



Interim report

Second quarter and first six months 2023



Vår Energi in brief

Vår Energi is a leading independent upstream oil and gas company on the Norwegian continental shelf (NCS). The Company is founded on more than 50 years of NCS operations, a robust and diversified asset portfolio with ongoing development projects centred around hubs, and a strong exploration track record. Vår Energi has around 1 000 employees, equity stakes in 39 fields and produced net 208 kboepd of oil and gas in the first half of 2023.

The Company has a target to increase production to above 350 kboepd ¹ by end-2025 while reducing production cost to approximately USD 8 per boe ² from around USD 13.5 in 2022, 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. For the third quarter 2023, Vår Energi guides for a dividend of USD 270 million, and the Company reiterates its plan to distribute around 30% of cash flow from operations after tax (CFFO) in 2023.

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 leader with a tangible and concrete plan to reduce scope 1 emissions from our operations by 50% within 2030.

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

¹ Excluding the acquisition of Neptune Energy's Norwegian oil and gas assets
² Real 2021 USD

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Key figures second quarter 2023

First quarter 2023 in brackets

Production

kboepd

202

(214)

Petroleum revenues

USD million

1 432

(2 089)

EBIT

USD million

778

(1 432)

Profit before tax

USD million

701

(1 276)

CFFO

USD million

231

(1 358)

Capex

USD million

687

(642)

FCF

USD million

-456

(715)

NIBD / EBITDAX

x

0.4

(0.3)

Second quarter 2023 highlights

Vår Energi delivered a solid performance on operated assets, realised continued high gas prices and met key milestones on the Balder X project in the second quarter. Total income in the quarter was USD 1 436 million, a decrease of 31% from the first quarter of 2023, mainly due to lower commodity prices. Profit before taxes was USD 701 million, down 45% compared to the previous quarter. Cash flow from operations (CFFO) was USD 231 million, a reduction from USD 1 358 million in the previous quarter, primarily impacted by lower revenues and higher tax payments.

In June, the Company announced the acquisition of Neptune Energy’s Norwegian oil and gas assets to accelerate growth and value creation. The acquisition will add scale, robustness, diversification and longevity to Vår Energi’s portfolio.

In May, the Company paid a dividend of USD 270 million (NOK 1.1488 per share) for the first quarter of 2023 and a further USD 270 million (NOK 1.091 per share) for the second quarter will be distributed on 14 August. The Company plans to distribute a dividend of USD 270 million for the third quarter of 2023 and approximately 30% of CFFO after tax for the full year.

- Continued safe operations, no actual serious incidents in the quarter
- Production of 202 kboepd in the quarter, a decrease from the first quarter mainly due to seasonal maintenance and partner-operated turnarounds which extended beyond plan
- Fenja, Hyme and Bauge came on stream in April, somewhat behind plan, with irregular production following operational issues at the Njord host
- Production, production cost and development capex guidance for 2023 is maintained
- Achieved realised price of USD 81.9 per boe in the quarter (oil USD 78.5 per boe, gas USD 98.5 per boe)
- Second quarter production cost of USD 15.5 per boe, reflecting the net impact of lower production and higher maintenance activity
- Project portfolio progressing according to schedule including re-float of the Jotun FPSO in June
- Strong ESG rating, ranked as 12th of 300 rated oil and gas producers in new Sustainalytics rating
- Entered into long-term strategic partnership with Halliburton for drilling services
- Successful issue of EUR 600 million senior notes, under the recently established Euro Medium Term Note programme

KPIs (USD million unless otherwise stated)	Q2 2023	Q1 2023	Q2 2022	1H 2023	1H 2022
Actual serious injury frequency (x, 12 months rolling)	-	-	0.1	-	0.1
CO ₂ emissions intensity (operated licenses, kg/boe)	11.5	13.0	8.6	12.2	8.2
Production (kboepd)	202.5	214.4	209.8	208.4	225.8
Production cost (USD/boe)	15.5	13.1	14.7	14.3	13.3
Cash flow from operations before tax	1 285	1 935	1 864	3 220	4 248
Cash flow from operations (CFFO)	231	1 358	1 535	1 588	3 735
Free cash flow (FCF)	(456)	715	962	259	2 541
Dividends paid	270	300	225	570	225

"We are delivering on our strategic priorities with a continued strong safety performance, high uptime on operated assets, solid price realisation and good progress on the development projects which are set to deliver more than 50% production growth by end-2025. The agreement to acquire Neptune Energy Norway to accelerate growth and value creation is a major milestone in the execution of our strategy. It will add scale, diversification and longevity to our portfolio, underpin our production growth and strengthen future dividend capacity."

Torger Rød, the CEO of Vår Energi

Key metrics and targets

	Unit	Q2 2023	Q1 2023	Q2 2022	1H 2023	1H 2022
Income statement						
Total income	USD million	1 436	2 094	2 437	3 530	4 927
EBIT	USD million	778	1 432	1 725	2 210	3 475
Profit/(loss) before taxes	USD million	701	1 276	1 265	1 977	2 992
Net profit/(loss)	USD million	98	195	68	293	498
Earnings per share	USD	0.04	0.08	0.03	0.12	0.20
Other financial key figures						
Production cost	USD/boe	15.5	13.1	14.7	14.3	13.3
Net interest-bearing debt (NIBD)	USD million	3 148	2 372	2 692	3 148	2 692
Leverage ratio (NIBD / EBITDAX)		0.4	0.3	0.4	0.4	0.4
Dividend per share	USD	0.11	0.12	0.09	0.23	0.09
Production						
Total production	kboepd	202.5	214.4	209.8	208.4	225.8
- Oil	kboepd	114.7	119.0	113.3	116.9	125.1
- Gas	kboepd	73.1	82.0	84.6	77.5	84.8
- NGL	kboepd	14.7	13.4	11.9	14.0	15.9
Sales						
Oil	mboe	10.0	10.5	10.7	20.6	23.2
Gas	mboe	6.0	6.6	6.9	12.6	14.0
NGL	mboe	1.5	0.9	1.9	2.3	3.1
Realised prices						
Oil	USD/boe	78.5	83.6	116.0	81.1	107.2
Gas	USD/boe	98.5	175.5	151.3	138.9	157.4
NGL	USD/boe	37.5	54.1	70.9	43.7	71.6

Targets and outlook ¹

2023 guidance (USD million unless otherwise stated)

Production	kboepd	210 – 230
Production cost	USD/boe	14.5 – 15.5
Development capex		2 400 – 2 700
Exploration and abandonment capex		~250
Dividends for Q2 2023 to be distributed in August		270
Dividend guidance for Q3 payable in Q4 2023		270
Second half 2023 cash tax payment estimate ²		~800

Long-term financial and operational targets

End-2025 production target	kboepd	> 350
End-2025 production cost ³	USD/boe	~8.0
Leverage through the cycle	NIBD/EBITDAX	<1.3x

¹ Excluding the acquisition of Neptune Energy's Norwegian oil and gas assets

² Assumed NOK/USD 10.3

³ In real 2021 terms

Acquisition of Neptune Energy's Norwegian oil and gas assets

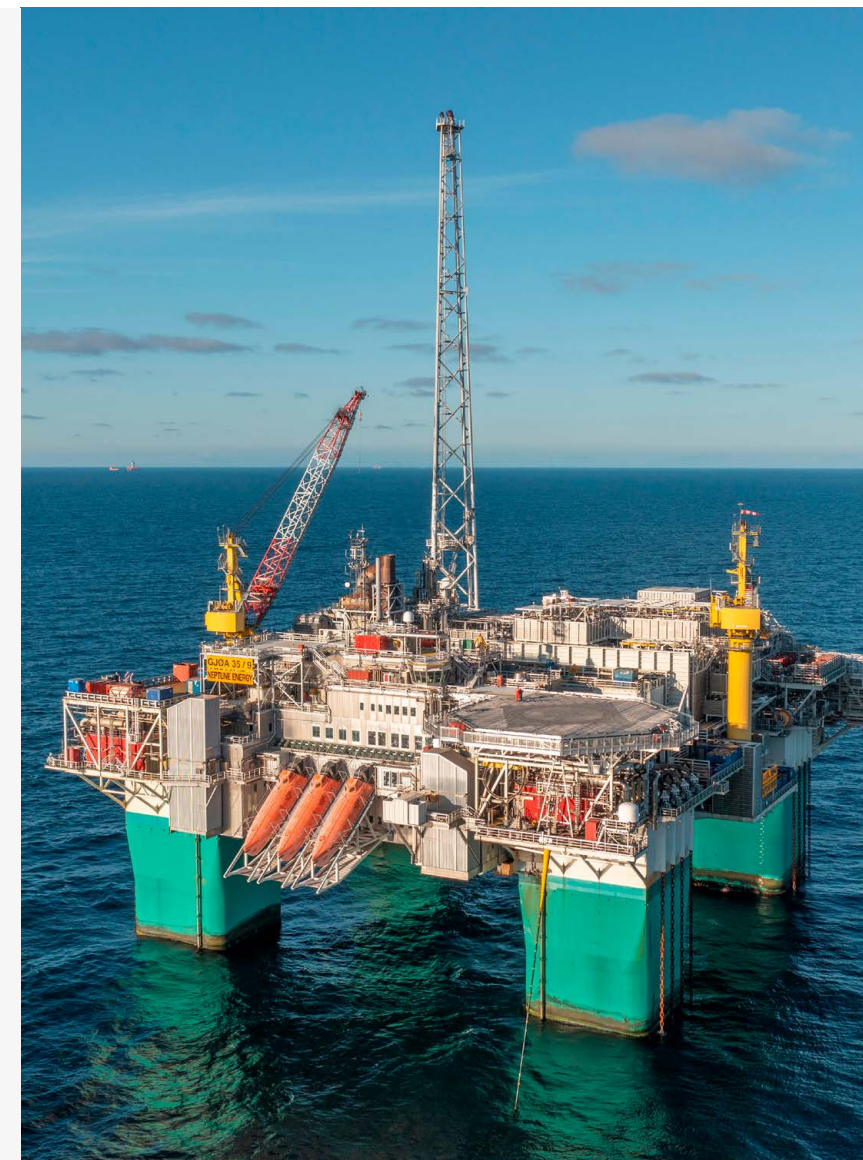
On 23 June, Vår Energi agreed with Neptune Energy Group Holdings Limited to acquire 100% of the shares of Neptune Energy Norge AS ("Neptune Norway") for a cash consideration based on an agreed enterprise value of USD 2.275 billion to accelerate growth and value creation. In conjunction with the transaction, Eni S.p.A agreed to acquire the remaining assets of the Neptune group, excluding Germany, in a separate transaction. Completion of both transactions is inter-conditional.

The acquisition will add scale, diversification and longevity to Vår Energi's portfolio. It is in line with the plan for growth and value creation, path to ESG leadership and attractive distributions presented at the 2023 Capital Markets Update. The acquired assets are complementary to Vår Energi's current portfolio and highly cash generative with low production cost and limited near-term investments. The transaction will strengthen the Company's position in all existing hub areas and combine two strong organisations with extensive NCS experience. It will be financed through available liquidity and credit facilities and is expected to strengthen future dividend capacity.

The effective date will be 1 January 2023, with expected completion of the transaction in the first quarter of 2024, subject to the above-mentioned inter-conditionality and certain customary closing conditions. Following completion, Neptune Norway will be merged into Vår Energi. All Neptune Norway employees will become employees of Vår Energi upon the consolidation of the two companies.



- 12 producing assets, of which 3 operated, located in Vår Energi's strategic hub areas
- 7 operated by Equinor, Vår Energi's largest NCS partner
- 2P reserves of 265 mmmboe¹ (end-2022)
- Daily production of 67 kboepd in Q1 2023, of which 62% gas
- Attractive commodity mix and strategic ownership in Snøhvit LNG – amplifying the position in the Barents Sea
- Highly cash generative portfolio with low-cost, limited near-term capex and low emissions
- Team of ~300 highly dedicated oil and gas professionals



¹ Neptune group ASR 2022

Operational review

Vår Energi’s net production of oil, liquids and natural gas averaged 202 kboepd in the second quarter of 2023, a decrease of 6% from the previous quarter. Compared to the second quarter of 2022, production decreased by 3% mainly due to natural field decline. The Fenja, Hyme and Bauge developments started up in the quarter, somewhat delayed compared to initial plans and production in the quarter was impacted by irregularity at the Njord host post start-up. The previously shut-in riser at Ringhorne was restored in May and operated assets delivered overall strong drilling and operational performance in the quarter. Planned turnarounds and unplanned downtime on partner-operated assets resulted in reduced production compared to the previous quarter.

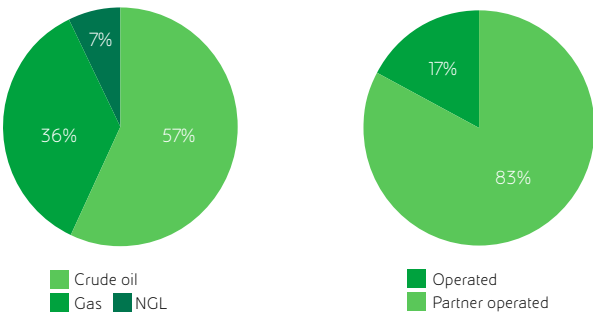
During the quarter, the Company continued to reduce NGL recovery to increase gas sales, representing a net reduction of approximately 2 kboepd on an annual basis.

Production in the first half of 2023 averaged 208 kboepd, a reduction of 18 kboepd (9%) compared to the same period last year.

Total production cost was USD 15.5 per boe in the second quarter of 2023 compared to USD 13.1 in the previous quarter. The increase is mainly due to the net impact of lower production and higher maintenance activity, execution of turnarounds and well work, partly offset by currency effects.

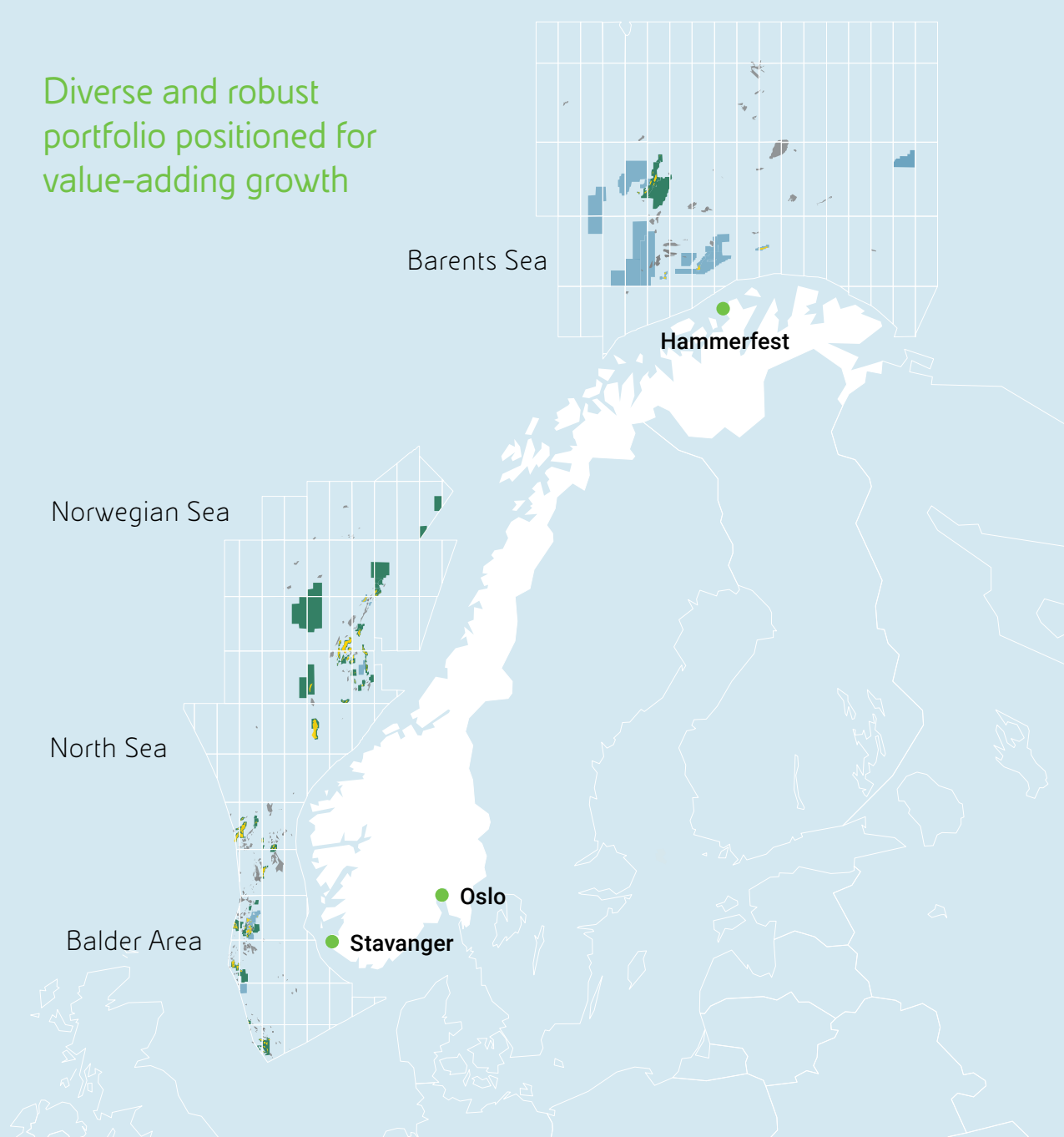
For the first half of 2023, production cost was USD 14.3 per boe.

Production split
 Q2 2023, percentage based on kboepd



Production (kboepd)	Q2 2023	Q1 2023	Q2 2022	1H 2023	1H 2022
Balder Area	27.2	28.2	25.4	27.7	29.4
Barents Sea	17.9	18.4	19.1	18.2	22.9
North Sea	73.1	82.8	71.6	77.9	76.1
Norwegian Sea	84.2	85.0	93.7	84.6	97.3
Total Production	202.5	214.4	209.8	208.4	225.8

Diverse and robust portfolio positioned for value-adding growth



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

Balder Area

Production (kboepd)	Q2 2023	Q1 2023	Q4 2022	Q3 2022	Q2 2022
Balder	15.6	15.7	15.9	12.2	17.6
Grane	10.9	11.7	12.7	15.3	5.0
Svalin	0.7	0.8	0.4	0.7	0.3
Ringhorne Øst	-	-	0.7	1.1	2.5
Total Balder Area	27.2	28.2	29.8	29.4	25.4

The production decrease in the Balder area was mainly due to natural decline. The Balder field delivered stable production from the previous quarter with a planned maintenance period completed on schedule in June. Balder’s production was positively impacted by the restart of the riser at Ringhorne in May. The riser was temporarily shut in during the first quarter and will be permanently replaced in the third quarter during the planned Balder FPU turnaround and high-activity period (HAP) which commenced in May. The HAP includes key maintenance and upgrades for future production and continues in the third quarter.

Drilling performance continued to improve and a new well on Ringhorne was brought on stream in the quarter.

The production efficiency for Balder/Ringhorne was 83% in the second quarter, an improvement from 80% in the previous quarter.

Barents Sea

Production (kboepd)	Q2 2023	Q1 2023	Q4 2022	Q3 2022	Q2 2022
Goliat	17.9	18.4	19.5	19.2	19.1
Total Barents Sea	17.9	18.4	19.5	19.2	19.1

The operated Goliat asset continued to deliver strong performance during the quarter with production efficiency of 93%, reduced from 97% in the first quarter due to planned maintenance. The decrease in production from the previous quarter represented natural field decline and a three-day planned maintenance stop which was completed on plan in June. No further turnarounds are planned on Goliat in 2023.

North Sea

Production (kboepd)	Q2 2023	Q1 2023	Q4 2022	Q3 2022	Q2 2022
Ekofisk	18.7	19.9	21.1	21.3	13.2
Snorre	16.5	19.0	21.8	17.9	19.5
Statfjord Area	8.6	12.7	12.6	12.3	11.1
Fram	11.4	11.8	10.4	10.6	11.5
Sleipner Area	9.7	10.1	7.6	5.0	7.1
Other	8.1	9.3	9.4	9.7	9.3
Total North Sea	73.1	82.8	82.9	76.9	71.6

Production from the North Sea area decreased by 10 kboepd in the quarter, mainly due to planned partner-operated turnarounds. This included a turnaround at the Snorre platform, which was completed on plan, and on Statfjord which extended beyond plan.

The Snorre field also successfully received its first power from the Hywind Tampen wind farm in the quarter, with a gradual phase-in to full available capacity planned during the third quarter.

Norwegian Sea

Production (kboepd)	Q2 2023	Q1 2023	Q4 2022	Q3 2022	Q2 2022
Åsgard	30.7	29.3	29.2	30.2	32.0
Mikkel	12.6	14.3	12.6	16.4	16.2
Tyrihans	13.7	12.5	13.0	13.4	14.3
Ormen Lange	4.5	10.6	10.9	10.7	11.0
Fenja	4.8	-	-	-	-
Trestakk	4.9	5.5	4.8	5.2	6.5
Heidrun	4.7	4.5	4.8	5.0	3.9
Bauge / Hyme	2.9	-	-	-	-
Other	5.5	8.2	6.8	8.1	9.9
Total Norwegian Sea	84.2	85.0	82.1	89.0	93.7

Production from the Norwegian Sea was down 1 kboepd from the previous quarter. Fenja, Bauge, Hyme and the Åsgard Low Pressure Project provided additional volumes, although they started up in the quarter somewhat later than planned. However, the total production from the Norwegian Sea was lower than expected due to start-up challenges and reduced regularity at the Njord host, an extended production shutdown on Norne, and a turnaround on Nyhamna impacting production from Ormen Lange. The Nyhamna turnaround extended beyond plan into July and there is planned maintenance on Ormen Lange in September

Projects and developments

Vår Energi is participating in several significant development projects on the NCS which support the Company's target of producing above 350 kboepd by end-2025. Overall, the Company's project portfolio progressed according to plan in the second quarter, including the larger developments of Balder X, Johan Castberg and Bredablikk. Bauge, Hyme and Fenja all started production in April, somewhat behind plan due to late access to the Njord host and are currently in the ramp-up phase.

Recently, the activity level on the NCS has increased driven by many PDOs submitted during 2022. The NCS supply chain is moving towards full capacity utilisation. This is driving increased prices and rates for certain products and services. There is also a risk of reduced productivity in supply chain areas, such as construction services, equipment delivery and offshore installation services, which may lead to cost pressure for ongoing and future projects. Vår Energi's well progressed project portfolio reduces the risk of material impacts from supply chain constraints and cost inflation, however the Company is closely following-up these factors to mitigate risk.

Balder X

The upgrade of the Jotun FPSO is ongoing with high construction activity at the Rosenberg yard. The project met key milestones in the second quarter, including the re-float of the FPSO out of dry-dock late in June as planned. This enabled the safe completion of the heavy-lift installation of

the turret, turntable and gantry. The upgrade of the FPSO remains on critical path and the focus is on executing the remaining construction work and commissioning of systems to secure sail-away in second quarter 2024 and production start-up in third quarter 2024. Preparations for the tow-out and offshore hook-up and commissioning commenced in the quarter.

Drilling activities are progressing well with seven out of 15 wells completed. The last well was the first multilateral and represent the longest reservoir section ever drilled in the Balder area, with a total length of 1 153 metres in the reservoir.

For SPS/SURF, the main project's subsea equipment has been delivered and the majority is already installed. Two of the six offshore installation campaigns planned this year have been completed according to plan.



**Johan Castberg**

The development is progressing according to the scheduled start-up in the fourth quarter 2024. The FPSO is currently at Stord (Norway) and all modules have been installed. Interconnections of modules and the turret are ongoing.

Breidablikk

The Breidablikk field is being developed as a subsea tie-back in to the Grane platform. The project is progressing according to plan to start production in the first quarter 2024. During the quarter, the high-activity period on Grane was completed, while the marine installation season has started, and drilling operations remain ahead of plan.

Bauge, Hyme and Fenja

The Bauge, Hyme and Fenja field developments were successfully tied-back to the Njord host in April and commenced production. The fields are currently in a production ramp-up phase. Contribution from the three fields was lower than expected in the second quarter. This was caused by technical challenges on the Njord host causing operational irregularities and periodical shut-downs.

Hywind Tampen

The first power from Hywind Tampen to Snorre was delivered in May. All eleven floating wind turbines are now installed offshore. Full production to Snorre from six turbines is expected in the third quarter 2023.

Exploration

The Aker BP-operated Rondslottet exploration well in PL1005 was spudded in June, but has been temporary suspended due to technical challenges. The well has been plugged and abandoned and drilling will commence at a later stage. The well is a potential high impact well located in the Norwegian Sea which could bring significant resources if successful.

The Equinor-operated Crino exploration well in PL090 in the North Sea west of the Fram field was also spudded in June, with the result expected during the third quarter.

During the second quarter, Vår Energi acquired a 20% working interest in PL932 Kaldafjell. The operator Aker BP expects exploration drilling of the Kaldafjell well in 2024.

The planned 2023 exploration drilling campaign includes eight firm exploration wells targeting more than 50 mmboe of total risked resources. Three of these firm wells are operated by Vår Energi.



Health, safety, security and the environment (HSSE)

Key HSSE indicators	Unit	Q2 2023	Q1 2023	Q4 2022	Q3 2022	Q2 2022
Serious incident frequency (SIF Actual) ¹ 12M rolling avg	Per mill. exp. hours	0.0	0.0	0.1	0.1	0.1
Serious incident frequency (SIF) ¹ 12M rolling avg	Per mill. exp. hours	0.6	0.5	1.0	1.3	1.4
Total recordable injury frequency (TRIF) ² 12M rolling avg	Per mill. exp. hours	2.8	3.8	3.2	3.7	2.7
Acute spill	Count	0	0	0	0	0
Process safety events Tier 1 and 2 ³	Count	0	0	1	0	0
CO ₂ emissions intensity ^{4,5}	Kg CO ₂ /boe	11.5	13.0	10.2	10.2	8.6

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

The 12-month rolling average SIF rate was stable at 0.6, with one incident classified with serious potential consequences in the quarter. For the first half of 2023, the SIF rate was 0.4. The Company recorded zero actual serious incidents as all recorded SIF incidents were classified as potential serious incidents. Vår Energi maintains a relentless focus on improving safety performance related to dropped objects, which were the main driver of SIF incidents in 2022. The current trend reflects a significant improvement compared to 2022.

The 12-month rolling average Total Recordable Injury Frequency (TRIF) was 2.8 in the second quarter, compared to 3.8 in the first quarter 2023. The positive trend is driven by consistent proactive safety work related to both yard activities for the ongoing development projects and on operated assets. Safety initiatives continue to be implemented and learnings are shared to drive continuous improvement. Furthermore, Vår Energi keeps focusing on major accident potential and monitors key indicators through the Company’s major accident risk indicator system (MARI).

Vår Energi and its contractors are working to improve the deployment of key safety tools, such as the Always Safe Annual Wheel, the Life-Saving Rules and the Company’s internal TIR tool (Take Time, Involve, Report).

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





ESG and decarbonisation

Ensuring access to energy for all while transitioning toward a low-carbon economy is a major challenge both for Vår Energi and for society. Reference is made to Vår Energi's Sustainability Report for 2022 for further details and the Company's approach towards reduced emissions and sustainable development.

In June, Vår Energi received an updated ESG risk rating from Sustainalytics, placing the Company in the lowest risk group in the industry and in the top 5% percentile, ranking Vår Energi 12th of the 300 rated oil and gas producers ¹.

Sustainalytics's ESG Risk Ratings measure a company's exposure to industry-specific material ESG risks and how well those risks are managed by assessing the robustness of the company's ESG programmes, practices and policies. In its assessment, Sustainalytics concludes that Vår Energi "provides detailed information on its approach to managing climate-related risks" and "comprehensive disclosure on its approach to its key environmental and social issues, such as worker safety as well as the management of effluents, non-GHG air emissions and biodiversity".

¹ Rating as of 16 June 2023

² Oil and Gas Climate Initiative

The CO₂ emissions intensity for operated assets in the second quarter 2023 was 11.5 kg CO₂ per boe, versus 13.0 CO₂ per boe in the first quarter 2023. The reduction is due to less exploration activities and effects from emission improvement initiatives.

The emission intensity for the first half of 2023 increased compared to the same period last year, primarily driven by exploration drilling activity and increased power consumption combined with lower production in 2023.

Vår Energi is also a signatory of the OGCI ² Aiming for Zero Methane Emissions Initiative and in the first half of 2023, the Company has halved its methane emissions compared to last year. The reduction has been achieved through realised emission reduction initiatives such as reduced flaring at Goliat and increased uptime of the gas compressor at Ringhorne.

The 2023 emission numbers are preliminary until the EU ETS verification for 2023 is completed by the end of the first quarter 2024.

Financial review

Key figures

USD million	Q2 2023	Q1 2023	Q2 2022	1H 2023	1H2022
Total income	1 436	2 094	2 437	3 530	4 927
Production costs	(293)	(252)	(327)	(545)	(593)
Other operating expenses	(24)	(47)	(29)	(72)	(62)
EBITDAX	1 119	1 794	2 080	2 914	4 272
Exploration expenses	(18)	(22)	(26)	(40)	(39)
EBITDA	1 101	1 773	2 054	2 874	4 234
Depreciation and amortisation	(323)	(340)	(329)	(664)	(770)
Impairment loss and reversals	-	-	-	-	11
Net financial income / (expenses)	(30)	(30)	(33)	(59)	(62)
Net exchange rate gain / (loss)	(47)	(127)	(426)	(173)	(420)
Profit / (loss) before income taxes	701	1 276	1 265	1 977	2 992
Income tax (expense) / income	(603)	(1 081)	(1 198)	(1 684)	(2 494)
Profit / (loss) for the period	98	195	68	293	498

Total income in the second quarter amounted to USD 1 436 million, a decrease of USD 658 million compared to the previous quarter. The main driver for the reduction was lower commodity prices. Total income in the first half of 2023 declined by USD 1 397 million compared to the first half of 2022 due to decreased production and lower commodity prices.

Production cost in the second quarter amounted to USD 293 million, an increase compared to the previous quarter, mainly driven by more well maintenance and seasonal maintenance. Compared to the first half of 2022, the production cost decreased, mainly due to changes in

overlift/(underlift) and less transportation/processing cost. See [note 3](#) for further details on production cost.

Exploration expenses in the second quarter decreased to USD 18 million, reflecting less exploration activity in the period.

Depreciation and amortisation in the second quarter amounted to USD 323 million, a decrease of USD 17 million compared to the previous quarter. Depreciation and amortisation for the first half of 2023 declined by USD 106 million compared to the corresponding period last year, mainly due to reduced production.

Net exchange rate loss in the second quarter amounted to USD 47 million due to the weakening of the NOK versus the USD in the period. The Company realised an exchange rate loss on repayment of the USD 500 million bridge credit facility in the second quarter. Net exchange rate loss in the first half of 2023 decreased by USD 247 million compared to last year. See [note 6](#) for further details on exchange rate gain / (loss).

Income tax in the second quarter amounted to USD 603 million, a decrease of USD 478 million compared to the previous quarter. The effective tax rate for the quarter of 86% is in line with the previous quarter. The income tax for the first half of 2023 was reduced by USD 810 million compared to the first half of 2022. The effective tax rate increased from 83% to 85% due to less tax uplift in the first half of 2023.

Profit for the period amounted to USD 98 million, a decrease of USD 97 million compared to the previous quarter. Profit in the first half of 2023 decreased by USD 205 million compared to the first half of 2022, largely due to lower production and lower commodity prices.

Sales details

Realised commodity prices (USD/boe)	Q2 2023	Q1 2023	Q2 2022	1H 2023	1H2022
Crude oil	78.5	83.6	116.0	81.1	107.2
Gas	98.5	175.5	151.3	138.9	157.4
NGL	37.5	54.1	70.9	43.7	71.6
Average realised prices (volume weighted)	81.9	115.9	124.1	99.1	121.9

Vår Energi obtained an average realised price of USD 82 per boe in the quarter. The realised gas price of USD 98 per boe was a result of fixed price contracts and flexible gas sales agreements, allowing for optimisation of indices. In the second quarter, fixed price sales represented 22% of total sales with an average price of 193 USD per boe.

Vår Energi has executed fixed price transactions for the remaining two quarters of the year. As at 30 June 2023, the Company has entered into the following transactions (based on the average exchange rate for June 2023):

- ~22% of the gas production for the third quarter 2023 is sold on a fixed price basis at an average price of ~189 USD per boe
- For the fourth quarter, Vår Energi has sold ~21% of its estimated gas production with pricing linked to the Gas Year Ahead product with a pricing period from 1 October 2022 to 30 September 2023. As at 30 June 2023, the cumulative average price for the first nine months of the pricing period is ~145 USD per boe

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

Statement of financial position

USD million	30 Jun 2023	31 Mar 2023	30 Jun 2022
Goodwill	1 848	1 900	2 241
Property, plant and equipment	13 914	14 111	13 927
Other non-current assets	461	468	497
Cash and cash equivalents	111	769	892
Other current assets	834	1 011	1 064
Total assets	17 168	18 258	18 621
Equity	1 085	1 289	1 588
Interest-bearing loans and borrowings	3 099	2 956	3 321
Deferred tax liabilities	8 145	7 975	7 548
Asset retirement obligations	2 830	3 129	2 966
Taxes payable	952	1 846	2 034
Other liabilities	1 058	1 062	1 165
Total equity and liabilities	17 168	18 258	18 621
Cash and cash equivalents	111	769	892
Revolving credit facilities	3 000	3 000	3 600
Total available liquidity	3 111	3 769	4 492
Net interest-bearing debt (NIBD)	3 148	2 372	2 692
EBITDAX 4 quarters rolling	7 188	8 149	7 465
Leverage ratio (NIBD / EBITDAX)	0.4	0.3	0.4

Total assets at the end of the second quarter amounted to USD 17 168 million, a decrease from USD 18 258 million at the end of the previous quarter mainly due to a weaker NOK versus the USD. Non-current assets were USD 16 223 million and current assets were USD 945 million at the end of the second quarter. Compared to the end of the first half of 2022 there was a decrease in total assets from USD 18 621 million, non-current assets of USD 16 666 million and current assets of USD 1 956 million.

Total equity amounted to USD 1 085 million at the end of the second quarter, corresponding to an equity ratio of approximately 6%.

Total cash and cash equivalents at the end of the second quarter 2023 were USD 111 million. With USD 3 000 million in undrawn credit facilities, total available liquidity amounted to USD 3 111 million at the end of the quarter. Total available liquidity was USD 4 492 million at the end of the first half of 2022.

Total interest-bearing debt at the end of the second quarter was USD 3 099 million, an increase of USD 143 million from the previous quarter. Total interest-bearing debt decreased from USD 3 321 million at the end of the first half of 2022. Repayment of USD 500 million related to bridge credit facility completed during second quarter. In April, the Company issued senior notes of EUR 600 million under the recently established Euro Medium Term Note programme. An interest rate swap was entered into in May 2023 for the same amount as the EUR Senior Note. 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.

The Company has a solid financial position with a leverage ratio (NIBD/EBITDAX) of 0.4x at the end of the second quarter, an increase from 0.3x in the previous quarter and 0.4x at the end of the first half of 2022.

Statement of cash flow

USD million	Q2 2023	Q1 2023	Q2 2022	1H 2023	1H2022
Cash flow from operating activities (CFFO)	231	1 358	1 535	1 588	3 735
Cash flows used in investing activities	(696)	(650)	(596)	(1 346)	(1 246)
Cash flows from financing activities	(197)	(348)	(607)	(544)	(1 840)
Effect of exchange rate fluctuation	4	(36)	22	(32)	20
Net change in cash and cash equivalents	(658)	324	353	(334)	668
Cash and cash equivalents, end of period	111	769	892	111	892
Net cash flows from operating activities (CFFO)	231	1 358	1 535	1 589	3 735
CAPEX	687	642	573	1 330	1 195
Free cash flow	(456)	715	962	259	2 541
Capex coverage (CFFO/Capex)	0.3	2.1	2.7	1.2	3.1

Cash flow from operating activities (CFFO) was USD 231 million in the second quarter, a decrease of USD 1127 million from the previous quarter, mainly due to lower income and two tax instalments paid. Cash flow from operating activities in the first half of 2023 was USD 1 588 million compared to USD 3 735 million in the first half of 2022.

Net cash used in investing activities was USD 696 million in the quarter, whereof USD 658 million was related to PP&E expenditures. Investments in the Balder Area, at Johan Castberg and Breidablikk represented 69% of these expenditures.

Net cash outflow from financing activities amounted to USD 197 million in the quarter, a decrease of USD 151 million from the previous quarter. Cash outflow from financing activities in the first half of 2023 decreased by USD 1 296 million compared to the first half of 2022 due to lower net debt repayments.

Free cash flow (FCF) was negative USD 456 million in the second quarter, compared to a positive USD 715 million in the previous quarter. The decrease was driven by lower CFFO and higher capex. Free cash flow (FCF) in the first half of 2023 was USD 259 million, a decrease from USD 2 541 million in the first half of 2022.

Outlook

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

Based on current projections for the second half of 2023, the Company maintains its full-year production guidance of 210-230 kboepd. The guidance considers the expected impact of 12-15 kboepd in the third quarter from scheduled maintenance and a ramp-up in production from new field developments.

For 2023, the Company expects development capex between USD 2 400–2 700 million and USD 250 million in exploration and abandonment capex.

Vår Energi's material cash flow generation and investment-grade balance sheet support attractive and resilient distributions. For the third quarter of 2023, Vår Energi plans to pay a dividend of USD 270 million.

Vår Energi's policy is to distribute 20-30% of cash flow from operations after tax in shareholder returns. For 2023, the Company expects a dividend of approximately 30% of CFFO after tax.

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

The Company is working towards the planned completion of the Neptune Norway transaction in the first quarter of 2024, with focus on optimising capital structure, organisational integration and synergy capture.

Transactions with related parties

For details on transactions with related parties, see [note 22](#) in the Financial Statements.

Subsequent events

See [note 24](#) in the Financial Statements.

Risks and uncertainty

Vår Energi is exposed to a variety of risks associated with oil and gas operations on the NCS, exploration, reserve and resource estimates and estimates for capital and operating cost expenditures are associated with uncertainty, and the production performance of oil and gas fields may be variable over time. Maintenance and turnaround activities are typically scheduled in the second and third quarter of the calendar year due to more favourable weather conditions and may impact production should execution take longer than planned.

The ripple effects of the Covid-19 pandemic, Russia's invasion of Ukraine and the European energy crisis have increased geopolitical tension and led to constrained supply chains and global inflationary

pressures. Resource availability is also impacted by an increased activity level on the NCS due to the temporary tax regime, stimulating investments and submissions of PDOs. These factors may affect the planned progress and cost of Vår Energi's ongoing development projects, which involve advanced engineering work, extensive procurement activities and complex construction work.

To combat inflation, central banks worldwide have pursued tight monetary policies which have caused an economic slowdown and further impact market and financial risk, including, but not limited to, commodity price fluctuations, exchange rates, interest rates and capital requirements.

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

Alternative performance measures (APMs)

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

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

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

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

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

- "Capex" is defined by Vår Energi as expenditures on property, plant and equipment (PP&E) and expenditures on exploration and evaluation assets as presented in the cash flow statements within cash flow from investing activities.
- "Capex Coverage" is defined by Vår Energi as cash flow from operating activities as presented in the cash flow statements ("CFFO"), as a ratio to capex.
- "EBITDAX" is defined by Vår Energi as profit/(loss) for the period before income tax (expense)/income, net financial items, net exchange rate gain/(loss), depreciation and amortisation, impairments and exploration expenses.

- "EBITDAX margin" is defined by Vår Energi as EBITDAX and EBITDA as a percentage of total income, respectively.
- "Free cash flow" ("FCF") is defined by Vår Energi as CFFO less capex.
- "Net interest-bearing debt" or "NIBD" is defined by Vår Energi as interest-bearing loans and borrowings and lease liabilities ("Total interest-bearing debt" or "TIBD") less cash and cash equivalents.
- "Adjusted net interest-bearing debt" or "Adjusted NIBD" is defined by Vår Energi as TIBD excluding lease liabilities ("Adjusted total interest-bearing debt" or "Adjusted TIBD") less cash and cash equivalents.
- "NIBD/EBITDAX" is defined by Vår Energi as NIBD as a ratio of EBITDAX.
- "Adjusted NIBD/EBITDAX" is defined by Vår Energi as Adjusted NIBD as a ratio of EBITDAX.
- "TIBD/EBITDAX" is defined by Vår Energi as interest-bearing loans and borrowings and lease liabilities as a ratio of EBITDAX.
- "Adjusted TIBD/EBITDAX" is defined by Vår Energi as interest-bearing loans and borrowings (but excluding lease liabilities) as a ratio of EBITDAX.

Sandnes, 24 July 2023
Signed electronically

Responsibility statement

The Board of Directors and the CEO certify that the financial report for the first six months ended 30 June 2023 gives a fair view of the performance of the business, position and profit or loss of the Company, and describes the principal risks and uncertainties that the Company faces.

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 representative

Hege Susanne Blåsternes
Director,
employee representative

Bjørn Nysted
Director,
employee representative

Jan Inge Nesheim
Director,
employee representative

Torger Rød
Chief Executive Officer

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Unaudited statement of comprehensive income

USD 1000	Note	Q2 2023	Q1 2023	Restated Q2 2022	1H 2023	Restated 1H 2022
Petroleum revenues	2	1 431 985	2 089 383	2 423 454	3 521 368	4 906 242
Other operating income		4 372	4 492	13 274	8 864	20 995
Total income		1 436 357	2 093 875	2 436 729	3 530 232	4 927 236
Production costs	1, 3	(292 939)	(252 268)	(327 434)	(545 207)	(593 020)
Exploration expenses	5, 8	(17 947)	(21 668)	(26 430)	(39 615)	(38 506)
Depreciation and amortisation	9, 10	(323 324)	(340 323)	(328 792)	(663 647)	(770 030)
Impairment loss and reversals	8, 9, 11	-	-	-	-	10 865
Other operating expenses	4	(24 329)	(47 180)	(29 113)	(71 509)	(62 026)
Total operating expenses		(658 539)	(661 439)	(711 769)	(1 319 978)	(1 452 717)
Operating profit / (loss)		777 818	1 432 435	1 724 960	2 210 254	3 474 519
Net financial income / (expenses)	6	(29 724)	(29 598)	(33 256)	(59 322)	(62 141)
Net exchange rate gain / (loss)	6	(46 680)	(126 784)	(426 279)	(173 464)	(420 402)
Profit / (loss) before taxes		701 415	1 276 053	1 265 425	1 977 468	2 991 976
Income tax (expense) / income	1, 7	(603 319)	(1 081 093)	(1 197 765)	(1 684 411)	(2 493 544)
Profit / (loss) for the period		98 096	194 961	67 661	293 056	498 432
Other comprehensive income:						
Items that may be reclassified subsequently to the income statement:						
Currency translation differences		(31 990)	(86 418)	(226 206)	(118 408)	(209 959)
Net gain / (loss) on put options used for hedging		(1 476)	(104)	9 929	(1 581)	7 559
Other comprehensive income for the period, net of tax		(33 466)	(86 523)	(216 277)	(119 989)	(202 400)
Total comprehensive income		64 630	108 438	(148 616)	173 068	296 032
Earnings per share						
EPS Basic	1, 16	0.04	0.08	0.03	0.12	0.20
EPS Diluted	1, 16	0.04	0.08	0.03	0.12	0.20

Unaudited balance sheet statement

USD 1000	Note	30 Jun 2023	31 Mar 2023	Restated 30 Jun 2022
ASSETS				
Non-current assets				
Intangible assets				
Goodwill	8	1 848 163	1 900 025	2 241 297
Capitalised exploration wells	8	266 112	243 811	180 484
Other intangible assets	8	78 443	80 644	92 524
Tangible fixed assets				
Property, plant and equipment	9	13 914 276	14 110 732	13 927 344
Right of use assets	10	115 463	142 298	222 066
Financial assets				
Investment in shares		698	718	755
Other non-current assets		214	302	1 064
Total non-current assets		16 223 370	16 478 529	16 665 533
Current assets				
Inventories		232 898	262 734	257 458
Trade receivables	12 , 22	366 430	490 430	560 015
Other current receivables and financial assets	1 , 13	234 876	257 478	246 135
Cash and cash equivalents	15	110 909	768 843	892 046
Total current assets		945 113	1 779 485	1 955 653
TOTAL ASSETS		17 168 482	18 258 014	18 621 185

Unaudited balance sheet statement – continued

USD 1000	Note	30 Jun 2023	31 Mar 2023	Restated 30 Jun 2022
EQUITY AND LIABILITIES				
Equity				
Share capital	16	45 972	45 972	45 972
Share premium		1 298 181	1 568 181	2 418 181
Other equity	1	(259 226)	(324 870)	(876 258)
Total equity		1 084 927	1 289 282	1 587 894
Non-current liabilities				
Interest-bearing loans and borrowings	17	3 098 689	2 456 366	2 977 463
Deferred tax liabilities	21	8 145 018	7 975 099	7 547 947
Asset retirement obligations	18	2 768 674	3 070 552	2 947 552
Lease liabilities, non-current	21	61 486	86 151	160 305
Other non-current liabilities		74 273	153 289	151 930
Total non-current liabilities		14 148 140	13 741 457	13 785 198
Current liabilities				
Asset retirement obligations, current	18	61 065	58 400	18 016
Accounts payables	22	271 561	257 638	344 327
Taxes payable	7	952 248	1 845 929	2 033 759
Interest-bearing loans, current	17	-	500 000	343 202
Lease liabilities, current	21	98 335	98 684	103 301
Other current liabilities	1, 19	552 206	466 625	405 489
Total current liabilities		1 935 416	3 227 275	3 248 094
Total liabilities		16 083 555	16 968 732	17 033 291
TOTAL EQUITY AND LIABILITIES		17 168 482	18 258 014	18 621 185

Sandnes, 24 July 2023
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 representative

Hege Susanne Blåsternes
Director,
employee representative

Bjørn Nysted
Director,
employee representative

Jan Inge Nesheim
Director,
employee representative

Torger Rød
Chief Executive Officer

Unaudited statement of changes in equity

USD 1000	Note	Share capital	Share premium	Other equity			Total equity
				Other equity	Translation differences	Hedge reserve	
Balance at 1 January 2022		45 972	2 643 181	(928 860)	(222 647)	(21 818)	1 515 828
Profit / (loss) for the period		-	-	498 432	-	-	498 432
Other comprehensive income / (loss)		-	-	-	(209 959)	7 559	(202 400)
Total comprehensive income / (loss)		-	-	498 432	(209 959)	7 559	296 032
Dividends paid		-	(225 000)	-	-	-	(225 000)
Share-based payments		-	-	1 034	-	-	1 034
Balance at 30 June 2022		45 972	2 418 181	(429 394)	(432 605)	(14 259)	1 587 894
Balance at 30 June 2022		45 972	2 418 181	(429 394)	(432 605)	(14 259)	1 587 894
Profit / (loss) for the period		-	-	437 970	-	-	437 970
Other comprehensive income / (loss)		-	-	-	6 725	(2 386)	4 339
Total comprehensive income / (loss)		-	-	437 970	6 725	(2 386)	442 310
Dividends paid		-	(550 000)	-	-	-	(550 000)
Share-based payments		-	-	1 367	-	-	1 367
Balance at 31 December 2022		45 972	1 868 181	9 943	(425 880)	(16 644)	1 481 571
Balance at 31 December 2022		45 972	1 868 181	9 943	(425 880)	(16 644)	1 481 571
Profit / (loss) for the period		-	-	293 056	-	-	293 056
Other comprehensive income / (loss)		-	-	-	(118 408)	(1 581)	(119 989)
Total comprehensive income / (loss)		-	-	293 056	(118 408)	(1 581)	173 068
Dividends paid		-	(570 000)	-	-	-	(570 000)
Share-based payments	16	-	-	1 990	-	-	1 990
Other		-	-	(1 702)	-	-	(1 702)
Balance at 30 June 2023		45 972	1 298 181	303 288	(544 289)	(18 225)	1 084 927

Unaudited statement of cash flows

USD 1000	Note	Q2 2023	Q1 2023	Q2 2022	1H 2023	1H 2022
Profit / (loss) before income taxes	1	701 415	1 276 054	1 265 425	1 977 468	2 991 976
Adjustments to reconcile profit before tax to net cash flows:						
- Depreciation and amortisation	9, 10	323 324	340 323	328 792	663 647	770 030
- Impairment loss and reversals	8, 9	-	-	-	-	(10 865)
- Expensed capitalised dry wells	5, 8	169	17 073	18 032	17 242	23 130
- Accretion expenses (asset retirement obligation)	6, 18	22 705	24 377	22 076	47 082	46 358
- Unrealised (gain) / loss on foreign currency transactions and balances	6	(46 865)	174 557	382 048	127 691	354 011
- Realised (gain) / loss on foreign currency financing transactions		80 009	-	72 853	80 009	78 123
- Other non-cash items and reclassifications		9 498	(16 661)	(34 786)	(7 163)	(6 214)
Working capital adjustments:						
- Changes in inventories, accounts payable and receivables		167 952	186 543	(132 805)	354 495	98 837
- Changes in other current balance sheet items	13, 19	26 601	(67 410)	(57 824)	(40 810)	(97 728)
Income tax received / (paid)	7	(1 053 930)	(577 326)	(328 896)	(1 631 256)	(512 205)
Net cash flows from operating activities		230 877	1 357 529	1 534 915	1 588 406	3 735 453
Cash flows from investing activities						
Expenditures on exploration and evaluation assets	8	(29 152)	(43 010)	(21 114)	(72 162)	(27 347)
Expenditures on property, plant and equipment	9	(657 934)	(599 420)	(551 955)	(1 257 353)	(1 167 161)
Payment for decommissioning of oil and gas fields	18	(8 834)	(7 129)	(22 786)	(15 963)	(51 625)
Net cash used in investing activities		(695 920)	(649 559)	(595 854)	(1 345 478)	(1 246 132)

Unaudited statement of cash flows – continued

USD 1000	Note	Q2 2023	Q1 2023	Q2 2022	1H 2023	1H 2022
Cash flows from financing activities						
Dividends paid		(270 000)	(300 000)	(225 000)	(570 000)	(225 000)
Net proceeds from bond issue		656 405	-	496 906	656 405	496 906
Net proceeds / (payments) of bridge credit facilities	17	(500 000)	-	(840 000)	(500 000)	(2 020 500)
Payment of principal portion of lease liability	21	(23 449)	(23 488)	(22 943)	(46 937)	(57 158)
Interest paid	1	(59 622)	(24 101)	(16 348)	(83 723)	(34 729)
Net cash from financing activities		(196 666)	(347 589)	(607 384)	(544 255)	(1 840 481)
Net change in cash and cash equivalents						
		(661 709)	360 381	331 676	(301 327)	648 840
Cash and cash equivalents, beginning of period		768 843	444 607	538 739	444 607	223 588
Effect of exchange rate fluctuations		3 774	(36 145)	21 630	(32 371)	19 618
Cash and cash equivalents, end of period		110 909	768 843	892 046	110 909	892 046

Notes

(All figures in USD 1000 unless otherwise stated)

The interim condensed financial statements for the period ended 30 June 2023 have been prepared in accordance with IAS 34 Interim Financial Reporting. Thus the interim financial statements do not include all information required by IFRSs and should be read in conjunction with the 2022 annual financial statements. The interim financial statements reflect all adjustments which are, in the opinion of management, necessary for a fair statement of the financial position, results of operations and cash flows for the dates and interim periods presented. Interim period results are not necessarily indicative of results of operations or cash flows for an annual period. These interim financial statements have not been subject to review or audit by independent auditors.

These interim financial statements were authorised for issue by the Company Board of Directors on 24 July 2023.

Note 1 Summary of IFRS accounting principles and prior year restatements

The accounting principles adopted in the preparation of the interim condensed financial statements are consistent with those followed in the preparation of the annual financial statements for the year ended 31 December 2022. Vår Energi has in second quarter entered into interest rates swaps which are accounted for as a fair value hedge in accordance with IFRS 9, Financial Instruments. Vår Energi has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Restatement of overlift/underlift

Effecting from fourth quarter 2022, Vår Energi changed its accounting policy for measurement of overlift to measure both overlift/underlift at cost. Vår Energi believes this provides more relevant information about financial performance and financial position of the Company and makes Vår Energi more comparable to peer companies on the NCS.

Comparative figures have been restated accordingly and the impact on relevant comparison periods is included in the following table.

USD 1000			
Restating impact on Balance Sheet Statement		Note	30 Jun 2022
Overlift before restatement			198 143
Impact of restatement			(132 671)
Overlift after restatement		19	65 472
Equity before restatement			1 558 706
Impact of restatement			29 188
Equity after restatement			1 587 894
Deferred tax before restatement			7 444 464
Impact of restatement			103 483
Deferred tax after restatement		7	7 547 947

USD 1000			
Restating impact on Statement of Comprehensive Income		Note	Q2 2022 1H 2022
Adjustment of (over)/under lift before restatement			(81 705) (105 447)
Impact of restatement			51 008 82 414
Adjustment of (over)/under lift after restatement		3	(30 697) (23 033)
Income tax (expense) / income before restatement			(1 157 979) (2 429 261)
Impact of restatement			(39 786) (64 283)
Income tax (expense) / income after restatement		7	(1 197 765) (2 493 544)

Note 2 Income

Petroleum revenues (USD 1000)	Q2 2023	Q1 2023	Q2 2022	1H 2023	1H 2022
Revenue from crude oil sales	787 587	881 069	1 246 436	1 668 656	2 484 312
Revenue from gas sales	589 211	1 160 970	1 043 651	1 750 181	2 201 339
Revenue from NGL sales	55 187	47 344	133 367	102 530	220 591
Total petroleum revenues	1 431 985	2 089 383	2 423 454	3 521 368	4 906 242
Sales of crude (boe 1000)	10 038	10 542	10 743	20 580	23 176
Sales of gas (boe 1000)	5 984	6 615	6 896	12 599	13 983
Sales of NGL (boe 1000)	1 473	875	1 882	2 348	3 083

Note 3 Production costs

USD 1000	Note	Q2 2023	Q1 2023	Restated Q2 2022	1H 2023	Restated 1H 2022
Cost of operations		195 113	157 348	182 125	352 462	344 182
Transportation and processing		43 767	48 276	58 361	92 044	116 621
Environmental taxes		32 172	30 278	28 046	62 449	62 200
Insurance premium		15 246	16 175	12 170	31 421	21 471
Production cost based on produced volumes		286 298	252 078	280 702	538 375	544 474
Back-up cost shuttle tankers		3 595	746	5 799	4 341	4 635
Changes in overlift/(underlift)	1	(5 520)	(9 902)	30 697	(15 422)	23 033
Premium expense for crude put options	14	8 565	9 347	10 235	17 912	20 878
Production cost based on sold volumes		292 939	252 268	327 434	545 207	593 020
Total produced volumes (boe 1000)		18 427	19 298	19 089	37 725	40 864
Production cost per boe produced (USD/boe)		15.5	13.1	14.7	14.3	13.3

The Cost of operations increase in the second quarter of 2023 compared to the first quarter of 2023 is mainly driven by more well maintenance and seasonal maintenance activity.

Note 4 Other operating expenses

USD 1000	Q2 2023	Q1 2023	Q2 2022	1H 2023	1H 2022
R&D expenses	3 616	16 046	10 182	19 663	26 012
Pre-production costs	8 160	10 821	5 806	18 981	11 998
Guarantee fee decommissioning obligation	4 428	5 068	6 765	9 496	11 641
Administration expenses	8 125	6 964	6 361	15 089	12 374
Other expenses	-	8 280	-	8 280	-
Total other operating expenses	24 329	47 180	29 113	71 509	62 026

Other expenses mainly include disposal of the Barents Blue project in the first quarter of 2023.

Note 5 Exploration expenses

USD 1000	Note	Q2 2023	Q1 2023	Q2 2022	1H 2023	1H 2022
Seismic		11 720	(409)	316	11 311	619
Area Fee		1 567	2 299	2 114	3 866	4 014
Dry well expenses	8	169	17 073	18 030	17 242	23 130
Other exploration expenses		4 491	2 704	5 969	7 195	10 744
Total exploration expenses		17 947	21 668	26 430	39 615	38 506

Dry well expenses in 2023 are mainly related to the PL554 well 34/6-6 Angulata Brent.

Note 6 Financial items

USD 1000	Note	Q2 2023	Q1 2023	Q2 2022	1H 2023	1H 2022
Interest income		3 561	2 362	384	5 923	409
Other financial income		236	-	108	236	433
Interest on debts and borrowings	17	(60 161)	(57 401)	(23 033)	(117 562)	(43 016)
Interest on lease debt		(1 612)	(1 803)	(1 930)	(3 415)	(5 157)
Capitalised interest cost, development projects		61 045	57 476	19 597	118 521	41 068
Amortisation of fees and expenses		(3 897)	(3 705)	(4 174)	(7 603)	(6 964)
Accretion expenses (asset retirement obligation)	18	(22 705)	(24 377)	(22 076)	(47 082)	(46 358)
Other financial expenses		(4 137)	(2 150)	(2 131)	(6 287)	(2 556)
Change in fair value of interest rate hedges (ineffectiveness)		(2 053)	-	-	(2 053)	-
Net financial income / (expenses)		(29 724)	(29 598)	(33 256)	(59 322)	(62 141)
Unrealised exchange rate gain / (loss)		46 865	(174 557)	(382 048)	(127 692)	(354 011)
Realised exchange rate gain / (loss)		(93 545)	47 773	(44 231)	(45 772)	(66 391)
Net exchange rate gain / (loss)		(46 680)	(126 784)	(426 279)	(173 464)	(420 402)
Net financial items		(76 404)	(156 382)	(459 535)	(232 786)	(482 543)

Vår Energi's functional currency is NOK, whilst interest bearing loans and bonds are in USD and EUR. The weakening of NOK during the second quarter of 2023 caused a net exchange rate loss of USD 47 million.

Note 7 Income taxes

USD 1000		Q2 2023	Q1 2023	Restated Q2 2022	1H 2023	Restated 1H 2022
Current period tax payable / (receivable)		216 392	745 640	774 004	962 032	1 937 804
Prior period adjustments to current tax		(3 342)	1	5 647	(3 342)	7 698
Current tax expense / (income)		213 050	745 641	779 651	958 690	1 945 503
Deferred tax expense / (income)		390 269	335 452	418 113	725 721	548 041
Tax expense / (income) in profit and loss		603 319	1 081 093	1 197 765	1 684 411	2 493 544
Effective tax rate in %		86%	85%	95%	85%	83%
Tax expense / (income) in put option used for hedging		(551)	(351)	863	(902)	195
Tax expense / (income) in other comprehensive income		602 768	1 080 742	1 198 628	1 683 509	2 493 739

Reconciliation of tax expense	Tax rate	Q2 2023	Q1 2023	Restated Q2 2022	1H 2023	Restated 1H 2022
Marginal (78%) tax rate on profit / loss before tax	78%	547 131	995 372	987 082	1 542 504	2 333 861
Tax effect of uplift	71.8%	(12 241)	(10 479)	(48 331)	(22 720)	(98 533)
Tax effects of new legislation on uplift		-	-	10 476	-	-
Tax effects of items taxed at other than marginal (78%) tax rate ¹	56%	68 637	90 634	219 539	159 271	227 104
Tax effects of new legislation on other items		-	-	20 550	-	20 482
Other permanent differences, prior period adjustments and change in estimates of uncertain tax positions	78%	(209)	5 565	8 448	5 356	10 632
Tax expense / (Income)		603 319	1 081 093	1 197 765	1 684 411	2 493 544

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 and working capital.

Note 7 Income taxes – continued

Deferred tax asset / (liability)	Q2 2023	Q1 2023	Restated Q2 2022	1H 2023	Restated 1H 2022
Deferred tax asset / (liability) at beginning of period	(7 975 099)	(8 127 971)	(8 149 368)	(8 127 971)	(7 953 676)
Current period deferred tax income / (expense)	(390 269)	(335 452)	(418 113)	(725 721)	(548 041)
Deferred taxes recognised directly in OCI or equity	551	351	(863)	902	(195)
Currency translation effects	219 799	487 973	1 020 397	707 772	953 965
Net deferred tax asset / (liability) as of closing balance	(8 145 018)	(7 975 099)	(7 547 947)	(8 145 018)	(7 547 947)
Calculated tax payable	Q2 2023	Q1 2023	Restated Q2 2022	1H 2023	Restated 1H 2022
Tax payable at beginning of period	(1 845 929)	(1 778 222)	(1 802 687)	(1 778 222)	(801 432)
Current period payable taxes	(216 392)	(745 640)	(774 004)	(962 032)	(1 937 804)
Net tax payment	1 053 930	577 326	328 896	1 631 256	512 205
Prior period adjustments and change in estimate of uncertain tax positions	3 342	(1)	(5 647)	3 342	(7 698)
Currency translation effects	52 800	100 607	219 684	153 407	200 970
Net tax payable as of closing balance	(952 248)	(1 845 929)	(2 033 759)	(952 248)	(2 033 759)

Note 8 Intangible assets

USD 1000	Goodwill	Other intangible assets	Capitalised exploration wells	Total
Cost as at 1 January 2023	4 481 939	93 515	225 287	4 800 740
Additions	-	-	43 010	43 010
Reclassification	-	(7 292)	7 292	-
Disposals / expensed exploration wells	-	-	(17 073)	(17 073)
Currency translation effects	(265 181)	(5 578)	(14 705)	(285 465)
Cost as at 31 March 2023	4 216 758	80 644	243 811	4 541 212
Depreciation and impairment as at 1 January 2023	(2 462 426)	-	-	(2 462 426)
Currency translation effects	145 693	-	-	145 693
Depreciation and impairment as at 31 March 2023	(2 316 733)	-	-	(2 316 733)
Net book value as at 31 March 2023	1 900 025	80 644	243 811	2 224 479

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

USD 1000	Note	Goodwill	Other intangible assets	Capitalised exploration wells	Total
Cost as at 1 April 2023		4 216 758	80 644	243 811	4 541 212
Additions		-	-	29 152	29 152
Disposals / expensed exploration wells	5	-	-	(169)	(169)
Currency translation effects		(115 096)	(2 201)	(6 681)	(123 979)
Cost as at 30 June 2023		4 101 661	78 443	266 112	4 446 216
Depreciation and impairment as 1 April 2023		(2 316 733)	-	-	(2 316 733)
Currency translation effects		63 235	-	-	63 235
Depreciation and impairment as at 30 June 2023		(2 253 498)	-	-	(2 253 498)
Net book value as at 30 June 2023		1 848 163	78 443	266 112	2 192 718

Note 9 Tangible assets

USD 1000	Note	Wells and production facilities	Facilities under construction	Other property, plant and equipment	Total
Cost as at 1 January 2023		14 110 298	6 307 507	53 587	20 471 393
Additions		226 168	424 496	4 263	654 927
Estimate change asset retirement cost	18	85 815	-	-	85 815
Reclassification		28 578	(10 695)	-	17 883
Disposals		-	(8 273)	-	(8 273)
Currency translation effects		(839 321)	(381 591)	(3 237)	(1 224 149)
Cost as at 31 March 2023		13 611 538	6 331 444	54 613	19 997 595
Depreciation and impairment as at 1 January 2023		(5 887 814)	(73)	(21 268)	(5 909 156)
Depreciation		(332 212)	(8)	(2 708)	(334 928)
Currency translation effects		355 891	12	1 318	357 221
Depreciation and impairment as at 31 March 2023		(5 864 135)	(69)	(22 659)	(5 886 863)
Net book value as at 31 March 2023		7 747 403	6 331 375	31 954	14 110 732

Capitalised interests for facilities under construction were USD 57 694 thousand in first quarter 2023 and USD 61 045 thousand in second quarter 2023.

Rate used for capitalisation of interests was 7.78% in first quarter 2023 and 7.55%% in the second quarter 2023.

USD 1000	Note	Wells and production facilities	Facilities under construction	Other property, plant and equipment	Total
Cost as at 1 April 2023		13 611 538	6 331 444	54 613	19 997 595
Additions		228 461	483 779	6 357	718 598
Estimate change asset retirement cost	18	(226 735)	-	-	(226 735)
Reclassification		719 209	(701 346)	-	17 863
Currency translation effects		(371 561)	(177 906)	(1 530)	(550 998)
Cost as at 30 June 2023		13 960 912	5 935 971	59 440	19 956 323
Depreciation and impairment as at 1 April 2023		(5 864 135)	(69)	(22 659)	(5 886 863)
Depreciation		(314 787)	(40)	(3 252)	(318 079)
Currency translation effects		162 214	42	639	162 895
Depreciation and impairment as at 30 June 2023		(6 016 708)	(67)	(25 272)	(6 042 047)
Net book value as at 30 June 2023		7 944 204	5 935 904	34 168	13 914 276

Note 10 Right of use assets

USD 1000	Offices	Rigs, helicopters and supply vessels	Warehouse	Total
Cost as at 1 January 2023	66 732	205 300	15 155	287 188
Reclassification	-	(17 883)	-	(17 883)
Currency translation effects	(4 197)	(11 435)	(953)	(16 585)
Cost as at 31 March 2023	62 536	175 982	14 202	252 720
Depreciation and impairment as at 1 January 2023	(17 683)	(86 186)	(7 896)	(111 765)
Depreciation	(1 229)	(3 406)	(760)	(5 395)
Currency translation effects	1 535	4 253	949	6 737
Depreciation and impairment as at 31 March 2023	(17 377)	(85 338)	(7 707)	(110 423)
Net book value as at 31 March 2023	45 158	90 644	6 495	142 298

USD 1000	Offices	Rigs, helicopters and supply vessels	Warehouse	Total
Cost as at 1 April 2023	62 536	175 982	14 202	252 720
Reclassification	-	(17 863)	-	(17 863)
Currency translation effects	(1 755)	(4 622)	(399)	(6 776)
Cost as at 30 June 2023	60 781	153 496	13 804	228 081
Depreciation and impairment as at 1 April 2023	(17 377)	(85 338)	(7 707)	(110 423)
Depreciation	(1 099)	(3 419)	(728)	(5 246)
Currency translation effects	480	2 357	213	3 050
Depreciation and impairment as at 30 June 2023	(17 997)	(86 399)	(8 221)	(112 618)
Net book value as at 30 June 2023	42 784	67 097	5 582	115 463

Note 11 Impairment

Impairment testing

Impairment tests of individual cash-generating units (CGUs) are performed when impairment triggers are identified. Reduction in short term price assumptions vs. the first quarter of 2023 was considered an impairment trigger per 30 June 2023 and Vår Energi performed impairment testing of fixed assets and intangible assets.

No impairments nor reversals of historical impairments were identified per 30 June 2023 as reduction in short term price assumptions was offset by changes in other assumptions and changes in discounting of cash flows.

Key assumptions applied for impairment testing purposes as of 30 June 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 56.2 USD/BOE (real).

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

Year	31 Dec 2022	31 Mar 2023	30 Jun 2023
2023	80.1	76.8	73.8
2024	75.5	73.7	72.7
2025	75.3	74.6	73.7

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

Year	31 Dec 2022	31 Mar 2023	30 Jun 2023
2023	132.4	84.3	73.6
2024	106.0	84.8	89.9
2025	70.4	67.1	71.4

Note 11 Impairment – continued

Oil and gas reserves

Future cash flows are calculated based on expected production profiles and estimated proven, probable and risked possible reserves. Production profiles per 30 June 2023 were unchanged vs. the profiles as of 31 March 2023.

Future expenditure

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

Discount rate

The post tax nominal discount rate used is 8.0 percent, consistent with the rate applied at 31 March 2023.

Currency rates

The currency rates used are 10.50 NOK/USD for 2023 and 9.00 NOK/USD from 2024 onwards. Euro currency rate of 9.90 NOK/EUR used for both short and long term.

Inflation

Inflation is assumed to be 2% per year, consistent with the rates applied at 31 March 2023.

Sensitivity analysis

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

Assumption USD 1000	Change	Change in impairment after	
		Increase in assumption	Decrease in assumption
Oil and gas prices	+/-25%	(384 000)	2 309 000
Production profile	+/- 5%	(384 000)	352 000
Discount rate	+/- 1% point	97 000	(254 000)

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

Climate related risks

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

Note 12 Trade receivables

USD 1000	Note	30 Jun 2023	31 Mar 2023	30 Jun 2022
Trade receivables - related parties	22	255 549	289 876	361 750
Trade receivables - external parties		110 881	265 787	364 548
Sale of trade receivables		-	(65 233)	(166 283)
Total trade receivables		366 430	490 430	560 015

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

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

Note 13 Other current receivables and financial assets

USD 1000	Note	30 Jun 2023	31 Mar 2023	30 Jun 2022
Net underlift of hydrocarbons		110 374	106 756	131 475
Prepaid expenses		44 331	43 003	27 394
Brent crude put options - financial assets	14	12 240	14 847	18 046
Other		67 932	92 873	69 219
Total other current receivables and financial assets		234 876	257 478	246 135

Note 14 Financial instruments

Derivative financial instruments

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

In May 2023 an interest rate swap was entered into for the same amount as the EUR 600 000 thousand 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. The interest rate swap will be accounted for as a fair value hedge. Interest swaps are reflected at fair value with fair value changes to be accounted for as other financial income/expenses. Bond debt are booked at nominal value initially. The fair value is adjusted to reflect changes in interest level with fair value changes are accounted for as other financial income/expenses. Inefficiencies in hedging are measured and booked against fair value of bond debt and accounted for as other financial income/expenses ([note 6](#)).

As of 30 June 2022 and 30 June 2023, Vår Energi had the following volumes of Brent crude oil put options in place and with the following strike prices:

Hedging instruments	Volume (no of put options outstanding at balance sheet date) in thousands (BBL)	Excercise price (USD per BBL)
Brent crude oil put options 30.06.2022, exercisable in 2022	7 219	47
Brent crude oil put options 30.06.2022, exercisable in 2023	7 213	50
Brent crude oil put options 30.06.2023, exercisable in 2023	6 825	50
Brent crude oil put options 30.06.2023, exercisable in 2024	7 650	50

Brent crude put options – financial assets

USD 1000	Q2 2023	2022	Q2 2022
The beginning of the period	14 847	17 407	10 145
New Brent crude put options	7 680	36 143	11 116
Change in fair value	(10 287)	(38 745)	(3 214)
The end of the period	12 240	14 805	18 047

As of 30 June 2023, the fair value of outstanding Brent Crude oil put options amounted to USD 12 240 thousand. Unrealised gains and losses are recognised in OCI. Note that the cost price (time value agreed at the inception of the contracts) for the options is paid at the time of realisation (time of exercise or expiration) and that this deferred payment is presented as current liabilities in the balance sheet, see below table.

Brent crude put options – deferred premiums

USD 1000	Note	Q2 2023	2022	Q2 2022
The beginning of the period		(36 320)	(39 339)	(35 295)
Settlement	3	8 565	39 540	10 235
New Brent crude put options		(7 680)	(36 143)	(11 116)
FX-effect		(171)	(200)	(151)
The end of the period		(35 606)	(36 143)	(36 327)

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

Note 14 Financial instruments - continued

Change in Hedge Reserve

USD 1000	Q2 2023	2022	Q2 2022
The beginning of the period	(21 473)	(21 932)	(25 150)
Realised cost of hedge	8 394	39 339	10 084
Brent crude put options – financial assets	(10 287)	(38 745)	(3 214)
The end of the period	(23 365)	(21 338)	(18 280)

After tax balance as of 30 June 2023 is USD 18 225 thousand.

Reconciliation of liabilities arising from financing activities

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

USD 1000	31 Dec 2022	Cash flows	Non-cash changes			30 Jun 2023
			Amortisation/ Accretion	Currency	Fair Value Adj.	
Long-term interest-bearing debt	-	-	-	-	-	-
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	-	(12 476)	(5 558)	646 402
Prepaid loan expenses	(47 411)	(8 032)	7 603	127	-	(47 713)
Totals	2 952 589	156 405	7 603	(12 350)	(5 558)	3 098 689

Note 15 Cash and cash equivalents

USD 1000	30 Jun 2023	31 Mar 2023	30 Jun 2022
Bank deposits, unrestricted	103 771	763 811	885 366
Bank deposit, restricted, employee taxes	7 138	5 032	6 679
Total bank deposits	110 909	768 843	892 046

Note 16 Share capital and shareholders

As of 30 June 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 of by the number of shares.

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

Note 17
 Financial liabilities and borrowings

Interest-bearing loans and borrowings

USD 1000	Coupon/ Int. Rate	Maturity	30 Jun 2023	31 Mar 2023	30 Jun 2022
Bond USD Senior Notes (22/27)	5.00%	May 2027	500 000	500 000	500 000
Bond USD Senior Notes (22/28)	7.50%	Jan 2028	1 000 000	1 000 000	-
Bond USD Senior Notes (22/32)	8.00%	Nov 2032	1 000 000	1 000 000	-
Bond EUR Senior Notes (23/29)	5.50%	Apr 2029	646 402	-	-
Bridge credit facility	1.25%+SOFR +CAS	Nov 2023	-	500 000	2 500 000
RCF Working capital facility	1.08%+SOFR +CAS	Nov 2024	-	-	-
RCF Liquidity facility	1.13%+SOFR +CAS	Nov 2026	-	-	-
Deferred payment ExxonMobil		Dec 2022	-	-	343 202
Prepaid loan expenses			(47 713)	(43 634)	(22 537)
Total interest-bearing loans and borrowings			3 098 689	2 956 366	3 320 665
Of which current and non-current					
Interest-bearing loans, current			-	500 000	343 202
Interest-bearing loans and borrowings			3 146 402	2 456 366	2 977 463

Credit facilities – utilised and unused amount

USD 1000	30 Jun 2023	31 Mar 2023	30 Jun 2022
Drawn amount credit facility	-	500 000	2 500 000
Undrawn amount credit facilities	3 000 000	3 000 000	3 600 000

In 2023, Vår Energi ASA established the EMTN program and issued senior notes of EUR 600 million in April 2023 with a 5.5% coupon. In addition, Vår Energi ASA have 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.

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

Vår Energi's senior unsecured facilities per 30 June 2023 consist of the working capital revolving credit facility of USD 1.5 billion maturing 1 November 2024 and the liquidity facility of USD 1.5 billion maturing 1 November 2026. The facilities have no amortisation structure and all amounts outstanding fall due at maturity. The facilities have covenants covering leverage (net interest-bearing debt to 12 months rolling EBITDAX not to exceed 3.5) and interest coverage (EBITDA to 12 months rolling interest expenses shall exceed 5) which will be tested at the end of each calendar quarter. The interest rate payable for each of the facilities is determined by timing and the company's credit rating taking the aggregate of the Secured Overnight Financing Rate (SOFR) and the Credit Adjustment Spread (CAS) and adding the applicable margin for the present period as shown in the table.

Note 18 Asset retirement obligations

USD 1000	Q2 2023	Q1 2023	2022
Beginning of period	3 128 952	3 216 138	3 297 176
Change in estimate	(226 735)	85 815	266 380
Accretion discount	22 705	24 377	94 243
Incurred removal cost	(8 834)	(7 129)	(70 318)
Currency translation effects	(86 349)	(190 249)	(371 343)
Total asset retirement obligations	2 829 739	3 128 952	3 216 138
Short-term	61 065	58 400	60 012
Long-term	2 768 674	3 070 552	3 156 126
Breakdown by decommissioning period	30 Jun 2023	31 Mar 2023	31 Dec 2022
2022 – 2030	303 065	324 222	339 511
2031 – 2040	1 530 447	1 672 249	1 721 737
2041 – 2057	996 228	1 132 480	1 154 890

Change in estimate during the second quarter is mainly related to updated discount rates.

The estimate is based on executing a concept for abandonment in accordance with the Petroleum Activities Act and international regulations and guidelines. The calculations assume an inflation rate of 2.0% and discount rates between 3.5% – 4.0% per 30 June 2023. The assumptions per 31 March 2023 were an inflation rate of 2.0% and discount rates between 2.9% – 3.0%. The discount rates are based on risk-free interest without addition of credit margin.

Second quarter 2023 payment for decommissioning of oil and gas fields (abex) is mainly related to spend at Goliat and Statfjord.

Vår Energi has a retirement obligation as a shipper in Gassled booked to other non-current liabilities in the balance sheet statement. Vår Energi has accrued USD 66 006 thousand for this purpose per 30 June 2023.

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Note 19 Other current liabilities

USD 1000	Note	30 Jun 2023	31 Mar 2023	Restated 30 Jun 2022
Net overlift of hydrocarbons	1	25 740	41 446	65 472
Net payables to joint operations		330 010	298 945	291 782
Employees, accrued public charges and other payables		75 561	89 915	11 909
Contingent consideration, current		77 672	-	-
Deferred payment for option premiums - oil puts	14	35 606	36 319	36 327
Change in market value/ fair value of SWAP		7 619	-	-
Total other current liabilities		552 206	466 625	405 489

A Contingent consideration to ExxonMobil with expected payment in April 2024, reclassified from Other non-current liabilities in the second quarter of 2023.

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

Note 20 Commitments, provisions and contingent consideration

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

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

On the 23rd of June Vår Energi entered into an agreement with Neptune Energy Group Holdings Limited to acquire 100% of the shares of Neptune Energy Norge AS for a cash consideration based on an agreed enterprise value of USD 2 275 million. The effective date of the transaction will be 1 January 2023, with expected completion in the first quarter of 2024, subject to inter-conditionality and certain customary closing conditions, including regulatory approvals from competition authorities and the Norwegian Ministry of Petroleum and Energy and the Ministry of Finance.

Note 21 Lease agreements

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

The company has lease agreements for offices in Sandnes, Oslo and Hammerfest. The most significant office contract is the lease of the main office building in Vestre Svanholmen 1, Sandnes.

Vår Energi also has leases for supply vessels, helicopters and warehouses supporting operation at Balder and Goliat, where the most significant are for the supply vessels operating at Goliat.

There are no new lease agreements in the second quarter of 2023. Right of use assets is shown in [note 10](#).

USD 1000	Q2 2023	Q1 2023	2022
Opening Balance lease debt	184 835	212 646	325 088
New lease debt in period	-	-	6 149
Payments of lease debt	(24 643)	(24 852)	(116 893)
Interest expense on lease debt	1 611	1 802	9 245
Currency exchange differences	(1 981)	(4 761)	(10 942)
Total lease debt	159 822	184 835	212 646
Breakdown of the lease debt to short-term and long-term liabilities	30 Jun 2023	31 Mar 2023	2022
Short-term	98 335	98 684	99 312
Long-term	61 486	86 151	113 334
Total lease debt	159 822	184 835	212 646
Lease debt split by activities	30 Jun 2023	31 Mar 2023	2022
Offices	49 321	51 674	55 941
Rigs, helicopters and supply vessels	105 013	126 777	149 140
Warehouse	5 488	6 384	7 566
Total	159 822	184 835	212 646

Note 22 Related party transactions

Vår Energi has a number of transactions with wholly owned or controlled companies 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	30 Jun 2023	31 Mar 2023	30 Jun 2022
Trade receivables			
Eni Trade & Biofuels SpA	185 464	192 102	110 883
Eni SpA	60 194	80 327	199 327
Eni Global Energy Markets	8 540	16 940	49 436
Other	1 351	507	2 104
Total trade receivables	255 549	289 876	361 750

All receivables are due within 1 year.

Current liabilities

USD 1000	30 Jun 2023	31 Mar 2023	30 Jun 2022
Account Payables			
Eni International BV	8 870	4 753	10 868
Eni Global Energy Markets	7 776	16 254	11 152
Eni SpA	10 123	7 940	6 763
Other	1 019	1 472	1 099
Total account payables	27 789	30 419	29 882

Sales revenue

USD 1000	Q2 2023	Q1 2023	Q2 2022	1H 2023	1H 2022
Eni Trade & Biofuels SpA	832 621	894 213	646 220	1 726 834	1 354 048
Eni SpA	207 705	270 572	327 112	478 278	667 616
Eni Global Energy Markets	30 152	69 464	133 186	99 616	294 694
Total sales revenue	1 070 478	1 234 249	1 106 518	2 304 727	2 316 358

Operating and capital expenditures

USD 1000	Q2 2023	Q1 2023	Q2 2022	1H 2023	1H 2022
Eni Trade & Biofuels SpA	13 054	5 361	13 705	18 415	31 487
Eni International BV	4 296	5 058	6 737	9 354	11 604
Eni SpA	5 147	4 908	9 200	10 054	11 749
Eni Global Energy Markets	(8 161)	(988)	373	(9 148)	(11 956)
Other	435	352	1 353	787	1 926
Total operating and capital expenditures	14 771	14 691	31 367	29 462	44 809

Note 23 License ownerships

Vår Energi has the following new licenses since year end 2022.

Fields	WI %	Operator
PL134E	30%	Equinor
PL554E	30%	Equinor
PL1002C	42%	Vår Energi
PL1173	50%	Vår Energi
PL1179	25%	Equinor
PL1185	20%	Equinor
PL1188	23%	Equinor
PL1189	23%	Equinor
PL1192	50%	Vår Energi
PL1194	30%	OMV
PL1196	70%	Vår Energi
PL1197	50%	Vår Energi
PL1076	50%	Equinor

Asset transactions/Other changes

Fields	WI %	Operator	Changes
Additions			
PL1025S/SB	30%	Vår Energi	Working interest
Disposals			
PL1002/B	58%	Vår Energi	Working interest

Note 24 Subsequent events

Vår Energi has elected to sell part of its gas on a fixed price/forward basis. For the third quarter 2023, Vår Energi has sold ~22% of the estimated gas production on a fixed price basis at an average price of 189 USD/boe. For the forth quarter, Vår Energi has sold ~21% of its estimated gas production with pricing linked to the Gas Year Ahead product with a pricing period between 1 Oct 2022 - 30 Sep 2023. As per 30 June 2023, the cumulative average price for the first 9 months of the pricing period is ~145 USD per boe.

Industry terms

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

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

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