the calculation of the recoverable amount have been observed. Reversals are recognised in profit or loss. After a reversal, the depreciation amount is adjusted on a prospective basis in order to distribute the asset's revised book value, minus any residual value, on a systematic basis over the asset's expected remaining life.

Inventories
Consumable spare parts and drilling stock are measured at weighted average cost. Physical stock of crude oil is measured at production cost.

Asset retirement obligations
Vår Energi recognises an asset retirement obligation (ARO) when an asset is installed at the field location. Vår Energi recognises its share of the estimated AROs based on its working interest in the various fields both for Vår Energi operated fields and partner operated fields. When the liability is initially recognised, the present value of the estimated costs is capitalised by increasing the carrying amount of the related tangible oil and gas asset and depreciated over the useful life of the asset (generally by the application of the unit-of-production method).

The discount rate used to discount the liability is based on a risk-free interest rate that reflects current market assessments and does not include the Company's credit risk. The periodic unwinding of the discount is recognised in profit or loss as financial items.

The term of the discount rates used is aligned with the estimated timing of the removal, plugging and decommissioning activities at the fields. Changes in the estimated timing or cost of decommissioning are dealt with prospectively by recording an adjustment to the provision and a corresponding adjustment to assets.

Upon retirement of the Gassled pipelines, the costs of ARO will be recharged to the users (shippers) of the pipelines based on shipped volumes. As a shipper Vår Energi has incurred such liabilities. These liabilities have also been recognised as the net present value of estimated future retirement costs on the basis of accumulated shipped volumes in Other non-current liabilities.

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

Leasing commitments
At the inception of a contract, Vår Energi assesses whether the contract is, or contains, a lease.

The lease liability is recognised at the commencement date and measured at the present value of the remaining lease payments, discounted using the Company's incremental borrowing rate at the commencement date. The borrowing rate is derived from the terms of the Company's existing credit facilities. The corresponding right of use assets are depreciated over the lease term.

Vår Energi applies the exemption for short term leases (12 months or less) and low value leases. As such, related lease payments are not recognised in the balance sheet but expensed or capitalised in line with the accounting treatment for other non-lease expenses. The inclusion of non-lease components may vary across different lease categories, but for the most material classes of assets (rigs and supply vessels), the Company has excluded the non-lease components when measuring the lease liability.

Vår Energi, as operator of an unincorporated joint operation, from time to time, enters into a lease contract as the sole signatory and recognises on the balance sheet: (i) the entire lease liability if, based on the contractual provisions and any other relevant facts and circumstances, it has primary responsibility for the liability towards the third party supplier; and (ii) the entire right-of-use asset, unless, the terms and conditions of the joint operation and other arrangements are separately negotiated with the non-operators and effectively extinguish Vår Energi's primary obligation for the lease with the third-party supplier.

If a lease contract is signed by all the partners, Vår Energi recognises its share of the right-of-use asset and lease liability on the balance sheet based on its working interest. If Vår Energi does not have primary responsibility for the lease liability, it does not recognise any right-of-use asset and lease liability related to the lease contract. Whether a contract is entered into on behalf of the licence is subject to a contract specific assessment.

Other lease contracts, such as offices and supply vessels not linked to specific fields, are recognised on a gross basis even when the related cashflows are charged to the licence partners. For such contracts, the partner's share of the costs recovered by the Company are presented as other income.

Operators on licences in which Vår Energi is a partner may enter into lease contracts in their own name at the initial signing, and subsequently formally sublease the related asset to operated licences. In such cases, the sublease will be the basis for determining both the right of use, commencement, and the duration of the lease (and the application of the short-term lease exemption).

Financial assets and liabilities
Vår Energi's financial assets and liabilities comprise non-listed equity instruments, derivative financial instruments (assets and liabilities), receivables, cash and cash equivalents, payables, other current and non-current liabilities. The classification of financial assets and liabilities at initial recognition depends on the financial instrument's contractual cash flow characteristics and the Company's business model for managing them.

Vår Energi classifies its financial instruments in the following categories:

- Financial assets and liabilities at amortised cost
- Derivative financial assets and liabilities designated as accounting hedge instruments (cash flow hedges) for which the effective portion is recognised at fair value through other comprehensive income
- Financial assets at fair value through profit and loss
- Vår Energi measures financial assets at amortised cost if both of the following conditions are met:
- The financial instrument is held within a business model with the objective to hold the instruments in order to collect contractual cash flows and the contractual terms of the financial instrument give rise on specified dates to or requires cash flows that are solely payments of principal and interest on the principal amount outstanding. Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment testing. Gains and losses are recognised in profit or loss when the instrument is derecognised, modified or impaired. The Company's financial instruments at amortised cost includes trade receivables and other short-term deposits, trade payables and other current and non-current liabilities. Receivables are initially recognised at fair value less estimated credit losses (impairment losses). Accounts receivables that do not contain a significant financing component are measured at the transaction price.

Vår Energi ASA issued a EUR 750 million Subordinated Fixed Rate Reset Securities due on the 15th of November 2083.

Under the terms and conditions of the bond agreement, Vår Energi has the right at its sole discretion to defer and ultimately not pay interest on the bond. If interest is not paid, dividends cannot be paid. The principal value of the bond is however repayable and due on 15 Nov 2083.

Vår Energi has recognised the net present value of the principal as debt in the balance sheet on initial recognition. The difference between the Proceeds and debt recognised is recorded as equity Costs incurred in issuing the hybrid bond are accounted for as a deduction from equity. Interest incurred will be accounted for as a decrease of equity upon payment 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. The tax benefit from interest deductions is recognised in income taxes in the statement of comprehensive income.

Derivative financial instruments

Vår Energi uses derivative financial instruments, such as Brent Crude put options, to hedge its commodity price risks on future oil production volumes (cash flow hedges). Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and subsequently re-measured at fair value. The put options are measured using market inputs such as observable forward curves, interest rates and time to maturity. Implied volatilities from market observable option prices are used when the price of the option is modelled. The Company has designated these put options as cash flow hedges relating to expected future production and sales of crude oil, and applied hedge accounting. The effective portion of the gain or loss on the hedging instrument is recognised in other comprehensive income (OCI) and the hedge reserve in equity, while any ineffective portion is recognised immediately in profit or loss. Amounts accumulated in the hedge reserve are reclassified to profit or loss when the hedged transaction affects profit or loss.

Option premiums paid (time value at date of purchase) are treated as cost of hedging and presented in operating expenses when the hedged transaction affects profit or loss, while the intrinsic value ("in-the-money value") on put options exercised are presented in gains on cash flow hedges in petroleum revenues. As option premiums are paid at exercise or expiry they are presented as current liabilities in the balance sheet.

Contracts to buy or sell a non-financial item that can be settled net in cash or another financial instrument, or by exchanging financial instruments, as if the contracts were financial instruments, are accounted for as financial instruments. However, contracts that are entered into and continue to be held for the purpose of the receipt or delivery of a non-financial item in accordance with the Company's expected purchase, sale or usage requirements, also referred to as own-use contracts, are not accounted for as financial instruments. Such sales and purchases of physical commodity volumes are reflected in profit or loss as Petroleum revenues and Other operating expenses, respectively. This is applicable to a number of contracts for the sale of natural gas, which are recognised upon delivery of the volumes.

Interest rate swaps are accounted for as fair value hedges. Interest swaps are reflected at fair value with fair value changes to be

accounted for as other financial income/expenses. Bond debt designated as the hedged item is recognised at fair value at initial recognition and subsequently at amortised cost. The carrying value of the hedged item is adjusted to reflect changes in interest level with fair value changes are accounted for as other financial income/expenses. Inefficiencies in the hedging relationship are measured and accounted for as other financial income/expenses.

Cash flow statement

The statement of cash flows has been prepared in accordance with the indirect method. Cash consist of cash, bank deposits and short-term deposits in affiliated banks.

Sale and swaps of assets

Sale of assets on the Norwegian continental shelf are carried out on an after-tax basis according to the petroleum tax act § 10. When entering into agreements regarding the purchase/swap of assets, the parties agree on an effective date for the takeover of the net cash flow (usually 1 January in the calendar year, which is also normally the effective date).

In the period between the effective date and the completion date, the seller will include revenues and expenditures relating to its sold share of the licence in its financial statements. In accordance with the purchase agreement, there is a settlement with the seller of the net cash flows from the asset in the period from the effective date to the completion date (pro & contra settlement). The pro & contra settlement will result in an adjustment to the seller's losses/gains and to the cost of the assets for the purchaser, in that the settlement (after a tax reduction) is deemed to be part of the consideration in the transaction. Revenues and expenses from the relevant licence are included in the purchaser's profit or loss from the acquisition date.

For tax purposes, the purchaser will include the net cash flow (pro & contra) and any other income and costs as from the effective date. When acquiring licences that are defined as asset acquisitions, no provision is made for deferred tax in accordance with the initial recognition exemption.

A gain or loss related to an after-tax-based sale of assets includes the release of tax liabilities previously recognised related to the assets. The resulting after-tax gain or loss is recognised in other operating income.

Important accounting judgements, estimates and assumptions

The preparation of financial statements requires management to make judgements, estimates and assumptions that have an effect on the application of accounting principles and the reported assets, liabilities, income and expenses. The main significant judgements management has made regarding the application of accounting principles are the following:

Identifying a lease within joint operating arrangements

When identifying leases in situations where the asset is being used in a joint arrangement or in relation to an undivided interest, significant judgement is required in determining what party is the primary obligor, whether the arrangement constitutes or contains a lease, commencement date, lease term and whether there is a sublease arrangement.

Oil and gas reserves

Oil and gas reserves are estimated by the Company's experts in accordance with industry standards. The estimates are based on Vår Energi's own assessment of internal information and information received from operators. Reserves are certified by an external party, which also issues an independent reserves report. Oil and gas reserves consist of the estimated quantities of crude oil, natural gas and condensates shown by geological and technical data to be recoverable with reasonable certainty from known reservoirs under existing economic and operational conditions, i.e. on the date that the estimates are prepared. Current market prices are used when establishing the estimates.

Reserves and production volumes are used to calculate the depreciation of oil and gas fields by applying the unit-of-production method. Reserve estimates are also used as basis for impairment testing of licence-related assets and goodwill. Changes in petroleum prices and cost estimates may change reserve estimates and accordingly economic cut-off, which may impact the timing of assumed decommissioning and removal activities. Changes to reserve estimates can also result from updated production and reservoir information. Future changes to oil and gas reserves can have a material effect on depreciation, life of field, impairment of licence-related assets and goodwill, and operating results.

Successful Effort Method – exploration and exploration potential

Expenses relating to the drilling of exploration wells and exploration potential (presented in other intangible assets) are temporarily recognised on the balance sheet as capitalised exploration expenditures and other intangible assets, pending an evaluation of potential oil and gas discoveries. If resources are not discovered, or if recovery of the resources is considered technically or commercially unviable, the costs of exploration wells and exploration potential are expensed. Judgments as to whether these assets should remain capitalised or be expensed at the reporting date may materially affect the operating result for the period.

Fair value measurement

The fair values of non-financial assets and liabilities are required to be determined, for example in a business combination, to

determine the allocation of purchase price in an asset deal or when the recoverable amount of an asset or CGU is based on fair value less costs to sell. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use. Vår Energi uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. The fair value of oil fields in the production and development phase is generally based on discounted cash flow models, where the determination of inputs to the models may require significant judgement, as described in the section below regarding impairment.

Impairment/reversal of impairment

Changes in the expected future value/cash flows of CGUs results in impairment if the estimated recoverable amount is lower than the book value (including any allocated goodwill) or the reversal of previously recognised impairments if the recoverable value is higher than the book value (impairment of goodwill is not reversed). Estimation of recoverable amounts involves the use of judgement and assumptions, including the modelling of future cash flows to estimate the CGUs value in use or fair value less costs of disposal.

Impairment assessments require long-term assumptions concerning a number of often volatile economic factors, including future oil prices, oil production, currency exchange rates and discount rates. Such assumptions require the estimation of relevant factors such as long-term prices, the levels of capex and opex, production estimates, decommissioning costs and impact from climate changes. These evaluations are also necessary to determine a CGU's fair value unless information can be obtained from an actual observable market transaction. See individual notes on Property, plant and equipment and intangible assets, including goodwill and note on Impairment for details of impairments.

Asset retirement obligations

There is significant uncertainty in the estimate of ARO. These estimates are based on currently applicable laws and regulations, and existing technologies. Many decommissioning activities will take place decades into the future, and the technology and related costs are expected to evolve over time. The estimates include costs based on expected removal concepts using existing technology and estimated costs of maritime operations, hiring of lifting vessels and drilling rigs. As a result, there may be significant adjustments to the estimates of ARO and associated assets that can affect future financial results.

Income taxes

Income taxes are significant amounts in Vår Energi's financial statements. There may be uncertainties related to interpretation of applicable tax laws and regulations regarding amounts in Vår Energi's filed tax returns. In cases of uncertain tax treatments, it may take a long time to complete the discussions with the tax authorities or to reach resolutions of the appropriate tax positions. The carrying values of income tax related assets and liabilities are based on Vår Energi's interpretations of applicable laws, regulations and relevant court decisions. The quality of these estimates, including the most likely outcomes of uncertain tax treatments, is highly dependent upon proper application of very complex sets of rules and the recognition of changes in applicable rules.

Standards and amendments issued but not yet effective

Certain new accounting standards and amendments to standards are issued, but not yet effective as of 31 December 2023. These standards and amendments are not expected to have a material impact on the Company in the current or future reporting periods.

Note 3 Segment information

The Company operates within the geographical area Norway and the Company's business is entirely related to exploration for and production of petroleum in Norway. The Company's activities are considered to have a homogeneous risk and return profile before tax. The Company operates within a single operating segment which matches the internal reporting to the Company's Executive management.

Note 4 Income

Petroleum revenues (USD 1000)	Note	2023	2022
Revenue from crude oil sales	30	3 781 590	4 669 095
Revenue from gas sales	30	2 815 254	4 732 282
Revenue from NGL sales	30	219 122	379 166
Total petroleum revenues		**6 815 966**	**9 780 543**
Sales of crude (boe 1000) (unaudited)		45 168	45 923
Sales of gas (boe 1000) (unaudited)		24 416	27 115
Sales of NGL (boe 1000) (unaudited)		4 963	5 796

Other operating income (USD 1000)	2023	2022
Gain/(loss) from sale of assets[1]	15 325	300
Partner share of lease cost	10 936	13 529
Other operating income	7 490	33 259
Total other operating income	**33 750**	**47 088**

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

The majority of petroleum revenues are derived from sales to Eni SpA companies (see note 30). A significant portion of 2022 petroleum revenues were also derived from sales to ExxonMobil. The majority of petroleum revenues for both 2023 and 2022 were with Eni/ExxonMobil customers outside Norway, but within the EU/UK.

Note 5 Production costs

USD 1000	Note	2023	2022
Cost of operations		732 648	701 441
Transportation and processing		176 839	213 551
Environmental taxes		128 612	122 988
Insurance premium		56 914	48 786
Production cost based on produced volumes		**1 095 012**	**1 086 766**
Back-up cost shuttle tankers		12 171	19 245
Changes in over/(underlift)		(5 734)	(2 411)
Premium expense for crude put options	20	36 229	39 540
Production cost based on sold volumes		**1 137 678**	**1 143 139**
Total produced volumes (boe 1000) (unaudited)		77 713	80 319
Production cost per boe produced (USD/boe) (unaudited)		**14.1**	**13.5**

The changes in over/(underlift) are due to timing of liftings vs. production.

Note 6 Staff costs and remuneration

USD 1000	2023	2022
Salary expenses	179 557	152 286
Social security tax (incl. pension and social charges for foreign personnel)	30 521	29 766
Pension cost, defined contribution scheme	14 610	14 298
Other personnel expenses	8 506	8 216
Total	**233 193**	**204 567**
Average number of employees	1 024	960

The share charged to partners in operated joint ventures amounted to USD 38 265 thousand (USD 34 176 thousand in 2022).

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

Employee share savings plan

Vår Energi ASA's share saving program gives employees the opportunity to buy shares in Vår Energi ASA for 5% of the base salary. 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. In 2023 employees subscribed for USD 3 851 thousand as a part of the share saving plan. In 2022 employees subscribed for USD 4 195 thousand when Vår Energi was listed on the Oslo Stock Exchange 16 February 2022, and USD 2 908 thousand as a part of the share saving plan.

Executive and Board of Directors compensation

Vår Energi has made arrangements to provide subsidised loans to local employees. No other loans, guarantees or other commitments have been granted to any member of the Board or to any member of the Executive Committee.

The CEO and other members of Executive Committee have a notice period of 6 months. Upon termination of employment initiated by the Company, the CEO and COO are entitled to a severance pay of 12 months. Other members of the Executive Committee are normally entitled to six months' severance pay. No other employee has entered into employment agreements which provide for any special benefits upon termination. None of the Board members has a service contract and none will be entitled to any benefits upon termination.

Vår Energi has a bonus scheme for all employees calculated based Company performance (Balanced scorecard) multiplied with the Company performance modifier. Maximum level is 25% of base salary. Executive Committee has maximum level between 75% to 120% based on achievement of goals in the goal plan including the Balanced scorecard and individual goals and the effect of the Company performance modifier.

The Executive Committee takes part in the general pension plan as described in this note. In addition, Vår Energi has, on an administrative basis, established an arrangement granting a 15% deposit of salary above 12G. "G" is the basic amount in the National Insurance Scheme. As of 1 May 2023, 1G was USD 11.23 thousand.

Guidelines and adherence to the guidelines for management compensation

The Board makes guidelines for Executive remuneration, including the CEO's remuneration and other terms and conditions of employment. These guidelines set out the main principles applied in determining the salary and other remuneration of Executive personnel and are addressed as a separate item at the General Meeting.

Note 6 Staff costs and remuneration continued

Executive Committee compensation 2023 *

"USD 1000, except total number of shares and owing interest"	Position	Salary	Annual Variable Pay**	Long-term incentive plan	Other	Payment in kind	Pension costs	Total number of shares***	Owing interest
Nick Walker [1]	Chief Executive Officer	293	206	484	131	0	41	481 185	-
Torger Rød [2]	Chief Operating Officer	743	494	242	207	2	102	193 112	-
Stefano Pujatti [3]	Chief Financial Officer	438	167	-	127	0	-	20 000	-
Ellen Waldeland Hoddell [4]	EVP Safety & Sustainability	195	79	51	-	11	38	24 460	-
Tone Rognstad	EVP People & Communication	243	107	63	-	2	35	45 259	-
Aksel Luhr [5]	EVP Legal and Compliance	231	69	58	33	2	32	43 424	-
Rune Oldervoll [8]	EVP Exploration & Production	222	75	73	-	11	30	61 039	-
Ove Andrè Årdal [8]	SVP Commercial	187	76	62	-	10	57	53 790	-
Ingrid Sølvberg [6] [8]	EVP Technology, Drilling & Subsurface	205	-	81	-	2	33	-	-
Atle Reinseth [7] [8]	SVP & Balder Project Director	207	87	81	-	12	33	28 135	-
Total compensation		**2 965**	**1 361**	**1 195**	**498**	**54**	**402**	**950 404**	

1) Startdate 5 September 2023. Remuneration is paid in EUR. Other 2023: Discretionary bonus of EUR 78 667 granted by the BoD for successful Neptune Energy Norge integration and transition period and EUR 40 000 in moving cost

2) CEO untill 4 September 2023, continued in the role as COO from 5 September 2023. Other 2023: Discretionary bonus granted by the BoD for Neptune Energy Norge acquisition and transition period from CEO to COO role.

3) Expatriated from ENI SPA. Other is housing, tuition fee and a discretionary bonus granted for succesful aquistion of Neptune Energy Norge. Employed by Vår Energi ASA from 1. January 2024.

4) Appointed in November 2022

5) Other 2023: Discretionary bonus granted for successful acquisition of Neptune Energy Norge

6) Startdate 21 December 2022, no AVP earned and paid in 2023. The LTI shares were granted in August 2023, but refunded in December 2023 according to the rules of the LTI plan.

7) AVP paid based on prorated since startdate 1 October 2022.

8) Left the the Executive Committee 21 September 2023. Compensation prorated for 2023.

*) Remuneration is paid in NOK and converted to USD using a yearly average USD/NOK-rate

**) Numbers represent actual bonus earned in 2023

***) Total number of shares is at 31 December 2023

Note 6 Staff costs and remuneration continued

Executive Committee compensation 2022 *

USD 1000, except total number of shares and owing interest	Position	Salary	Annual Variable Pay**	Long-term incentive plan	Other	Payment in kind	Pension costs	Total number of shares***	Owing interest
Torger Rød [1]	Chief Executive Officer	682	333	203	338	2	101	107 784	-
Rune Oldervoll	EVP Exploration & Production	303	65	73	-	9	42	46 544	-
Atle Reinseth [2]	EVP Project Development & Supply Chain Mngmt.	81	21	-	68	1	20	-	-
Ingrid Sølvberg [3]	EVP Technology, Drilling & Subsurface	-	-	-	-	-	-	-	-
Ove Andrè Årdal	SVP Commercial	252	74	62	-	8	80	23 792	-
Tone Rognstad[4]	SVP People & Communication	223	76	63	130	2	36	29 434	-
Aksel Luhr	General Counsel	238	68	58	-	2	33	28 252	-
Ellen W. Hoddell[5]	SVP Safety & Sustainability	34	46	51	-	1	8	11 947	-
Stefano Pujatti [6]	Chief Financial Officer	453	73	-	-	40	-	-	-
Ove Mikal Helle	SVP Internal Audit	242	57	58	-	9	34	15 699	-
Tor Tangvald	VP internal Audit	261	70	-	-	2	102	-	-
Charlotte Vedø [7]	VP Corporate Services	201	43	-	-	8	54	-	-
Alessandro Barberis [8]	VP Exploration	270	28	-	-	36	-	-	-
Ørjan Jentoft [9]	VP Partner Operated Assets	272	57	-	-	8	17	-	-
Bjørn Thore Ribesen [10]	VP Field Development & Projects	288	61	-	-	8	18	-	-
Annethe Gjerde [11]	VP Contract & Procurement	202	50	-	-	2	17	-	-
Total compensation		**4 000**	**1 121**	**568**	**537**	**139**	**562**	**263 452**	**-**

[1] Other: as per prospectus - bonus paid by successful IPO 2022

[2] Employed since October 2022. Other: as per contract - compensation for documented loss of bonus with previous employer

[3] Employed since December 2022

[4] Employed 1 Januray 2022. Other: as per contract - compensation for documented loss of bonus with previous employer

[5] Appointed in November 2022

[6] Expatriated from ENI SPA

[7] Left the Executive Management group October 2022, compensation prorated for 2022

[8] Expatriated from ENI SPA. Left the Executive Management group October 2022

[9] Left the Executive Management group October 2022, compensation prorated for 2022

[10] Left the Executive Management group October 2022, compensation prorated for 2022

[11] Left the Executive Management group October 2022, compensation prorated for 2022

*) Remuneration is paid in NOK and converted to USD using a yearly average USD/NOK-rate

**) Numbers represent actual bonus earned in 2022

***) Total number of shares is at 31 December 2022

Note 6 Staff costs and remuneration continued

Board of Directors remuneration 2023*

USD 1000, except total number of shares and owing interest	Position	Board of Directors	Audit Committee	Safety & Sustainability Committee	Remuneration Committee	Sum	Total number of shares**	Owning interest
Thorhild Widvey	Chair Board of Directors, Chair Safety & Sustainability Com.	96	-	-	7	103	74 320	-
Liv Monica Bargem Stubholt [1]	Deputy Chair Board of Directors, Chair Audit Committee	45	23	-	-	68	41 785	-
Francesco Gattei	Board of Directors - Elected by Eni [2]	-	-	-	-	-	-	-
Gudio Brusco	Board of Directors - Elected by Eni [2]	-	-	-	-	-	-	-
Clara Andreoletti	Board of Directors - Elected by Eni [2]	-	-	-	-	-	-	-
Marica Calabrese	Board of Directors - Elected by Eni [2]	-	-	-	-	-	-	-
Ove Gusevik	Board of Directors member	45	14	-	-	59	-	-
Fabio Ignazio Romeo	Board of Directors member	45	-	14	-	59	-	-
Jan Inge Nesheim	Board of Directors - Employee representative	26	-	4	-	30	34 407	-
Martha Skjæveland	Board of Directors - Employee representative	26	-	-	4	30	12 874	-
Bjørn Nysted	Board of Directors - Employee representative	26	4	-	-	30	23 270	-
Hege Susanne Blåsternes	Board of Directors - Employee representative	26	-	4	-	30	37 227	-
Total compensation		**336**	**40**	**21**	**10**	**408**	**223 883**	**-**

1) Paid to Advokatfirmaet Selmer AS
2) Directors elected by Eni shall not receive any remuneration

*) Remuneration is paid in NOK and converted to USD using a yearly average USD/NOK-rate

**) Total number of shares is at 31 December 2023

The Board of Directors received 6 months compensation in December 2023. The remaining annual fee will be paid in June 2024.

Board of Directors remuneration 2022*

USD 1000, except total number of shares and owing interest	Position	Board of Directors	Audit Committee	Safety & Sustainability Committee	Remuneration Committee	Sum	Total number of shares**	Owning interest
Thorhild Widvey	Chair Board of Directors, Chair Safety & Sustainability Com.	96	-	-	7	103	71 428	-
Liv Monica Bargem Stubholt [1]	Deputy Chair Board of Directors, Chair Audit Committee	45	23	-	-	68	40 000	-
Francesco Gattei	Board of Directors - Elected by Eni [2]	-	-	-	-	-	-	-
Gudio Brusco	Board of Directors - Elected by Eni [2]	-	-	-	-	-	-	-
Clara Andreoletti	Board of Directors - Elected by Eni [2]	-	-	-	-	-	-	-
Marica Calabrese	Board of Directors - Elected by Eni [2]	-	-	-	-	-	-	-
Ove Gusevik	Board of Directors member	45	14	-	-	59	-	-
Fabio Ignazio Romeo	Board of Directors member	45	-	14	-	59	-	-
Jan Inge Nesheim	Board of Directors - Employee representative	26	-	4	-	30	19 589	-
Martha Skjæveland	Board of Directors - Employee representative	26	-	-	4	30	4 301	-
Bjørn Nysted	Board of Directors - Employee representative	26	4	-	-	30	17 639	-
Hege Susanne Blåsternes	Board of Directors - Employee representative	26	-	4	-	30	4 998	-
Total compensation		**336**	**40**	**21**	**10**	**408**	**157 955**	**-**

1) Paid to Advokatfirmaet Selmer AS
2) Directors elected by Eni shall not receive any remuneration

*) Remuneration is paid in NOK and converted to USD using a yearly average USD/NOK-rate

**) Total number of shares is at 31 December 2022

Note 7 Auditor's fee

USD 1000	2023	2022
Statutory audit	499	545
Other attestations and quarterly reviews	401	1 051
Other services*	-	104
Reinvoiced to Eni S.p.A.	-	(68)
Total fee	**900**	**1 631**

*) Services other than audit in 2022 provided by the auditors mainly related to non-financial process improvement activities.

Note 8 Other operating expenses

USD 1000	Note	2023	2022
R&D expenses		34 980	31 535
Pre-production costs		36 716	24 761
Guarantee fee decommissioning obligation	28	17 436	22 190
Administration expenses	7	28 771	26 331
Neptune integration cost		11 644	-
Other expenses		30 429	32 905
Total other operating expenses		**159 976**	**137 721**

Other expenses in 2023 are mainly related to write down of obsolete inventory. 2022 other expenses was mainly related to disposal of the Brasse licenses.

Note 9 Exploration expenses

USD 1000	Note	2023	2022
Seismic		27 310	4 741
Area Fee		6 798	7 861
Dry well expenses	12	40 928	30 600
Other exploration expenses		11 455	28 861
Total exploration expenses		**86 491**	**72 063**

Dry well expenses in 2023 are mainly related to the PL1005 well 6405/7-3 S Rondeslottet and the PL554 well 34/6-6 Angulata Brent. In 2022 the dry well expenses are mainly related to the well PL901 7122/6-3 S Rødhette and the 34/4-18 S Statfjord Kile Well.

Note 10 Financial items

USD 1000	Note	2023	2022
Interest income		11 318	9 496
Interest on debts and borrowings	24	(250 001)	(129 756)
Interest on lease debt		(6 210)	(9 312)
Capitalised interest cost, development projects		251 870	130 974
Amortisation of fees and expenses		(14 007)	(17 801)
Accretion expenses (asset retirement obligation)	25	(98 765)	(94 243)
Other financial expenses		(4 710)	(5 248)
Change in fair value of interest rate hedges (ineffectiveness)		(2 408)	-
Net financial income / (expenses)		**(112 913)**	**(115 889)**
Unrealised exchange rate gain / (loss)		23 907	(81 175)
Realised exchange rate gain / (loss)		(70 606)	(315 864)
Net exchange rate gain / (loss)		**(46 699)**	**(397 039)**
Net financial items		**(159 613)**	**(512 929)**

Vår Energi's functional currency is NOK, whilst interest bearing loans and bonds are in USD and EUR. These loans and bonds are the main reason for fluctuation in the exchange rate gain and loss.

Note 11 Income taxes

USD 1000	2023	2022
Current period tax payable / (receivable)	1 754 506	3 851 161
Prior period adjustments to current tax	(11 287)	20 828
Current tax expense / (income)	**1 743 219**	**3 871 989**
Increase / (decrease) in deferred tax	**1 003 485**	**1 047 499**
Tax expense / (income) in profit and loss	**2 746 704**	**4 919 489**
Effective tax rate in %	**82%**	**84%**
Tax expense / (income) in put option used for hedging	304	(341)
Tax expense / (income) in other comprehensive income	**2 747 008**	**4 919 148**

Reconciliation of tax expense	Tax rate	2023	2022
Marginal (78%) tax rate on profit / loss before tax	78%	2 618 542	4 567 829
Tax effect of uplift	71.8%	(38 815)	(211 687)
Impairment of goodwill	78%	-	184 022
Tax effects of items taxed at other than marginal (78%) tax rate[1]	56%	182 119	314 393
Tax effects of new legislation on other items		-	50 885
Tax effects on acquisition, sale and swap of licences[2]		(10 955)	-
Other permanent differences, prior period adjustments and change in estimates of uncertain tax positions	78%	(4 186)	14 047
Tax expense / (Income)		**2 746 704**	**4 919 489**

[1] The effects of items taxed at other than marginal (78%) tax rate are mainly impacted by interest and fluctuation in currency exchange rate on the Company's external borrowings.
[2] Working interest in Brage field sold in fourth quarter 2023.

Note 11 Income taxes continued

Temporary timing differences at end of period	2023	2022
Tangible fixed assets	9 708 700	9 787 501
Capitalised exploration cost	276 504	225 287
Other intangible assets	83 060	93 515
Abandonment obligation	(3 357 531)	(3 274 814)
Financial instruments over OCI	(18 830)	(21 339)
Other	175 323	141 719
Basis for deferred ordinary taxes	**6 867 227**	**6 951 868**
Additional depreciation for special tax	5 327 399	4 288 592
Temporary differences not relevant for special tax	(1 917)	(110 830)
Ordinary tax deductible for special tax	(1 909 874)	(2 010 081)
Basis for deferred special taxes	**10 282 836**	**9 119 549**
Ordinary tax 22.0%	(1 510 790)	(1 529 411)
Special tax 71.8%	(7 383 076)	(6 547 836)
Valuation allowance for lack of statutory tax deduction at effective rate 6.2% related to abandonment	(49 153)	(50 724)
Net deferred tax asset / (liability) as of closing balance	**(8 943 019)**	**(8 127 971)**

The global minimum tax (Pillar II) becomes effective from 2024, and this will also apply for Vår Energi, with its current setup, however the Company believes that it will not be impacted of the global minimum tax.

Breakdown of tax effect on temporary differences	2023	2022
Tangible fixed assets	(11 149 947)	(10 353 775)
Capitalised exploration cost	(215 685)	(175 733)
Other intangible assets	(64 790)	(72 945)
Abandonment obligation	2 569 856	2 503 762
Lease liabilities	91 208	165 873
Financial instruments over OCI	4 143	4 695
Other Provisions	(177 803)	(199 848)
Net deferred tax asset / (liability) as of closing balance	**(8 943 019)**	**(8 127 971)**

Deferred tax asset / (liability)	2023	2022
Deferred tax asset / (liability) at beginning of period	(8 127 971)	(7 953 676)
Current period deferred tax income / (expense)	(1 003 485)	(1 047 499)
Deferred taxes related to acquisition, sale and swap of licenses[1]	(23 449)	-
Deferred taxes recognised directly in OCI or equity	(304)	341
Currency translation effects	212 190	872 864
Net deferred tax asset / (liability) as of closing balance	**(8 943 019)**	**(8 127 971)**

[1] Working interest in Brage field sold in fourth quarter 2023.

Calculated tax payable	2023	2022
Tax payable at beginning of period	(1 778 222)	(801 432)
Current period payable taxes	(1 754 506)	(3 851 161)
Net tax payment	2 463 195	2 686 852
Prior period adjustments and change in estimate of uncertain tax positions	11 287	(20 828)
Currency translation effects	93 831	208 347
Net tax payable as of closing balance	**(964 414)**	**(1 778 222)**

Note 12 Intangible assets

USD 1000	Note	Goodwill	Other intangible assets	Capitalised exploration wells	Total
Cost as at 1 January 2022		**5 009 390**	**104 520**	**199 981**	**5 313 891**
Additions		-	-	77 050	77 050
Additions through business combination		-	-	-	-
Reclassification		-	-	-	-
Disposals / expensed exploration wells	9	-	-	(30 600)	(30 600)
Currency translation effects		(527 451)	(11 005)	(21 145)	(559 601)
Cost as at 31 December 2022		**4 481 939**	**93 515**	**225 287**	**4 800 740**
Depreciation and impairment as at 1 January 2022		**(2 477 492)**	**-**	**-**	**(2 477 492)**
Provision for impairment reversal / (loss)	15	(235 913)	-	-	(235 913)
Currency translation effects		250 980	-	-	250 980
Depreciation and impairment as at 31 December 2022		**(2 462 426)**	**-**	**-**	**(2 462 426)**
Net book value as at 31 December 2022		**2 019 512**	**93 515**	**225 287**	**2 338 314**

USD 1000	Note	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		-	-	113 107	113 107
Reclassification		-	(7 292)	(14 381)	(21 674)
Disposals / expensed exploration wells	9	1 463	-	(40 928)	(39 465)
Currency translation effects		(138 774)	(3 162)	(6 580)	(148 516)
Cost as at 31 December 2023		**4 344 628**	**83 060**	**276 504**	**4 704 193**
Depreciation and impairment as 1 January 2023		**(2 462 426)**	**-**	**-**	**(2 462 426)**
Depreciation		-	-	-	-
Provision for impairment reversal / (loss)		-	-	-	-
Currency translation effects		76 276	-	-	76 276
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.

The total goodwill of USD 1 958 million per 31 December 2023 consists of ordinary goodwill (USD 178 million) and technical goodwill (USD 1 780 million).
Ordinary goodwill unchanged from 31 December 2022 except for currency translation effects.

Note 13 Tangible assets

USD 1000	Note	Wells and production facilities	Facilities under construction	Other property, plant and equipment	Total
Cost as at 1 January 2022		**14 617 577**	**5 113 429**	**39 350**	**19 770 356**
Additions		665 016	1 832 590	18 491	2 516 097
Estimate change asset retirement cost	25	266 380	-	-	266 380
Reclassification		143 700	(29 043)	-	114 657
Disposals		-	(32 021)	-	(32 021)
Currency translation effects		(1 582 375)	(577 449)	(4 253)	(2 164 077)
Cost as at 31 December 2022		**14 110 298**	**6 307 507**	**53 587**	**20 471 393**
Depreciation and impairment as at 1 January 2022		**(4 567 768)**	**-**	**(13 671)**	**(4 581 439)**
Depreciation		(1 408 937)	-	(9 180)	(1 418 117)
Impairment reversal / (loss)	15	(422 008)	-	-	(422 008)
Disposals		-	-	-	-
Currency translation effects		510 826	-	1 583	512 408
Depreciation and impairment as at 31 December 2022		**(5 887 887)**	**-**	**(21 268)**	**(5 909 156)**
Net book value as at 31 December 2022		**8 222 411**	**6 307 507**	**32 319**	**14 562 237**

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		1 024 517	1 719 764	33 480	2 777 761
Estimate change asset retirement cost	25	177 485	-	-	177 485
Reclassification		1 549 298	(1 456 151)	-	93 147
Disposals		(82 332)	(24 591)	-	(106 923)
Currency translation effects		(289 075)	(236 291)	(134)	(525 500)
Cost as at 31 December 2023		**16 490 192**	**6 310 238**	**86 934**	**22 887 364**
Depreciation and impairment as at 1 January 2023		**(5 887 887)**	**-**	**(21 268)**	**(5 909 156)**
Depreciation		(1 385 470)	(0)	(15 974)	(1 401 444)
Impairment reversal / (loss)	15, 33	(326 127)	(200 300)	-	(526 427)
Disposals		75 621	-	-	75 621
Currency translation effects		119 138	(7 996)	(23)	111 119
Depreciation and impairment as at 31 December 2023		**(7 404 725)**	**(208 296)**	**(37 265)**	**(7 650 287)**
Net book value as at 31 December 2023		**9 085 467**	**6 101 942**	**49 669**	**15 237 078**

Capitalised interests for facilities under construction were USD 249 835 in 2023 and USD 130 974 thousand in 2022.

Rate used for capitalisation of interests was 7.65% in 2023 and 3.8% in 2022.

Note 14 Right of use assets

USD 1000	Offices	Rigs, helicopters and supply vessels	Warehouse	Total
Cost as at 1 January 2022	**75 830**	**304 183**	**13 546**	**393 558**
Additions	4 081	2 596	-	6 677
Reclassification	-	(73 006)	-	(73 006)
Currency translation effects	(13 178)	(28 473)	1 610	(40 042)
Cost as at 31 December 2022	**66 732**	**205 300**	**15 155**	**287 188**
Depreciation and impairment as at 1 January 2022	**(15 707)**	**(72 924)**	**(6 496)**	**(95 126)**
Depreciation	(4 091)	(23 748)	(2 010)	(29 849)
Currency translation effects	2 115	10 486	609	13 211
Depreciation and impairment as at 31 December 2022	**(17 683)**	**(86 186)**	**(7 896)**	**(111 765)**
Net book value as at 31 December 2022	**49 049**	**119 114**	**7 259**	**175 423**

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	-	(71 474)	-	(71 474)
Currency translation effects	(2 721)	(8 303)	(618)	(11 642)
Cost as at 31 December 2023	**64 011**	**125 523**	**14 537**	**204 072**
Depreciation and impairment as at 1 January 2023	**(17 683)**	**(86 186)**	**(7 896)**	**(111 765)**
Depreciation	(4 692)	(13 514)	(2 949)	(21 155)
Currency translation effects	728	1 412	520	2 660
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 15 Impairment

Impairment testing

Impairment tests of individual cash-generating units (CGUs) are performed quarterly when impairment triggers are identified, and full impairment testing is performed annually. Impairment testing of fixed assets and related intangible assets, including technical and ordinary goodwill 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 56 USD/boe (real). Long-term price assumptions are unchanged from assumptions per 31 December 2022.

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

Year	31 Dec 2022	31 Dec 2023
2024	75.5	76.3
2025	75.3	75.2
2026	77.3	77.4

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

Year	31 Dec 2022	31 Dec 2023
2024	106.0	63.0
2025	70.4	65.5
2026	62.1	62.9

Oil and gas reserves

Future cash flows are calculated based on expected production profiles and estimated proven, probable and risked possible reserves.

Production (mmboe) per period as applied in the impairment test:

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

Future expenditure

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

Discount rate

The discount rate is derived from the Company's weighted average cost of capital ("WACC"). The capital structure considered in the WACC calculation is derived from the capital structures of an identified peer group and market participants with consideration given to optimal structures. The cost of equity is derived from the expected return from an investor of the Company. The cost of debt is based on the interest-bearing borrowings for a market participant specific to the assets acquired. The beta factors are evaluated annually based on publicly available market data about the identified peer group. The post tax nominal discount rate used is 8.0% per 31 December 2023, consistent with the rate applied per 31 December 2022.

Currency rates

The currency rates assumed per 31 December 2023 are based on the forward curve for the next three-year period and from the fourth year the currency rates are based on the Company's long-term assumptions. Vår Energi's long term currency rates are 9.0 NOK/USD and 9.7 NOK/EUR.

	NOK/EUR		NOK/USD	
Year	31 Dec 2022	31 Dec 2023	31 Dec 2022	31 Dec 2023
2024	9.9	11.1	9.0	10.0
2025	9.9	10.6	9.0	9.6
2026	9.9	10.0	9.0	9.2
2027 onwards	9.9	9.7	9.0	9.0

Inflation

The inflation rate assumed per 31 December 2023 is 4% for 2024 with long-term inflation rates beyond 2024 of 2.0%. Long-term inflation rates are unchanged from assumptions per 31 December 2022.

Note 15 Impairment continued

Impairment testing of goodwill

The technical goodwill recognised in previous business combinations is allocated to each CGU for the purpose of impairment testing. Hence, technical goodwill is included in the impairment testing of the CGU, and the technical goodwill is written down before the asset. The carrying value of the CGU is the sum of tangible assets, intangible assets, technical goodwill and deferred taxes as of the assessment date. When deferred tax liabilities from the acquisitions decreases as a result of depreciation, more goodwill is exposed for impairment. This may lead to future impairment charges even though other assumptions remain stable as goodwill is not depreciated.

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

Impairment charge/reversal

The impairment testing per 31 December 2023 identified impairment to the Balder CGU of USD 526 427. The impairment is mainly related to updated cost, schedule and production profile for the Balder X project. The impairment is fully allocated to PP&E.

No impairment triggers for ordinary goodwill.

Cash generating unit (USD 1000)	Net carrying value	Recoverable amount	Impairmant/ reversal (-)	Deferred tax impact
Balder Area	1 204 267	1 088 453	526 427	(410 613)
Total	**1 204 267**	**1 088 453**	**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.

		Change in impairment after	
Assumption USD 1000	**Change**	**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.

Note 15 Impairment continued

Climate related risks

The climate related risk assessment is generally described in note 33 Climate Risk. Financial reporting and impairment testing includes a step up of CO_2 tax/fees from current levels to approximately NOK 2 240 per ton in 2030 (real 2023)

Scenarios from the International Energy Agency (IEA) have been included in a sensitivity test as presented below. The price assumptions in those senarios have been provided by IEA at 2030 and 2050 in 2022 real terms. For the sensitivity calculation, a linear development between spot price at year-end 2023 and IEA price in 2030, as well as between 2030 and 2050 has been applied. The table below summarises how the impairment charge would increase (+) or decrease (-) using the oil and gas price assumptions in the following scenarios:

	Oil USD/bbl		Gas USD/mmbtu	
Scenario price ranges	**2030**	**2050**	**2030**	**2050**
Net Zero	42	25	4.3	4.1
Annonced pledges	74	60	6.5	5.4
Stated policies	85	83	6.9	7.1

		Change in impairment	
IEA Scenario (USD 1000)	**Net Zero**	**Annonced pledges**	**Stated policies**
Balder Area	2 079 000	(325 000)	(918 000)
Snorre	120 000	-	-
Grane	93 000	-	-
Ekofisk	56 000	-	-
Other	56 000	-	-
Total	**2 404 000**	**(325 000)**	**(918 000)**

Impairment testing in 2021

The 2022 macro assumptions are shown in tables and text in this note.

The 2022 impairments of USD 657 922 thousand were mainly related to updated cost, schedule and production profile for the Balder X project.

The following impairments were recorded in 2022:

Cash generating unit (USD 1000)	**Impairment goodwill**	**Impairment PP&E**	**Total**
Balder Area	233 998	406 250	640 248
Fenja	-	15 758	15 758
Other	1 916	-	1 916
Total	**235 913**	**422 008**	**657 922**

Note 16 Investment in shares

USD 1000	Business Location	Ownership	31 Dec 2023	31 Dec 2022
Norpipe Oil AS	Tananger, Norway	6.52%	150	155
Tjeldbergodden Utvikling AS	Kjørsvikbugen, Norway	0.48%	59	61
Ormen Lange Eiendom DA	Tananger, Norway	6.34%	530	547
Investment in shares			**739**	**763**

Note 17 Inventories

USD 1000	31 Dec 2023	31 Dec 2022
Inventories - measured at cost	223 660	223 529
Provisions for obsolete stock	(24 538)	-
Physical oil inventory	52 381	42 281
Total inventory	**251 503**	**265 811**

Note 18 Trade receivables

USD 1000	Note	31 Dec 2023	31 Dec 2022
Trade receivables - related parties	30	516 429	478 714
Trade receivables - external parties		137 221	382 405
Sale of trade receivables		(290 756)	(64 802)
Total trade receivables		**362 895**	**796 317**

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

Trade receivables are presented net of payments received from the banks for the sold invoices, as Vår Energi has retained the right to receive payments from the customers 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 19 Other current receivables and financial assets

USD 1000	Note	31 Dec 2023	31 Dec 2022
Net underlift of hydrocarbons		125 747	101 889
Prepaid expenses		53 437	30 672
Brent crude put options - financial assets	20	10 974	14 805
Net receivables from joint operations		102 038	67 776
Other		17 276	(1 856)
Total other current receivables and financial assets		**309 472**	**213 286**

Note 20 Financial instruments

Capital management

For the purpose of Vår Energi's capital management, capital includes equity attributable to the equity holders and current and non-current debt financing. The primary objective of the Company's capital management is to ensure that it maintains a solid balance sheet and investment grade credit rating in order to support its business and maximise shareholder value.

The Company manages its capital structure and makes adjustments in light of changes in economic conditions and planned activities in order to meet requirements of the financial covenants and support the Company's investment grade credit rating provided by Moody's and S&P. To maintain or adjust the capital structure, the Company may issue new or refinance existing debt using both bank loans or bonds, adjust the dividend payment to shareholders, return capital to shareholders, issue hybrid bonds or new shares or sell assets. As part of the refinancing to an unsecured financing structure, obtaining external credit rating and the initial public offering, the Company's financial policies were reviewed and updated.

In order to achieve this overall objective, the Company's capital management, amongst other things, aims to ensure that it meets financial covenants attached to its interest-bearing loans and borrowings that form part of its capital structure requirements. Breaches in the financial covenants would permit the bank to immediately call interest-bearing loans and borrowings. There have been no breaches in the financial covenants of any interest-bearing loans and borrowings in the current or prior period.

The Company monitors the leverage ratio using net interest bearing debt (NIBD) divided by rolling 12 months earnings before interest, tax, depreciation, amortisation and exploration expenses (EBITDAX). Net interest-bearing debt is defined as interest-bearing loans and borrowings less cash and short-term deposits.

Please refer to note 24 for more details related to financial liabilities and borrowings.

Risk Management

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

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

Operational risks

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

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

Note 20 Financial instruments continued

Commodity price risk

Vår Energi operates in the crude oil and natural gas market and fluctuations in hydrocarbon prices have a significant effect on the Company's revenues. Commodity price risk represent the Company's most important market risk. To manage this risk, Vår Energi protects cash flows from sale of crude oil through entering into commodity price hedging instruments and cash flows from sale of natural gas through entering into fixed price gas sales contracts. In order to reduce the risk related to oil price fluctuations, the Company has established an oil price hedging program for 2024 where approximately 100% of planned after-tax volumes for oil have been hedged by acquiring monthly settled oil price put options. To align after-tax cash flows and adjust for different tax treatment of financial derivatives and the underlying oil production, 28% of the planned production volume is hedged. Approximately 20% of the Company's expected gas production in 2024 has been sold on fixed price terms as of 31 December 2023, at an average price of ~132 USD per boe.

Financial risks

The Company is exposed to market fluctuations in commodity prices, foreign exchange rates and interest rates.

The main financial risks Vår Energi is exposed to are:
- Fluctuation in foreign exchange rates due to currency mismatch between income and cost currencies, including tax payments
- Fluctuation in interest rates leading to a fluctuation in finance costs
- Funding and liquidity risk due to unavailability of funding, deposits or loss of income
- Credit risk of customers and other counterparties

Currency risk

Vår Energi is receiving proceeds in USD, EUR and GBP. The sale of crude oil is denominated in USD, whereas natural gas sales are mainly denominated in EUR with a minor part being denominated in GBP. Cash expenditures (opex, capex, G&A and tax payments) are split between NOK, USD and EUR. Bonds and interest bearing loans are in USD and EUR. Currency risk is mainly linked to a change in the value of NOK vs USD and EUR. The main currency risk relates to debt denominated in USD and EUR, but also exposure to receivables and payables per year end has been included in the below sensitivity tables.

The table below shows the Company's main exposure in USD as of 31 December 2023:

Exposure (USD 1 000)	31 Dec 2023	31 Dec 2022
Interest-bearing loans and bonds in USD	2 500 000	3 000 000
Interest-bearing bonds in EUR	691 860	-
Receivables due in USD	(449 752)	(385 841)
Receivables due in EUR	(170 614)	(352 148)
Payables due in USD	447 486	53 453
	3 018 980	2 315 464

The following table demonstrates the sensitivity to a reasonably possible change in the foreign exchange rate, with all other variables held constant, of the Company's profit before tax due to changes in the carrying value of monetary assets and liabilities at the reporting date.

Exposure (USD 1 000) Increase/decrease in foreign exchange rate USD/NOK	Effect on profit before tax for the year ended 31 December 2023	Effect on profit before tax for the year ended 31 December 2022
	Increase/(Decrease)	Increase/(Decrease)
10%	(301 898)	(231 546)
-10%	301 898	231 546

Note 20 Financial instruments continued

Interest rate sensitivity

Interest rate risk arises from the effects fluctuations in underlying market rates may have on future cash flows. At present, the main source of interest rate risk for Vår Energi is the floating interest rate payable under the Interest Rate Swap linked to the 5/29 EUR 600 million Senior Notes issue. As of 31 December 2023, the Company had not utilised its' floating interest rate credit facilities, see note 24.

The following table demonstrates the sensitivity to a reasonable possible change in interest rates on the Company's profit before tax from the impact of changes in floating interest rate with all other variables held constant. 2023 upward and downward sensitivity has been set to 1%. In the current volatile economic environment reasonable possible changes could be significantly higher. A 2% sensitivity would double the effect and a 3% would triple the effect.

Exposure (USD 1 000) Increase/decrease in interest rate	Effect on profit before tax for the year ended 31 December 2023 Increase/(Decrease)	Effect on profit before tax for the year ended 31 December 2022 Increase/(Decrease)
1.00%	(6 829)	(5 000)
-1.00%	6 829	5 000

Liquidity risk

The Company's future capital requirements depend on many factors, and the Company may need additional funds to fulfil its commitments and further develop exploration and development programs to support the strategic direction of the Company. Liquidity risk is the risk that the Company will not be able to meet the obligations of financial liabilities when they become due.

Risk levels are analysed by at least quarterly updates of cash flow projections for the strategic plan period and comparing with available liquidity during the period. Additional updates will be made if significant macroeconomic changes occur.

The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of credit facilities, bank loans and debt capital markets.

See note 24 for an overview of available credit facilities and bonds issued.

The table below shows the payment structure for the Company's financial commitments, based on undiscounted contractual payments:

Year ended 31 December 2023	On demand	< 1 year	1 - 2 years	2 - 5 years	> 5 years	Total
USD 1000						
Interest-bearing loans	-	-	-	-	-	-
Bond USD Senior Notes	-	180 000	180 000	1 965 000	1 320 000	3 645 000
Bond EUR Senior Notes	-	35 281	35 281	105 843	676 752	853 157
Subord. EUR Fixed Rate Sec.	-	-	-	-	815 659	815 659
Accounts payable	-	328 951	-	-	-	328 951
Lease liabilities	-	99 265	-	5 745	33 096	138 106
Sum none-derivative fin. liab.	-	643 497	215 281	2 076 588	2 845 507	5 780 873
Interest Rate Swap EUR (inflow)	-	(61 692)	(61 692)	(185 076)	(48 486)	(356 946)
Interest Rate Swap EUR (outflow)	-	65 356	65 356	196 069	32 678	359 459
Sum derivative fin. liab.	-	3 664	3 664	10 993	(15 808)	2 513
		647 161	**218 945**	**2 087 581**	**2 829 699**	**5 783 386**

Year ended 31 December 2022	On demand	< 1 year	1 - 2 years	2 - 5 years	> 5 years	Total
USD 1000						
Interest-bearing loans	-	523 747	-	-	-	523 747
Bond USD Senior Notes	-	155 000	180 000	1 027 500	2 437 500	3 800 000
Accounts payable	-	368 589	-	-	-	368 589
Lease liabilities	-	99 312	-	104 792	41 390	245 494
	-	**1 146 648**	**180 000**	**1 132 292**	**2 478 890**	**4 937 830**

Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. Vår Energi is exposed to credit risk from its operating activities and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments. In 2023 Vår Energi sold the crude oil to Eni trading entities and natural gas primarily to Eni trading entities and other major international oil and gas players. The risk related to Eni is considered to be negligible. The Company only uses

Note 20 Financial instruments continued

investment grade and highly reputable banks as counterparties. Based on this, credit risk is considered limited.

The Company primarily sells to investment grade customers and has established procedures to assess credit risk. Payment performance is closely monitored for both license partners and customers. Overall, the credit risk is considered to be low based on the financial strenght of the counterparties and the procedures in place.

Categories of financial assets and liabilities

The Company has the following categories of financial assets and liabilities: derivative financial assets and liabilities recognised at fair value through profit or loss, derivative financial assets and liabilities designated as accounting hedge instruments (cash flow hedges) for which the effective portion is recognised at fair value through other comprehensive income, accounts receivables that do not contain a significant financing component are measured at the transaction price determined under IFRS 15, cash and cash equivalents measured at fair value, loans and borrowings and other liabilities measured at amortised cost.

USD 1000 2023	Note	Financial assets/liabilities at fair value through profit and loss	Cash, cash equivalents and receivables, payables	Financial liabilities measured at amortised cost	Cash flow hedge fair value through OCI	Total
Assets						
Trade receivable	18	-	362 895	-	-	362 895
Investments in shares	16	739	-	-	-	739
Cash and cash equivalents	21	-	734 914	-	-	734 914
Oil put options asset	19	-	-	-	10 974	10 974
Other short term receivables	19	-	119 315	-	-	119 315
Total financial assets		**739**	**1 217 123**	**-**	**10 974**	**1 228 837**
Liabilities						
Accounts payable		-	328 951	-	-	328 951
Net payables to joint operations	27	-	375 871	-	-	375 871
Employees, accrued public charges and other payables	27	-	29 472	-	-	29 472
Deferred payment for option premiums	27	-	-	29 804	-	29 804
Bond USD Senior Notes	24	-	-	2 500 000	-	2 500 000
Bond EUR Senior Notes	24	-	-	682 938	-	682 938
Bridge credit facility	24	-	-	-	-	-
Prepaid loan and bond expenses	24	-	-	(45 278)	-	(45 278)
Total financial liabilities		**-**	**734 293**	**3 176 386**	**-**	**3 910 679**

Note 20 Financial instruments continued

USD 1000 2022	Note	Financial assets/liabilities at fair value through profit and loss	Cash, cash equivalents and receivables, payables	Financial liabilities measured at amortised cost	Cash flow hedge fair value through OCI	Total
Assets						
Trade receivable	18	-	796 317	-	-	796 317
Investments in shares	16	763	-	-	-	763
Cash and cash equivalents	21	-	444 607	-	-	444 607
Oil put options asset	19	-	-	-	14 805	14 805
Other short term receivables	19	-	65 920	-	-	65 920
Total financial assets		**763**	**1 306 843**	**-**	**14 805**	**1 322 411**
Liabilities						
Accounts payable		-	368 589	-	-	368 589
Net payables to joint operations	27	-	378 167	-	-	378 167
Employees, accrued public charges and other payables	27	-	28 089	-	-	28 089
Deferred payment for option premiums	27	-	-	36 143	-	36 143
Bond USD Senior Notes	24	-	-	2 500 000	-	2 500 000
Bridge credit facility	24	-	-	500 000	-	500 000
Prepaid loan expenses	24	-	-	(47 411)	-	(47 411)
Total financial liabilities		**-**	**774 845**	**2 988 732**	**-**	**3 763 577**

Fair Value

Management assessed that the fair values of cash and short-term deposits, trade receivables, trade payables, bank overdrafts, and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments. Derivative assets and liabilities are, as described above, measured at fair value. And they have been determined to constitute level 2 fair value measurements. Investment in shares (in the fair value through profit or loss category) are measured at fair values using level 3 fair value estimates. See below discussion related to fair value hierarchy.

Carrying amounts of long term floating rate loans are assumed to approximate fair value due to short term interest rate periods. See below table for a comparison of carrying amounts of bonds measured at amortised cost with the fair value based on trading values:

USD 1000	Note	Financial liabilities measured at amortised cost	Fair value based on trading at year end*
Bond USD & EUR Senior Notes	24	3 182 938	3 394 970
Prepaid expenses bond	24	(45 402)	-
Total		**3 137 536**	**3 394 970**

* Year end meaning closest to 31 December 2023

Note 20 Financial instruments continued

Derivative financial instruments

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

As of 31 December 2022 and 2023, the Company 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)	Excercise price (USD per BBL)
Brent crude oil put options per 31 Dec 2022, exercisable in 2023	14 038	50
Brent crude oil put options per 31 Dec 2023, exercisable in 2024	15 550	50

Brent crude put options - financial assets

USD 1000	2023	2022
The beginning of the period	14 805	17 407
New Brent crude put options	29 804	36 143
Change in fair value	(33 635)	(38 745)
The end of the period	**10 974**	**14 805**

As of 31 December 2023, the fair value of outstanding Brent Crude oil put options amounted to USD 10 974 thousand. Unrealised gains and losses are recognised in OCI. Note that the cost price (option premium 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	2023	2022
The beginning of the period		(36 143)	(39 339)
Settlement	5	36 229	39 540
New Brent crude put options		(29 804)	(36 143)
FX-effect		(86)	(201)
The end of the period		**(29 804)**	**(36 143)**

All outstanding put option contracts at 31 December 2023 are due to expire in 2024. The full intrinsic value ("in the money value") of the options at the time of expiry, if any, has been presented in petroleum revenues. No gain included in petroleum revenue for 2022 and 2023. The premiums paid for the put options of USD 39 339 thousand in 2022 and USD 36 143 thousand in 2023 have been accounted for as cost of hedging and recycled from OCI to the profit or loss in the period in which the hedged revenues were realised, and presented as production costs.

Change in hedge reserve

USD 1000	2023	2022
The beginning of the period	(21 338)	(21 932)
Realised cost of hedge	36 143	39 339
Change in fair value	(33 635)	(38 745)
The end of the period	**(18 830)**	**(21 338)**

End of period 2023 after tax balance is USD 14 687 thousand.

Note 20 Financial instruments continued

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.

			Non-cash changes			
USD 1000	31 Dec 2022	Cash flows	Amortisation/ Accretion	Currency	Other	31 Dec 2023
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.	-	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**

			Non-cash changes			
USD 1000	31 Dec 2021	Cash flows	Amortisation/ Accretion	Currency	Other	31 Dec 2022
Long-term interest-bearing debt	4 520 500	(4 020 500)	-	-	(500 000)	-
Short-term interest-bearing debt	-	-	-	-	500 000	500 000
Bond USD Senior Notes	-	2 500 000	-	-	-	2 500 000
Deferred payment ExxonMobil	333 149	(300 000)	18 091	1 095	(52 335)	-
Prepaid loan expenses	(27 074)	(36 477)	17 801	1 320	(2 981)	(47 411)
Totals	**4 826 575**	**(1 856 977)**	**35 892**	**2 415**	**(55 316)**	**2 952 589**

Fair value hierarchy

The fair value of the financial instruments is included at the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following methods and assumptions were used to estimate the fair values:

The Company enters into derivative financial instruments with various counterparties, principally financial institutions with investment grade credit ratings. Derivatives measured using valuation techniques with market observable inputs are mainly commodity option contracts. The most frequently applied valuation techniques include forward pricing and swap models that use present value calculations. The models incorporate various inputs including the credit quality of counterparties and forward rate curves of the underlying commodity. As at 31 December 2023, the marked-to-market value of derivative asset positions is net of a credit valuation adjustment attributable to derivative counterparty default risk. The changes in counterparty credit risk had no material effect on financial instruments recognised at fair value.

All assets and liabilities, for which fair value is measured or disclosed in the financial statements, are categorised within the fair value hierarchy, described as follows, based on the lowest-level input that is significant to the fair value measurement as a whole:

- Level 1 input in the form of listed (unadjusted) prices in active markets for identical assets or liabilities.
- Level 2 – input other than listed prices of assets and liabilities included in Level 1 that is observable for assets or liabilities, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 – input for assets or liabilities for which there is no observable market data (non-observable input).

Note 21 Cash and cash equivalents

USD 1000	31 Dec 2023	31 Dec 2022
Bank deposits, unrestricted	724 726	434 693
Bank deposit, restricted, employee taxes	10 188	9 914
Total bank deposits	**734 914**	**444 607**

Note 22 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. Four 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 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. The dilutive effect of equity settled shares under the saving program is immaterial to the EPS calculation.

USD 1000	2023	2022
Profit for the year attributable to ordinary equity holders	610 229	936 402
EPS adjustement for dividends on hybrid capital	(8 218)	-
Number of shares after the listing on Oslo Stock Exchange (in thousand)	2 496 406	2 496 406
Earnings per share in USD	**0.24**	**0.38**

Overview of the 20 largest shareholders registered as of 31 December 2023	Type of account	Number of shares (in 1000)	Owing interest
ENI INTERNATIONAL BV	Ordinary	1 573 714	63.0%
SPRINGPOINT HOLDING II AS	Ordinary	328 392	13.2%
FOLKETRYGDFONDET	Ordinary	33 260	1.3%
Geveran Trading Company LTd	Ordinary	29 948	1.2%
The Northern Trust Comp, London Br	Nominee	22 525	0.9%
VERDIPAPIRFONDET DNB NORGE	Ordinary	13 521	0.5%
JPMorgan Chase Bank, N.A., London	Nominee	11 758	0.5%
State Street Bank and Trust Comp	Nominee	10 795	0.4%
SKANDINAVISKA ENSKILDA BANKEN AB	Nominee	10 642	0.4%
State Street Bank and Trust Comp	Nominee	10 228	0.4%
VERDIPAPIRFONDET ALFRED BERG GAMBA	Ordinary	10 176	0.4%
SIX SIS AG	Nominee	10 128	0.4%
VPF DNB AM NORSKE AKSJER	Ordinary	9 764	0.4%
Deutsche Bank Aktiengesellschaft	Nominee	8 712	0.3%
DANSKE INVEST NORSKE INSTIT. II.	Ordinary	8 542	0.3%
VERDIPAPIRFOND ODIN NORGE	Ordinary	8 145	0.3%
UBS Switzerland AG	Nominee	8 112	0.3%
VPF DNB NORGE SELEKTIV	Ordinary	7 273	0.3%
CACEIS Bank	Nominee	7 154	0.3%
PARETO INVEST NORGE AS	Ordinary	5 760	0.2%
OTHERS		367 856	14.7%
Total number of shares		**2 496 406**	**100%**

Note 23 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 Company's 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 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 for the first	7.862% fixed rate until 15 Feb 2029
Margin Step-ups	+0.25% points from 15 February 2034 and +0.75% points after 15 February 2049
Deferral of interest payment	Optional

Hybrid capital movements

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
Interest	-	-	-
Balance as of 31 Dec 2023	**799 461**	**8 921**	**808 382**

Note 24 Financial liabilities and borrowings

Interest-bearing loans and bonds

USD 1000	Coupon/Int. Rate	Maturity	31 Dec 2023	31 Dec 2022
Bond USD Senior Notes (22/27)	5.00%	May 2027	500 000	500 000
Bond USD Senior Notes (22/28)	7.50%	Jan 2028	1 000 000	1 000 000
Bond USD Senior Notes (22/32)	8.00%	Nov 2032	1 000 000	1 000 000
Bond EUR Senior Notes (23/29)	5.50%	May 2029	682 938	-
Subord. EUR Fixed Rate Sec. (23/83)	7.862%	Nov 2083	8 921	-
Bridge credit facility	1.50%+SOFR +CAS	Nov 2023	-	500 000
RCF Working capital facility	1.08%+SOFR +CAS	Nov 2026	-	-
RCF Liquidity facility	1.13%+SOFR +CAS	Nov 2026	-	-
Prepaid loan expenses			(45 278)	(47 411)
Total interest-bearing loans and borrowings			**3 146 582**	**2 952 589**
Of which current and non-current:				
Interest-bearing loans, current			-	500 000
Interest-bearing loans and borrowings			3 146 582	2 452 589

Credit facilities - utilised and unused amount

USD 1000	31 Dec 2023	31 Dec 2022
Drawn amount credit facility	-	500 000
Undrawn amount credit facilities	3 000 000	3 600 000

In 2023, Vår Energi ASA established the EMTN program and issued Senior Notes of EUR 600 million in May 2023 with a 5.5% coupon. In addition, Vår Energi ASA 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 23.

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. Accounting treatment of the interest rate swap is described under accounting policies in note 2.

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 above.

Note 25 Asset retirement obligations

USD 1000	2023	2022
Beginning of period	**3 216 138**	**3 297 176**
Change in estimate	177 485	266 380
Accretion discount	98 765	94 243
Payment for decommissioning of oil and gas fields	(40 688)	(70 318)
Disposals	(54 630)	
Currency translation effects	(102 018)	(371 343)
Total asset retirement obligations	**3 295 052**	**3 216 138**
Short-term	87 385	60 012
Long-term	3 207 667	3 156 126

Breakdown by decommissioning period	31 Dec 2023	31 Mar 2022
2022-2030	431 819	339 511
2031-2040	1 689 489	1 721 737
2041-2057	1 173 744	1 154 890

Change in estimate for 2023 mainly is due to revised cost estimates.

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% for 2024 and 2.0% forward and discount rates between 3.2% - 3.5% per 31 December 2023. The assumptions per 31 December 2022 were an inflation rate of 4% for 2023 and 2.0% forward and discount rates between 3.1% - 3.2%. The discount rates are based on risk-free interest without addition of credit margin.

Payment for decommissioning of oil and gas fields (abex) is mainly related to Balder Area.

Note 26 Other non-current liabilities

USD 1000	Note	31 Dec 2023	31 Dec 2022
Contingent consideration	27, 28	-	76 950
Deferred gain		8 536	9 259
Removal provision Gassled	2	73 613	70 336
Total other non-current liabilities		**82 149**	**156 544**

Note 27 Other current liabilities

USD 1000	Note	31 Dec 2023	31 Dec 2022
Net payables to joint operations		375 871	378 167
Net overlift of hydrocarbons		67 561	37 961
Contingent consideration, current	26, 28	79 137	-
Accrued interest		54 936	22 659
Employees, accrued public charges and other payables		29 472	28 089
Deferred payment for option premiums - oil puts	20	29 804	36 143
Change in market value/fair value of SWAP	20	7 299	-
Total other current liabilities		**644 079**	**503 019**

The contingent consideration is a conservative estimate based on maximum liability under the SPA agreement. An updated assessment from February 2024 indicates a materially lower payment due in 2024. See note 28 for additional details.

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 28 Commitments, provisions and contingent consideration

Other contractual obligations

Minimum work programs

Vår Energi is required to participate in the approved work programs for the licences. Together with the licence partners there is also an obligation to participate in exploration wells according to the license agreements. Remaining drilling commitments at 31 December 2023 are seven wells, with an estimated cost of USD 84 346 thousand.

Commitments

Vår Energi has entered into contractual commitments to secure planned activities. The numbers disclosed in the table below, represents Vår Energi's share of capital and operation expenditures from its participation in operated and non-operated exploration, development and production projects, as well as corporate activities. The current main development projects are Johan Castberg and Balder Future. The table below excludes contracts reported as lease, as disclosed in note 29 Lease agreements.

USD 1000	31 Dec 2023	31 Dec 2022
Within one year	137 343	272 660
After one year but not more than five years	249 225	80 366
More than five years	8 514	2 738
Total commitments other than leases	**395 081**	**355 764**

Liability for damages/insurance

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

Guarantees

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

Eni International B.V. has issued a guarantee to ExxonMobil for the seller's subsidiary removal cost obligations per Norwegian Law, in connection with Vår Energi's asset acquisitions from ExxonMobil in 2017 and 2019. Vår Energi pays and expenses an annual fee to Eni International B.V, see note 8. The total estimated net present value of the fee payments as of 31 December 2023 is USD 276 000 thousand, with a payment profile that is reduced according to the payment profile of decommissioning of asset acquired from ExxonMobil in 2017 and 2019.

Provisions and Contingencies

As part of the purchase agreement between Point Resources AS and ExxonMobil in 2017, Point Resources AS agreed to pay a contingent consideration related to possible development of the Forseti structure. A maximum payment in 2024 of USD 80 million has conservatively been carried as a liability since 2020. An updated assessment from February 2024 indicate a materially lower payment due in 2024.

During the normal course of its business, Vår Energi 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.

On 23 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 34.

After disagreement between the participants in the Breidablikk Unit on the apportionment of the Breidablikk field, the Ministry of Energy decided on the apportionment of the Breidablikk field on 29 June 2021, and later confirmed by the King in Counsel 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 has appealed the case. There are no effects on the Financial Statements related to this trial.

Note 29 Lease agreements

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

There are no new lease agreements in 2023. Right of use assets is shown in note 14.

Non-lease components such as the service element of rig and helicopter commitments are not included as part of the lease debt. As at 31 December 2023, the service share of these contracts amount to USD 10 million (USD 113 million in 2022).

The total expenditure realted to short-term leases which are not recognised as part of lease liabilities was USD 36 million (USD 4 million in 2022).

USD 1000	2023	2022
Opening Balance lease debt	**212 646**	**325 088**
New lease debt in period	-	6 149
Payments of lease debt	(98 809)	(116 893)
Interest expense on lease debt	6 195	9 245
Currency exchange differences	(3 104)	(10 942)
Total lease debt	**116 928**	**212 646**

Breakdown of the lease debt to short-term and long-term liabilities	31 Dec 2023	31 Dec 2022
Short-term	99 265	99 312
Long-term	17 663	113 334
Total lease debt	**116 928**	**212 646**

Lease debt split by activities	31 Dec 2023	31 Dec 2022
Offices	50 194	55 941
Rigs, helicopters and supply vessels	62 479	149 140
Warehouse	4 255	7 566
Total	**116 928**	**212 646**

Nominal lease debt maturity breakdown	31 Dec 2023	31 Dec 2022
Within one year	99 265	99 312
Two to five years	5 745	104 792
After five years	33 096	41 390
Total	**138 106**	**245 494**

Note 30 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	31 Dec 2022
Trade receivables		
Eni Trade & Biofuels SpA	422 807	251 129
Eni SpA	74 606	129 270
Eni Global Energy Markets	18 107	97 768
Other	909	546
Total trade receivables	**516 429**	**478 714**

All receivables are due within 1 year.

Current liabilities

USD 1000	31 Dec 2023	31 Dec 2022
Account Payables		
Eni International BV	17 740	21 740
Eni Global Energy Markets	-	22 063
Eni SpA	11 654	11 751
Other	7 950	1 340
Total account payables	**37 344**	**56 894**

Sales revenue

USD 1000	2023	2022
Eni Trade & Biofuels SpA	3 945 390	2 759 010
Eni SpA	870 327	1 472 251
Eni Global Energy Markets	177 307	629 765
Total sales revenue	**4 993 024**	**4 861 026**

Operating and capital expenditures

USD 1000	2023	2022
Eni Trade & Biofuels SpA	13 321	43 686
Eni International BV	17 333	22 138
Eni SpA	17 749	21 462
Other	1 383	2 481
Total operating and capital expenditures	**49 786**	**89 768**

Note 31 License ownerships

Fields	WI %	Operator	Licenses	Concession period expires
BALDER	90.0%	Vår Energi	PL 001/PL 027/PL 027C/PL 169/PL 028	2030
BAUGE	17.5%	Equinor	PL 348/PL 348B	2029
BREIDABLIKK	34.4%	Equinor	PL001DS/PL027FS/PL169/PL169B2	2030
BØYLA	20.0%	Aker BP	PL340/PL340BS	2029
EKOFISK	12.4%	ConocoPhillips	PL 018/PL 018 B	2028
ELDFISK	12.4%	ConocoPhillips	PL 018	2028
EMBLA	12.4%	ConocoPhillips	PL 018	2028
FENJA	45.0%	Neptune Energy	PL 586	2039
FRAM	25.0%	Equinor	PL 090 / 090E	2040
FROSK	20.0%	Aker BP	PL340	2029
GOLIAT	65.0%	Vår Energi	PL229	2042
GRANE	28.3%	Equinor	PL 001CS/PL 169B1	2030
GUNGNE	13.0%	Equinor	PL 046	2028
HALTEN ØST	24.6%	Equinor	PL074CS/PL074B/PL263/PL263B/ PL312/PL312B/PL473	2042
HEIDRUN	5.2%	Equinor	PL 095/PL 124	2024/2025
HYME	17.5%	Equinor	PL 348	2029
JOHAN CASTBERG	30.0%	Equinor	PL 532	2049
KRISTIN	16.7%	Equinor	PL 134D	2027
LAVRANS	15.0%	Equinor	PL199	2033
MARULK	20.0%	Vår Energi	PL 122	2030
MIKKEL	48.4%	Equinor	PL 092/PL 121	2028
MIKKEL	48.4%	Equinor	PL 092/PL 121	2024
MORVIN	30.0%	Equinor	PL 134B/P L034C	2027
NORNE	6.9%	Equinor	PL 128/PL 128 B	2026
ORMEN LANGE	6.3%	Norske Shell	PL 208/PL 250	2041
RINGHORNE ØST	70.0%	Vår Energi	PL 027/PL 169E	2030
SIGYN	40.0%	Equinor	PL 072	2035
SKULD	11.5%	Equinor	PL 128	2026
SLEIPNER VEST	17.2%	Equinor	PL 029/PL 046	2028
SLEIPNER ØST	15.4%	Equinor	PL 046	2028
SNORRE	18.6%	Equinor	PL 057/PL 089	2040
STATFJORD	21.4%	Equinor	PL 037	2026
STATFJORD NORD	25.0%	Equinor	PL 037	2026
STATFJORD ØST	20.6%	Equinor	PL 037/PL 089	2040
SVALIN	13.0%	Equinor	PL 169	2030
SYGNA	21.0%	Equinor	PL 037/PL 089	2040
TOMMELITEN ALPHA	9.1%	ConocoPhillips	PL044	2028
TOR	10.8%	ConocoPhillips	PL 006/PL 018	2028
TORDIS	16.1%	Equinor	PL 089	2040
TRESTAKK	40.9%	Equinor	PL 091/PL 091D	2029
TYRIHANS	18.0%	Equinor	PL 073/PL 073 B/PL 091	2029
URD	11.5%	Equinor	PL 128	2026
VERDANDE	10.5%	Equinor	PL128F	2026
VIGDIS	16.1%	Equinor	PL 089	2040
ÅSGARD	22.7%	Equinor	PL 062/PL 074/PL 094/PL 094 B /PL 134/PL 237/PL 479	2027

Note 31 License ownerships continued

Licenses	WI %	Operator
PL001	90%	Vår Energi
PL001 CS	100%	Vår Energi
PL001 DS	100%	Vår Energi
PL018	12%	ConocoPhillips
PL018 B	12%	ConocoPhillips
PL027	90%	Vår Energi
PL027 C	90%	Vår Energi
PL027 FS	100%	Vår Energi
PL027 HS	90%	Vår Energi
PL028	90%	Vår Energi
PL028 C	13%	Equinor
PL028 S	90%	Vår Energi
PL029	85%	Vår Energi
PL037	25%	Equinor
PL044	13%	ConocoPhillips
PL046	13%	Equinor
PL057	5%	Equinor
PL062	10%	Equinor
PL072	40%	Equinor
PL072 B	50%	Equinor
PL073	12%	Equinor
PL073 B	15%	Equinor
PL074	39%	Equinor
PL074 B	39%	Equinor
PL074CS	39%	Equinor
PL074DS	39%	Equinor
PL074ES	39%	Equinor
PL089	16%	Equinor
PL090	25%	Equinor
PL090 E	25%	Equinor
PL090 I	25%	Equinor
PL091	41%	Equinor
PL091 D	41%	Equinor
PL091 E	41%	Equinor
PL092	55%	Equinor
PL094	34%	Equinor
PL094 B	22%	Equinor
PL095	5%	ConocoPhillips
PL107 B	5%	Equinor
PL107 D	5%	Equinor
PL121	35%	Equinor
PL122	20%	Vår Energi
PL122 B	20%	Vår Energi
PL122 C	20%	Vår Energi
PL122 D	20%	Vår Energi
PL124	5%	Equinor
PL128	12%	Equinor
PL128 B	7%	Equinor
PL128 D	12%	Equinor
PL128 E	12%	Equinor
PL134	30%	Equinor
PL134 B	30%	Equinor
PL134 C	30%	Equinor
PL134 D	30%	Equinor
PL134E	30%	Equinor
PL169	13%	Equinor
PL169 B1	7%	Equinor
PL169 B2	10%	Equinor
PL169 E	13%	DNO Norge
PL199	15%	Equinor
PL209	10%	Equinor
PL219	50%	Equinor
PL220	15%	Equinor
PL229	65%	Vår Energi
PL229 B	65%	Vår Energi
PL229 E	50%	Vår Energi
PL229 G	50%	Vår Energi
PL229 H	65%	Vår Energi
PL237	22%	Equinor
PL250	6%	Shell
PL257	15%	Equinor
PL263 C	10%	Equinor
PL293	25%	Equinor
PL312	41%	Equinor
PL312 B	41%	Equinor
PL340	20%	Aker BP
PL340 BS	20%	Aker BP
PL348	18%	Equinor
PL348 B	18%	Equinor
PL375	20%	Equinor
PL393	80%	Vår Energi
PL473	39%	Equinor
PL479	34%	Equinor
PL489	40%	Vår Energi
PL532	30%	Equinor
PL554	30%	Equinor
PL554 B	30%	Equinor
PL554 C	30%	Equinor
PL554 D	30%	Equinor
PL554E	30%	Equinor
PL586	45%	Neptune
PL608	30%	Equinor
PL784	20%	Aker BP
PL820S	30%	Vår Energi
PL820SB	30%	Vår Energi
PL869	20%	Aker BP
PL901	50%	Vår Energi
PL917	40%	Vår Energi
PL917 B	40%	Vår Energi
PL932	20%	Aker BP
PL938	20%	Neptune
PL947	40%	Vår Energi
PL947 B	40%	Vår Energi
PL956	50%	Vår Energi
PL984	20%	DNO Norge
PL984 BS	20%	DNO Norge
PL985	30%	Vår Energi
PL1002	42%	Vår Energi
PL1002B	42%	Vår Energi
PL1002C	42%	Vår Energi
PL1005	40%	Aker BP
PL1025 S	30%	Vår Energi
PL1025 SB	30%	Vår Energi
PL1041	20%	Aker BP
PL1042	30%	Aker BP
PL1043	40%	Vår Energi
PL1043B	40%	Vår Energi
PL1072	70%	Vår Energi
PL1072 B	70%	Vår Energi
PL1073	70%	Vår Energi
PL1074	40%	Vår Energi
PL1075	60%	Vår Energi
PL1076	50%	Equinor
PL1078	30%	Equinor
PL1079	30%	Vår Energi
PL1080	30%	Equinor
PL1090	50%	Vår Energi
PL1096	30%	Vår Energi
PL1114	30%	Chrysaor Norge AS
PL1117	30%	OKEA ASA
PL1120	20%	DNO Norge AS
PL1121	30%	Equinor
PL1122	20%	ConocoPhillips
PL1131	40%	Vår Energi
PL1132	60%	Vår Energi
PL1139	20%	Lundin
PL1154	40%	Vår Energi
PL1163	20%	ConnocoPhillips
PL1168	50%	Vår Energi
PL1169	30%	Equinor
PL1173	60%	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

Note 32 Proved developed reserves (un-audited)

	mmboe
Production 2022	(80.3)
Change in gas conversion factor	(6.7)
Change in estimate 2022	25.0
Proved developed reserves as at 31.12.22	**311.8**
Production 2023	(77.7)
Change in estimate 2023	69.3
Proved developed reserves as at 31.12.23	**303.4**

Proved developed reserves as of 31 December 2023 are Vår Energi ASA's own evaluation based on Petroleum Resources Management System (PRMS) principles.

Total proved reserves, developed and undeveloped, as of 31 December 2023 were 609 mmboe, a decrease of 64 mmboe compared to 31 December 2022.

As of 31 December 2023, the Company's total proved and probable reserves (2P) net to Vår Energi were 985 mmboe, down from 1 070 mmboe as of 31 December 2022. The reduction is mainly due to a combination of high production (78 mmboe) in 2023 and selling of Brage assets as part of portfolio optimisation process (1 mmboe).

Vår Energi's total proved and probable reserves are distributed with 30% in the Balder Area, 23% in the Barents Sea, 23% in the North Sea and 24% in the Norwegian Sea. The Company's proved and probable reserves were split on 73% oil, 22% gas and 5% NGL.

The Company's five largest fields, Balder/Ringhorne, Åsgard, Johan Castberg, Breidablikk and Snorre account for approximately 57% of total proved and probable reserves at year-end 2023.

The Company's reserve life index (RLI) at year-end 2023, calculated on the basis of proved and probable reserves, was 12.7 years.

Total contingent resources (2C) at year-end 2023 were 629 mmboe, an increase of 85 mmboe when compared with year-end 2022. The increase was driven by several discoveries (Lupa, Countach ,Calypso) as well the inclusion of additional production optimisation activities that are part of the portfolio. The Company is actively de-risking and progressing these resources into new development projects.

For further information see the Annual Statement of Reserves published on www.varenergi.no

Note 33 Climate risk

Climate risk may have a significant impact on the financial reporting. Climate risk may be related to transitional risk and physical risk. Transitional risks relate to risks associated with transitioning to a lower-carbon economy and may comprise of market, reputational and policy risks. Physical risks are the risks which arise from the physical effects of climate change and environmental degradation and may arise through changes in weather patterns, temperature increases and other physical effects of climate change.

Vår Energi continually identifies and assesses the actual and potential impacts on sustainable development from the business and activities. Vår Energi is mainly impacted by transitional risks but could also be impacted by physical risk in a longer perspective.

Scenario analysis

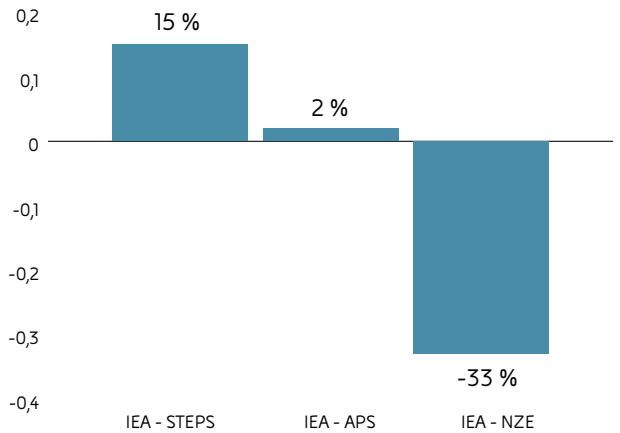
Vår Energi acknowledges and adheres to the recommendations set forth by the Task Force on Climate Related Financial Disclosures (TCFD) and take climate risks and opportunities into account when developing strategies and financial plans. In line with the recommendations by TCFD, Vår Energi has conducted scenario analysis under the International Energy Agency (IEA) scenarios of future energy trends, in order to assess the impacts on the Company's business and financial

Note 33 Climate risk continued

performance. The Global Energy and Climate (GEC) Model includes key input data for three modelled scenarios; Stated Policies Scenario (STEPS), Announced Pledges Scenario (APS) and Net Zero Emissions by 2050 Scenario (NZE).

The figure below illustrates the changes in the net present value (NPV) of Vår Energi's portfolio under the scenarios described in IEA's World Energy Outlook (WEO) report subject to assumptions described below. The latest WEO report published in October 2023 further describes the scenarios mentioned above and can be found at www.iea.org.

Change in NPV of Vår Energi portfolio under IEA scenarios



Notes

1) The NPV of Vår Energi portfolio under the selected scenarios is compared to the NPV of the portfolio valued at Vår Energi's latest economic assumptions. Fixed exchange rates are used for all scenarios.

2) IEA defines the prices for 2030 and 2050 in real 2022 terms. Vår Energi assumes a linear development between spot price at year end 2023 and IEA prices in 2030, as well as linear prices between 2030 and 2050.

Oil and gas price scenarios by the IEA:

Scenario price ranges Real terms (USD 2022)	Oil USD/bbl		Gas USD/mmbtu	
	2030	2050	2030	2050
Net Zero	42	25	4.3	4.1
Announced pledges	74	60	6.5	5.4
State Policies	85	83	6.9	7.1

Prices applied in the scenario assume a linear forecasted price development and do not take price fluctuations, changes in portfolio and costs into account. Further, the scenarios imply that no new oil and gas fields will be approved for development beyond already committed projects as of year end 2023. NGL prices are estimated to 70% of oil prices and foreign exchange rates are kept unchanged compared to base assumptions used for impairment purposes.

As illustrated in the figure above, the NPV of Vår Energi's portfolio is 15% higher under the IEA's STEPS scenario compared to the Company's latest planning and budget assumptions. Under the APS scenario, the NPV of the portfolio is 2% higher than the Vår Energi base case.

The Net Zero Emissions by 2050 scenario models a collapse in commodity prices of crude oil and natural gas dependent on a significant reduction in demand. Between 2022 and 2050, the demand for oil is expected to decline by around 75%, and natural gas to decline by around 78%. Thus, this scenario entails ambitious policies and measures to reduce energy demand through behavioural change. As indicated in the above figure, the NPV of Vår Energi's portfolio is valued 33% lower compared to the base assumptions under this scenario.

Potential financial impacts

The main potential climate risk related financial impacts identified by Vår Energi relates to market risk and regulatory risk. Market risk impacts, such as decrease in demand and prices related to fossil fuels, are described in the scenario analysis above. Regulatory risks are related to diminished exploration capabilities and end date of production for ARO purposes.

A scenario of shutdown of production of oil and gas from 2050 in order to reach the KonKraft strategy of near zero scope 1 emissions by 2050 will have limited to no impact on the 2023 financials. This is due to limited assumed production and decommissioning cost after 2050.

If no exploration activity is allowed after 2023, an impairment of exploration bonus potential included in Other tangible assets of USD 38 million is estimated to be suffered.

An increase in the fixed interest rates on the Senior Notes by 100 points would impact the expected interest payments by around USD 32 million (15% increase), whereas an increase by 200 points would increase the interest payments by around USD 64 million (29% increase). Although such an increase is not applicable on the fixed rates at present, the scenario illustrates the possible exposure in the longer term.

Note 33 Climate risk continued

Opportunities

The main identified climate-related opportunities with potential substantial financial impact identified by Vår Energi are:

- Shift in supplier: Vår Energi's assets being preferred in terms of lower emissions per produced boe, e.g. compared to non-NCS suppliers
- Electrification of assets may reduce production costs
- Underinvestment in the oil and gas industry may lead to increased prices of the commodities, in which may generate higher revenues
- Lower interest rates on loans due to lower emissions compared to other non-NCS producers
- Availability of capital; loan issuers may prefer companies with lower emissions
- Investment in CCS may decrease carbon costs

Note 34 Subsequent events

Neptune transaction

On 31 January 2024, 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 acquisition includes 12 producing assets, three of which are own operated. The acquired assets fit well to current portfolio, with increased presence and ownership in the Njord, Fram and Gjøa areas and ownership in the strategically important Snøhvit gas field and the associated Melkøya LNG plant, the only existing gas export infrastructure in the area. The transaction with Neptune Energy Norge AS will be recorded as a Business Combination and was completed on 31 January 2024. Vår Energi has decided to use 1 January 2024 as the transaction date for accounting purposes.

The valuation of the acquired assets will be based on currently available information about fair values as of the acquisition date. It is expected that the transaction will generate technical goodwill given the difference between fair value and tax value.

The cash consideration of USD 2 275 million was financed through available liquidity and credit facilities. The net cash consideration paid upon completion less cash available in Neptune Energy Norge was approximately USD 1 200 million.

If the acquisition had taken place 1 January, 2023 revenue would have increased by USD 2 351 million. Proforma figures related to net profit/loss have not been prepared as part of the annual report as the Company considers this to be impractical due to time constraints between completion of the transaction and publishing of the annual report.

Other 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 state has appealed the case.

After disagreement between the participants in the Breidablikk Unit on the apportionment of the Breidablikk field, the Ministry of 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. The Company has appealed the case.

Auditor's report

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.

Auditor's report

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

Statement by the Board of Directors and the Chief Executive Officer

Pursuant to the Norwegian Securities Trading Act Section 5-5 with related regulations, we hereby confirm that, to the best of our knowledge, the Company's, financial statements for 2023 have been prepared in accordance with IFRS Accounting Standards, as adopted by the EU, and requirements in accordance with the Norwegian Accounting Act. The information presented in the financial statements gives a true and fair view of the Company's liabilities, financial position, and results overall.

To the best of our knowledge, the Board of Directors' Report gives a true and fair view of the development, performance, and financial position of the Company, and includes a description of the principal risk and uncertainties that the Company faces.

In addition, we confirm to the best of our knowledge, that the report "Payment to governments" as provided in a separate section in this annual report, has been prepared in accordance with the requirements in the Norwegian Securities Trading Act Section 5-5a with related regulations.

Sandnes, 15 March 2024
The Board of Directors of Vår Energi ASA
Signed electronically

Thorhild Widvey
Chair

Liv Monica Bargem Stubholt
Deputy Chair

Francesco Gattei
Director

Guido Brusco
Director

Clara Andreoletti
Director

Marica Calabrese
Director

Fabio Ignazio Romeo
Director

Ove Gusevik
Director

Martha Skjæveland
Director, employee elected representatives

Hege Susanne Blåsternes
Director, employee elected representatives

Bjørn Nysted
Director, employee elected representatives

Jan Inge Nesheim
Director, employee elected representatives

Nicolas John Robert Walker
Chief Executive Officer

Appendix

Transparency Act Report

The Norwegian Transparency Act shall promote enterprises' respect for fundamental human rights and decent working conditions and ensure that the general public has access to information about how enterprises address adverse impacts on human rights and working conditions.

The overview below indicates where to find the relevant information to cover the reporting Requirements according to Section 5 of the Act in the Annual Report.

Requirement	Page
A general description of the enterprise's structure, area of operations.	3-4, 27, 78
Guidelines and procedures for handling actual and potential adverse impacts on fundamental human rights and decent working conditions.	84-86
Information regarding actual adverse impacts and significant risks of adverse impacts that the enterprise has identified through its due diligence.	86-88
Information regarding measures the enterprise has implemented or plans to implement to cease actual adverse impacts or mitigate significant risks of adverse impacts, and the results or expected results of these measures.	80-81 86-88

EU Taxonomy

Vår Energi has prepared the EU Sustainable Finance Taxonomy (EU Taxonomy) disclosure in accordance with the EU Regulation 2020/852 and the Delegated Acts, and in accordance with the regulation to implement the EU Taxonomy and publication requirements in Norwegian law. The regulation entered into force in Norway 1 January 2023, with reporting of the Taxonomy for annual reports with financial accounts with a balance sheet date of 31 December 2023. The reporting requirements applies to listed companies, as well as banks and insurance companies, with more than 500 employees and considered large enterprises according to different threshold values related to total balance sheet and income.

The EU Sustainable Finance Taxonomy is a reporting classification system which facilitates the reporting of capital to profitable sustainable activities and projects. A company's economic activities are identified against the EU Taxonomy's list of possible eligible activities, which are screened against performance criteria for their contribution to six environmental objectives.

EU Taxonomy environmental objectives:

1. Climate change mitigation
2. Climate change adaptation
3. Sustainable use and protection of water and marine resources
4. Transition to a circular economy, including waste prevention and recycling
5. Pollution prevention and control
6. Protection and restoration of biodiversity and ecosystems

The eligible activities are further assessed for alignment evaluations for their substantial contribution to at least one of the EU's environmental objectives. An activity is aligned under the EU regulation if it contributes substantially to one or more of the environmental objectives, meet the criteria for Do No Significant Harm (DNSH) for any of the other objectives, and is carried out in compliance with minimum safeguards.

The mandatory key performance indicators (KPI's) comprise the portion of taxonomy eligible and aligned economic activities for the total turnover (revenue), capital expenditures (capex) and operational expenditures (opex) in accordance with the taxonomy regulation.

Vår Energi has several initiatives related to emissions reductions supporting the continued and sustainable production of oil and gas. Some of these activities, such as energy management and planning of onshore electrification of offshore assets, may be eligible under the EU Taxonomy if they fulfil the criteria under activity descriptions for eligible activities. In 2023, such activities did not fulfil the description criteria and are not evident in the eligibility scores and the disclosed KPI's.

Taxonomy eligible activities

An economic activity is considered eligible if it is described in the Taxonomy regulation, irrespective of whether it complies with the technical screening criteria or not. Vår Energi's economic activities has been

screened against the list set out in the annexes of the Climate Delegated Act and Complementary Climate Delegated Act for an overview of which activities fall within the scope of the EU Taxonomy.

Vår Energi operates with the production of oil and gas and is applicable under the main sector 4. Energy in the EU Taxonomy regulation. Supporting sectors include sector 6. Transport, sector 7. Construction and real estate, and 9. Professional, scientific and technical activities.

Vår Energi's identified eligible activities are as follows:

CCM4.3, CCA4.3 – Electricity generation from wind power
The activity relates to construction or operation of electricity generation facilities that produce electricity from wind power. The relevant NACE code is D35.1.1 - Production of electricity.

Vår Energi holds a working interest in the Hywind Tampen offshore wind park through an 18.55% working interest in the Snorre asset. Hywind Tampen consists of 11 floating wind turbines installed offshore, with production of electricity from wind and delivery of renewable power to the Tampen area; Gullfaks and Snorre fields.

CCM6.10, CCA6.10 – Sea and costal freight water transport, vessels for port operations and auxiliary activities
Activity 6.10 relates to the purchase, financing, chartering (with or without crew) and operation of vessels designed and equipped for transport of freight or for the combined transport of freight and passengers on sea or coastal waters. The activity is applicable to NACE code H50.2.0 - Sea and costal freight water transport, but excludes the downstream transportation of oil and gas.

Vår Energi charters several supply vessels with transport of freight and/or passengers for upstream transportation, and the activity is thus considered eligible under the EU taxonomy regulation and code H50.2.0. For upstream transportation, Vår Energi uses a vessel pool of both operated and non-operated vessels. The Company focus on using vessels with dual fuel (MGO or LNG) and/or battery technology to reduce emissions. The pooling system of vessels is however not considered eligible under the EU regulations, due to questions regarding control of the vessels. Often, the first available vessel is used for upstream transportation, if not specifically scheduled. Leased vessels with a contract duration of over 12 months, unless the underlying asset is of low value, are recognised under IFRS 16. IFRS 16 applies the right to obtain control of the economic benefits from use of the asset during the usage period. As such, chartered vessels reported under IFRS 16 are assessed as under the Company's control and is considered eligible under the EU Taxonomy.

CCM7.7, CCA7.7 – Acquisition and ownership of buildings
The activity relates to buying real estate and existing ownership of that real estate. According to NACE code L68.2.0, the activity includes the renting of own or leased real estate.

Vår Energi leases office buildings and warehouses for business activities, which are reported under IFRS 16. As such, the real estates are under Vår Energi's control and applicable under activity 7.7. In 2023, Vår Energi leased a total of 5 office buildings, 4 warehouses and storage units and 1 apartment.

Sector 9. - Professional, scientific and technical activities, includes research, applied research, and experimental development of solutions, processes, technologies, business models and other products dedicated to direct air capture of CO_2 in the atmosphere. Although Vår Energi has ongoing R&D activities related to carbon capture and storage, these activities were not assessed eligible for the reporting under the EU regulation in 2023.

Taxonomy aligned activities

An economic activity is considered aligned if the eligible activity makes a substantial, rather than a marginal, contribution to at least one of the EU's environmental objectives. Further, a detailed internal verification process is conducted to assess if the identified eligible activity does no significant harm to any of the other objectives and is carried out in compliance with minimum safeguards. The activity makes a substantial contribution if the economic activity has a substantial positive impact or substantially reduces negative impacts of the activity on the environment. For the reporting of the EU Taxonomy in 2023, the Financial Supervisory Authority of Norway has submitted a transitional rule applying the substantial contribution criteria to be reported solely for two of the six environmental objectives: climate change mitigation and climate change adaptation.

The principle of the DNSH criteria is to ensure that an activity does not have adverse effects on any of the other environmental objectives. It is therefore required to consider the DNSH for the other objectives to which the activity does not contribute or contributes only in a marginal way.

Finally, the economic activity is assessed for compliance with the minimum safeguards. The minimum safeguards recognise the relevance of international minimum human and labour rights and standards. These include, but are not limited to, labour and governance policies such as the OCED Guidelines for Multinational Enterprises, UN Guiding Principles on Business and Human Rights, the ILO Declaration on Fundamental Principles and Rights at work and the International Bill of Human Rights.

CCM4.3 – Electricity generation from wind power

Assessment of substantial contribution to objectives
The Hywind Tampen project is assessed as an activity with substantial contribution to the environmental objective of climate change mitigation, as the activity generates electricity from wind power. The Hywind Tampen project generates renewable electricity to offshore installations and supports the reduction of use of gas turbines on the connected assets. Although the specific activity is connected to upstream activities in the oil and gas sector, there is no indication that upstream activity is not aligned under the EU regulation.

The activity is further assessed to have implemented adaption solutions that marginally reduce the most important physical climate risks. The Hywind Tampen project is thus assessed to have a marginal contribution to the environmental objective of climate change adaptation. A marginal contribution does, however, not fulfil the alignment criteria for the second environmental objective, climate change adaptation.

Assessment of DNSH

The assessment of electricity generation from wind power is considered to have a substantial contribution to climate change mitigation.

The activity is further assessed as not to have an adverse effect on any of the other environmental objectives: climate change adaptation, sustainable use and protection of water and marine resources, transition to a circular economy, pollution prevention and control, and protection and restoration of biodiversity and ecosystems.

Assessment of compliance with minimum safeguards

Compliance with the minimum safeguards requirements have been assessed by recognising the activity against four topics:

- **Human rights, including workers' rights, consumer rights and the rights of communities**
  Through Vår Energi's Code of Ethics, the Company is committed to respect and support all internationally recognised human rights and seeks to avoid complicity in human rights violations. The commitments include carrying out due diligence on human rights and workers rights as described in the OECD Due Diligence Guidance for Responsible Business.

- **Bribery and corruption**
  Risk assessments and anti-corruption assessments are carried out at least annually for all defined compliance areas in Vår Energi. Mitigating measures, such as due diligence processes of all new business partners, are in place. The Petroleum Act provides the overall principles applicable for operations on the Norwegian continental shelf and the legal framework for the licensing system.

- **Taxation**
  Vår Energi has developed a Tax Control Framework within its internal control system with the goal of ensuring, with reasonably certainty, that its business is managed in accordance with the principles and ends laid out in these guidelines, reducing the risk of material violations to a remote level. The Company adopts conduct in keeping with the principles of transparency, accuracy and good faith provided for by the Company's Code of Ethics.

- **Fair competition**
  Vår Energi believes in business freedom and free competition in a fair and ethical manner. The Company's Code of Ethics addresses the obligation to comply with competition laws and protect competition in the market. Vår Energi is committed to full and fair cooperation with Antitrust Authorities.

Vår Energi's minimum safeguards procedures are based on the United Nations Guiding Principles on Business and Human Rights (UNGPs).

Please refer to the respective sections in the Governance section for more information on the minimum safeguards topics, and how Vår Energi address to respond to any identified risks.

Vår Energi further assess Principle Adverse Impacts (PAI) under the Sustainable Finance Disclosure Regulation (SFDR) under the minimum safeguards assessment. Please refer to the Appendix for PAI for more information.

Key performance indicators (KPIs)

To identify the outcome of the assessment of taxonomy aligned activities, the EU Taxonomy regulation requires non-financial undertakings to disclose the KPIs for each economic activity and the total KPIs for all economic activities. The KPI's are defined as the turnover KPI, CapEx KPI and OpEx KPI.

To avoid double counting of the relevant amounts of revenue and expenditure, the economic eligible and aligned activities have only been reported in the KPIs as independent activities.

Turnover KPI

Turnover denominator

The denominator in the turnover KPI is defined in the EU Taxonomy as the revenue derived from the sale of products and the provision of services after deducting sales rebates and value added tax and other taxes directly linked to turnover.

The total revenue related to the turnover denominator is presented in the statement of comprehensive income and in note 4.

Turnover Numerator

The numerator is calculated as the revenue derived from products or services, including intangibles, associated with the taxonomy aligned economic activities. In 2023, none of Vår Energi's taxonomy-eligible or -aligned activities are revenue generating activities. The turnover numerator is 0 and the turnover KPI calculated for 2023 is 0%.

Capex KPI

Capex denominator

The capex denominator as defined in the Taxonomy, is defined as total investments in tangible and intangible assets during the financial year considered before depreciation, amortisation, and any re-measurements. The investment in assets include property, plant, and equipment (PP&E), intangible assets, investment property, agriculture, and leases. Capitalised exploration wells are included in the recognition of intangible assets, by interpretation of the Taxonomy regulation and industry standard. Goodwill acquired through business combinations is excluded from the capex denominator and numerator calculations.

The total capital expenditures related to the capex denominator includes additions in intangible assets as presented in note 12, tangible assets as presented in note 13 and right of use assets in note 14.

Capex numerator

The numerator equals to the part of the capital expenditure included in the denominator that is any of the following: related to assets or processes associated with the aligned activity, part of a plan to expand the activity and/or allow an eligible activity to become aligned.

In 2023, the capex numerator for the aligned activity related to the Hywind Tampen project is calculated as the development investments associated with the process as presented in the Joint Interest Billing (JIB) code 5.1 Development Investment. Vår Energi's share of the capital expenditures amounts to USD 12 729 thousand in 2023 and represents the capex numerator in the capex KPI.

There were no capex related to the taxonomy-eligible but not aligned activities in 2023.
The capex KPI calculated for 2023 is 0.4%.

Opex KPI

Opex denominator

The opex denominator as defined in the Taxonomy includes non-capitalised costs related to investments in assets and processes. This includes direct expenditures related to R&D costs, building renovation measures, short-term lease, maintenance and repair. Depreciation, amortisation and impairment, raw material costs, administration and general expenditures, and exploration expenses are exempted from the definition.

The opex denominator for 2023 is calculated based on industry practices and relates to operating expenditures related to JIB codes 9.5 Research and development (R&D), 6.2.2 Maintenance, 6.2.3 Well maintenance, as presented in note 8 and note 5.

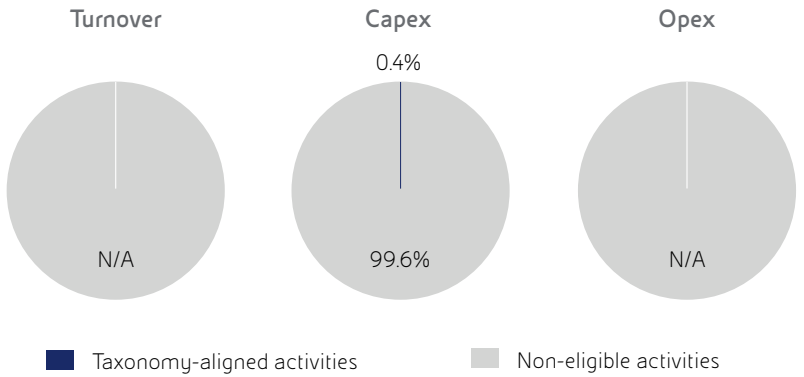
Opex numerator

The numerator equals to the part of the operating expenditure included in the denominator that is any of the following: related to assets or processes associated with aligned activities, including training and R&D costs, part of the capex plan to expand aligned activities or allow eligible activities to become aligned, related to the purchase of output from aligned activities and to individual measures enabling the target activities to become low-carbon or lead to GHG reductions.

In 2023, none of Vår Energi's taxonomy-eligible or -aligned activities presented opex according to the EU Taxonomy definition. The opex numerator is 0 and the opex KPI calculated for 2023 is 0%.

Vår Energi was not required to report under the EU Taxonomy regulation in 2022. Hence, no comparatives are presented in the 2023 reporting.

	2023					
USD thousand	**Turnover**	**%**	**Capex**	**%**	**Opex**	**%**
Taxonomy-aligned activitites	-	0.0 %	12 729	0.4 %	-	0.0 %
Taxonomy-eligible, not aligned activities	-	0.0 %	-	0.0 %	-	0.0 %
Non-eligible activities	6 849 716	100.0 %	2 878 139	99.6 %	329 113	100.0 %
Total	**6 849 716**	**100.0 %**	**2 890 868**	**100.0 %**	**329 113**	**100.0 %**



EU Taxonomy continued

EU Taxonomy turnover 2023

				Substantial contribution criteria		DNSH criteria									
Economic activities	Code(s)	Absolute turnover (Curr)	Proportion of turnover (%)	Climate change mitigation (%)	Climate change adaptation (%)	Climate change mitigation (Y/N)	Climate change adaptation (Y/N)	Water and marine resources (Y/N)	Circular economy (Y/N)	Pollution (Y/N)	Biodiversity and ecosys-tems (Y/N)	Minimum safeguards (Y/N)	Taxonomy-aligned proportion of turnover, 2023 (%)	Category (enabling activity) (E)	Category (transitional activity) (T)
A. Taxonomy-eligible activities															
A.1 Environmentally sustainable activities (Taxonomy-aligned)															
Electricity generation from wind power	D35.1.1	-	0.0 %	100 %	0,0 %	-	Y	Y	N/A	N/A	Y	Y	0.0 %		T
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)		-	0.0 %										0.0 %		
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activites)															
Acquisition and ownership of buildings	L68.2.0	-	0.0 %												
Sea and coastal freight water transport, vessels for port operations and auxiliary activities	H50.2.0	-	0.0 %												
Turnover of Taxonomy-eligible but not environmentally susatinable activities (not Taxonomy-aligned activities) (A.2)		-	0.0 %										0,0 %		
Total (A.1 + A.2)		-	0.0 %										0,0 %		
B. Taxonomy-non-eligible activities															
Turnover of Taxonomy-non-eligible activities		6 849 716	100 %												
Total (A + B)		6 849 716	100 %												

EU Taxonomy continued

EU Taxonomy capex 2023

				Substantial contribution criteria		DNSH criteria									
Economic activities	Code(s)	Absolute CapEx (Curr)	Proportion of CapEx (%)	Climate change mitigation (%)	Climate change adaptation (%)	Climate change mitigation (Y/N)	Climate change adaptation (Y/N)	Water and marine resources (Y/N)	Circular economy (Y/N)	Pollution (Y/N)	Biodiversity and ecosystems (Y/N)	Minimum safeguards (Y/N)	Taxonomy-aligned proportion of CapEx, 2023 (%)	Category (enabling activity) (E)	Category (transitional activity) (T)
A. Taxonomy-eligible activities															
A.1 Environmentally sustainable activities (Taxonomy-aligned)															
Electricity generation from wind power	D35.1.1	12 729	0.4 %	100 %	0.0 %	-	Y	Y	N/A	N/A	Y	Y	0.4 %		T
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		12 729	0.4 %										0.4 %		
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activites)															
Acquisition and ownership of buildings	L68.2.0	-	0.0 %												
Sea and coastal freight water transport, vessels for port operations and auxiliary activities	H50.2.0	-	0.0 %												
CapEx of Taxonomy-eligible but not environmentally susatinable activities (not Taxonomy-aligned activities) (A.1)		-	0.0 %										0.0 %		
Total (A.1 + A.2)		12 729	0.4 %										0.4 %		
B. Taxonomy-non-eligible activities															
CapEx of Taxonomy-non-eligible activities		2 878 139	100 %												
Total (A + B)		2 890 868	100 %												

EU Taxonomy continued

Eu Taxonomy opex 2023

				Substantial contribution criteria		DNSH criteria									
Economic activities	Code(s)	Absolute OpEx (Curr)	Proportion of OpEx (%)	Climate change mitigation (%)	Climate change adaptation (%)	Climate change mitigation (Y/N)	Climate change adaptation (Y/N)	Water and marine resources (Y/N)	Circular economy (Y/N)	Pollution (Y/N)	Biodiversity and ecosys-tems (Y/N)	Minimum safeguards (Y/N)	Taxonomy-aligned proportion of OpEx, 2023 (%)	Category (enabling activity) (E)	Category (transitional activity) (T)
A. Taxonomy-eligible activities															
A.1 Environmentally sustainable activities (Taxonomy-aligned)															
Electricity generation from wind power	D35.1.1	-	0.0 %	100 %	0,0 %	-	Y	Y	N/A	N/A	Y	Y	0.0 %		T
OpEx of environmentally sustainable activities (Taxonomy-aligned)		-	0.0 %										0.0 %		
A.2 Taxonomy-eligible but not envi-ronmentally sustainable activities (not Taxonomy-aligned activites)															
Acquisition and ownership of buildings	L68.2.0	-	0.0 %												
Sea and coastal freight water transport, vessels for port operations and auxiliary activities	H50.2.0	-	0.0 %												
OpEx of Taxonomy-eligible but not environmentally susatinable activities (not Taxonomy-aligned activities)		-	0.0 %										0.0 %		
Total (A.1 + A.2)		-	0.0 %										0.4 %		
B. Taxonomy-non-eligible activities															
OpEx of Taxonomy-non-eligible activities		329 113	100 %												
Total (A + B)		329 113	100 %												

Alternative Performance Measures (APMs)

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

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

The APMs are not measurement of performance under IFRS ("GAAP") and should not be considered 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 Company's future results.

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

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

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

GRI content index

STATEMENT OF USE			Vår Energi has reported in accordance with the GRI Standards for the period January 1 2023 - December 31 2023.				
GRI 1 used			GRI 1: Foundation 2021				
Applicable GRI Sector Standard(s)			GRI 11: Oil and Gas Sector 2021				
				Omission			
Gri standard/ Other source	**GRI §**	**Description**	**Location**	**Requirement(s) Omitted**	**Reason**	**Explanation**	**GRI sector standard ref. no.**
		GENERAL DISCLOSURES					
GRI 2: General Disclosures 2021	2-1	Organisational details	3, 126	A gray cell indicates that reasons for omission are not permitted for the disclosure or that a GRI Sector Standard reference number is not available			
	2-2	Entities included in the organisation's sustainability reporting	31, 126				
	2-3	Reporting period, frequency and contact point	31				
	2-4	Restatements of information	69, 74				
	2-5	External assurance	31				
	2-6	Activities, value chain and other business relationships	27				
	2-7	Employees	61				
	2-8	Workers who are not employees	61				
	2-9	Governance structure and composition	35-37, 109-111				
	2-10	Nomination and selection of the highest governance body	108				
	2-11	Chair of the highest governance body	109				
	2-12	Role of the highest governance body in overseeing the management of impacts	81				
	2-13	Delegation of responsibility for managing impacts	81				
	2-14	Role of the highest governance body in sustainability reporting	31				
	2-15	Conflicts of interest	110				
	2-16	Communication of critical concerns	80				
	2-17	Collective knowledge of the highest governance body	81				
	2-18	Evaluation of the performance of the highest governance body	111, 169				
	2-19	Remuneration policies	66				

Gri standard/ Other source	GRI §	Description	Location	Omission			
				Requirement(s) Omitted	Reason	Explanation	GRI sector standard ref. no.
		GENERAL DISCLOSURES					
	2-20	Process to determine remuneration	66				
GRI 2: General Disclosures 2021	2-21	Annual total compensation ratio	66				
	2-22	Statement on sustainable development strategy	7-8, 10-11, 13				
	2-23	Policy commitments	79				
	2-24	Embedding policy commitments	79				
	2-25	Processes to remediate negative impacts	80				
	2-26	Mechanisms for seeking advice and raising concerns	80				
	2-27	Compliance with laws and regulations	81				
	2-28	Membership associations	90				
	2-29	Approach to stakeholder engagement	26				
	2-30	Collective bargaining agreements	66				
		MATERIAL TOPICS					
GRI 3: Material Topics 2021	3-1	Process to determine material topics	29-30				
	3-2	List of material topics	28				
		11.1 GHG emissions					
GRI 3: Material Topics 2021		3-3 Management of material topics	43				11.1.1
GRI 302: Energy 2016	302-1	Energy consumption within the organisation	47				11.1.2
	302-2	Energy consumption outside the organisation			Not applicable	No energy consumption outside the organisation	11.1.3
	302-3	Energy intensity	47				11.1.4
GRI 305 Emissions 2016	305-1	Direct (scope 1) GHG emissions	48				11.1.5
	305-2	Energy indirect (scope 2) GHG emissions	49				11.1.6
	305-3	Other indirect (scope 3) GHG emissions	50	Base year, biogenic emissions	Not applicable	Base year not set. No biogenic emissions	11.1.7
	305-4	GHG emissions intensity	47				11.1.8

Gri standard/ Other source	GRI §	Description	Location	Omission			
				Requirement(s) Omitted	Reason	Explanation	GRI sector standard ref. no.
		MATERIAL TOPICS					
GRI 3: Material Topics 2021		**11.2 Cilmate adaption, resilisence, and transition**					
	3-3	Management of material topics	164				11.2.1
GRI 201: Economic performance 2016	201-2	Financial implications and other risks and opportunities due to climate change.	93, 95-97, 164-166				11.2.2
GRI 305 Emissions 2016	305-5	Reduction of GHG emissions	46				11.2.3
Additional sector disclosures		Approach to public policy development and lobbying on climate change.	90-91				11.2.4
		Member of, or contributes to, any representative associations or committees that participate in public policy development and lobbying on climate change	90-91				11.2.4
GRI 3: Material Topics 2021		**11.3 Air emissions**					
	3-3	Management of material topics	52				11.3.1
GRI 305 Emissions 2016	305-7	NOx, SOx and other significant air emissions	52				11.3.2
GRI 416 Customer Health & Safety 2016	416-1	Assessment of the health and safety impacts of product and service categories	52				11.3.3
GRI 3: Material Topics 2021		**11.4 Biodiversity**					
	3-3	Management of material topics	56-57				11.4.1
GRI 304: Biodiversity 2016	304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	57-59				11.4.2
	304-2	Significant impacts of activities, products and services on biodiversity	57-59				11.4.3
	304-3	Habitats protected or restored	56-57				11.4.4
	304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations	56-57				11.4.5

Gri standard/ Other source	GRI §	Description	Location	Omission			
				Requirement(s) Omitted	Reason	Explanation	GRI sector standard ref. no.
		MATERIAL TOPICS					
GRI 3: Material Topics 2021		**11.5 Waste**					
	3-3	Management of material topics	55				11.5.1
GRI 306: Waste 2020	306-1	Waste generation and significant waste-related impacts	55				11.5.2
	306-2	Management of significant waste-related impacts	55				11.5.3
	306-3	Waste generated	55				11.5.4
	306-4	Waste diverted from disposal	56				11.5.5
	306-5	Waste directed to disposal	56	Other recovery operations and Incineration without energy recovery	Not applicable	No significant waste in these categories	11.5.6
GRI 3: Material Topics 2021		**11.6 Water and effluents**					
	3-3	Management of material topics	53				11.6.1
GRI 303: Water and effluents 2018	303-1	Interactions with water as a shared resource	53				11.6.2
	303-2	Management of water discharge-related impacts	53				11.6.3
	303-3	Water withdrawal	54				11.6.4
	303-4	Water discharge	54				11.6.5
	303-5	Water consumption	54	Change in water storage	Not applicable	Not significant	11.6.6
GRI 3: Material Topics 2021		**11.8 Asset integrity and critical incident manangement**					
	3-3	Management of material topics	75-76				11.8.1
GRI 306 Effluents and waste 2016	306-3	Sifgnificant spills	53-54				11.8.2
Additional sector disclosures		Process safety events	76				11.8.3

Gri standard/ Other source	GRI §	Description	Location	Omission			GRI sector standard ref. no.
				Requirement(s) Omitted	Reason	Explanation	
		MATERIAL TOPICS					
		11.9 Occupational health and safety					
GRI 3: Material Topics 2021	3-3	Management of material topics	70				11.9.1
GRI 403: Occupational Health and Safety 2018	403-1	Occupational health and safety management system	70				11.9.2
	403-2	Hazard identification, risk assessment, and incident investigation	70				11.9.3
	403-3	Occupational health services	70				11.9.4
	403-4	Worker participation, consultation, and communication on occupational health and safety	70				11.9.5
	403-5	Worker training on occupational health and safety	70				11.9.6
	403-6	Promotion of worker health	71				11.9.7
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	70				11.9.8
	403-8	Workers covered by an occupational health and safety management system	73-74	Number of employees and and workers	Information unavailable/ incomplete	100% of employees and contractors working under Vår Energi's control are covered. Number of workers not available. Data only available for worked hours, not head count. Measures to obtain numbers will be taken.	11.9.9
	403-9	Work-related injuries	73				11.9.10
	403-10	Work-related ill health	73				11.9.11
Company reporting		Serious Incidents (SI) Serious Incidents Frequency (SIF) Total Recordable Injury (TRI) Total Recordable Injury Frequency (TRIF) Dropped Objects (DO) Dropped Objects Frequency (DOF) Work Related Illness Exposure Incidents Number of personnel involved in Exposure Incidents*	74				

Gri standard/ Other source	GRI §	Description	Location	Omission			GRI sector standard ref. no.
				Requirement(s) Omitted	Reason	Explanation	
		MATERIAL TOPICS					
GRI 3: Material Topics 2021		**11.10 Employment practices**					
	3-3	Management of material topics	60				11.10.1
GRI 401: Employment 2016	401-1	New emplooyee hires and employee turnover	61				11.10.2
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	65				11.10.3
	401-3	Parental leave	63				11.10.4
GRI 402: Labour/ Management Relations	402-1	Minimum notice periods regarding operational changes	67				11.10.5
		11.10 Employment practices					
GRI 404: Traning and Education 2016	404-1	Average hours of training per year per employee	63-64		Information unavailable/ incomplete	Subject specific training is delegated to business unit leaders and will vary for all employees depending on the needs in each position, hence numbers on an aggregate level is not available	11.10.6
	404-2	Programs for upgrading employee skills and transition assistance programs	63				11.10.7
GRI 414: Supplier Social Assessment 2016	414-1	New suppliers that were screened using social criteria	88				11.10.8
	414-2	Negative social impacts in the supply chain and actions taken	88				11.10.9
GRI 3: Material Topics 2021		**11.11 Non-discrimination and equal opportunity**					
	3-3	Management of material topics	64				11.11.1
GRI 202 Market Presence 2016	202.2	Proportion of senior managers hired from the local community	67				11.11.2
GRI 401: Employment 2016	401-3	Parental leave	63				11.11.3
GRI 404: Traning and Education 2016	404-1	Average hours of training per year per employee	63-64		Information unavailable/ incomplete	See 11.10.6	11.11.4

Gri standard/ Other source	GRI §	Description	Location	Omission			
				Requirement(s) Omitted	Reason	Explanation	GRI sector standard ref. no.
		MATERIAL TOPICS					
GRI 405: Diversity and Equal Opportunity 2016	405-1	Diversity of governance bodies and employees	64				11.11.5
	405-2	Ratio of basic salary and remuneration	66				11.11.6
GRI 406: Non-discrimination 2016	406-1	Incidents of discrimination and corrective actions taken	64				11.11.7
		11.12 Forced labour and modern slavery					
GRI 3: Material Topics 2021	3-3	Management of material topics	79				11.12.1
"GRI 409: Forced or Compulsory Labor 2016"	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	88				11.12.2
"GRI 414: Supplier Social Assessment 2016"	411-1	New suppliers that were screened using social criteria	88				11.12.3
		11.13 Freedom of association and collective bargaining					
GRI 3: Material Topics 2021	3-3	Management of material topics	79				11.13.1
GRI 407: Freedom of Association and Collective Bargaining 2016	407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	86-87				11.13.2
		11.14 Economic impacts					
GRI 3: Material Topics 2021	3-3	Management of material topics	67				11.14.1
"GRI 201: Economic Performance 2016"	201-1	Direct economic value generated and distributed	69				11.14.2
"GRI 202: Market Presence 2016"	202-2	Proportion of senior management hired from the local community	67				11.14.3
"GRI 203: Indirect Economic Impacts 2016"	203-1	Infrastructure investments and services supported	67-68				11.14.4
	203-2	Significant indirect economic impacts	67				11.14.5
GRI 204: Procurement Practices 2016	204-1	Proportion of spending on local suppliers	67				11.14.6

Gri standard/ Other source	GRI §	Description	Location	Omission			
				Requirement(s) Omitted	Reason	Explanation	GRI sector standard ref. no.
		MATERIAL TOPICS					
		11.15 Local communities					
GRI 3: Material Topics 2021	3-3	Management of material topics	67-68				11.15.1
GRI 413: Local Communities 2016	413-1	Operations with local community engagement, impact assessments, and development programs	67-68, 86				11.15.2
	413-2	Operations with significant actual and potential negative impacts on local communities	67				11.15.3
Additional sector disclosures		Number and type of grievances from local communities identified	80				11.15.4
		11.17 Rights of indigenous peoples					
GRI 3: Material Topics 2021	3-3	Management of material topics	79				11.17.1
GRI 411: Rights of Indigenous Peoples 2016	411-1	Incidents of violations involving rights of indigenous peoples	86				11.17.2
Additional sector disclosures		Locations of operations where indigenous peoples are present or affected by activities of the organisation.	86				11.17.3
		Involvement in a process of seeking free, prior and informed consent (FPIC) from indigenous peoples for any of the organisation's activities	86				11.17.4
		11.19 Anti-competitive behaviour					
GRI 3: Material Topics 2021	3-3	Management of material topics	81				11.19.1
GRI 206 Anti-competitive behaviour 206	206-1	Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices	81				11.19.2
		11.20 Anti-corruption					
GRI 3: Material Topics 2021	3-3	Management of material topics	82				11.20.1
GRI 205 Anti-corruption 2016	205-1	Operations assessed for risks related to corruption	82				11.20.2
	205-2	Communication and training about anti-corruption policies and procedures	83				11.20.3
	205-3	Confirmed incidents of corruption and actions taken	83				11.20.4

Gri standard/ Other source	GRI §	Description		Location	Omission			GRI sector standard ref. no.
					Requirement(s) Omitted	Reason	Explanation	
		MATERIAL TOPICS						
Additional sector disclosures		Approach to contract transparency		82				11.20.5
		Beneficial owners		82				11.20.6
		11.21 Payments to governments						
GRI 3: Material Topics 2021	3-3	Management of material topics		114				11.21.1
GRI 201: Economic performance 2016	201-1	Direct economic value generated and distributed		69				11.21.2
	201-4	Financial assistance received from government				Not applicable	No financial assistance received from government	11.21.3
GRI 207 Tax 2019	207-1	Approach to tax		89				11.21.4
	207-2	Tax governance, control, and risk management		89				11.21.5
	207-3	Stakeholder engagement and management of concerns related to tax		89-90				11.21.6
	207-4	County-by-country reporting		114				11.21.7
GRI 3: Material Topics 2021		**11.22 Public policy**						
	3-3	Management of material topics		90				11.22.1
GRI 415: Public Policy 2016	415-1	Political contributions		91				11.22.2

Topics in the applicable GRI Sector Standards determined as not material			
Topic			**Explanation**
GRI 11 Oil and Gas Sector 2021			
11.7	Closure and rehabilitation		Closure of oil and gas assets on the Norwgian Continental Shelf is regulated by Norwegian law both concerning social and environmental impact, hence this is not considered a material topic.
11.16	Land and resource rights		Our oil and gas activities are located offshore, with some impact on fisheries, but llittle or no impact on land use. These impacts are well regulated by the Norwegian legislation, hence this is not considered a material topic.
11.18	Conflict and security		Vår Energi does not operate in areas of conflict and does not engage security personnel to manage conflicts

Principle adverse impacts (PAI)

Category	Indicator	Metric	
Emissions	GHG emissions	Scope 1 GHG emissions	195 706 tCO_2e
		Scope 2 GHG emissions	Location based: 7 866 tCO_2e Market based: 207 837 tCO_2e
		Scope 3 GHG emissions	See "Scope 3 emissions", page 50
		Total GHG emissions	
	Exposure to companies active in the fossil fuel sector	Share of investments in companies active in the fossil fuel sector	100 %
	Share of non-renewable energy consumption and production	Share of non-renewable energy consumption and non-renewable energy production of investee companies from non-renewable energy sources compared to renewable energy sources, expressed as a percentage of total energy sources	100 %
	Energy consumption intensity per high impact climate sector	Energy consumption in GWh per million EUR of revenue of investee companies, per high impact climate sector	Total energy consumption: 1087 GWh
Biodiversity	Activities negatively affecting biodiversity sensitive areas	Share of investments in investee companies with sites/operations located in or near to biodiversity-sensitive areas where activities of those investee companies negatively affect those areas	None

Category	Indicator	Metric	
Water	Emissions to water	Tonnes of emissions to water generated by investee companies per million EUR invested, expressed as a weighted average	See water indicators, page 54. The produced water from Balder naturally contains some of the priority substances as defined by the Directive 200/60/EC (Benzo(a)pyrene, Benzo(k)fluoranthene, Benzo(b)fluoranthene and Cadmium). The environmental risks from the naturally occurring items on this priority list are evaluated in our EIF assessments and considered to be low.
Waste	Hazardous waste and radioactive waste ratio	Tonnes of hazardous waste and radioactive waste generated by investee companies per million EUR invested, expressed as a weighted average	See hazardous wate waste indicators, page 55-56
Social and employee matters	Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises	Share of investments in investee companies that have been involved in violations of the UNGC principles or OECD Guidelines for Multinational Enterprises	None
	Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises	Share of investments in investee companies without policies to monitor compliance with the UNGC principles or OECD Guidelines for Multinational Enterprises or grievance /complaints handling mechanisms to address violations of the UNGC principles or OECD Guidelines for Multinational Enterprises	Relevant policies are in place, see "Responsible business conduct" section from page 78 UN Global Compact participant: https://unglobalcompact.org/what-is-gc/participants/155539-V-r-Energi-ASA
	Unadjusted gender pay gap	Average unadjusted gender pay gap of investee companie	See page 66
	Board gender diversity	Average ratio of female to male board members in investee companies, expressed as a percentage of all board members	50%
	Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons)	Share of investments in investee companies involved in the manufacture or selling of controversial weapons	None

Terms and abbreviations

Term	Definition/description
BoD	Board of Directors
CF	Cash Flow
CSRD	Corporate Sustainability Reporting Directive
CCS	Carbon capture and storage
CFFO	Cash flow from operations
E&P	Exploration and production
ESG	Environmental, Social, Governance
ESRS	European Sustainability Reporting Standards
FID	Final investment decision
FPSO	Floating, production, storage and offloading vessel
GHG	Greenhouse gas emissions
GRI	Global Reporting Initiative
HAP	High activity period
HSEQ	Health, Safety, Environment and Quality
HSSE	Health, Safety, Security and Environment
HSSEQ	Health, Safety, Security, Environment and Quality
IEA	International Energy Agency
IG	Investment grade
JV	Joint venture
ME	Ministry of Energy
NCS	Norwegian Continental Shelf

Term	Definition/description
NGL	Natural gas liquids
NLP	NCS Logistics Project
NOx	Nitrogen oxides
OSE	Oslo Stock Exchange
PDO	Plan for Development and Operation
PIO	Plan for Installation and Operations
PRMS	Petroleum Resource Management System
SDG	Sustainable Development Goals
SIF	Serious incident frequency
SOx	Sulphur Oxides
SPS	Subsea production system
SURF	Subsea umbilical, riser and flowlines
TRIF	Total recordable injury frequency
TCFD	Task Force on Climate Disclosures
1P reserves	The quantities of petroleum which can be estimated with reasonable certainty to be commercially recoverable, also referred to as "proved reserves"
2C	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

Metric abbreviations	Definition/description
boe	Barrels of oil equivalent
kboepd	Thousands of barrels of oil equivalent per day
GJ	Gigajoules
mmbls	Standard millions of barrels
mmboe	Millions of barrels of oil equivalents
scf	Standard cubic feet
Sm3	Standard cubic meters
tCO_2e	Tonnes CO_2 equivalents

Auditor's report

– independent statement regarding sustainability reporting

To the Board of Vår Energi ASA

Independent statement regarding Vår Energi ASA's sustainability reporting

We have undertaken a limited assurance engagement in respect of Vår Energi ASA's (Vår Energi) GRI content index for 2023 (GRI index) and measurement and reporting of selected key performance indicators for sustainability (the Subject Matter) for the period 1 January 2023 - 31 December 2023. Our assurance engagement was conducted to obtain limited assurance.

- The GRI index is an overview of which sustainability topics Vår Energi considers material to its business, together with a reference to where material sustainability information is reported. Vår Energi's GRI index is available and included in Vår Energi's Integrated annual report for the period ending 31 December 2023. We have examined whether Vår Energi has developed a GRI index and whether mandatory disclosures are presented according to the Standards published by the Global Reporting Initiative (www.globalreporting.org/standards) (Criteria).
- Key performance indicators for sustainability are indicators of sustainability that Vår Energi measures and controls. The indicators are available and included in tables in Vår Energi's Integrated annual report for 2023. Key performance indicators that have been subject to our procedures are marked with a separate symbol "□" (KPIs). The measurement of the indicators are determined by topic-specific disclosure requirements in line with the Standards published by the Global Reporting Initiative or own disclosures as specified by Vår Energi and explained under each material topic in the Integrated annual report for 2023 or in the GRI index (Criteria). We have examined the basis for the KPIs and examined whether the KPIs are developed, measured and reported in accordance with the Criteria.

Management's Responsibility
Management is responsible for the preparation of the Subject Matter information in accordance with the applicable Criteria as described above. The responsibility includes designing, implementing and maintaining an internal control that ensures the development and reporting of the Subject Matter information.

Our Independence and Quality Management
We have complied with the independence and other ethical requirements as required by the law and regulations and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour. Our firm applies ISQM 1 - Quality management for firms that perform audits or reviews of financial statements, or other assurance or related services engagements and maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Auditor's Responsibilities
Our responsibility is to express a conclusion on the Subject Matter information based on the procedures we have performed and the evidence we have obtained. We conducted our limited assurance engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000 revised – «Assurance Engagements other than Audits or Reviews of Historical Financial Information», issued by the International Auditing and Assurance Standards Board. That standard requires that we plan and perform this engagement to obtain limited assurance about whether the Subject Matter information is free from material misstatement.

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Statsautoriserte revisorer, medlemmer av Den norske Revisorforening og autorisert regnskapsførerselskap

A limited assurance engagement in accordance with ISAE 3000 involves assessing the suitability in the circumstances of management's use of the Criteria as the basis for the preparation of the Subject Matter information, assessing the risks of material misstatement of the Subject Matter information whether due to fraud or error, responding to the assessed risks as necessary in the circumstances, and evaluating the overall presentation of the Subject Matter information. A limited assurance engagement is substantially less in scope than a reasonable assurance engagement in relation to both the risk assessment procedures, including an understanding of internal control, and the procedures performed in response to the assessed risks.

The procedures we performed were based on our professional judgment and, among others, included an assessment of whether the Criteria used are appropriate, as well as an assessment of the overall presentation of the Subject Matter information. Our procedures, based on assessment of the risk of error, also included meetings with representatives from Vår Energi who are responsible for the preparation of the Subject Matter information; review of internal control and routines for reporting the Subject Matter information; obtaining and reviewing relevant information that supports the preparation of the Subject Matter information; assessment of completeness of the GRI index and controlling calculation of KPIs.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had we performed a reasonable assurance engagement. Accordingly, we do not express a reasonable assurance opinion about whether the Subject Matter Information has been prepared, in all material respects, in accordance with the Criteria.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Conclusion
Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that

- Vår Energi's GRI index is not, in all material respects, developed and presented in accordance with the requirements of the Standards published by The Global Reporting Initiative; and
- Vår Energi's KPIs are not, in all material aspects, developed, measured and reported in accordance with the definitions and explanations provided under each material topic in the Integrated annual report for 2023 or in the GRI index.

Stavanger, 15 March 2024
PricewaterhouseCoopers AS

Per Arvid Gimre
State Authorised Public Accountant