



Vår Energi ASA

\$1,000,000,000 7.500% Senior Notes due 2028

\$1,000,000,000 8.000% Senior Notes due 2032

Vår Energi ASA, incorporated as a public limited liability company (Nw. *allmennaksjeselskap*) under the laws of Norway (the “**Company**”), is offering \$1,000.0 million aggregate principal amount of its 7.500% Senior Notes due 2028 (the “**2028 Notes**”) and \$1,000.0 million aggregate principal amount of its 8.000% Senior Notes due 2032 (the “**2032 Notes**”) and, together with the 2028 Notes, the “**Notes**”). We will pay interest on the 2028 Notes semi-annually on January 15 and July 15 of each year, commencing January 15, 2023. We will pay interest on the 2032 Notes semi-annually on May 15 and November 15 of each year, commencing May 15, 2023. The 2028 Notes will mature on January 15, 2028. The 2032 Notes will mature on November 15, 2032.

At any time prior to the maturity date of the 2028 Notes, we may redeem all or part of the 2028 Notes by paying the redemption prices set forth in this offering memorandum (the “**Offering Memorandum**”), including at 100% of the principal amount of such 2028 Notes, plus accrued and unpaid interest, if any, if the redemption occurs on or after December 15, 2027. At any time prior to the maturity date of the 2032 Notes, we may redeem all or part of the 2032 Notes by paying the redemption prices set forth in this Offering Memorandum, including at 100% of the principal amount of such 2032 Notes, plus accrued and unpaid interest, if any, if the redemption occurs on or after August 15, 2032.

Upon the occurrence of certain events defined as constituting a change of control triggering event, each holder may require us to repurchase all or a portion of its Notes at 101% of their principal amount, plus accrued and unpaid interest, if any, to, but excluding the redemption date. In the event of certain developments affecting taxation, we may redeem all, but not less than all, of each series of the Notes.

The Notes will be senior unsecured debt of the Company and will rank *pari passu* in right of payment with all of the Company’s existing and future senior obligations, including the Corporate Facilities (as defined herein), the Bilateral Revolving Credit Facilities (as defined herein) and the Existing Notes (as defined herein), and senior in right of payment to all of the Company’s future subordinated obligations. The Notes will be effectively subordinated to all of the Company’s future secured debt to the extent of the value of the collateral securing such debt.

This Offering Memorandum includes information on the terms of the Notes, including redemption and repurchase prices, covenants, events of default and transfer restrictions.

There is currently no public market for the Notes. Application has been made to list the Notes on the Securities Official List of the Luxembourg Stock Exchange (the “**Exchange**”), without admission to trading on one of the securities markets operated by the Exchange. There can be no assurance that any such listing will be maintained.

Investing in the Notes involves a high degree of risk. See the “Risk factors” section of this Offering Memorandum beginning on page 28.

2028 Notes Issue Price: 99.218% plus accrued interest, if any, from the Issue Date.

2032 Notes Issue Price: 99.055% plus accrued interest, if any, from the Issue Date.

The Notes will be delivered in book-entry form through The Depository Trust Company (“**DTC**”) on or about November 15, 2022 (the “**Issue Date**”). The Notes will be in registered form and will be initially issued in denominations of \$200,000 and integral multiples of \$1,000 in excess thereof and will only be transferable in minimum principal amounts of \$200,000 and integral multiples of \$1,000 in excess thereof. See “*Book-Entry, Delivery and Form*.”

The Notes have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the “U.S. Securities Act”), or the securities laws of any other jurisdiction, and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act. In the United States, this offering is being made only to “qualified institutional buyers” (as defined in Rule 144A of the U.S. Securities Act) in compliance with Rule 144A under the U.S. Securities Act (“Rule 144A”). You are hereby notified that the Initial Purchasers (as defined herein) of the Notes may be relying on the exemption from the provisions of Section 5 of the U.S. Securities Act provided by Rule 144A. Outside of the United States, this offering is being made in reliance on Regulation S under the U.S. Securities Act. For further details about eligible offerees and resale restrictions, see “Plan of distribution” and “Notice to investors.”

Joint Global Coordinators and Joint Bookrunners

Barclays

Citigroup

DNB Markets

J.P. Morgan

Joint Book-Running Managers

BNP PARIBAS

Natixis

BofA Securities

SMBC Nikko

Credit Agricole CIB

SOCIETE GENERALE

ING

**UniCredit Capital
Markets**

IMI-Intesa Sanpaolo

Wells Fargo Securities

The date of this Offering Memorandum is November 15, 2022.

In making your investment decision, you should rely only on the information contained in this Offering Memorandum. We have not, and Barclays Capital Inc., Citigroup Global Markets Inc., DNB Markets, Inc., J.P. Morgan Securities LLC, BNP Paribas Securities Corp., BofA Securities, Inc., Credit Agricole Securities (USA) Inc., ING Bank N.V., Intesa Sanpaolo S.p.A., Natixis Securities Americas LLC, SG Americas Securities, LLC, SMBC Nikko Securities America, Inc., UniCredit Capital Markets LLC and Wells Fargo Securities, LLC (collectively, the “**Initial Purchasers**”) have not authorized anyone to provide you with any other information. If you receive any other information, you should not rely on it. We and the Initial Purchasers are offering to sell the Notes only in places where offers and sales are permitted. You should not assume that the information contained in, this Offering Memorandum is accurate as of any date other than the date on the front cover of this Offering Memorandum. Our business or financial condition and other information contained in this Offering Memorandum may change after that date.

WARNING

This Offering Memorandum, as well as all information contained herein, is meant to provide details on the securities and the issuer in relation to the admission of the securities onto the securities official list held by the Luxembourg Stock Exchange (“**LuxSE**”) without admission to trading on one of the securities markets operated by LuxSE (“**LuxSE SOL**”). The Offering Memorandum has been prepared for the sole goal of being admitted and displayed on LuxSE SOL. It does not provide any key information to be used for making investment decisions.

The Offering Memorandum is provided for information purposes only. It does not constitute and is not construed as any advice, solicitation, offer, endorsement, commitment, or recommendation to invest in the securities described herein. The provision of the Offering Memorandum is not and shall not be a substitute for your own research, investigations, verifications, checks or consultation for professional or investment advice. You are using the Offering Memorandum at your own risks.

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IMPORTANT INFORMATION ABOUT THIS OFFERING MEMORANDUM

This Offering Memorandum is a document that we are providing only to prospective purchasers of the Notes. You should read this Offering Memorandum before making a decision whether to purchase any Notes. You must not use this Offering Memorandum for any other purpose.

We have prepared this Offering Memorandum based on information we have or have obtained from sources we believe to be reliable. Summaries of documents contained in this Offering Memorandum may not be complete. We will make copies of actual documents available to you upon request. Neither we, the Initial Purchasers nor the Trustee, Registrar, Transfer Agent or any Paying Agent is providing you with any legal, investment, business, tax or other advice in this Offering Memorandum. You should consult with your own counsel, accountants and other advisors as needed to assist you in making your investment decision and to advise you whether you are legally permitted to purchase the Notes.

This Offering Memorandum does not constitute an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorized or to any person to whom it is unlawful to make such offer or solicitation. No action has been, or will be, taken to permit a public offering in any jurisdiction where action would be required for that purpose. Accordingly, the Notes may not be offered or sold, directly or indirectly, in any jurisdiction except in accordance with the legal requirements applicable in such jurisdiction. You must comply with all laws applicable in any jurisdiction in which you buy, offer or sell the Notes, and you must obtain all applicable consents and approvals; neither we nor the Initial Purchasers shall have any responsibility for any of the foregoing legal requirements.

We are offering the Notes in reliance on (i) an exemption from registration under the U.S. Securities Act for an offer and sale of securities that does not involve a public offering and (ii) a transaction pursuant to Regulation S that is not subject to the registration requirements of the U.S. Securities Act. If you purchase the Notes, you will be deemed to have made certain acknowledgments, representations and warranties as detailed under “*Notice to Investors*.” The Notes are subject to restrictions on transferability and resale and may not be transferred or resold except as permitted under the U.S. Securities Act and applicable securities laws of any other jurisdiction pursuant to registration or exemption therefrom. You may be required to bear the financial risk of an investment in the Notes for an indefinite period. Neither we nor the Initial Purchasers are making an offer to sell the Notes in any jurisdiction where the offer and sale of the Notes is prohibited. Neither we nor the Initial Purchasers are making any representation to you that the Notes are a legal investment for you.

Each prospective purchaser of the Notes must comply with all applicable laws and rules and regulations in force in any jurisdiction in which it purchases, offers or sells the Notes and must obtain any consent, approval or permission required by it for the purchase, offer or sale by it of the Notes under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers or sales, and neither we nor the Initial Purchasers shall have any responsibility therefor.

Neither the U.S. Securities and Exchange Commission (the “SEC”), any U.S. state securities commission nor any non-U.S. securities authority nor other authority has approved or disapproved of the Notes or determined if this Offering Memorandum is truthful or complete. Any representation to the contrary is a criminal offense.

We accept responsibility for the information contained in this Offering Memorandum. We have made all reasonable inquiries and confirm to the best of our knowledge, information and belief that the information contained in this Offering Memorandum with regard to us and our subsidiaries and affiliates and the Notes is true and accurate in all material respects as of the date of this Offering Memorandum, that the opinions and intentions expressed in this Offering Memorandum are honestly held and that we as of the date of this Offering Memorandum are not aware of any other facts, the omission of which would make this Offering Memorandum or any statement contained herein misleading in any material respect.

Neither the Initial Purchasers nor the Trustee, Registrar, Transfer Agent or any Paying Agent makes any representation or warranty, express or implied, as to, and assumes no responsibility for, the accuracy or completeness of the information contained in this Offering Memorandum. Nothing contained in this Offering Memorandum is, or shall be relied upon as, a promise or representation by the Initial Purchasers as to the past, the present or the future.

We reserve the right to withdraw this offering at any time. We and the Initial Purchasers may reject any offer to purchase the Notes in whole or in part for any reason or no reason, sell less than the entire principal amount of the Notes offered hereby or allocate to any purchaser less than all of the Notes for which it has subscribed. The Initial Purchasers and certain of their respective related entities may acquire, for their own accounts, a portion of the Notes.

The information set out in relation to sections of this Offering Memorandum describing clearing and settlement arrangements, including in the “*Description of the Notes*” and “*Book-entry, delivery and form*,” is subject to a change in or reinterpretation of the rules, regulations and procedures of DTC, Euroclear or Clearstream currently in effect. While we accept responsibility for accurately summarizing the information concerning DTC, Euroclear or Clearstream, we accept no further responsibility in respect of such information.

Application has been made to list the Notes on the Securities Official List of the Luxembourg Stock Exchange, without admission to trading on one of the securities markets operated by the Exchange, and we intend to submit this Offering Memorandum to the competent authority in connection with the listing application. Settlement of the Notes is not conditioned on obtaining this admission to listing.

IN CONNECTION WITH THE OFFER, ISSUE AND SALE OF THE NOTES, CITIGROUP GLOBAL MARKETS INC. (THE “STABILIZING MANAGER”) (OR ANY PERSON ACTING ON BEHALF OF THE STABILIZING MANAGER) MAY OVER-ALLOT NOTES OR EFFECT TRANSACTIONS WITH A VIEW TO SUPPORTING THE PRICE OF THE NOTES AT A LEVEL HIGHER THAN THAT WHICH MIGHT OTHERWISE PREVAIL. HOWEVER, STABILIZATION MAY NOT NECESSARILY OCCUR. ANY STABILIZATION ACTION MAY BEGIN ON OR AFTER THE DATE ON WHICH ADEQUATE PUBLIC DISCLOSURE OF THE TERMS OF THE OFFERING IS MADE AND, IF BEGUN, MAY CEASE AT ANY TIME, BUT MUST END NO LATER THAN THE EARLIER OF 30 DAYS AFTER THE ISSUE DATE AND 60 DAYS AFTER THE DATE OF ALLOTMENT OF THE NOTES. ANY STABILIZATION ACTION OR OVER-ALLOTMENT MUST BE CONDUCTED BY THE STABILIZING MANAGER (OR ANY PERSON ACTING ON BEHALF THEREOF) IN ACCORDANCE WITH ALL APPLICABLE LAWS, REGULATIONS AND RULES. FOR A DESCRIPTION OF THESE ACTIVITIES, SEE “*PLAN OF DISTRIBUTION*.”

NOTICE TO U.S. INVESTORS

This offering is being made in the United States in reliance upon an exemption from registration under the U.S. Securities Act for an offer and sale of the Notes which does not involve a public offering. In making your purchase, you will be deemed to have made certain acknowledgments, representations and agreements. See “*Notice to investors.*”

This Offering Memorandum is being provided (1) to a limited number of U.S. investors that we reasonably believe to be QIBs under Rule 144A under the U.S. Securities Act for informational use solely in connection with their consideration of the purchase of the Notes and (2) to investors outside the United States pursuant to offshore transactions complying with Rule 903 or Rule 904 of Regulation S under the U.S. Securities Act. The Notes described in this Offering Memorandum have not been registered with, recommended by or approved by the SEC, any state securities commission in the United States or any other securities commission or regulatory authority, nor has the SEC, any state securities commission in the United States or any such securities commission or authority passed upon the accuracy or adequacy of this Offering Memorandum. Any representation to the contrary is a criminal offense.

NOTICE TO CERTAIN OTHER INVESTORS

European Economic Area (“EEA”)

This Offering Memorandum has been prepared on the basis that all offers of the Notes will be made pursuant to an exemption under the Prospectus Regulation from the requirement to produce a prospectus for offers of the Notes. The expression “**Prospectus Regulation**” means Regulation (EU) 2017/1129 (as amended). Accordingly, any person making or intending to make any offer within the EEA of the Notes should only do so in circumstances in which no obligation arises for us or the Initial Purchasers to produce a prospectus for such offer. Neither we nor the Initial Purchasers have authorized, nor do authorize, the making of any offer of Notes through any financial intermediary, other than offers made by the Initial Purchasers, which constitute the final placement of the Notes contemplated in this Offering Memorandum.

Professional investors and ECPs only target market: Solely for the purposes of each manufacturer’s product approval process, the target market assessment in respect of the Notes described in this Offering Memorandum has led to the conclusion that: (i) the target market for such Notes is eligible counterparties and professional clients only, each as defined in Directive 2014/65/EU, as amended (“**MiFID II**”); and (ii) all channels for distribution of such Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending such Notes (a “**Distributor**”) should take into consideration the manufacturers’ target market assessment; however, a Distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of such Notes (by either adopting or refining the manufacturers’ target market assessment) and determining appropriate distribution channels.

Prohibition of sales to EEA retail investors: The Notes described in this Offering Memorandum are not intended to be offered, sold or otherwise made available to and should not be made available to and should not be offered, sold or otherwise made available to any retail investor in the EEA. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; or (ii) a customer within the meaning of Directive 2016/97/EU, as amended (the “**Insurance Distribution Directive**”), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently, no key information document required by Regulation (EU) No 1286/2014, as amended (the “**PRIIPs Regulation**”), for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and, therefore, offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

Abu Dhabi Global Market

The Notes have not been offered and will not be offered to any person in the Abu Dhabi Global Market unless such offer is: (a) an “Exempt Offer” in accordance with the Markets Rules of the Financial Services Regulatory Authority (the “**FSRA**”); and (b) made only to persons who meet the Professional Client criteria set out in Rule 2.4.1 of the FSRA Conduct of Business Rules. The FSRA has no responsibility for reviewing or verifying any documents in connection with Exempt Offers. The FSRA has not approved this Offering Memorandum nor taken steps to verify the information set forth herein, and has no responsibility for it. The Notes may be illiquid and/or subject to restrictions on their resale. Prospective purchasers of the Notes should conduct their own due diligence on the Notes. If you do not understand the contents of this Offering Memorandum you should consult an authorized financial advisor.

Australia

No placement document, Offering Memorandum, product disclosure statement or other disclosure document has been lodged with the Australian Securities and Investments Commission (“**ASIC**”), in relation to the offering. This Offering Memorandum does not constitute a prospectus, product disclosure statement or other disclosure document under the Corporations Act 2001 (the “**Corporations Act**”), and does not purport to include the information required for a prospectus, product disclosure statement or other disclosure document under the Corporations Act.

Any offer in Australia of the Notes may only be made to persons (the “**Exempt Investors**”) who are “sophisticated investors” (within the meaning of section 708(8) of the Corporations Act), “professional investors” (within the meaning of section 708(11) of the Corporations Act) or otherwise pursuant to one or more exemptions contained in section 708 of the Corporations Act so that it is lawful to offer the Notes without disclosure to investors under Chapter 6D of the Corporations Act. The Notes applied for by Exempt Investors in Australia must not be offered for sale in Australia in the period of 12 months after the date of allotment under the offering, except in circumstances where disclosure to investors under Chapter 6D of the Corporations Act would not be required

pursuant to an exemption under section 708 of the Corporations Act or otherwise or where the offer is pursuant to a disclosure document which complies with Chapter 6D of the Corporations Act.

Any person acquiring securities must observe such Australian on-sale restrictions. This Offering Memorandum contains general information only and does not take account of the investment objectives, financial situation or particular needs of any particular person. It does not contain any securities recommendations or financial product advice. Before making an investment decision, investors need to consider whether the information in this Offering Memorandum is appropriate to their needs, objectives and circumstances, and, if necessary, seek expert advice on those matters.

British Virgin Islands

This Offering Memorandum has not been, and will not be, registered under any laws or regulations of the British Virgin Islands, nor has any regulatory authority in the British Virgin Islands passed comment upon or approved the accuracy or adequacy of it. This Offering Memorandum does not constitute an offer or invitation (whether direct or indirect) to any person in the British Virgin Islands to purchase or subscribe for any Notes and no person in the British Virgin Islands may purchase or subscribe for any Notes.

Canada

Resale restrictions

The distribution of Notes in Canada is being made only in the provinces of Ontario, Quebec, Alberta and British Columbia on a private placement basis exempt from the requirement that we prepare and file a prospectus with the securities regulatory authorities in each province where trades of these securities are made. Any resale of the Notes in Canada must be made under applicable securities laws which may vary depending on the relevant jurisdiction, and which may require resales to be made under available statutory exemptions or under a discretionary exemption granted by the applicable Canadian securities regulatory authority. Purchasers are advised to seek legal advice prior to any resale of the securities.

Representations of Canadian purchasers

By purchasing Notes in Canada and accepting delivery of a purchase confirmation, a purchaser is representing to us and the dealer from whom the purchase confirmation is received that:

- the purchaser is entitled under applicable provincial securities laws to purchase the Notes without the benefit of a prospectus qualified under those securities laws as it is an “accredited investor” as defined under National Instrument 45-106—*Prospectus Exemptions* or Section 73.3(1) of the Securities Act (Ontario), as applicable;
- the purchaser is a “permitted client” as defined in National Instrument 31-103—*Registration Requirements, Exemptions and Ongoing Registrant Obligations*;
- where required by law, the purchaser is purchasing as principal and not as agent; and
- the purchaser has reviewed the text above under “—*Resale Restrictions*.”

Conflicts of interest

Canadian purchasers are hereby notified that the Initial Purchasers are relying on the exemption set out in section 3A.3 or 3A.4, if applicable, of National Instrument 33-105—*Underwriting Conflicts* from having to provide certain conflict of interest disclosure in this document.

Statutory rights of action

Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if the offering memorandum (including any amendment thereto) such as this document contains a misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser’s province or territory. The purchaser of these securities in Canada should refer to any applicable provisions of the securities legislation of the purchaser’s province or territory for particulars of these rights or consult with a legal advisor.

Enforcement of legal rights

All of our directors and officers as well as the experts named herein may be located outside of Canada and, as a result, it may not be possible for Canadian purchasers to effect service of process within Canada upon us or those

persons. All or a substantial portion of our assets and the assets of those persons may be located outside of Canada and, as a result, it may not be possible to satisfy a judgment against us or those persons in Canada or to enforce a judgment obtained in Canadian courts against us or those persons outside of Canada.

Taxation and eligibility for investment

Canadian purchasers of Notes should consult their own legal and tax advisors with respect to the tax consequences of an investment in the Notes in their particular circumstances and about the eligibility of the Notes for investment by the purchaser under relevant Canadian legislation.

Denmark

This Offering Memorandum has not been filed with or approved by any authority in the Kingdom of Denmark. The Notes have not been offered or sold and may not be offered, sold or delivered directly or indirectly in the Kingdom of Denmark, unless in compliance with the Danish Action Trading in Securities (Consolidated Act No. 795 of August 20, 2009, as amended from time to time) and any orders issued thereunder.

Dubai International Finance Centre

This Offering Memorandum relates to an Exempt Offer in accordance with the Offered Securities Rules of the Dubai Financial Services Authority (“**DFSA**”). This Offering Memorandum is intended for distribution only to persons of a type specified in the Offered Securities Rules of the DFSA. It must not be delivered to, or relied on by, any other person. The DFSA has no responsibility for reviewing or verifying any documents in connection with Exempt Offers. The DFSA has not approved this Offering Memorandum nor taken steps to verify the information set forth herein and has no responsibility for the Offering Memorandum. The Notes to which this Offering Memorandum relates may be illiquid and/or subject to restrictions on their resale. Prospective purchasers of the Notes offered should conduct their own due diligence on the Notes. If you do not understand the contents of this Offering Memorandum you should consult an authorized financial advisor.

Finland

This Offering Memorandum is not a prospectus and has not been prepared in accordance with the prospectus requirements provided for in the Finnish Securities Markets Act (in Finnish: *Arvopaperimarkkinalaki*) nor any other Finnish act or statute. Neither the Finnish Financial Supervisory Authority (in Finnish: *Finanssivalvonta*) nor any other Finnish public body has examined, approved or registered this Offering Memorandum or will examine, approve or register this Offering Memorandum. Accordingly, this Offering Memorandum may not be made available, nor may the Notes otherwise be marketed or offered for sale or subscription, in Finland other than in circumstances that are deemed not to be an offer to the public under the Finnish Securities Markets Act. Any offer or sale of the Notes in Finland must be made pursuant to a private placement exemption under the Prospectus Regulation, as implemented in the Finnish Securities Markets Act and any regulation made thereunder, as supplemented and amended from time to time.

France

This Offering Memorandum has not been prepared in the context of a public offering in France within the meaning of Article L. 411-1 of the *Code Monétaire et Financier* and has not been admitted to the clearance procedure of the *Autorité des marchés financiers* (the French financial markets authority, or “**AMF**”). Consequently, the Notes may not be, directly or indirectly, offered or sold to the public in France and neither this Offering Memorandum nor any other offering material may be distributed or caused to be distributed, directly or indirectly, to the public in France. Such offers, sales and distributions will only be made in France to providers of investment services relating to portfolio management for the account of third parties (*personnes fournissant le service d’investissement de gestion de portefeuille pour le compte de tiers*) and/or to qualified investors (*investisseurs qualifiés*) and/or to a limited circle of investors (*cercle restreint d’investisseurs*) each acting for their own accounts, as defined in and in accordance with Articles L. 411-1, L. 411-2 and D. 411-1 to 411-4 of the *Code Monétaire et Financier*.

Prospective investors are informed that:

- (1) this Offering Memorandum has not been and will not be submitted for clearance to the AMF;
- (2) in compliance with Articles L.411-2, D.411-1, D.744-1, D.754-1 and D.764-1 of the French *Code Monétaire et Financier*, any investors subscribing for the Notes should be acting for their own account; and

- (3) the direct and indirect distribution or sale to the public of the Notes acquired by them may only be made in compliance with Articles L.411-1, L.411-2, L.412-1 and L.621-8 through L.621-8-3 of the French *Code Monétaire et Financier*.

Hong Kong

The Notes may not be offered or sold in Hong Kong by means of any document other than to (1) "professional investors" within the meaning of the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made thereunder, or (2) in circumstances which do not result in the document being a "prospectus" as defined in the Companies Ordinance (Cap. 32) of the laws of Hong Kong or which do not constitute an offer to the public within the meaning of that Ordinance. No invitation, advertisement or document relating to the Notes may be issued or may be in the possession of any person for the purpose of issue (in each case whether in Hong Kong or elsewhere), which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to the Notes which are intended to be disposed of only to persons outside Hong Kong or only to "professional investors," as defined under the Securities and Futures Ordinance (Cap. 571) of the laws of Hong Kong and any rules made thereunder.

Italy

This offering of Notes has not been cleared by the *Commissione Nazionale per le Società e la Borsa* ("**CONSOB**") (the Italian Securities Exchange Commission) pursuant to Italian securities legislation and, accordingly, the Notes may not be offered, sold or delivered, nor may copies of this Offering Memorandum or of any other document relating to the Notes be distributed, in the Republic of Italy, except:

- (1) to qualified investors (*investitori qualificati*), as defined in Article 26, paragraph 1, letter d) of CONSOB Regulation No. 16190 of October 29, 2007, as amended (the "**Intermediaries Regulation**"), pursuant to Article 100, paragraph 1, letter a) of the Italian Legislative Decree No. 58 of February 24, 1998, as amended (the "**Consolidated Financial Act**") and Article 34-ter, paragraph 1, letter b) of CONSOB Regulation No. 11971 of May 14, 1999, as amended (the "**Issuers Regulation**"); or
- (2) in any other circumstances where an express exemption from compliance with the restrictions on offers to the public applies, including, without limitation, as provided under Article 100 of the Consolidated Financial Act and Article 34-ter of the Issuers Regulation.

Any offer, sale or delivery of the Notes or distribution of copies of this Offering Memorandum or any other document relating to the Notes in the Republic of Italy under (i) or (ii) above must be effected in accordance with all Italian securities, tax, exchange control and other applicable laws and regulations, and, in particular, made by an investment firm, bank or financial intermediary permitted to conduct such activities in the Republic of Italy in accordance with the Consolidated Financial Act, the Issuers Regulation, the Intermediaries Regulation and the Italian Legislative Decree No. 385 of September 1, 1993, as amended.

This Offering Memorandum, any other document relating to the Notes, and the information contained therein are intended only for the use of its recipient and, unless in circumstances which are exempted from the rules governing offers of securities to the public pursuant to Article 100 of the Consolidated Financial Act and Article 34-ter of the Issuers Regulation, are not to be distributed, for any reason, to any third party resident or located in the Republic of Italy. No person resident or located in the Republic of Italy other than the original recipients of this Offering Memorandum may rely on it or its content.

Japan

The Notes have not been and will not be registered pursuant to Article 4, Paragraph 1 of the Financial Instruments and Exchange Act. Accordingly, none of the Notes nor any interest therein may be offered or sold, directly or indirectly, in Japan or to, or for the benefit of, any "resident" of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organized under the laws of Japan), or to others for re-offering or resale, directly or indirectly, in Japan or to or for the benefit of a resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Financial Instruments and Exchange Act and any other applicable laws, regulations and ministerial guidelines of Japan in effect at the relevant time.

Korea

The Notes have not been and will not be registered under the Financial Investments Services and Capital Markets Act of Korea and the decrees and regulations thereunder (the "**FSCMA**"), and the Notes have been and will be offered in Korea as a private placement under the FSCMA. None of the Notes may be offered, sold or delivered

directly or indirectly, or offered or sold to any person for re-offering or resale, directly or indirectly, in Korea or to any resident of Korea except pursuant to the applicable laws and regulations of Korea, including the FSCMA and the Foreign Exchange Transaction Law of Korea and the decrees and regulations thereunder, or the FETL. The Notes have not been listed on any of securities exchanges in the world including, without limitation, the Korea Exchange in Korea. Furthermore, the purchaser of the Notes shall comply with all applicable regulatory requirements (including, but not limited to, requirements under the FETL) in connection with the purchase of the Notes. By the purchase of the Notes, the relevant holder thereof will be deemed to represent and warrant that if it is in Korea or is a resident of Korea, it purchased the Notes pursuant to the applicable laws and regulations of Korea.

Norway

This Offering Memorandum has not been and will not be filed with or approved by the Norwegian Financial Supervisory Authority, the Oslo Stock Exchange or any other regulatory authority in Norway. The Notes have not been offered or sold and may not be offered, sold or delivered, directly or indirectly, in Norway, unless in compliance with Chapter 7 of the Norwegian Securities Trading Act 2007 and secondary regulations issued pursuant thereto, as amended from time to time (the “**Securities Trading Act**”). Accordingly, this Offering Memorandum may not be made available nor may the Notes otherwise be marketed and offered for sale in Norway other than in circumstances that are deemed not to be a marketing of an offer to the public in Norway in accordance with the Securities Trading Act.

Singapore

This Offering Memorandum has not been and will not be registered as a prospectus with the Monetary Authority of Singapore. Accordingly, and if the Company has not notified the initial purchasers on the classification of the notes under and pursuant to Section 309(B)(1) of the Securities and Futures Act, Chapter 289 Singapore, this Offering Memorandum or any document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes may not be circulated or distributed, nor may the Notes be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in the Securities and Futures Act, Chapter 289 of Singapore (the “**Securities and Futures Act**”)) pursuant to Section 274 of the Securities and Futures Act, (ii) to a relevant person (as defined in Section 275(2) of the Securities and Futures Act) pursuant to Section 275(1) of the Securities and Futures Act, or any person pursuant to Section 275(1A) of the Securities and Futures Act, and in accordance with the conditions specified in Section 275 of the Securities and Futures Act or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the Securities and Futures Act.

Where the Securities are subscribed or purchased under Section 275 of the Securities and Futures Act by a relevant person which is:

- a corporation (which is not an accredited investor (as defined in the Securities and Futures Act)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,
- securities or securities-based derivatives contracts (each as defined in Section 2(1) of the Securities and Futures Act) of that corporation or the beneficiaries’ rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Securities pursuant to an offer made under Section 275 of the Securities and Futures Act except:
 - to an institutional investor or to a relevant person, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the Securities and Futures Act;
 - where no consideration is or will be given for the transfer;
 - where the transfer is by operation of law;
 - as specified in Section 276(7) of the Securities and Futures Act; or
 - as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018 of Singapore.

Any reference to the Securities and Futures Act is a reference to the Securities and Futures Act, Chapter 289 of Singapore and a reference to any term as defined in the Securities and Futures Act or any provision in the Securities and Futures Act is a reference to that term as modified or amended from time to time including by such of its subsidiary legislation as may be applicable at the relevant time.

Singapore Securities and Futures Act Product Classification: solely for the purposes of its obligations pursuant to sections 309B(1)(a) and 309B(1)(c) of the Securities and Futures Act (Chapter 289 of Singapore) (the “SFA”), the Company has determined, and hereby notifies all relevant persons (as defined in Section 309A of the SFA) that the Notes are “prescribed capital markets products” (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

Sweden

This Offering Memorandum has not been and will not be registered with the Swedish Financial Supervisory Authority (Sw. *Finansinspektionen*). Accordingly, this Offering Memorandum may not be made available, nor may the Notes otherwise be marketed and offered for sale, in Sweden other than in circumstances that are deemed not to be an offer to the public under the Swedish Financial Instruments Trading Act (Sw. *lag (1991:980) om handel med finansiella instrument*).

Switzerland

The Notes may not be publicly offered, sold or advertised, directly or indirectly, in, into or from Switzerland and will not be listed on the SIX Swiss Exchange or any other exchange or regulated trading facility in Switzerland. Neither this Offering Memorandum nor any other offering or marketing material relating to the Notes constitutes (i) a prospectus as such term is understood pursuant to Article 652a or 1156 of the Swiss Code of Obligations or (ii) a listing prospectus within the meaning of the listing rules of the SIX Swiss Exchange or any other regulated trading facility in Switzerland, and neither this Offering Memorandum nor any other marketing material relating to the Notes may be publicly distributed or otherwise made publicly available in Switzerland. In addition, this Offering Memorandum nor any other offering or marketing material relating to the Notes may not comply with the Directive for Notes of Foreign Borrowers of the Swiss Bankers Association. The Notes are being offered in Switzerland by way of private placement, without any public advertisement and only to investors who do not purchase the Notes with the intention to distribute them to the public. The investors will be individually approached directly from time to time. This Offering Memorandum, as well as any other offering or marketing material relating to the Notes, is personal and confidential and does not constitute an offer to any other person. This Offering Memorandum, as well as any other offering or marketing material relating to the Notes, may only be used by those investors to whom it has been handed out in connection with the Offering and may neither directly nor indirectly be distributed or made available to other persons without the relevant issuer’s express consent.

Taiwan

The Notes have not and will not be registered or filed with, or approved by, the Financial Supervisory Commission of Taiwan pursuant to relevant securities laws and regulations and may not be sold, issued, or offered within Taiwan through a public offering or in circumstances which constitute an offer within the meaning of the Securities and Exchange Act of Taiwan that requires a registration or filing with or approval of the Financial Supervisory Commission of Taiwan. No person or entity in Taiwan has been authorized or will be authorized to offer, sell, give advice regarding or otherwise intermediate the offering and sale of the Notes in Taiwan.

United Arab Emirates (excluding the Abu Dhabi Global Market and the Dubai International Financial Centre)

This Offering Memorandum is strictly private and confidential and is being distributed to a limited number of investors and must not be provided to any person other than the original recipient, and may not be reproduced or used for any other purpose. If you are in any doubt about the contents of this Offering Memorandum, you should consult an authorized financial adviser. By receiving this Offering Memorandum, the person or entity to whom it has been issued understands, acknowledges and agrees that this Offering Memorandum has not been approved by or filed with the UAE Central Bank, the UAE Ministry of Economy, the UAE Securities and Commodities Authority (the “SCA”) or any other relevant licensing authorities or governmental agencies in the UAE (outside of the financial free zones established pursuant to UAE Federal Law No. 8 of 2004) (the “UAE Authorities”), nor have the Initial Purchasers received authorization or licensing from any UAE Authority to market or sell the Notes within the UAE. No marketing of the Notes has been or will be made from within the UAE other than in compliance with the laws of the UAE and no subscription of the Notes may or will be consummated within the

UAE. It should not be assumed that any of the Initial Purchasers is a licensed broker, dealer or investment adviser under the laws applicable in the UAE, or that any of them advise individuals resident in the UAE as to the appropriateness of investing in or purchasing or selling securities or other financial products. The Notes are not intended for distribution in or into the UAE, other than to persons (excluding natural persons) who are Professional Investors (within the meaning of SCA Decision No. 13/RM/2021 on the Rules Handbook of Financial Activities and Mechanisms of Status Regularisation) to whom the materials may lawfully be communicated. This does not constitute a public offer of securities in the UAE in accordance with UAE Federal Law No. 2 of 2015 (as amended), or otherwise. Nothing contained in this Offering Memorandum is intended to constitute investment, legal, tax, accounting or other professional advice. This Offering Memorandum is for your information only and nothing in this Offering Memorandum is intended to endorse or recommend a particular course of action. Any person considering acquiring securities should consult with an appropriate professional for specific advice rendered based on their respective situation.

United Kingdom

This Offering Memorandum has not been approved by an authorized person in the U.K. is only being distributed to and is only directed at (i) persons who are outside the U.K., (ii) persons who have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the “**Financial Promotion Order**”), (iii) persons falling within Article 49(2)(a) to (d) (high net worth companies, unincorporated associations, etc.) of the Financial Promotion Order, or (iv) persons to whom an invitation or inducement to engage in investment activity within the meaning of Section 21 of the Financial Services and Markets Act 2000, as amended, (the “**FSMA**”), in connection with the issue or sale of any securities may otherwise lawfully be communicated or caused to be communicated (all such persons together being referred to as “relevant persons”). This Offering Memorandum is directed only at relevant persons and must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which this Offering Memorandum relates is available only to relevant persons and will be engaged in only with relevant persons. No person may communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of the Notes other than in circumstances in which Section 21(1) of the FSMA does not apply to us.

U.K. MiFIR product governance / Professional investors and ECPs only target market: Solely for the purposes of each manufacturer’s product approval process, the target market assessment in respect of the Notes described in this Offering Memorandum has led to the conclusion that: (i) the target market for the Notes is only eligible counterparties, as defined in the FCA Handbook Conduct of Business Sourcebook (“**COBS**”), and professional clients, as defined in Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (the “**EUWA**”) (“**U.K. MiFIR**”); and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a “**distributor**”) should take into consideration the manufacturers’ target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook (the “**U.K. MiFIR Product Governance Rules**”) is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturers’ target market assessment) and determining appropriate distribution channels.

Prohibition of sales to U.K. retail investors: The Notes described in this Offering Memorandum are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the U.K. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the EUWA; or (ii) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of U.K. MiFIR. Consequently, no key information document required by Regulation (EU) No 1286/2014 as it forms part of domestic law by virtue of the EUWA (the “**U.K. PRIIPs Regulation**”) for offering or selling the Notes or otherwise making them available to retail investors in the U.K. has been prepared and, therefore, offering or selling the Notes or otherwise making them available to any retail investor in the U.K. may be unlawful under the U.K. PRIIPs Regulation.

This Offering Memorandum has been prepared on the basis that any offer of the Notes in the U.K. will be made pursuant to an exemption under Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the EUWA (the “**U.K. Prospectus Regulation**”) from a requirement to publish a prospectus for offers of Notes. This Offering Memorandum is not a prospectus for the purpose of the U.K. Prospectus Regulation.

THIS OFFERING MEMORANDUM CONTAINS IMPORTANT INFORMATION WHICH YOU SHOULD READ BEFORE YOU MAKE ANY DECISION WITH RESPECT TO AN INVESTMENT IN THE NOTES.

FORWARD-LOOKING STATEMENTS

This Offering Memorandum includes statements in various places that are, or may be deemed to be, “forward-looking statements,” within the meaning of the securities laws of certain jurisdictions, including statements under the headings “*Summary*,” “*Risk factors*,” “*Management’s discussion and analysis of financial condition and results of operations*,” “*Our business*” and other sections and in the interim and annual financial statements included in this Offering Memorandum. These forward-looking statements can be identified by the use of forward-looking terminology, including the terms “anticipate,” “expect,” “suggests,” “plan,” “believe,” “intend,” “estimates,” “targets,” “projects,” “should,” “could,” “would,” “may,” “will,” “forecast,” and other similar expressions or, in each case, their negative or other variations or comparable terminology. These forward-looking statements include all matters that are not historical facts and include statements regarding our intentions, beliefs or expectations concerning, among other things, our results of operations, financial condition, liquidity, prospects, growth, strategies and the industry in which we operate.

Forward-looking statements are not guarantees of future performance and our actual results of operations, financial condition and liquidity, and the development of the industry in which we operate may differ materially from those made, described in or suggested by the forward-looking statements contained in this Offering Memorandum. In addition, even if our results of operations, financial condition and liquidity, and the development of the industry in which we operate are consistent with the forward-looking statements contained in this Offering Memorandum, those results or developments may not be indicative of results or developments in subsequent periods.

Any forward-looking statements that we make in this Offering Memorandum speak only as of the date of such statement, and we undertake no obligation and do not intend to update such statements. Comparisons of results for current and any prior periods are not intended to indicate any future trends or indications of future performance, unless expressed as such, and should only be viewed as historical data.

By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future and may not be within our control. We believe that these risks and uncertainties include, but are not limited to, those described in the “*Risk factors*” section of this Offering Memorandum, including:

- the level of oil and gas prices and market expectations of these;
- significant uncertainty as to the success of exploration, appraisal and development drilling and related activities;
- fluctuations in the supply and demand for oil, natural gas liquids (“NGLs”) and gas;
- changes in general economic, market and business conditions worldwide;
- drilling, exploration, development and production risks and hazards, including, but not limited to, risks of delays in drilling and additional costs as a result of historically extreme weather;
- the competitiveness of our industry;
- the effects of the military action between Russia and Ukraine;
- our ability to keep pace with technological developments in our industry;
- changes in tax regulations for the petroleum industry;
- the effects of the COVID-19 pandemic or other similar pandemics;
- our ability to find, acquire, develop and produce oil and gas reserves that are economically recoverable;
- our ability to continue adding to our existing reserves;
- delays, additional costs and other difficulties relating to our work with other commercial participants;
- the potential adverse impacts of litigation;
- the concentration of production and assets in certain regions;
- the possible inaccuracy of estimates of production volumes and reserves made in connection with acquisitions;

- unexpected shutdowns at our facilities;
- risks related to determination and redetermination of unitized petroleum deposits;
- risks relating to work stoppages and general labor interruptions;
- our ability to comply with all obligations under licenses, JOAs and field development plans;
- our reliance on the compliance with license obligations, JOAs and field development plans by other license participants and operators;
- our acreage being subject to regulatory and contractual relinquishment obligations;
- capacity constraints and cost inflations in the service sectors;
- our reliance on and availability of third-party infrastructure;
- unanticipated increases in our decommissioning obligations;
- political and regulatory risks;
- regulatory restrictions on our ability to dispose of, sell or transfer a license interest and/or make funds available when needed;
- our vulnerability to adverse market perceptions;
- unforeseen events and technical failures leading to pollution, such as blow-outs or loss of control over a well;
- adverse changes in the licensing, regulatory and fiscal regimes in Norway;
- environmental risks related to Arctic drilling;
- risks related to climate change abatement legislation, including costs of complying with such legislation;
- inadequate insurance coverage;
- material variations in our oil, NGL and gas production levels relative to our initial estimates;
- our actual production and cash flow may vary significantly from reported reserves and resources;
- our ability to dispose of assets on commercially viable terms;
- the market's response to our accounting policies;
- our dependence on, and our ability to hire and retain, the expertise of certain employees, directors and managers;
- our acquisition strategy, the criteria to be considered in connection therewith and the benefits to be derived therefrom;
- our ability to effectively manage our growth;
- the success of our capital expenditure programs and our ability to secure financing for our capital expenditure programs and other expenditures;
- changes in tax rates, foreign exchange rates, interest rates and inflation;
- risks related to cyber security;
- our counterparties being unable to fulfill their obligations;
- the failure by us, our contractors and our offtakers and suppliers to obtain access to necessary equipment;
- the validity of title and licenses;
- potential conflicts of interest with our directors, officers and principal shareholders and their respective affiliates;
- our leverage and significant debt service obligations;

- our future ability to service our debt;
- our ability to generate cash;
- our ability to access debt and equity markets and the availability of such funds;
- the state of the debt and equity markets;
- the level of interest affecting our borrowings; and
- other factors discussed or referred to in this Offering Memorandum.

The list above is not exhaustive and there are other factors that may cause our actual results to differ materially from the forward-looking statements contained in this Offering Memorandum. Moreover, new risk factors emerge from time to time, and it is not possible for us to predict all such risk factors. We cannot assess the impact of all risk factors on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements. Given these risks and uncertainties, you should not place undue reliance on forward-looking statements as a prediction of actual results.

With respect to forward-looking statements contained in this Offering Memorandum, we have made assumptions (any of which may differ materially from actual results) regarding, among other things:

- future oil, NGL and gas production levels from our properties, the prices obtained from the sales of such production and projected operating costs;
- our ability to obtain additional drilling rigs and other equipment in a timely manner, as required;
- our ability to negotiate access to third-party processing and transportation infrastructure within expected timeframes;
- our ability to achieve construction and development milestones within expected timeframes;
- the planned implementation of our development plan for our properties;
- reserves volumes assigned to our properties at assumed commodity prices;
- our ability to recover reserves volumes assigned to our properties;
- maintaining revenues and operating costs at anticipated levels;
- the level of future capital expenditure required to exploit and develop reserves;
- our ability to obtain financing on acceptable terms;
- our reliance on other license or field participants and their ability to meet commitments under relevant agreements; and
- the state of the debt and equity markets.

Statements relating to reserves are deemed to be forward-looking statements, as they involve the implied assessment, based on certain estimates and assumptions, that the reserves described can be economically recovered in the future.

We urge you to read the sections of this Offering Memorandum entitled “*Risk factors*,” “*Management’s discussion and analysis of financial condition and results of operations*” and “*Our business*” for a more complete discussion of the factors that could affect our future performance and the markets in which we operate.

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

Historical financial information

This Offering Memorandum includes financial information derived from the following financial statements of Vår Energi ASA (the “**Company**”), previously named Vår Energi AS:

- the consolidated financial statements of the Company as of and for the year ended December 31, 2020 (which includes comparative figures as of and for the year ended December 31, 2019) (the “**2020 Consolidated Financial Statements**”); and the consolidated financial statements of the Company as of and for the year ended December 31, 2021 (the “**2021 Consolidated Financial Statements**” and together with the 2020 Consolidated Financial Statements, the “**Consolidated Financial Statements**”). The consolidated financial statements of the Company as of and for the years ended December 31, 2020 and 2021 have each been audited by PricewaterhouseCoopers AS, as stated in their auditor’s reports appearing herein; and
- the unaudited condensed consolidated interim financial statements of Vår Energi ASA as of and for the nine months ended September 30, 2022, including comparative information for the nine months ended September 30, 2021 (the “**Consolidated Interim Financial Statements**” and, together with the Consolidated Financial Statements, the “**Consolidated Financial Information**”).

The Consolidated Financial Statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (“**IFRS**”). The Consolidated Interim Financial Statements have been prepared in accordance with International Accounting Standards 34, Interim Financial Reporting (“**IAS 34**”).

We may in the future decide to adopt a different presentation for our financial statements or prepare and present financial statements for the Company and its consolidated subsidiaries. As a result, financial statements may not be comparable to the historical financial information presented in this Offering Memorandum.

The financial information included in this Offering Memorandum is not intended to comply with the reporting requirements of the U.S. Securities and Exchange Commission (the “**SEC**”). Compliance with such requirements would require the modification, reformulation or exclusion of certain financial measures. In addition, changes would be required in the presentation of certain other information.

The preparation of the Consolidated Financial Statements in conformity with IFRS requires management to make certain critical accounting estimates. It also requires the board of directors of the Company (the “**Board of Directors**” or “**Board**”) to exercise its judgment in the process of applying the Company’s accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the Consolidated Financial Information, are described in “*Management’s Discussion and Analysis of Financial Condition and Results of Operations—Critical Accounting Policies.*”

Restatement of certain 2021 financial information

Restatement of interest paid in cash flow statement

During the second quarter of 2022, we adjusted accounting principles relating to the presentation of interest payments in our cash flow statement. In prior reporting periods, interest payments were classified as cash outflows from operational activities for the purposes of our cash flow statement; from the second quarter of 2022, interest payments have been reclassified as cash outflows from financing activities. For more information and a summary of figures from prior periods that have been restated, see Note 1 to the Consolidated Interim Financial Statements.

Restatement of over/underlift of NGL lifted at the Kårstø terminal

During the second quarter of 2022, we updated the calculation of over/underlift of NGL lifted at the Kårstø terminal due to data quality considerations in the allocation of liftings. Over/underlift of NGL lifted at the Kårstø terminal is now recognized at the net position of the company’s total portfolio, whereas this was previously calculated at the field level. For more information and a summary of the line items within our financial statements impacted by this restatement, see Note 1 to the Consolidated Interim Financial Statements.

The 2021 Consolidated Financial Statements have not been reissued and/or restated since original publication. Unless explicitly stated otherwise, financial information for the twelve month period ending December 31, 2021 included in this Offering Memorandum is derived from the 2021 Consolidated Financial Statements and is not adjusted for the effect of the restatements described above and in Note 1 to the Consolidated Interim Financial Statements.

Twelve months ended September 30, 2022 financial information

In this Offering Memorandum, we present certain financial information for the twelve months ended September 30, 2022, including our consolidated income statement information and consolidated statement of cash flows information (the “**LTM Consolidated Financial Information**”).

We calculated our consolidated financial information for the twelve months ended September 30, 2022 by adding the unaudited condensed consolidated interim financial information of the Company for the nine months ended September 30, 2022 to the audited consolidated financial statements as of and for the year ended December 31, 2021 (after taking into consideration the effect of the restatements described in Note 1 of the Consolidated Interim Financial Statements (see also the “*Restatement of certain 2021 financial information*” above)) and subtracting the unaudited condensed consolidated interim financial information of the Company for the nine months ended September 30, 2021.

The LTM Consolidated Financial Information has not been audited or reviewed by our auditors, is not required by or presented in accordance with IFRS or any other generally accepted accounting principles and has been prepared for illustrative purposes only. This information is not necessarily representative of our results for any future period or our financial condition for any past date.

Non-IFRS financial measures

This Offering Memorandum contains non-IFRS measures and ratios, including CAPEX, CAPEX Coverage, EBITDA, EBITDA Margin, EBITDAX, EBITDAX Margin, Free Cash Flow, NIBD, Adjusted NIBD and coverage ratios that are not required by, or presented in accordance with, IFRS. Our management uses these measures to monitor and report to our board of directors on our financial position for outstanding debt and available operating liquidity and as a basis for strategic planning and forecasting, as well as monitoring certain aspects of our performance. We present non-IFRS measures and ratios because we believe that they and similar measures are widely used by certain investors, securities analysts and other interested parties as supplemental measures of performance. The non-IFRS measures and ratios may not be comparable to other similarly titled measures of other companies and have limitations as analytical tools and should not be considered in isolation or as a substitute for analysis of our operating results as reported under IFRS. Non-IFRS measures and ratios are not measurements of our performance or liquidity under IFRS and should not be considered as alternatives to any measures of performance under IFRS.

- “**CAPEX**” consists of expenditures on property, plant and equipment and expenditures on exploration and evaluation assets as presented in the Cash flow statements within Cash flow from investing activities. We present CAPEX to provide useful supplemental information on capitalized investments to investors for comparing our investment activity with that of other companies in our industry.
- “**CAPEX Coverage**” consists of Cash flow from operating activities as presented in the Cash flow statements (“**CFFO**”), as a ratio to CAPEX. We present CAPEX Coverage to provide useful supplemental information on our ability to fund CAPEX through cash generated from our operations.
- “**EBITDA**” consists of profit/(loss) for the period before income tax (expense)/income, net financial items, net exchange rate gain/(loss), depreciation and amortization and impairments. We present EBITDA to provide useful supplemental information for understanding the underlying profit generation in our operating activities and as a measure for comparing our operating performance with that of other companies in our industry. EBITDA is also used by our management to monitor our compliance with financial covenants.
- “**EBITDAX**” consists of EBITDA after adjusting for exploration expenses. We present EBITDAX to provide useful supplemental information for understanding the underlying profit generation in our operating activities and as a measure for comparing our operating performance with that of other companies in our industry. EBITDAX and similar measures are also used by management to monitor our compliance with our financial covenants.
- “**EBITDAX Margin**” and “**EBITDA Margin**” consist of EBITDAX and EBITDA as a percentage of total income, respectively. EBITDAX Margin and EBITDA Margin are presented to provide useful supplemental information for understanding the underlying profit generation in our operating activities and for comparing our operating performance with that of other companies in our industry. EBITDAX Margin and similar measures are also used by management to monitor our compliance with our financial covenants.

- **“Free cash flow” or “FCF”** consists of CFFO less CAPEX. Free cash flow is presented as a measure of our cash generation after accounting for cash flows from operations as well as the maintenance of our capital assets. We present Free cash flow to provide useful supplement information for understanding our financial flexibility, ability to distribute dividends to shareholders and ability to explore growth opportunities through acquisitions.
- **“Net interest bearing debt” or “NIBD”** consists of interest-bearing loans and borrowings and lease liabilities (**“Total interest bearing debt” or “TIBD”**) less cash and cash equivalents. We present NIBD to provide a useful indicator of our indebtedness, financial flexibility and capital structure as it indicates the level of borrowings after taking into account cash and cash equivalents within our business that could be utilized to pay down outstanding borrowings.
- **“Adjusted Net interest bearing debt” or “Adjusted NIBD”** consists of TIBD excluding lease liabilities (**“Adjusted total interest bearing debt” or “Adjusted TIBD”**) less cash and cash equivalents. We present Adjusted NIBD to provide a useful indicator of our indebtedness, financial flexibility and capital structure as it indicates the level of borrowings after taking into account cash and cash equivalents within our business that could be utilized to pay down outstanding loans.
- **“NIBD/EBITDAX”** consists of NIBD as a percentage of EBITDAX. We present this ratio to provide a useful indicator of our ability to meet our financial obligations.
- **“Adjusted NIBD/EBITDAX”** consists of Adjusted NIBD as a percentage of EBITDAX. We present this ratio to provide a useful indicator of our ability to meet our financial obligations. The ratio is also used by our management to monitor our compliance with financial covenants.
- **“TIBD/EBITDAX”** consists of interest-bearing loans and borrowings and lease liabilities as a percentage of EBITDAX. We present this ratio to provide a useful indicator of our ability to meet our financial obligations.
- **“Adjusted TIBD/EBITDAX”** consists of interest-bearing loans and borrowings (but excluding lease liabilities) as a percentage of EBITDAX. We present this ratio as management considers it a useful indicator of our ability to meet our financial obligations.

We present a reconciliation of each of the non-IFRS measures to the most directly comparable measure calculated and presented in accordance with IFRS and discuss its limitations. For a reconciliation of these non-IFRS measures and such discussions, refer to *“Summary historical and as adjusted selected financial information.”*

Some of the limitations of EBITDAX include:

- it does not reflect our cash expenditures or future requirements for capital investments or contractual commitments;
- it does not reflect changes in, or cash requirements for, our working capital needs;
- it does not reflect the significant interest expense, or the cash requirements necessary, to service interest or principal payments on our debt;
- it excludes certain tax payments (*i.e.* income taxes, but for the avoidance of doubt, does not exclude environmental taxes) that represent a reduction in cash available to us;
- it excludes the significant exploration costs related to our exploration activities;
- although depreciation is a non-cash charge, some of the assets being depreciated may need to be replaced in the future and EBITDAX does not reflect any cash requirements that would be required to make such replacements;
- it excludes cash outlays we incur to decommission oil and gas fields that have ceased production, which outlays may be significant;
- it does not reflect the impact of certain cash charges resulting from matters that we do not consider to be indicative of our ongoing operations; and

- other companies in our industry may calculate these measures differently from the way we do, limiting their usefulness as comparative measures.

Because of these limitations, EBITDAX and other non-IFRS measures and ratios should not be considered as measures of discretionary cash available to us to invest in the growth of our business or as measures of cash that will be available to us to meet our obligations. You should compensate for these limitations by relying primarily on our IFRS results and use these non-IFRS measures and ratios, as applicable, only to supplement your evaluation of our performance.

As adjusted financial data

We present in this Offering Memorandum certain *as adjusted* financial data which is based on our Consolidated Financial Information and LTM Consolidated Financial Information, *as adjusted* to give effect to the Refinancing, as if it had occurred on September 30, 2022 (in the case of balance sheet information), or October 1, 2021 (in the case of profit or loss information), including the application of proceeds from the offering of the Notes as set forth under “*Use of proceeds.*” See “*Summary historical and as adjusted selected financial information—Other financial information.*” The *as adjusted* financial data has not been prepared in accordance with the requirements of Regulation S-X of the U.S. Securities Act, the Prospectus Regulation or any generally accepted accounting standards. Neither the assumptions underlying the related adjustments nor the resulting *as adjusted* financial data have been audited or reviewed in accordance with any generally accepted auditing standards.

Presentation

Certain numerical figures and percentages set out in this Offering Memorandum (including financial data presented in billions, millions or thousands, and participating interests in our production licenses presented in percentages) have been subject to rounding adjustments and, as a result, the totals of the data in this Offering Memorandum may vary slightly from the actual arithmetic totals of such information. Percentages and amounts reflecting changes over time periods relating to financial and other data set forth in “*Management’s discussion and analysis of financial condition and results of operations*” are calculated using the numerical data in the financial statements or the tabular presentation of other data (subject to rounding) contained in this Offering Memorandum, as applicable, and not using the numerical data in the narrative description thereof.

Certain reserves, contingent resources and production information

Unless otherwise indicated, the estimates of the oil and gas proved and probable reserves data presented in this Offering Memorandum as of December 31, 2021 has been independently evaluated by DeGolyer and MacNaughton (“**D&M**”) in accordance with the Society of Petroleum Engineers’ (“**SPE**”), the American Association of Petroleum Geologists’ (“**AAPG**”), the Society of Petroleum Evaluation Engineers’ (“**SPEE**”), the Society of Exploration Geophysicists’ (“**SEG**”), the Society of Petrophysicists and Well Log Analysts’ (“**SPWLA**”) and the European Association of Geoscientists and Engineers’ (“**EAGE**”) Petroleum Resource Management System (“**SPE PRMS**” or “**PRMS**”), as follows:

- “1P reserves” or “proved reserves,” are those quantities of petroleum, which, by analysis of geoscience and engineering data, can be estimated with reasonable certainty to be commercially recoverable, from a given date forward, from known reservoirs and under defined economic conditions, operating methods, and government regulations. If deterministic methods are used, the term reasonable certainty is intended to express a high degree of confidence that the quantities will be recovered. If probabilistic methods are used, there should be at least a 90% probability that the quantities actually recovered will equal or exceed the 1P estimate. Proved reserves consist of developed and undeveloped reserves.
- “2P reserves” or “proved plus probable reserves,” are 1P reserves plus those additional reserves which analysis of geoscience and engineering data indicate are less likely to be recovered than 1P reserves. It is equally likely that actual remaining quantities recovered will be greater than or less than the estimated 2P reserves. In this context, when probabilistic methods are used, there should be at least a 50% probability that the actual quantities recovered will equal or exceed the 2P reserves estimate.

In addition, certain of our contingent oil and gas resources data presented in this Offering Memorandum have been prepared by management or independently evaluated by D&M, in both cases in accordance with the SPE PRMS as follows:

- “2C resources” or “contingent resources” are those quantities of petroleum estimated, as of a given date, to be potentially recoverable from known accumulations by application of development projects but which are not, as of such date, considered to be commercially recoverable due to one or more contingencies, that in the “best estimate” scenario have a probability of at least 50% of equaling or exceeding the amounts actually recovered.

We currently retain D&M as our independent reserve engineer for the purposes of certifying the reserves associated with our asset portfolio and our internal reserve estimates. Estimated reserves presented herein may differ from estimates made in accordance with guidelines and definitions used by other companies in the industry or by the SEC.

Certain information in the Consolidated Financial Information is based on estimates of reserves (such as impairment testing). Historically, we have applied definitions based on the definitions and disclosure guidelines of the SEC to estimate our reserves for the purposes of financial reporting, and such figures are not independently evaluated by any third party. The reserve basis for financial reporting was changed from SEC to PRMS from January 1, 2022. As of January 1, 2022, we apply the definitions and disclosure guidelines of PRMS to estimate our reserves for the purposes of financial reporting, which affects the comparability of our reserves estimates utilized for financial reporting across periods.

Typical to the industry in which we operate, there are a number of uncertainties inherent in estimating quantities of reserves, including 2P reserves, and contingent resources. Therefore, the reserve and resource information in this Offering Memorandum represents only estimates and such estimates are forward-looking statements which are based on judgements regarding future events and may be inaccurate. See “*Forward-looking statements.*” Reserve assessment is a subjective process of estimating underground accumulations of oil and gas that cannot be measured in an exact manner. The accuracy of any reserve or resource estimate is a function of a number of variable factors and assumptions, many of which are beyond our control, including the quality of available data and of engineering and geological interpretation and judgment. As a result, estimates of different reserve and resource assessors may vary. In addition, results of drilling, testing and production subsequent to the date of an estimate may justify revising the original estimate. Accordingly, due to the inherent uncertainties and the limited nature of reservoir data and the inherently imprecise nature of reserve and resource estimates, the initial reserve and resource estimates are often different from the quantities of oil and gas that are ultimately recovered. The accuracy of such estimates depends primarily on the assumptions upon which they were based.

You should not place undue reliance on the ability of the estimates of reserves, including 2P reserves, and contingent resources to predict actual reserves and contingent resources or on comparisons of similar reports concerning other companies, and this Offering Memorandum should be accepted with the understanding that our financial performance subsequent to the date of the estimates may necessitate revision of the reserves and contingent resources information set forth herein. In addition, except to the extent that we acquire additional properties containing reserves and contingent resources or conduct successful exploration and development activities, or both, our reserves and contingent resources will decline as they are produced.

Potential investors should note that we have not estimated 2P reserves presented in this Offering Memorandum under the standards of reserves measurement applied by the SEC (the “SEC Basis”) for any of the relevant periods reviewed in this Offering Memorandum, or otherwise. The SEC Basis differs from PRMS.

Unless otherwise indicated, all production figures are presented on a net to our working interest basis. Where gross amounts are indicated, they are presented on a total project basis—i.e., the total interests of all relevant license holders in the relevant fields and license areas without deduction for the economic interest of other commercial participants, taxes or royalty interests or otherwise. Forecasts of production for individual assets of ours are derived from production estimates included in our reserve reports. Our legal interest and effective working interest in the relevant fields and license areas are separately disclosed. See “*Our business.*” See also “*Our business—Material agreements relating to our assets*” for a more detailed discussion of the terms of the agreements governing our interests.

Hydrocarbon data

In preparation of our reserves and contingent resources, we use the following standard measures:

- oil volumes of standard cubic meters (“Sm³”) and standard millions of barrels (“MMbbls”);

- natural gas volumes in standard cubic feet (“**Scf**”), millions of standard cubic feet (“**mmscf**”) and billions of standard cubic feet (“**bscf**”);
- natural gas liquid volumes in **Sm³** and standard millions of barrels (“**MMbbls**”); and
- oil equivalents volumes in millions of barrels of oil equivalents (“**MMboe**”) and barrels of oil equivalent per day (“**boepd**”) or thousands of barrels of oil equivalent per day (“**kboepd**”).

This Offering Memorandum presents certain production and reserves-related information on an “equivalency” basis. We have assumed conversion rates of: (i) 6.29 barrels of oil to 1 Sm³ of crude oil; (ii) 35.315 Scf of natural gas to 1 Sm³ of crude oil; and (iii) 5,614 Scf of natural gas to 1 barrel of oil equivalents. This conversion is based on an approximate energy equivalency conversion method primarily applicable at the burner tip and does not represent value equivalencies at the wellhead. Although these conversion factors are industry accepted conventions and standard conversion factors according to the Norwegian Petroleum Directorate, they are not reflective of price or market value differentials between product types and may differ from conversion factors used by others. For historical production information until September 30, 2022 presented on an “equivalency” basis, we have applied conversion rates provided by majority shareholder Eni which are based on the average gas properties in Eni SpA Group’s global portfolio. The conversion rates applied for historical production information are: 6.65 barrels of oil equivalents to 1,000 Sm³ of natural gas in 2020 and 2021 and 6.53 barrels of oil equivalents to 1,000 Sm³ of natural gas in 2019.

Independent evaluation of reserves and management estimates of contingent resources

D&M has independently evaluated Vår Energi’s 2P reserves assessments with respect to proved, probable and possible reserves and select contingent resources in our asset base as included in its report dated March 2, 2022 with respect to our reserves as of December 31, 2021 (the “**Reserves Report**”).

The technical personnel responsible for preparing the audit of our reserve estimates at D&M meet the requirements regarding qualifications, independence, objectivity and confidentiality set forth by the SPE. D&M is an independent firm of petroleum engineers and does not own an interest in our properties and is not employed on a contingent fee basis. See “*Our Business—Reserves, resources and operating data—Qualifications of Third-Party engineers.*” Our estimated 2P reserves as of December 31, 2021 as independently evaluated by D&M and included in this Offering Memorandum utilize crude oil and gas price assumptions as described in this Offering Memorandum under the caption “*Summary—Reserves.*”

Other commercial participants

In this Offering Memorandum, when we describe activities in relation to licenses and assets in which we hold interests, references to “Group,” “we,” “our,” “us” and similar words mean, depending on the context, Vår Energi ASA and other commercial participants with interests in such licenses and assets.

Currency presentation and definitions

In this Offering Memorandum, all references to “U.S. dollars” and “\$” are to the lawful currency of the United States, all references to “€” and “euros” are to the lawful currency of the EU member states who have adopted the Euro as their sole national currency and all references to “Norwegian kroner” and “NOK” are to the lawful currency of the Kingdom of Norway.

DEFINITIONS

Unless otherwise specified or the context requires otherwise in this Offering Memorandum, references to “Vår Energi ASA,” “Vår Energi,” “the Company,” “we,” “us,” and “our” refer to Vår Energi ASA together with its subsidiaries.

The following definitions apply throughout this Offering Memorandum, unless the context otherwise requires. Certain other definitions used in this Offering Memorandum are as set forth in the Glossary. In particular, capitalized terms set forth and used in the sections entitled “*Description of certain financing arrangements*” and “*Description of the Notes*” may have different meanings from the meanings given to such terms and used elsewhere in this Offering Memorandum.

“ 2020 Consolidated Financial Statements ” ..	means consolidated financial statements of Vår Energi ASA as of and for the year ended December 31, 2020 as audited by PricewaterhouseCoopers AS, as stated in their auditor’s report appearing herein, including comparative information as of and for the year ended December 31, 2019;
“ 2021 Consolidated Financial Statements ” ..	means consolidated financial statements of Vår Energi ASA as of and for the year ended December 31, 2021 as audited by PricewaterhouseCoopers AS, as stated in their auditor’s report appearing herein;
“ 2028 Notes ”	means the Company’s 7.500% Senior Notes due 2028 offered hereby;
“ 2032 Notes ”	means the Company’s 8.000% Senior Notes due 2032 offered hereby;
“ Bilateral Revolving Credit Facilities ”	means the two separate \$300,000,000 senior unsecured revolving credit facilities entered into by the Company on March 24, 2020, as amended on November 18, 2021, including (i) a \$300,000,000 senior unsecured revolving credit facility with Intesa Sanpaolo S.p.A, as arranger and lender, and Intesa SanPaolo S.p.A, Milan Head Office, as facility agent and (ii) a \$300,000,000 senior unsecured revolving credit facility with UniCredit Bank AG as lender, arranger and facility agent;
“ Board of Directors ” or “ Board ”	means the Company’s board of directors;
“ Bridge Facility ”	means the \$3,000,000,000 multicurrency term loan facility made available pursuant to the bridge facility commitments under the Corporate Facilities Agreement, of which \$500 million was repaid on May 18, 2022 using the proceeds of the offering of the Existing Notes. See “ <i>Description of certain financing arrangements—Corporate Facilities—Bridge Facility</i> ”;
“ Company ”	means Vår Energi ASA (Norwegian organization number: 919 160 675);
“ Consolidated Financial Information ”	means the Consolidated Financial Statements and the Consolidated Interim Financial Statements;
“ Consolidated Financial Statements ”	means the 2020 Consolidated Financial Statements and the 2021 Consolidated Financial Statements;
“ Consolidated Interim Financial Statements ”	means the Company’s unaudited condensed consolidated interim financial statements of Vår Energi ASA as of and for the nine months ended September 30, 2022, including comparative information as of and for the nine months ended September 30, 2021, and the related notes thereto;
“ Corporate Facilities ” and “ Corporate Facilities Agreement ”	means the \$6,000,000,000 senior unsecured multicurrency

	facilities agreement, comprising the Working Capital Facility, the Liquidity Facility and the Bridge Facility, dated November 1, 2021, among, <i>inter alios</i> , BNP Paribas, Citibank, N.A., London Branch, DNB Markets, a part of DNB Bank ASA, and ING Bank N.V. as coordinating bookrunners and mandated lead arrangers, ING Bank N.V. as documentation agent and DNB Bank ASA as agent and issuing bank (of which \$500 million was repaid on May 18, 2022 using the proceeds of the offering of the Existing Notes);
“COVID-19”	means the novel strain of the coronavirus identified in late 2019;
“D&M”	means DeGolyer & MacNaughton, independent reserve engineers;
“DTC”	means The Depository Trust Company;
“Equinor”	means Equinor Energy AS (Norwegian organization number: 990 888 213) (formerly Statoil Petroleum AS), a fully-owned subsidiary of Equinor ASA (formerly Statoil ASA) and Equinor ASA’s operating entity on the NCS;
“Exchange”	means the Securities Official List of the Luxembourg Stock Exchange;
“Existing Notes”	means the Issuer’s \$500.0 million aggregate principal amount of 5.000% Senior Notes due 2027 issued under the Existing Notes Indenture;
“Existing Notes Indenture”	means the indenture governing the Existing Notes dated May 18, 2022, among, <i>inter alios</i> , the Company and Citibank, N.A., London Branch, as trustee;
“Group”	means the Company and its consolidated subsidiaries;
“Indenture”	means the indenture, to be dated as of the Issue Date, among, <i>inter alios</i> , the Company and Citibank, N.A., London Branch, as trustee, pursuant to which the 2028 Notes and the 2032 Notes will be issued;
“Initial Purchasers”	means Barclays Capital Inc., Citigroup Global Markets Inc., DNB Markets, Inc., J.P. Morgan Securities LLC, BNP Paribas Securities Corp., BofA Securities, Inc., Credit Agricole Securities (USA) Inc., ING Bank N.V., Intesa Sanpaolo S.p.A., Natixis Securities Americas LLC, SG Americas Securities, LLC, SMBC Nikko Securities America, Inc., UniCredit Capital Markets LLC and Wells Fargo Securities, LLC;
“Issue Date”	means November 18, 2022;
“Liquidity Facility”	means the \$1,500,000,000 multicurrency revolving credit facility made available pursuant to liquidity facility commitments under the Corporate Facilities Agreement. See “ <i>Description of certain financing arrangements—Corporate Facilities—Liquidity Facility</i> ”;
“MoF”	means the Norwegian Ministry of Finance;
“NCS”	means Norwegian Continental Shelf (Nw. <i>Norsk kontinentalsokkel</i>);
“NGLs”	means heavier gaseous hydrocarbons: ethane (C ₂ H ₆), propane (C ₃ H ₈), normal butane (n-C ₄ H ₁₀), isobutane (i-C ₄ H ₁₀), pentanes and even higher molecular weight

	hydrocarbons, when processed and purified into finished by-products;
“Notes”	means the 2028 Notes and the 2032 Notes, collectively;
“Offering”	means the offering of the Notes hereby;
“OPEC”	means the Organization of the Petroleum Exporting Countries;
“Purchase Agreement”	means the purchase agreement by and among the Company and the Initial Purchasers pursuant to which the Company will sell to the Initial Purchasers and the Initial Purchasers will purchase from the Company the entire principal amount of the Notes;
“RBL Facility”	means the \$6,000,000,000 reserves-based lending facility originally dated November 30, 2018 (as subsequently amended and restated) between, among others, Vår Energi ASA, as borrower, and BNP Paribas, as facility agent and security agent, which was repaid and canceled using proceeds from the Corporate Facilities on November 18, 2021;
“Refinancing”	has the meaning ascribed to such term in “ <i>Summary—The Refinancing</i> ”;
“SEC”	means the U.S. Securities and Exchange Commission;
“U.S. dollars” and “\$”	means the lawful currency of the United States of America;
“U.S. Exchange Act”	means the U.S. Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder;
“U.S. Securities Act”	means the U.S. Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder;
“United Kingdom” or “U.K.”	means the United Kingdom of Great Britain and Northern Ireland;
“United States” or “U.S.”	means the United States of America; and
“Working Capital Facility”	means the \$1,500,000,000 multicurrency revolving credit facility made available pursuant to working capital facility commitments under the Corporate Facilities Agreement. See “ <i>Description of certain financing arrangements—Corporate Facilities—Working Capital Facility.</i> ”

EXCHANGE RATE INFORMATION

The following table sets forth, for the periods and dates indicated, the Bloomberg (Central Bank of Norway) Rate expressed as Norwegian kroner per U.S. dollar. See “*Presentation of financial and other information—Currency presentation.*”

The average rate for a year means the average of the Bloomberg (Central Bank of Norway) Rate on the last day of each month during a year. The average rate for a month, or for any period shorter than one year, means the average of the daily Bloomberg (Central Bank of Norway) Rate during that month, or period, as the case may be.

	Norwegian kroner per \$1.00			
	High	Low	Average	Period end
Year				
2019.....	9.2607	8.4108	8.7975	8.7803
2020.....	11.4031	8.5755	9.4240	8.5881
2021.....	9.1205	8.1742	8.6057	8.8194
2022 (through November 8, 2022)	10.9332	8.6467	9.5689	10.2836
Months				
May 2022.....	9.8864	9.3171	9.5875	9.4262
June 2022.....	10.0565	9.3762	9.7645	9.9629
July 2022	10.2485	9.6855	10.0042	9.6855
August 2022	9.9388	9.4835	9.7068	9.9388
September 2022.....	10.9332	9.8196	10.2735	10.8574
October 2022	10.8209	10.3039	10.5775	10.3922
November 2022 (through November 8, 2022).....	10.6165	10.2378	10.3448	10.2836

Source: Bloomberg (Central Bank of Norway)

The rates in the foregoing table may differ from the actual rates used in the preparation of the consolidated financial statements and other financial information appearing in this Offering Memorandum. We have provided these exchange rates solely for the convenience of potential investors. The rates should not be construed as a representation that NOK amounts could have been, or could be, converted into U.S. dollars at the rates set forth herein or at any other rate.

PRESENTATION OF INDUSTRY AND MARKET DATA

Market data and certain industry forecasts used throughout this Offering Memorandum have been obtained from internal surveys, reports and studies, as well as market research, publicly available information and industry publications. We have used the most recent reports and other sources available to derive the data included herein. Industry publications generally state that the information they contain has been obtained from sources believed to be reliable, but that the accuracy and completeness of such information is not guaranteed. Similarly, internal surveys, estimates and market research, while believed to be reliable, have not been independently verified by us. Forecasts and other forward-looking information obtained from these sources are subject to the same qualifications and uncertainties as the other forward-looking statements in this Offering Memorandum.

We cannot assure you that any of the assumptions underlying any statements regarding the oil and gas industry are accurate or correctly reflect our position in the industry. Market data and statistics are inherently predictive and speculative and are not necessarily reflective of actual market conditions. Such statistics are based on market research, which itself is based on sampling and subjective judgments by both the researchers and the respondents, including judgments about what types of products and transactions should be included in the relevant market. In addition, the value of comparisons of statistics for different markets is limited by many factors, including that (i) the markets are defined differently, (ii) the underlying information was gathered by different methods and (iii) different assumptions were applied in compiling the data. Accordingly, the market statistics included in this Offering Memorandum should be viewed with caution and no representation or warranty is given by any person, including us and the Initial Purchasers, as to their accuracy.

Elsewhere in this Offering Memorandum, statements regarding the oil and gas industry are not based on published statistical data or information obtained from independent third parties, but are based solely on our experience, our internal studies and estimates, and our own investigation of market conditions. We cannot assure you that any of these studies or estimates are accurate, and none of our internal surveys or information have been verified by any independent sources. While we are not aware of any misstatements regarding our estimates presented herein, our estimates involve risks, assumptions and uncertainties and are subject to change based on various factors. See “*Risk factors*” and “*Our business*” in this Offering Memorandum for further discussion.

In this Offering Memorandum, we have used industry and market data from independent industry publications and market research. These include but are not limited to IEA World Energy Outlook 2021, Eurostat and Rystad Energy.

SUMMARY

In this Offering Memorandum, the words “we,” “us,” “our,” “Vår Energi ASA,” “Vår Energi,” the “Company” and the “Group” refer to Vår Energi ASA together with its subsidiaries on a consolidated basis except where otherwise specified or clear from the context. Any projections and other forward-looking statements in this Offering Memorandum are not guarantees of future performance and actual results could differ materially from current expectations. Numerous factors could cause or contribute to such differences. See “Presentation of financial and other information—Certain reserves, contingent resources and production information,” “Forward-looking statements” and “Risk factors.”

You should read carefully the entire Offering Memorandum to understand our business, the nature and terms of the Notes and the tax and other considerations that are important to your decision to invest in the Notes, including the risks discussed under the caption “Risk Factors” and “Management’s discussion and analysis of financial condition and results of operations.”

Overview

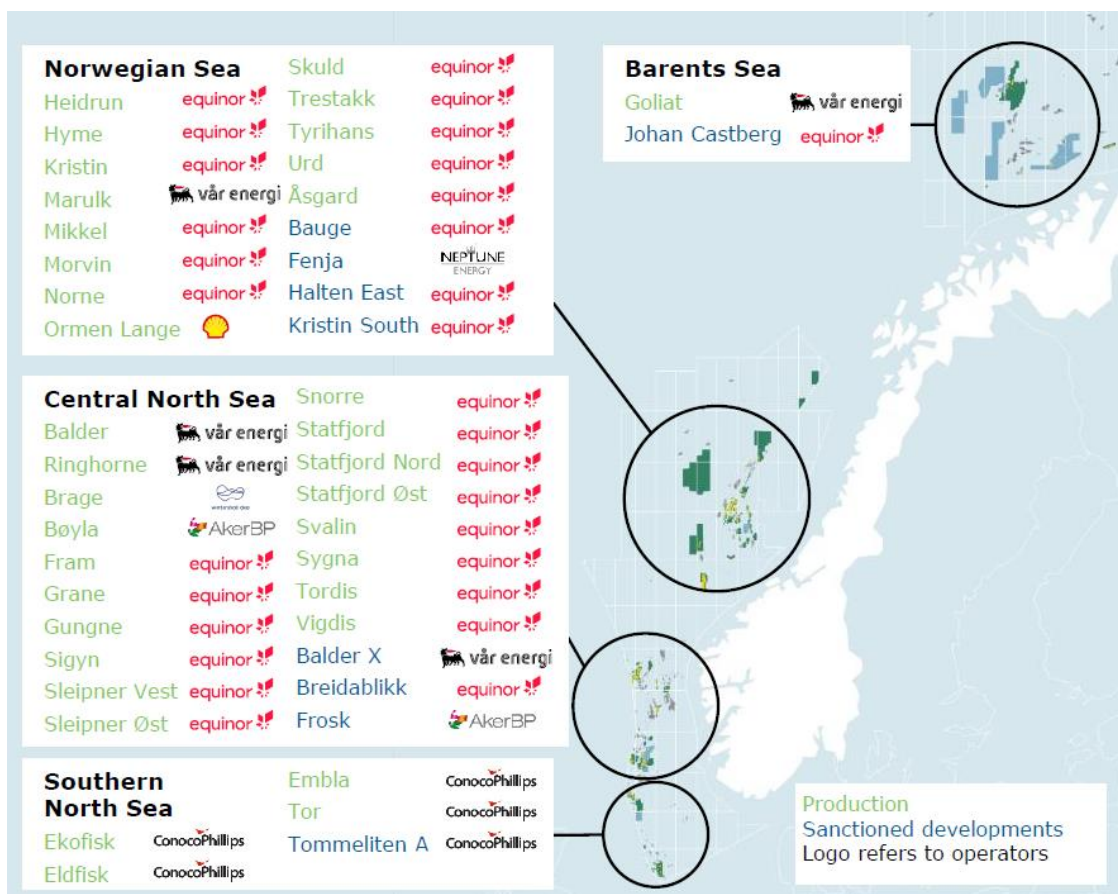
We are one of the largest independent oil and gas producers in Norway, measured by production and reserves, operating exclusively on the Norwegian Continental Shelf (“NCS”) with a diverse mix of assets in the North Sea, Norwegian Sea and Barents Sea. As of September 30, 2022, we had ownership interests in 36 fields, of which 32 are currently producing. Of the 36 fields in which we hold ownership interests, four are operated by us and 32 are partner-operated. We are headquartered in Sandnes, Norway, with branch offices in Hammerfest and Oslo, and had 973 full-time employees as of September 30, 2022. Since our founding in 2018, we have grown through a combination of organic growth and strategic acquisition activity, including the acquisition of ExxonMobil’s partner-operated NCS portfolio in 2019. We are currently listed on the Oslo Stock Exchange under the symbol “VAR.”

Our average net production for the nine months ended September 30, 2022 was 222.0 kboepd (37.3% gas), of which 19% was from operated fields and 81% was from partner-operated fields. Our average net production for the twelve months ended September 30, 2022 was 231.2 kboepd (37.2% gas). Our net 2P reserves were estimated by D&M to total 1,164 MMboe as of December 31, 2021. Our 2C contingent resources were estimated to total 507 MMboe as of December 31, 2021, of which 247 MMboe has been independently evaluated by D&M.

Our portfolio of operated and partner-operated assets consists of a balanced mix of more mature assets with a strong track record and large reserve base (including Balder and Ringhorne, Snorre, Grane, Ekofisk, Statfjord, Ormen Lange and Åsgard), assets that more recently started production (including Goliat), as well as development projects driving growth (including, but not limited to, Balder X, Johan Castberg and Fenja). In line with our goal of being recognized as an industry leader in NCS partner-operated activities, we seek to create additional value from partner-operated assets by leveraging technical expertise and applying sound business judgement, along with aligning incentives and collaborating on pertinent projects that support, among other things, the creation and sharing of operational synergies and subsurface understanding.

For the twelve months ended September 30, 2022, our profit for the period and EBITDAX were \$662.0 million and \$8,482.7 million, respectively. For an explanation of EBITDAX, see “Summary historical and as adjusted selected financial information—Other financial information.”

The following map sets forth the geographic locations of our key assets.



Key credit highlights

Low risk and diversified production base, with leading R/P and world-class operators

We are one of the largest independent oil and gas producers on the NCS, measured by both reserves and production. Our robust portfolio includes producing fields in each of the Barents Sea, Norwegian Sea, and North Sea. As of September 30, 2022, we held 145 licenses located across the NCS, 46 of which were as operator, with the remainder operated by experienced and industry-leading operators. Equinor is the operator for the majority of our partner-operated assets, with Shell and ConocoPhillips operating certain of our key assets such as Ormen Lange and the Greater Ekofisk Area.

Our production and reserves exhibit low field concentration and a high degree of diversity across the NCS. As of December 31, 2021, our top-producing area represented only 11% of our 2P reserves and our top three assets represented only 44% of our 2P reserves. For the nine months ended September 30, 2022, our top three assets represented only 31% of our average net production. For the nine months ended September 30, 2022, more than 73% of our net production was distributed across four strategic hubs (the Barents Sea Area, the Åsgard Area, the Tampen Area and the Balder/Grane Area). Furthermore, our reserves are geographically diversified with 29% near the Balder/Grane Area, 19% in the Barents Sea Area, 15% in the Åsgard area and 13% in the Tampen Area, as of December 31, 2021. We believe that the geographical diversity of our portfolio is a differentiating factor from other independent E&P companies on the NCS. Our reserves-to-production ratio of approximately 13 years (based on full-year 2021 reserves and production data) is also a leading figure among our NCS peers.

Our portfolio is well balanced between oil and gas, with 2P reserves as of December 31, 2021 consisting of 71.5% oil and condensate, 22.7% gas, and 5.8% NGLs. Production for the nine months ended September 30, 2022 consisted of 55.9% oil, 37.3% gas and 6.8% NGLs. We limit exposure to price fluctuations for specific products through the diversification of crude oil qualities, which allows crude to be utilized by several refineries in Northern Europe.

Our operated fields present opportunities to obtain a beneficial position with respect to investment decisions, cost measures and technical capabilities, which contribute to our ability to deliver a strong long-term reserves replacement ratio.

The Balder/Ringhorne and Goliat fields are the largest of our operated assets, with average net production of 17.5 kboepd and 21.6 kboepd, respectively, for the nine months ended September 30, 2022. Together, our operated fields accounted for average net production of 41.5 kboepd for the nine months ended September 30, 2022, or 19% of average net production over the same period. We also actively work to maximize the value of partner-operated assets, which accounted for 180 kboepd for the nine months ended September 30, 2022, or 81% of average net production over the same period.

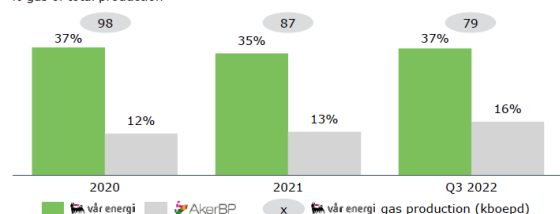
Benefits from strong European gas demand, playing a key role in European energy security

For the nine months ended September 30, 2022, our average net production was 222.0 kboepd, with gas production representing 37.3% of total production. Our gas production provides material exposure to the upside presented by the European gas market's strong prices and structurally positive outlook. We are committed to delivering critical gas supplies to the European market in order to support energy security in the region, as evidenced by the exportation of 100% of our gas production to Europe during the third quarter of 2022.

Our ability to sell into different European markets with a mix of spot (with approximately 45% of gas linked to the daily spot market) and short-term and long-term contracts, together with flexible pricing dynamics, supports our strong cash flow generation while also providing a robust ESG profile. In addition, approximately 70% of the gas that we sell is subject to long-term offtake contracts and approximately 30-35% of gas sold is based on fixed priced sales, while remaining gas is priced on a day- or month-ahead basis.

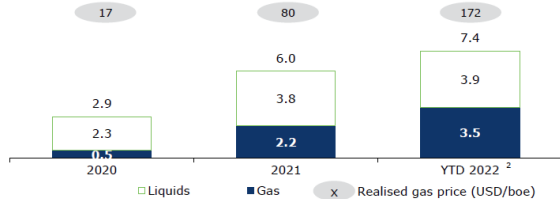
Material gas % share versus peers¹

% gas of total production



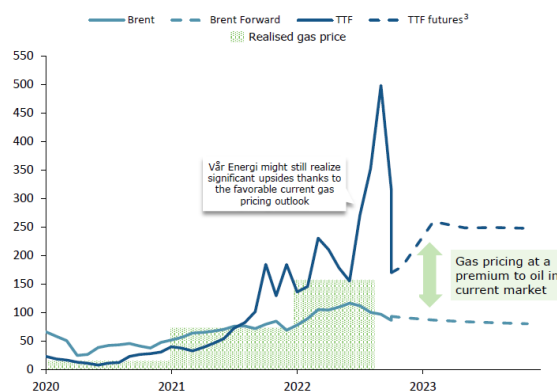
Strong gas revenues YTD²

USDbn



Favourable current gas pricing outlook

Brent and TTF prices, USD/boe



- (1) AkerBP pro forma for Lundin Energy acquisition
- (2) For the nine months ended September 30, 2022
- (3) TTF futures traded on The Intercontinental Exchange (ICE) assuming 0.59 MWh/boe conversion rate and 1.05 USD/EUR exchange

Low cost, resilient and material cash flow generation

Our performance has been resilient despite difficult market conditions in recent years, with EBITDAX of \$1.9 billion, \$1.7 billion, \$4.7 billion and \$8.5 billion for the years ended December 31, 2019, 2020 and 2021 and the twelve months ended September 30, 2022, respectively, and average production costs of \$15.2/boe, \$9.9/boe, \$12.0/boe and \$13.4/boe over the same periods. Through future developments and cost-saving initiatives, we have targeted a reduction of production costs over the medium term as new projects come onstream and cost savings are achieved.

We prioritize operational efficiency and are targeting a reduction of production costs in the medium term as new projects come onstream and cost savings are achieved. We intend to achieve this target through (i) bringing ongoing development projects onstream, including Balder X and major partner-operated asset developments such as Johan Castberg and Breidablikk and (ii) cost reductions and portfolio management, including uptime

improvements, lifetime extension programs, strategic supplier partnerships and collaborations, circular economy initiatives, cost sharing with other operators, digitalization and new technologies.

The Goliat improvement program provides an example of our efforts to increase operational efficiency. Through the program, we increased uptime at Goliat from 75% in 2019 to 87% for the nine months ended September 30, 2022. We are targeting further increases to uptime through 2023. The program also contributed to a 30% reduction in gross operating expenses at Goliat through the normalization of operations, reduced maintenance and optimization of logistics and staffing. Our approved long range plan at Goliat includes an ambition to reduce gross operating expenses through 2030 through logistics-sharing with other operators in the Barents Sea and sharing of operating expenses with third party tie-ins, in addition to the pursuit of further maintenance rationalization and improved organizational efficiencies.

We also actively seek to apply technological solutions to unlock field potential. Among other technical achievements, we applied the industry's first subsea retrofit multilateral wells at Goliat. Other technological projects include managed pressure drilling, smart completions and the increased use of digital solutions. We strive to leverage digital innovation to accomplish our strategic priorities, with digital initiatives relating to field worker efficiency, drilling performance, maintenance integrity, project design, production and inventory optimization and data-driven sustainability solutions.

Credit supportive tax regime, de-risking sanctioned growth profile and reducing cash flow volatility

Our financial profile is supported by the Norwegian fiscal regime, which allows exploration and production companies to effectively offset exploration costs, development costs and operational expenditure at a marginal tax rate of 78% against their tax liabilities. In addition, in an effort to maintain oil and gas investments during a period of falling oil prices and reduced activity due to the COVID-19 pandemic, the Norwegian Government on June 19, 2020 enacted temporary targeted changes to Norway's petroleum tax system for investments incurred in 2020 and 2021 and for certain new projects with final investment decisions submitted by the end of 2022. As a result, development costs incurred in the years ended December 31, 2020 and 2021, as well as certain future development costs, may be offset against tax liabilities at an even higher nominal tax rate.

In June 2022, the Norwegian government enacted a new tax regime for oil and gas companies. The new regime includes the ability for field investments (such as platforms, subsea installations, processing facilities, production wells and pipelines) to be directly expensed in the special petroleum tax ("SPT") base as incurred and calculated ordinary corporate tax ("CT") to be deducted against the SPT base. In order to maintain an overall marginal tax rate at 78%, the SPT rate has been increased to 71.8%, reducing the effect of CT from 22% to 6.2%. The cash value of SPT losses, including exploration costs, will be refunded annually.

These features of the Norwegian fiscal regime offer a number of benefits, including (i) risk-sharing with the government for investment and exploration activity, (ii) the improvement of near-term liquidity and reduction in cash flow volatility and (iii) protection against downside risk and liquidity support in the event of adverse market conditions.

Investment grade balance sheet, prudent financial policies and strong focus on deleveraging

We believe our investment grade balance sheet and capital structure provide flexibility and a strong long-term outlook. We have obtained BBB and Baa3 credit ratings from S&P and Moody's, respectively, and are committed to maintaining an investment grade rating. Our target net leverage through-cycle is 1.3x, and our NIBD to EBITDAX ratio declined from 2.6x for the year ended December 31, 2019 to 0.2x for the twelve months ended September 30, 2022.

Our 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. We further maintain a conservative risk profile through hedging, extensive insurance coverage and investment flexibility.

For example, we utilize risk mitigation strategies to implement appropriate hedging measures. In particular, we use Brent Crude put options, to protect against downside commodity price risk, while maintaining upside potential. Under our existing derivative hedging options, our strike price is fixed at \$47/bbl for 2022, with 100% of our oil production hedged on an after-tax basis for the year ended December 31, 2022. Moreover, a rolling hedge feature has been implemented to maintain a hedging horizon of approximately twelve months. Furthermore, as of the date of this offering memorandum, 100% of oil production is hedged on an after-tax basis for the second

quarter of 2023, at a strike price of \$50/bbl. See “*Management’s discussion and analysis of financial condition and results of operations— Significant factors affecting results of operations—Crude oil and gas prices—Commodity price hedging.*”

Our exchange rate risk largely derives from the fact that our income is denominated in U.S. dollars for the sale of crude oil and NGL and denominated in Euros, and to a lesser degree in Pound Sterling, for the sale of gas, while most of our costs are denominated in NOK. However, given the strong historical correlation between commodity prices and USD/NOK and EUR/NOK exchange rates, we benefit from a natural hedging effect which significantly decreases our exposure to fluctuations in the USD/NOK and EUR/NOK exchange rates assuming a continued strong correlation. For particular foreign exchange rate exposures, we also implement hedging for tax payments on a case-by-case basis.

We also have insurance policies in place to further mitigate the potential impact of certain events on our business, including insurance covering physical damage, operators extra expense (“**OEE**”), third party liability, loss of production insurance (“**LOPI**”) and production and indemnity insurance for our production from certain of our producing fields. See “*Our Business—Insurance.*”

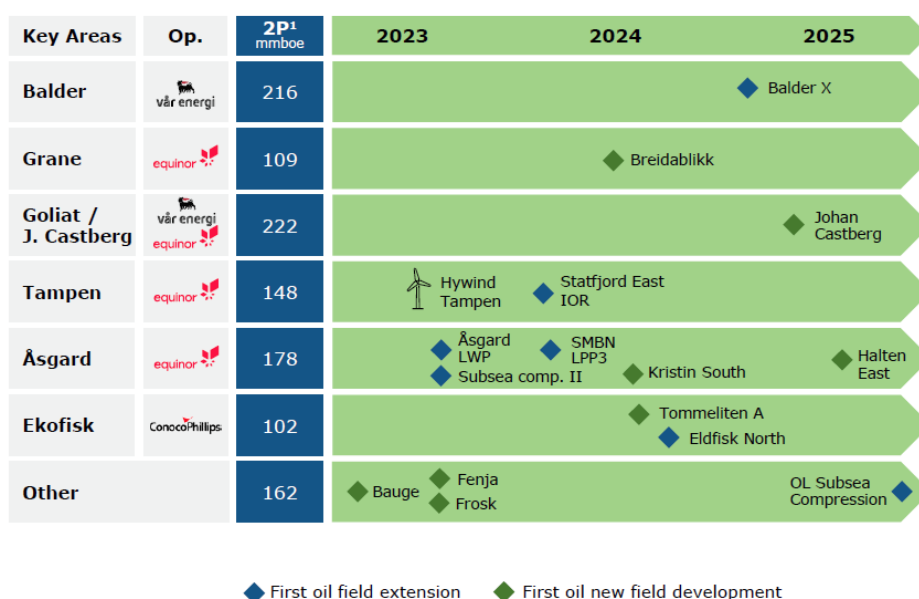
All of our oil and NGL volumes are subject to long-term offtake agreements with Eni and ExxonMobil, with Eni scheduled to become the sole offtaker for our oil and NGL beginning in December 2022. The offtake agreements we have entered into with Eni are all carried out on the basis of the “arm’s-length” principle. See “*Principal Shareholders*” and “*Certain Relationships and Related Party Transactions.*”

Our offtake agreements for oil and NGLs are set for an initial five year term, with an automatic extension for an additional ten years in the absence of contract termination. Our priority access to offtakers with global distribution capabilities and strong knowledge of refinery capabilities enables ready access to customers at market prices and minimizes our exposure to price volatility. For example, in the early months of the COVID-19 pandemic in May and June of 2020, our offtake agreements afforded us priority market access with minimal discounts during a challenging period for the industry in general.

The gas that we sell is subject to a combination of long-term and short-term offtake contracts, with long-term offtake contracts comprising approximately 70% of our total gas offtake contracts and short-term offtake contracts constituting the remaining 30%. The majority of gas offtake agreements are with investment grade-rated companies.

De-risked production growth and track record of successful exploration

Our strong development pipeline, exploration track record and commitment to strengthening our collaborative model have positioned us for growth in the coming years. Sanctioned developments include Balder X, Breidablikk, Johan Castberg and the Fenja Project, all of which are well progressed and de-risked. Our development projects generally exhibit high reserve quantities and low break-even prices. We have eight projects in the development pipeline which are being matured toward a development decision, including Alke, Brasse, Fram Future/Blasto, Grane Gas Export, Goliat Gas, Garantiana, King and Smørbukk North. We are targeting production of more than 350 kboepd beyond 2025, subject to the achievement of technical milestones according to current development project timelines.



(1) 2P reserves based on D&M Reserves Report

Our exploration campaign exhibited strong results during 2021, with our 2022 campaign similarly featuring the potential for high-value exploration near existing hubs. We made six commercial discoveries in 2021 amounting to an estimated 135 MMboe of net resources (based on mid-point estimates reported to the NPD), including King and Prince (85 MMboe), Blasto (24 MMboe), Isflak (12 MMboe), Garantiana West (5 MMboe), Rodhette (5 MMboe) and Tyrihans North (4 MMboe), out of eight wells drilled. During the second quarter of 2022, we confirmed two oil and gas discoveries in the Equinor-operated Snøfonn Nord and Skavl Stø exploration wells in the Johan Castberg area (PL532), which feature approximately 13 and 2 MMboe of estimated net recoverable resources, respectively. We consider both discoveries to represent potentially valuable additions to our existing resource base. Other fields targeted for our near-term exploration campaign include Lupa, Othello North, Angulata, Countach and Calypso.

Our leading exploration capabilities are reinforced by close collaboration with the Eni SpA Group, which has a strong global exploration track-record. We leverage the proprietary expertise, processes and systems of the Eni SpA Group, including the use of its technology platform and supercomputers, to facilitate the screening process for potential exploration opportunities. As of September 30, 2022, we had a total of 165 leads and prospects in our exploration inventory, with 50 prospects prioritized for drilling. In the medium term, our ambition is to continue to drill several infrastructure-led exploration wells annually, in addition to high-impact exploration wells.

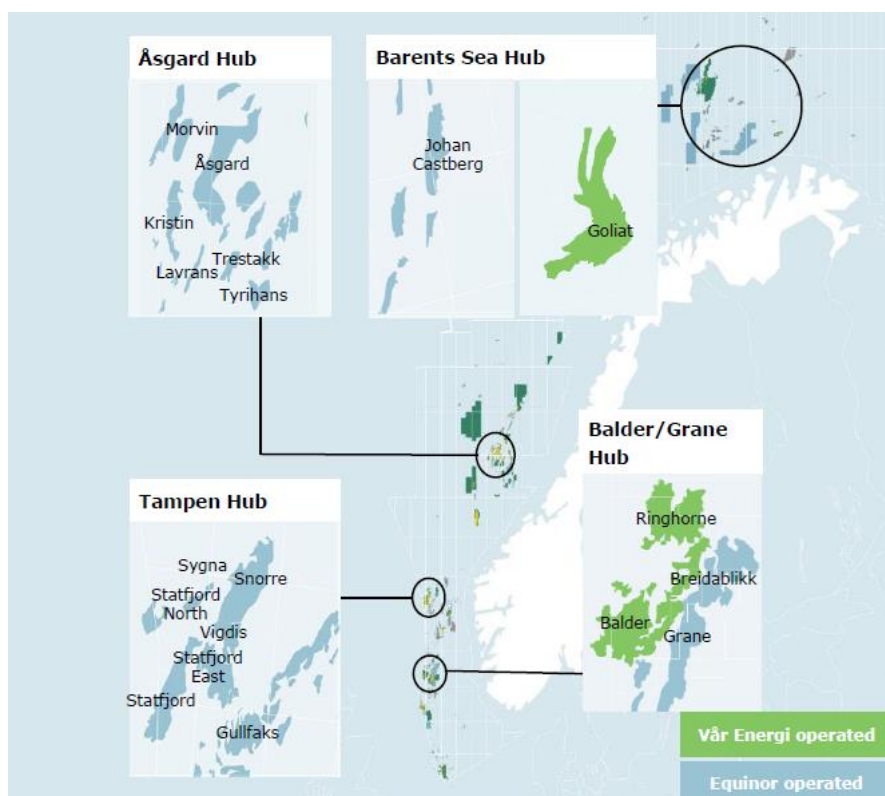
Our assets had an average 2P reserve life of approximately 13 years as of December 31, 2021. Additionally, there are a number of opportunities within our existing production base to add reserves and extend field life through incremental investments in infill drilling and well intervention programs, facilities modifications, subsea satellite developments and near field exploration. Much of our capital expenditure program is targeted at such projects, which we consider to be generally low risk with relatively small scale capital requirements and material potential financial returns across a range of commodity prices. We subject development opportunities to conservative investment hurdles by targeting a break-even price of less than \$30/boe and an internal rate of return of greater than 20% for new projects.

We also strive to be recognized as a partner of choice in all activities. We have a strong partnership with Equinor, the largest and most experienced operator on the NCS, and are Equinor's largest partner on the NCS, excluding Petoro. We leverage our strong partnership with Equinor to seek cost and energy efficiencies, including on a range of R&D and development projects to reduce our carbon footprint, with several projects currently being assessed for viability and three development projects that have reached a final investment decision. Partnerships also played a key role in the Goliat multilateral retrofit ("MLT") application, and we also assumed an active role with Equinor that resulted in drilling improvements at Johan Castberg. To further develop innovative practices, enhance our performance and maximize the use of our suppliers' capabilities, we seek additional strategic partnerships and collaboration models within our tendering and contract awards. In June 2022, we also entered into a strategic

partnership with Aker Solutions, Havfram and Saipem for the fabrication, delivery, and installation of subsea production equipment for all of our operated assets and projects on the NCS.

Maximizing value creation with our hub-centered strategy

As part of our hub strategy, we identify strategic focus areas that provide a framework for evaluating exploration and development opportunities, maximizing the use of resources and optimizing value creation throughout our portfolio. Our core assets are located around four strategic hubs: the Barents Sea Area, the Åsgard area, the Tampen Area and the Balder/Grane Area. The asset base is highly diversified, with no single area accounting for more than 29% of our 2P reserve base as of December 31, 2021. For the nine months ended September 30, 2022, more than 73% of our net production was distributed across these hubs.



The Balder/Grane Area, which accounted for 13% of our production for the nine months ended September 30, 2022 and 29% of 2P reserves as of December 31, 2021, is a core hub with expected long-term production upside. At Balder and Ringhorne, we are operator and hold a 90% working interest. We are currently undertaking the Balder X redevelopment (consisting of the subprojects Balder Future and Ringhorne Phase IV), which has potential to extend scheduled production beyond 2045 and unlock material reserves to the Company. First oil from the Balder Future project is scheduled for the third quarter of 2024. In addition, the ongoing Breidablikk subsea development near the Grane field is one of the largest undeveloped oil discoveries on the NCS with first oil targeted for 2024. We believe that the Balder/Grane Area also features several high-quality exploration targets. In August 2022, we announced that we acquired 30% ownership in production licenses PL 820S and 820 SB north of the Balder field, which together with equity swaps agreed with Lundin Energy (now AkerBP) in 2021 has increased our acreage position and number of operatorships in the Balder Area.

The Barents Sea Area, which accounted for 10% of our production for the nine months ended September 30, 2022 and 19% of 2P reserves as of December 31, 2021, features significant value and upside potential. Key assets include the Goliat field (in which we hold a 65% working interest and are operator), the only oil producing field in the Barents Sea Area and with active infill drilling ongoing. It features one of the world's largest and most sophisticated circular and permanently anchored FPSO units, powered by renewable energy from shore. Another key asset in the Barents Sea Area is Johan Castberg, an ongoing and substantially de-risked development project with first oil targeted for the fourth quarter of 2024.

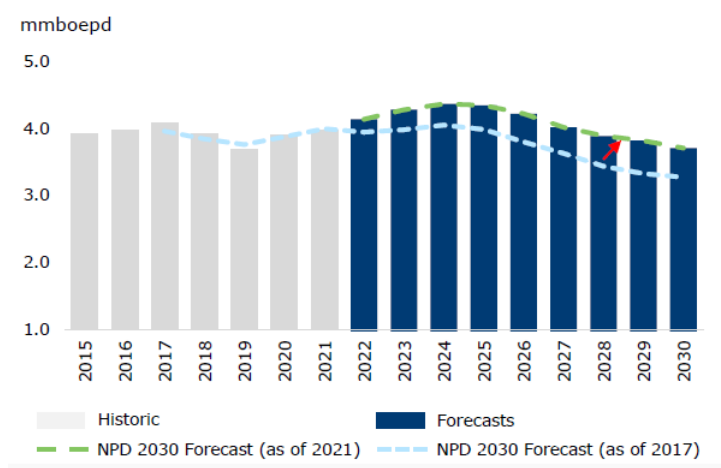
The Åsgard Area, which accounted for 33% of our production for the nine months ended September 30, 2022 and 15% of 2P reserves as of December 31, 2021, features multiple projects with high infill drilling activity. The

Åsgard field complex is among the largest developments in Norway and the Trestakk, Mikkel and Morvin fields are all subsea tie-ins to Åsgard. The Åsgard Area also includes the Kristin and Tyrihans fields.

The Tampen Area, which accounted for 17% of our production for the nine months ended September 30, 2022 and 13% of 2P reserves as of December 31, 2021, is a mature area with high activity and lifetime extension at key fields. Key assets include Statfjord and Snorre, which are among Norway's largest oil fields in terms of original recoverable oil reserves. First oil from the Snorre expansion project was achieved in December 2020 and development drilling is believed to carry the potential to improve recovery by approximately 200 MMboe (gross) from 24 subsea wells. The Tampen Area also features the Vigdis and Tordis subsea fields.

One of the largest independent oil and gas producers on the attractive NCS, a region that provides an ideal foundation for longevity and value creation

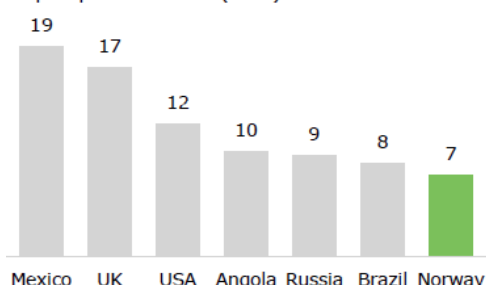
We believe the NCS is one of the most attractive E&P geographies globally and provides an ideal foundation for value creation. Norway has been the largest single gas supplier to Europe in 2022, and the region has proven development potential, well-understood geology alongside significant remaining resources and existing infrastructure, low production costs and a stable regulatory and taxation framework. The Norwegian government has demonstrated support for the sector, which contributed to 42% of the country's exports in 2020, through the country's temporary tax amendments following the COVID-19 outbreak in early 2020. These measures facilitated cost recovery and investment activity for E&P companies in Norway, including continued exploration across the sector. The following chart illustrates the historic levels of production on the NCS since 2015, as well as the NPD's forecasts for NCS production through 2030.



The NCS exhibits low CO₂ emissions relative to other regions within the global oil and gas sector, with an average of 7.0 kg CO₂/boe, which is less than 50% of the global average. The following charts illustrate the average carbon intensity and opex per boe of Norwegian oil and gas producers relative to other leading oil and gas producing jurisdictions.

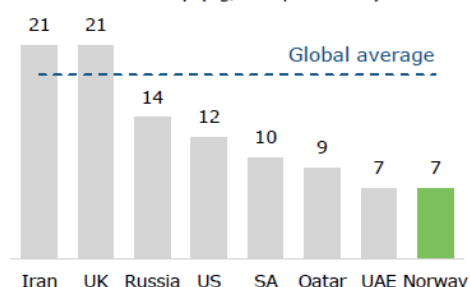
Cost competitive

Opex per boe 2021 (USD)



Lowest CO₂ footprint

Carbon intensity (kg/boe produced)

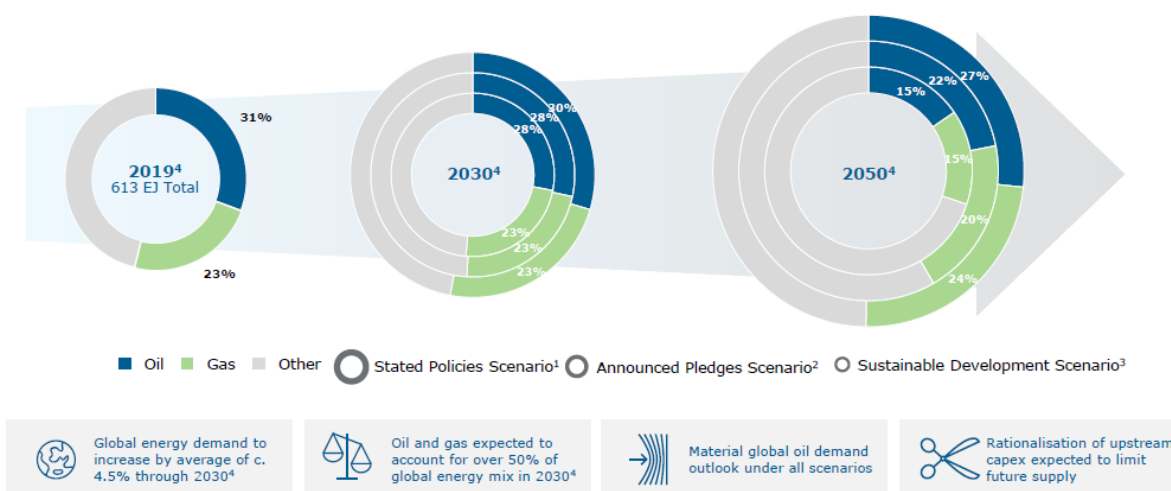


Source: Rystad Energy

Furthermore, Norway is characterized by a stable political environment and sound collaboration between authorities and industry players, which underpins a positive long-term outlook for the NCS. Generally, the

International Energy Agency (“IEA”) estimates that oil and gas will remain an important energy source through 2050 as the global energy mix continues to evolve.

Evolution of global energy mix, 2019 to 2050



- (1) SPS: A scenario which reflects current policy settings based on a sector-by-sector assessment of the specific policies that are in place, as well as those that have been announced by governments around the world
- (2) APS: A scenario which assumes that all climate commitments made by governments around the world, including Nationally Determined Contributions (NDCs) and longer-term net zero targets, will be met in full and on time
- (3) SDS: An integrated scenario specifying a pathway aiming at: ensuring universal access to affordable, reliable, sustainable and modern energy services by 2030 (SDG 7); substantially reducing air pollution (SDG 3.9); and taking effective action to combat climate change (SDG 13)
- (4) Source: IEA World Energy Outlook 2021

Targeting net zero emissions (including Scope 1 and 2 emissions) by 2030 with strong HSEQ credentials

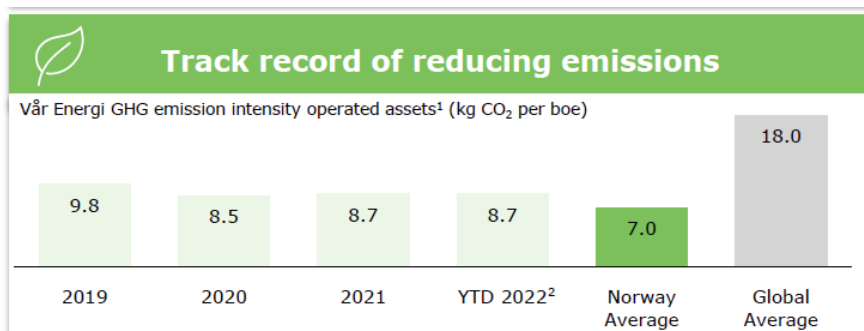
Operational safety is a top priority and our ambition is to be one of the safest operators in the oil and gas industry. We have recently refreshed our safety-related key performance indicators throughout the organization and implemented lifesaving rules that apply to various operational areas. Our ambition is to reduce injury totals to near-zero levels. For the nine months ended September 30, 2022, we exhibited positive improvements with respect to safety KPIs, including a reduction in total recordable incidents frequency (“TRIF”) and serious incidents frequency (“SIF”).

We have also collaborated with Equinor and Aker BP to create a web platform, *Always Safe*, that represents a partnership between major NCS operators to ensure the alignment of priorities and initiatives related to safety. The platform provides content and learning packages related to safety initiatives for operators and suppliers. The purpose of the initiative is to strengthen the industry’s safety culture and reduce accidents and injuries sustained in operations. *Always Safe* has led to the prioritization and standardization of certain safety measures across the NCS, including with respect to suppliers and contractors. ConocoPhillips also joined the *Always Safe* collaboration during 2022. Other of our ongoing initiatives include MARI (Major Accident Risk Indicator) tracking at all operated fields to monitor technical and operational integrity and new digital tools to further effect the standardization of safety initiatives across our business and facilitate compliance.

From an environmental perspective, we strive to create long-term value for stakeholders, employees and the Norwegian state and society by managing resources in a responsible and sustainable manner. We aim to implement high-quality and sustainable solutions for both operations and suppliers, including the use of the best available technologies and methods to reduce emissions to air, discharges to sea and waste generation. We also contribute to large joint-industry research and development projects to find solutions to create a more sustainable future, including a low emissions research center aimed at reducing Scope 1 emissions, the Norwegian Carbon Capture and Storage Research Center aimed at reducing Scope 3 emissions and a circular economy project aimed at developing green and sustainable solutions.

We believe that achieving a lower carbon footprint will make us more competitive in the future and help to maintain an efficient and resilient business model fit for long term value creation. To that end, we have announced operational targets to actively reduce and minimize our environmental impact, with a target of net zero emissions

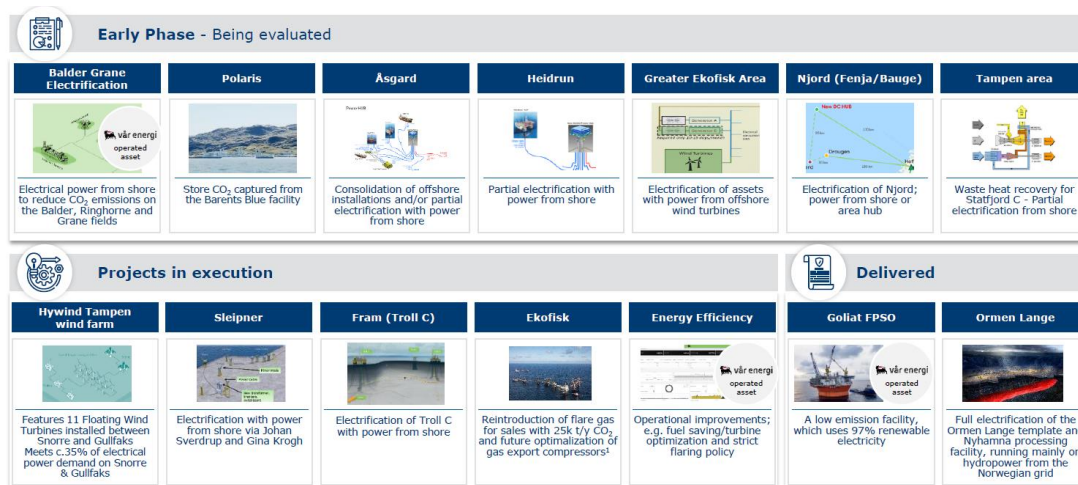
(which includes Scope 1 (direct) and 2 (indirect) emissions) by 2030. Additionally, our emissions intensity from operated assets is in line with Norway's average of 7.0 kg CO₂/boe, which is less than 50% of the global average.



Source: Var Energi

- (1) Emissions from operated assets, including production drilling, floatels, well intervention vessels, etc. with activity on fields with approved PDO (exploration drilling outside fields is not subject to EU-ETS)
- (2) For the nine months ended September 30, 2022

We have a wide ranging and diverse array of health, safety, environment and quality (“HSEQ”) projects in both evaluation and execution phases, with a particular emphasis on CO₂ emissions reduction. Some key initiatives include: (i) the electrification of assets with power from shore or from other renewable power sources, such as offshore wind; (ii) increasing operational efficiency through optimization and active energy management; (iii) portfolio management for operated assets, including Balder FPU off field; (iv) reducing cold venting and fugitive emissions from assets through operational measures; (v) safety flaring and (vi) the use of certified and internationally recognized offsetting measures such as bio-carbon capture and storage. The graphic below displays a number of our key energy transition projects.



Source: Var Energi

- (1) Ekofisk has previously undergone operational initiatives including emission reduction on drilling rigs which resulted in an annual CO₂ reduction of c. 9.5k t/y.

The Hywind Tampen wind farm is an ongoing project aimed at emissions reduction. Hywind Tampen is a floating wind farm currently under construction that will provide electricity for the Snorre and Gullfaks oil and gas fields in the Norwegian North Sea. Once operational, it will represent the world's first floating wind farm to power offshore oil and gas platforms, according to Equinor. As of September 30, 2022, the Hywind Tampen wind farm has seven out of 11 floating wind turbines installed, with start-up targeted for the first quarter of 2023. Another key project is partial electrification at Sleipner, which will provide a new power cable from Sleipner to the Gina Krog platform, which will be tied into the area solution for renewable power from shore on the Utsira High. The project is targeting a substantial reduction in emissions for the area. The electrification of Balder/Grane is also

ongoing, with the objective of reducing carbon and nitrogen oxide emissions from the Jotun FPSO, Ringhorne and Grane facilities by utilizing renewable power from shore.

Sustainability is an essential part of how we conduct our business. Our sustainability strategy is aligned with, and we are strongly committed to, both the United Nations Sustainable Development Goals (“SDGs”) and the Paris Agreement to mitigate the impact of climate change. We strive to minimize negative impacts and maximize positive impacts with respect to sustainability, particularly in areas where activities within our operations or value chain have a high potential or actual impact. Strategic focus areas include SDGs 3 (Good Health and Well-being), 7 (Affordable and Clean Energy), 8 (Decent Work and Economic Growth), 13 (Climate Action) and 14 (Life Below Water).

In December 2021, we received an indicative ESG Corporate Assessment from Sustainalytics that assessed the company across eleven ESG categories, including carbon products and services, community relations, and corporate governance, among others. The ESG Assessment would place us in the top ninth percentile (14 out of 155) of oil and gas exploration and production companies and the top tenth percentile (25 out of 261) of oil and gas producers in Sustainalytics’ research universe.¹

Growth-oriented management team with supportive shareholders

Our senior management team has extensive experience in the oil and gas industry and a strong track record of identifying, executing and delivering organic growth and value accretive transformative M&A activity.

Our heritage is built on over 50 years of operations on the NCS. We were established in 2018 through the merger of Eni Norge AS, which was founded in 1965, and Point Resources AS. In 2019, our senior management proved its ability to execute complex transactions with the acquisition of all of ExxonMobil’s partner-operated assets on the NCS. We intend to continue to opportunistically evaluate potential acquisitions to further strengthen and expand our operations. We will use the same disciplined, targeted and opportunistic M&A investment criteria that has enabled us to successfully and profitably make and integrate acquisitions historically.

Through these acquisitions and mergers, we have built and inherited a highly skilled and disciplined operating team, which has added value to acquired assets by safely carrying out incremental investment projects. Members of our senior management team have an average experience in the oil and gas industry of more than 24 years. We believe our board and senior management, with their experience and proven track record, provide the right mix of skills, expertise and know-how to ensure we continue to deliver strong financial and operational performance while operating responsibly, adhering to high levels of health and safety and minimizing the impact of our operations on the environment. See “*Management*” and “*Principal Shareholders*.”

We also benefit from strong and supportive shareholders, with support from the Italy-based integrated energy company Eni S.p.A, through Eni International B.V. (which holds 63.08% of our issued share capital) and Norway-based leading private equity investor HitecVision, through Point Resources Holding AS (which holds 20.74% of our issued share capital). We believe the presence of continuing active ownership provides significant competitive advantage, such as the ability to secure long term offtake agreements with the Eni SpA Group and leverage its extensive exploration and operational experience, while we carry out all transactions with related parties on the basis of the “arm’s-length” principle to ensure equal treatment of our shareholders. Eni SpA Group’s global

¹ Sustainalytics is a leading ESG research provider, who provides research based on its independent methodology, and publicly available information from issuers. This Corporate ESG Assessment is published on Sustainalytics’ website, however such research is not part of any offering, nor shall it be considered as an offer to buy a security, investment advice or an assurance letter, and no information provided by Sustainalytics under this Corporate ESG Assessment shall be considered as being a statement, representation, warranty or argument either in favor or against the truthfulness, reliability or completeness of any facts or statements that Vår Energi AS has made available to Sustainalytics for the purpose of this Corporate ESG Assessment, in light of the circumstances under which such facts or statements have been presented. Furthermore, the Corporate ESG Assessment provided hereunder shall not constitute nor represent an “expert opinion” or “negative assurance letter” as these terms are defined by any applicable legislation. This assessment, in particular the images, text and graphics contained therein, and the layout and company logo of Sustainalytics and/or Morningstar are protected under copyright and trademark law. Any use thereof shall require express prior written consent. Use shall be deemed to refer in particular to the copying or duplication of the assessment wholly or in part, the distribution of the assessment, either free of charge or against payment, or the exploitation of this assessment in any other conceivable manner. This assessment has not been submitted to, nor received approval from any European regulatory body. While Sustainalytics exercised due care in compiling this assessment, it makes no warranty, express or implied, regarding the accuracy, completeness or usefulness of this information and assumes no liability with respect to the consequences of relying on this information for investment or other purposes. In particular, the research and scores provided are not intended to constitute an offer, benchmark, solicitation or advice to buy or sell securities nor are they intended to solicit votes or proxies.

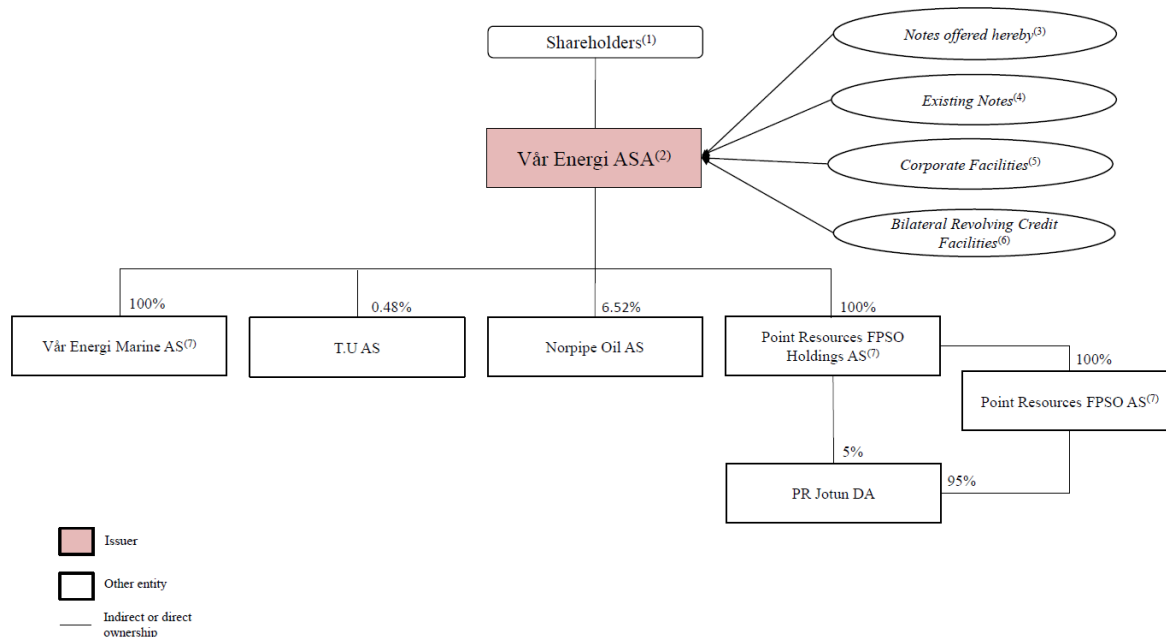
marketing capabilities allow us to reach markets beyond Europe, maintain an extensive shipping network and adapt rapidly to unforeseen changes in market demand.

The Refinancing

We intend to use the gross proceeds from the sale of the Notes, together with cash on balance sheet, to (i) repay, in part, our commitments under the Bridge Facility and (ii) pay transaction fees and expenses (the “**Refinancing**”). For descriptions of our current and anticipated indebtedness following the Refinancing, see “*Capitalization*.”

CORPORATE STRUCTURE AND CERTAIN FINANCING ARRANGEMENTS

The following chart shows a summary of our corporate and financing structure on a *pro forma* basis to give effect to the Refinancing, including the application of proceeds from the offering of the Notes as set forth under “*Use of proceeds*.” The chart does not include all of our debt obligations. Our legal interests in our assets vary based on contractual arrangements with other commercial participants and the relevant licenses and related agreements. For a description of our interests in certain assets, see “*Our Business*.” For a summary of the debt obligations identified in this diagram, see “*Description of the Notes*,” “*Description of certain financing arrangements*” and “*Capitalization*.”



- (1) As of September 30, 2022, the Company had more than 27,000 shareholders. Shares in free float amounted to approximately 16.18% of issued share capital and exclude shares held by the Italy-based integrated energy company Eni International B.V. (with a total equity interest of 63.08%) and Norway-based leading private equity investor HitecVision, through Point Resources Holding AS (with a total equity interest of 20.74%). See “*Principal Shareholders*.”
- (2) The Company, Vår Energi ASA, is a public limited liability company (*allmennaksjeselskap*), incorporated under the laws of Norway with Norwegian organization number 919 160 675.
- (3) Represents the \$1,000.0 million aggregate principal amount of 7.500% Senior Notes due 2028 offered hereby and the \$1,000.0 million aggregate principal amount of 8.000% Senior Notes due 2032 offered hereby. The Notes offered hereby will be senior unsecured debt of the Company ranking *pari passu* in right of payment with all existing and future obligations of the Company, including obligations under the Corporate Facilities, the Bilateral Revolving Credit Facilities and the Existing Notes, save for any indebtedness preferred by operation of law, that is not expressly contractually subordinated in right of payment to the Notes. The Notes will be effectively subordinated to all of our future secured obligations to the extent of the value of the property and assets securing such obligations. For the twelve months ended September 30, 2022, our subsidiaries contributed a *de minimis* amount to our revenue and EBITDAX. As of September 30, 2022, our subsidiaries represented a *de minimis* amount of our total assets and had nil third-party debt.
- (4) On May 18, 2022, the Company issued an aggregate principal amount of \$500.0 million of its 5.000% Senior Notes due 2027 (the “**Existing Notes**”) pursuant to an indenture dated May 18, 2022 among, *inter alios*, the Company and Citibank, N.A., London Branch, as trustee (the “**Existing Notes Indenture**”). The proceeds of the offering of the Existing Notes were used to repay, in part, the Company’s commitments under the Bridge Facility and to pay transaction fees and expenses. See “*Description of certain financing arrangements—Existing Notes*.”
- (5) On November 1, 2021 the Company, as original borrower, entered into the Corporate Facilities Agreement, providing for borrowings under the Working Capital Facility, the Liquidity Facility and the Bridge Facility. The proceeds of the Offering of the Notes, together with the cash on balance sheet, will be used to repay in part the Company’s commitments under the Bridge Facility. See “*Description of certain financing arrangements—Corporate Facilities*.”
- (6) On March 24, 2020, the Company entered into two separate \$300,000,000 senior unsecured revolving credit facilities, including (i) a \$300,000,000 senior unsecured revolving credit facility with Intesa Sanpaolo S.p.A, as arranger and lender, and Intesa Sanpaolo S.p.A, Milan Head Office, as facility agent and (ii) a \$300,000,000 senior unsecured revolving credit facility with UniCredit Bank AG as lender, arranger and facility agent (the “**Bilateral Revolving Credit Facilities**”). On November 18, 2021 the Company signed amendment agreements to the Bilateral Revolving Credit Facilities with the purpose of achieving alignment of the Bilateral Revolving Credit Facilities with the Corporate Facilities.

- (7) The Company has initiated plans to merge Point Resources FPSO Holding AS and Point Resources FPSO AS into Vår Energi Marine AS, with an expected completion by the end of 2022. The purpose of the reorganization is to reduce administrative cost following the sale by the Company of its interest in the Jotun FPSO in 2021, with no anticipated material impact on the Company's operations.

THE OFFERING

The following is a brief summary of certain terms of this offering. It is not intended to be complete and it is subject to important limitations and exceptions. Accordingly, it may not contain all the information that is important to you. For additional information regarding the Notes, see “Description of the Notes.”

Issuer Vår Energi ASA, incorporated as a public limited liability company (Nw. *allmennaksjeselskap*) under the laws of Norway with Norwegian organization number 919 160 675.

Notes Offered..... \$1,000.0 million aggregate principal amount of 7.500% Senior Notes due 2028 (the “**2028 Notes**”).

\$1,000.0 million aggregate principal amount of 8.000% Senior Notes due 2032 (the “**2032 Notes**” and, together with the 2028 Notes, the “**Notes**”).

Issue Date November 15, 2022.

Issue Price

2028 Notes 99.218% (plus accrued and unpaid interest, if any, from the Issue Date).

2032 Notes 99.055% (plus accrued and unpaid interest, if any, from the Issue Date).

Maturity Date

2028 Notes January 15, 2028.

2032 Notes November 15, 2032.

Interest Rate

2028 Notes 7.500% per annum.

2032 Notes 8.000% per annum.

Interest Payment Dates

2028 Notes We will pay interest on the 2028 Notes semi-annually in arrears on January 15 and July 15 of each year, commencing January 15, 2023. Interest will accrue from November 15, 2022.

2032 Notes We will pay interest on the 2032 Notes semi-annually in arrears on May 15 and November 15 of each year, commencing May 15, 2023. Interest will accrue from November 15, 2022.

Form and Denomination..... The Company will issue the Notes on the Issue Date in global registered form in minimum denominations of \$200,000 and integral multiples of \$1,000 in excess thereof maintained in book-entry form. Notes in denominations of less than \$200,000 will not be available.

Ranking of the Notes The Notes will:

- be the general senior unsecured obligations of the Company;
- rank *pari passu* in right of payment with all existing and future obligations of the Company that are not expressly contractually subordinated in right of payment to the Notes, including the Corporate Facilities and the Existing Notes;
- be senior in right of payment to all future obligations of the Company that are subordinated in right of payment to the Notes;

- be effectively subordinated to all future secured obligations of the Company to the extent of the value of the property and assets securing such obligations; and
- be structurally subordinated to all existing and future obligations of the Company's existing and future subsidiaries that do not become guarantors of the Notes.

Use of Proceeds..... We estimate that gross proceeds from the sale of the Notes in this offering will be \$1,982.7 million. We intend to use the gross proceeds from the sale of the Notes, together with cash on balance sheet to (i) repay in part our commitments under the Bridge Facility and (ii) pay transaction fees and expenses. For descriptions of our current and anticipated indebtedness following the Offering, See "*Description of certain financing arrangements.*" See also "*Use of proceeds*" and "*Capitalization.*"

Possible Future Subsidiary

Guarantees..... In the future the Notes may be guaranteed (the "**Note Guarantees**") by one or more of our subsidiaries in the circumstances described under "*Description of the Notes—Limitation on Guarantees of Indebtedness by Restricted Subsidiaries.*" Any such Note Guarantee would be subject to release as described under "*Description of the Notes—Note Guarantees release.*"

Additional Amounts All payments made by or on behalf of the Company under or with respect to the Notes, or by or on behalf of any future Guarantor with respect to any Note Guarantee, will be made without withholding or deduction for taxes unless required by law. If the Company or any Guarantor is required by law to withhold or deduct for taxes imposed by any relevant Tax Jurisdiction (as defined in the "*Description of the Notes—Additional amounts*") with respect to a payment to the holders of Notes or any Note Guarantee, the Company or the Guarantor, as applicable, will pay the additional amounts necessary in order that the net amount received by each holder after such withholding or deduction will equal the amount such holder would have received in the absence of such withholding or deduction, subject to certain exceptions. See "*Description of the Notes—Additional amounts.*"

Optional Redemption for Tax

Reasons..... In the event of certain developments affecting taxation, the Company may redeem the Notes in whole, but not in part, at any time upon giving prior notice, at a redemption price of 100% of the principal amount, plus accrued and unpaid interest, if any, and additional amounts, if any, to the date of redemption. See "*Description of the Notes—Redemption for changes in taxes.*"

Optional Redemption

2028 Notes	Prior to December 15, 2027, the Company has the right to redeem the 2028 Notes, in whole or in part, at any time and from time to time at a redemption price equal to the greater of (i) 100% of the principal amount of the 2028 Notes and (ii) the sum of the present values of the remaining scheduled payments of principal and interest on the 2028 Notes that would be due if the 2028 Notes matured on December 15, 2027, discounted to the redemption date on a semi-annual basis at the adjusted treasury rate plus 50 basis points, plus in each case accrued and unpaid interest to, but not including, the date of redemption (subject to the right of holders of record on the relevant record date to receive interest due on the relevant interest payment date). On or after December 15, 2027, and prior to maturity, the Company has the right to redeem the 2028 Notes at a redemption price equal to 100% of the principal amount of the 2028 Notes, plus accrued and unpaid interest, if any, to, but not including, the redemption date (subject to the right of holders of record on the relevant record date to receive interest due on the relevant interest payment date). See “<i>Description of the Notes—Optional redemption.</i>”
2032 Notes	Prior to August 15, 2032, the Company has the right to redeem the 2032 Notes, in whole or in part, at any time and from time to time at a redemption price equal to the greater of (i) 100% of the principal amount of the 2032 Notes and (ii) the sum of the present values of the remaining scheduled payments of principal and interest on the 2032 Notes that would be due if the 2032 Notes matured on August 15, 2032, discounted to the redemption date on a semi-annual basis at the adjusted treasury rate plus 50 basis points, plus in each case accrued and unpaid interest to, but not including, the date of redemption (subject to the right of holders of record on the relevant record date to receive interest due on the relevant interest payment date). On or after August 15, 2032, and prior to maturity, the Company has the right to redeem the 2032 Notes at a redemption price equal to 100% of the principal amount of the 2032 Notes, plus accrued and unpaid interest, if any, to, but not including, the redemption date (subject to the right of holders of record on the relevant record date to receive interest due on the relevant interest payment date). See “<i>Description of the Notes—Optional redemption.</i>”
Change of Control	Upon the occurrence of certain change of control triggering events, the Company will be required to offer to repurchase the Notes at a purchase price equal to 101% of their aggregate principal amount, plus accrued and unpaid interest, if any, to the date of the purchase. See “<i>Description of the Notes—Repurchase at the option of holders—Change of Control Triggering Event.</i>”
Certain Covenants	The Indenture governing the Notes will limit, among other things, the ability of the Company and its restricted subsidiaries to: • create or incur certain liens; • guarantee certain types of other indebtedness of the Company or its restricted subsidiaries without also guaranteeing the Notes; and • merge or consolidate with other entities. Each of the covenants is subject to a number of important exceptions and qualifications. See “<i>Description of the Notes—Certain covenants.</i>”
Transfer Restrictions	The Notes have not been, and will not be, registered under U.S. federal or state or any foreign securities laws. The Notes are subject to restrictions on transfer and may not be offered or sold except pursuant to an exception from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act. See “<i>Notice to investors.</i>”

No Prior Market	The Notes will be new securities for which there is no market. Although the Initial Purchasers have informed the Company that they intend to make a market in the Notes, they are not obligated to do so and they may discontinue market-making at any time without notice. Accordingly, the Company cannot assure you that an active trading market for the Notes will develop or be maintained.
Listing	Application has been made to admit the Notes to listing on the Securities Official List of the Luxembourg Stock Exchange, without admission to trading on one of the securities markets operated by the Exchange.
Governing Law	The Notes and the Indenture will be governed by the laws of the State of New York.
Trustee	Citibank, N.A., London Branch.
Registrar, Transfer Agent	Citibank, N.A., London Branch.
Paying Agent	Citibank, N.A., London Branch.
Risk Factors	Investing in the Notes involves substantial risks. You should consider carefully all the information in this Offering Memorandum and, in particular, you should evaluate the specific risk factors set forth under “ <i>Risk factors</i> ” before making a decision whether to invest in the Notes.

SUMMARY HISTORICAL AND AS ADJUSTED SELECTED FINANCIAL INFORMATION

The summary historical financial information for Vår Energi ASA and its subsidiaries as of and for the years ended December 31, 2019, 2020 and 2021 and as of and for the nine months ended September 30, 2021 and 2022 presented herein has been derived from the audited consolidated financial statements of Vår Energi ASA as of and for the years ended December 31, 2020 and 2021 and the unaudited condensed consolidated interim financial statements of Vår Energi ASA as of and for the nine months ended September 30, 2022, respectively. Vår Energi ASA's Consolidated Financial Statements and Consolidated Interim Financial Statements are included in this Offering Memorandum and should be read in conjunction with the relevant reports of our independent auditors as such reports relate to our Consolidated Financial Statements. See "*Presentation of financial and other information—Historical financial information.*"

The LTM Consolidated Financial Information presented herein has not been audited or reviewed by our independent auditors, is not required by or presented in accordance with IFRS or any other generally accepted accounting principles and has been prepared for illustrative purposes only. This information is not necessarily representative of our results for any future period or our financial condition for any past date. For a description of the method of calculation of the LTM Consolidated Financial Information, see "*Presentation of Financial and Other Information—Historical Financial Information—Twelve months ended September 30, 2022 financial information.*"

This Offering Memorandum presents certain "as adjusted" and "pro forma" historical financial data that is based on our Consolidated Financial Information, adjusted to give effect to the Refinancing, including the application of the proceeds from the offering of the Notes. The *as adjusted* and *pro forma* financial data has not been prepared in accordance with the requirements of Regulation S-X of the U.S. Securities Act, the Prospectus Directive or IFRS. Neither the assumptions underlying the related adjustments nor the resulting *as adjusted* and *pro forma* financial data has been audited or reviewed in accordance with International Standards on Auditing or International Standards on Review Engagements.

In making an investment decision, you must rely upon your own examination of the terms of the offerings of the Notes and the financial information contained in this offering memorandum. The financial and other information includes measures that are not measures defined by IFRS and, as such, may not be comparable to similarly titled measures used by other companies, as well as certain operating information relating to our business. See "*Presentation of Financial and Other Information.*"

The financial statement data set forth in the following tables should be read in conjunction with "*Presentation of financial and other information,*" "*Capitalization,*" "*Use of proceeds,*" "*Management's discussion and analysis of financial condition and results of operations*" and our audited and unaudited financial statements and the related notes thereto included in this Offering Memorandum. Historical results may not necessarily be indicative of results that may be expected for any future period.

There has been no material change in the prospects and the financial position of the Issuer since the date of the last financial information included in the Offering Memorandum.

Historical consolidated profit or loss information

	Year ended December 31,			Nine months ended September 30,		Twelve months ended September 30,
	2019	2020	2021	2021	2022	2022 ⁽¹⁾
	(\$ in millions)					
Petroleum revenues	2,821.1	2,868.6	6,043.4	3,761.5	7,426.1	9,708.0
Other operating income	44.1	25.2	29.4	36.9	27.6	20.1
Total income	2,865.1	2,893.8	6,072.7	3,798.3	7,453.7	9,728.1
Production costs	(948.6)	(1,028.5)	(1,290.0)	(860.4)	(789.9)	(1,117.4)
Exploration expenses	(75.0)	(57.2)	(57.1)	(45.8)	(50.4)	(61.7)
Depreciation and amortization	(1,168.3)	(1,706.7)	(1,704.6)	(1,235.1)	(1,115.5)	(1,585.0)
Impairment loss and reversals	(156.0)	(2,178.1)	(1.0)	177.5	(561.7)	(740.1)
Other operating expenses	(60.2)	(176.2)	(110.5)	(73.0)	(90.5)	(128.0)
Total operating expenses	(2,408.0)	(5,146.7)	(3,163.1)	(2,036.8)	(2,608.0)	(3,632.3)
Operating profit/(loss)	457.1	(2,252.9)	2,909.6	1,761.5	4,845.7	6,095.8
Net financial income/(expenses)	(137.5)	(238.1)	(269.5)	(163.7)	(96.5)	(202.2)
Net exchange rate gain/(loss)	131.8	287.0	(142.4)	(136.7)	(678.5)	(684.1)
Profit/(loss) before taxes	451.4	(2,204.0)	2,497.7	1,461.1	4,070.7	5,209.4
Income tax (expense)/income	(373.0)	577.4	(1,876.1)	(1,028.9)	(3,620.6)	(4,547.4)
Profit/(loss) for the period	78.4	(1,626.6)	621.6	432.1	450.1	662.0

- (1) For a description of the method of calculation of the LTM Consolidated Financial Information, see “Presentation of Financial and Other Information—Historical Financial Information— Twelve months ended September 30, 2022 financial information.”

Historical consolidated balance sheet information

	As of December 31,			As of September 30,	
	2019	2020	2021	2021	2022
	(\$ in millions)				
Assets					
Non-current assets					
<i>Intangible assets</i>					
Goodwill.....	4,861.6	2,820.8	2,531.9	2,706.6	1,835.2
Capitalized exploration wells	87.5	113.3	200.0	191.8	166.0
Other intangible assets.....	104.7	107.7	104.5	104.7	84.9
<i>Tangible fixed assets</i>					
Property, plant and equipment.....	14,598.1	15,594.0	15,188.9	15,051.0	12,725.5
Right-of-use assets	162.1	133.8	298.4	105.9	181.2
<i>Financial assets</i>					
Investment in shares	0.9	0.9	0.9	0.9	0.7
Other non-current assets	8.0	2.7	1.8	2.0	0.7
Total non-current assets.....	19,822.9	18,773.3	18,326.4	18,162.8	14,994.3
Current assets					
Inventories.....	230.1	283.2	301.3	294.6	273.5
Trade receivables.....	514.6	166.0	745.9	340.7	677.8
Other receivables, prepaid assets and financial instruments	749.9	241.9	280.7	-	-
Other current receivables and financial assets	-	-	-	197.8	220.8
Tax receivable	-	522.9	-	-	-
Cash and cash equivalents	204.0	272.4	223.6	263.7	1,499.0
Total current assets	1,698.5	1,486.4	1,551.5	1,096.7	2,671.2
Total assets	21,521.4	20,259.7	19,877.9	19,259.6	17,665.5
Equity and Liabilities					
Equity					
Share capital.....	46.0	46.0	46.0	46.0	46.0
Share premium	4,043.2	3,593.2	2,643.2	2,905.2	2,158.2
Other equity.....	(35.4)	(1,784.3)	(1,216.8)	(1,397.6)	(1,046.9)
Total Equity	4,053.7	1,854.9	1,472.4	1,553.5	1,157.2
Non-current liabilities					
Interest-bearing loans and borrowings.....	4,598.3	5,583.6	4,493.4	4,712.0	2,977.1
Deferred tax liabilities	6,593.3	7,343.0	7,799.6	7,851.7	6,939.0
Abandonment obligation / Asset retirement obligations.....	3,373.8	4,260.2	3,235.6	3,266.2	2,738.1
Lease liabilities, non-current	131.2	123.4	216.2	95.2	130.4
Other non-current liabilities.....	77.1	156.9	162.9	156.4	146.4
Total non-current liabilities	14,773.8	17,467.0	15,907.7	16,081.5	12,931.0
Current liabilities					
Abandonment obligation, current / Asset retirement obligations, current.....	100.5	26.3	61.5	58.9	13.4
Accounts payables.....	253.5	252.8	422.2	411.6	313.6
Taxes payable.....	1,185.2	16.5	801.4	549.9	2,378.3
Interest-bearing loans, current	204.6	-	333.1	-	348.3
Lease liabilities, current.....	37.2	41.1	108.9	37.4	99.0
Other current liabilities.....	912.8	601.2	770.7	566.7	424.7
Total current liabilities.....	2,693.8	937.9	2,497.8	1,624.6	3,577.2
Total liabilities	17,467.7	18,404.8	18,405.6	17,706.0	16,508.2
Total equity and liabilities.....	21,521.4	20,259.7	19,877.9	19,259.6	17,665.5

Historical consolidated cash flows information

	Year ended December 31,			Nine months ended September 30,		Twelve months ended September 30,
	2019	2020	2021	2021	2022	2022 ⁽¹⁾
	(\$ in millions)					
Profit / (loss) before income taxes	451.4	(2,204.0)	2,497.7	1,461.1	4,070.7	5,209.4
<i>Adjustments to reconcile profit before tax to net cash flows</i>						
Depreciation and amortisation	1,168.3	1,706.7	1,704.6	1,235.1	1,115.5	1,585.0
Impairment loss and reversals	156.0	2,178.1	1.0	(177.5)	561.7	740.1
(Gain) / loss on sale and retirement of assets	(15.0)	(1.0)	(2.2)	(19.1)	(0.3)	16.6
Impairment of exploration wells	18.0	20.0	5.9	8.1	25.4	23.1
Accretion expenses (asset retirement obligation)	59.9	74.4	94.7	68.6	69.9	96.0
Unrealized (gain) / loss on foreign currency transactions and balances	-	(320.0)	558.9	219.5	640.8	980.3
Other non-cash items and reclassifications	10.5	371.6	(171.4)	71.4	(3.9)	(233.7)
<i>Working capital adjustments</i>						
Changes in inventories, accounts payable and receivables ...	(308.1)	280.5	(440.5)	(33.6)	(122.3)	(529.2)
Changes in other current balance sheet items	226.0	136.2	183.7	88.8	(82.5)	(89.7)
Contingent consideration paid related to prior business combination	-	-	(30.0)	(30.0)	-	-
Income tax received / (paid)	(208.3)	(342.3)	164.4	736.8	(1,036.4)	(1,608.8)
Interest received	13.1	32.2	13.1	-	-	-
Interest paid	(72.0)	(188.6)	(141.5)	-	-	-
Net cash flows from operating activities	1,499.9	1,743.9	4,438.4	3,629.2	5,238.6	6,189.3
Expenditures on exploration and evaluation assets	(40.2)	(40.5)	(104.3)	(97.4)	(30.1)	(37.0)
Expenditures on property, plant and equipment	(1,242.2)	(1,771.3)	(2,480.3)	(1,777.7)	(1,763.5)	(2,466.1)
Payment for decommissioning of oil and gas fields	(60.6)	(101.7)	(70.4)	(56.6)	(55.5)	(69.4)
Proceeds from sale of assets (sales price)	144.6	-	24.4	20.6	0.3	4.1
Expenditures on other intangible assets	-	-	(0.3)	-	-	(0.3)
Net cash used on business combination	(3,264.9)	(33.5)	(2.2)	-	-	(2.2)
Net cash used in investing activities	(4,463.3)	(1,947.0)	(2,633.1)	(1,911.0)	(1,848.8)	(2,570.9)
Dividends paid	(1,700.0)	(450.0)	(950.0)	(688.0)	(485.0)	(747.0)
Net proceeds from bond issue	-	-	-	-	496.9	496.9
Net proceeds/(payments) of revolving credit facility	-	-	4,494.1	-	(2,020.5)	2,473.6
Net proceeds/(payments) of reserve based lending facility	3,912.9	964.6	(5,335.0)	(895.0)	-	(4,440.0)
Payment of other loans and borrowings	(31.7)	(197.6)	-	-	-	-
Payment of principal portion of lease liability	(26.2)	(43.7)	(43.8)	(33.3)	(84.9)	(95.4)
Interest paid	-	-	-	(113.3)	(56.7)	(84.9)
Net cash from financing activities	2,155.0	273.3	(1,834.7)	(1,729.6)	(2,150.2)	(2,396.8)
Net change in cash and cash equivalents	(808.4)	70.1	(29.5)	(11.5)	1,239.7	1,221.7
Cash and cash equivalents, beginning of the period	1,010.2	204.0	272.4	272.4	223.6	263.7
Effect of exchange rate fluctuation on cash held	2.2	(1.7)	(19.4)	2.7	35.7	13.6
Cash and cash equivalents, end of period	204.0	272.4	223.6	263.7	1,499.0	1,499.0

(1) For a description of the method of calculation of the LTM Consolidated Financial Information, see "Presentation of Financial and Other Information—Historical Financial Information— Twelve months ended September 30, 2022 financial information."

Other financial information

	As of and for the year ended December 31,			As of and for the nine months ended September 30,		As of and for the twelve months ended September 30,
	2019	2020	2021	2021	2022	2022 ⁽¹⁾
	(\$ in millions, except ratios)					
CAPEX ⁽²⁾	1,282.4	1,811.9	2,584.6	1,875.1	1,793.6	2,503.1
CAPEX Coverage Ratio ⁽²⁾	1.2	1.0	1.7	1.9	2.9	2.5
EBITDA ⁽³⁾	1,781.4	1,631.9	4,615.1	2,819.1	6,522.9	8,421.0
EBITDA Margin (%) ⁽³⁾	62.2	56.4	76.0	74.2	87.5	86.6
EBITDAX ⁽³⁾	1,856.4	1,689.1	4,672.3	2,864.9	6,573.3	8,482.7
EBITDAX Margin (%) ⁽³⁾	64.8	58.4	76.9	75.4	88.2	87.2
Free cash flow ⁽⁴⁾	217.5	(68.0)	1,853.8	1,754.1	3,445.1	3,686.2
NIBD ⁽⁵⁾	4,767.4	5,475.6	4,928.1	4,580.9	2,055.7	2,055.7
NIBD/EBITDAX ⁽⁵⁾	2.6	3.2	1.1			0.2
Adjusted NIBD ⁽⁶⁾	4,598.9	5,311.1	4,603.0	4,448.3	1,826.3	1,826.3
TIBD ⁽⁵⁾	4,971.3	5,748.0	5,151.7	4,844.5	3,554.7	3,554.7
TIBD/EBITDAX ⁽⁵⁾	2.7	3.4	1.1			0.4
Adjusted TIBD ⁽⁶⁾	4,802.9	5,583.6	4,826.6	4,712.0	3,325.3	3,325.3
Pro forma TIBD ⁽⁷⁾⁽⁹⁾						3,554.7
Pro forma Adjusted TIBD ⁽⁸⁾⁽⁹⁾						3,325.3
Pro forma Adjusted NIBD ⁽⁹⁾						1,858.6
As adjusted net finance costs ⁽¹⁰⁾						219.0
Ratio of EBITDAX to as adjusted net finance costs ⁽¹¹⁾						38.7x
Ratio of pro forma Adjusted NIBD to EBITDAX ⁽¹²⁾						0.2x

- (1) For a description of the method of calculation of the LTM Consolidated Financial Information, see “Presentation of Financial and Other Information—Historical Financial Information— Twelve months ended September 30, 2022 financial information.”
- (2) CAPEX consists of expenditures on property, plant and equipment and expenditures on exploration and evaluation assets as presented in the Cash flow statements within Cash flow from investing activities. CAPEX Coverage consists of Cash flow from operating activities as presented in the Cash flow statements (“CFFO”), as a ratio to CAPEX.

The table below sets forth reconciliations of CAPEX and CAPEX Coverage for the periods indicated:

	As of and for the year ended December 31,			As of and for the nine months ended September 30,		As of and for the twelve months ended September 30,
	2019	2020	2021	2021	2022	2022
	(\$ in millions)					
Expenditures on property plant and equipment	(1,242.2)	(1,771.3)	(2,480.3)	(1,777.7)	(1,763.5)	(2,466.1)
Expenditures on exploration and evaluation assets	(40.2)	(40.5)	(104.3)	(97.4)	(30.1)	(37.0)
(a) CAPEX	1,282.4	1,811.9	2,584.6	1,875.1	1,793.6	2,503.1
(b) Net cash flows from operating activities	1,499.9	1,743.9	4,438.4	3,629.2	5,238.6	6,189.3
CAPEX Coverage ratio (b/a)	1.2	1.0	1.7	1.9	2.9	2.5

- (3) EBITDA consists of profit/(loss) for the period before income tax (expense)/income, net financial items, net exchange rate gain/(loss), depreciation and amortization and impairments. EBITDAX consists of EBITDA after adjusting for exploration expenses. EBITDA Margin and EBITDAX Margin consist of EBITDA and EBITDAX as a percentage of total income, respectively.

EBITDAX is not a measurement of performance under IFRS. Non-IFRS measures and ratios are not measurements of our performance or liquidity under IFRS and should not be considered as alternatives to any measures of performance under IFRS. We believe that EBITDAX is a useful indicator of our ability to incur and service our indebtedness and can assist securities analysts, investors and other parties to evaluate us. EBITDAX and similar measures are used by different companies for differing purposes and are often calculated in ways that reflect the circumstances of those companies. You should exercise caution in comparing EBITDAX as reported by us to EBITDAX of other companies. See “Presentation of Financial and Other Information—Non IFRS financial measures.”

The table below sets forth reconciliations of EBITDA, EBITDAX, EBITDA margin and EBITDAX Margin for the periods indicated:

	As of and for the year ended December 31,			As of and for the nine months ended September 30,		As of and for the twelve months ended September 30,
	2019	2020	2021	2021	2022	2022
	(\$ in millions, except as otherwise indicated)					
Profit/(loss) for the period	78.4	(1,626.6)	621.6	432.1	450.1	662.0
Income tax (expense)/income	(373.0)	577.4	(1,876.1)	(1,028.9)	(3,620.6)	(4,547.4)
Net financial items	(137.5)	(238.1)	(269.5)	(163.7)	(96.5)	(202.2)
Net exchange rate gain/(loss)	131.8	287.0	(142.4)	(136.7)	(678.5)	(684.1)
Depreciation and amortisation	(1,168.3)	(1,706.7)	(1,704.6)	(1,235.1)	(1,115.5)	(1,585.0)
Impairment loss and reversals	(156.0)	(2,178.1)	(1.0)	177.5	(561.7)	(740.1)
(a) EBITDA	1,781.4	1,631.9	4,615.1	2,819.1	6,522.9	8,421.0
Exploration expenses	(75.0)	(57.2)	(57.1)	(45.8)	(50.4)	(61.7)
(b) EBITDAX	1,856.4	1,689.1	4,672.3	2,864.9	6,573.3	8,482.7
(c) Total income	2,865.1	2,893.8	6,072.7	3,798.3	7,453.7	9,728.1
EBITDA Margin (a/c)	62.2%	56.4%	76.0%	74.2%	87.5%	86.6%
EBITDAX Margin (b/c)	64.8%	58.4%	76.9%	75.4%	88.2%	87.2%

- (4) Free cash flow ("FCF") consists of CFFO less CAPEX. Free cash flow is presented as a measure of our cash generation after accounting for cash flows from operations as well as the maintenance of our capital assets.

The table below sets forth the reconciliation of Free cash flow for the periods indicated:

	As of and for the year ended December 31,			As of and for the nine months ended September 30,		As of and for the twelve months ended September 30,
	2019	2020	2021	2021	2022	2022
	(\$ in millions)					
Net cash flows from operating activities ..	1,499.9	1,743.9	4,438.4	3,629.2	5,238.6	6,189.3
CAPEX	(1,282.4)	(1,811.9)	(2,584.6)	(1,875.1)	(1,793.6)	(2,503.1)
Free cash flow	217.5	(68.0)	1,853.8	1,754.1	3,445.1	3,686.2

- (5) Net interest bearing debt or NIBD consists of interest-bearing loans and borrowings and lease liabilities ("Total interest bearing debt" or "TIBD") less cash and cash equivalents. NIBD/EBITDAX consists of NIBD as a percentage of EBITDAX. TIBD/EBITDAX consists of interest-bearing loans and borrowings and lease liabilities as a percentage of EBITDAX.

The table below sets forth reconciliations of NIBD, NIBD/EBITDAX and TIBD/EBITDAX for the periods indicated:

	As of and for the year ended December 31,			As of and for the nine months ended September 30,		As of and for the twelve months ended September 30,
	2019	2020	2021	2021	2022	2022
	(\$ in millions)					
Interest-bearing loans and borrowings	4,598.3	5,583.6	4,493.4	4,712.0	2,977.1	2,977.1
Interest-bearing loans, current	204.6	-	333.1	-	348.3	348.3
Lease liabilities, non-current	131.2	123.4	216.2	95.2	130.4	130.4
Lease liabilities, current	37.2	41.1	108.9	37.4	99.0	99.0
(a) Total interest bearing debt	4,971.3	5,748.0	5,151.7	4,844.5	3,554.7	3,554.7
Cash and cash equivalents	204.0	272.4	223.6	263.7	1,499.0	1,499.0
(b) NIBD	4,767.4	5,475.6	4,928.1	4,580.9	2,055.7	2,055.7
(c) EBITDAX	1,856.4	1,689.1	4,672.3	2,864.9	6,573.3	8,482.7
TIBD/EBITDAX (a/c)	2.7	3.4	1.1			0.4
NIBD/EBITDAX (b/c)	2.6	3.2	1.1			0.2

- (6) Adjusted Net interest bearing debt or Adjusted NIBD consists of Adjusted TIBD less cash and cash equivalents. Adjusted NIBD/EBITDAX and Adjusted TIBD/EBITDAX consist of Adjusted NIBD and Adjusted TIBD as a percentage of EBITDAX, respectively.

The table below sets forth reconciliations of Adjusted NIBD, Adjusted NIBD/EBITDAX and Adjusted TIBD/EBITDAX for the periods indicated:

	As of and for the year ended December 31,			As of and for the nine months ended September 30,		As of and for the twelve months ended September 30,
	2019	2020	2021	2021	2022	2022
	(\$ in millions)					
Interest-bearing loans and borrowings	4,598.3	5,583.6	4,493.4	4,712.0	2,977.1	2,977.1
Interest-bearing loans, current	204.6	-	333.1	-	348.3	348.3
(a) Adjusted total interest-bearing debt	4,802.9	5,583.6	4,826.6	4,712.0	3,325.3	3,325.3
Cash and cash equivalents	204.0	272.4	223.6	263.7	1,499.0	1,499.0
(b) Adjusted NIBD	4,598.9	5,311.1	4,603.0	4,448.3	1,826.3	1,826.3
(c) EBITDAX	1,856.4	1,689.1	4,672.3	2,864.9	6,573.3	8,482.7
Adjusted TIBD/EBITDAX (a/c)	2.6	3.3	1.0			0.4
Adjusted NIBD/EBITDAX (b/c)	2.5	3.1	1.0			0.2

- (7) *Pro forma* TIBD consists of the aggregate amount of current and non-current interest-bearing loans and borrowings and lease liabilities, as adjusted to give effect to the Refinancing, including the offering of the Notes hereby and the application of the proceeds therefrom. See “Use of proceeds” and “Capitalization.”
- (8) *Pro forma* Adjusted TIBD consists of the aggregate amount of current and non-current interest-bearing loans and borrowings, as adjusted to give effect to the Refinancing, including the offering of the Notes hereby and the application of the proceeds therefrom. See “Use of proceeds” and “Capitalization.”
- (9) *Pro forma* Adjusted NIBD consists of *pro forma* Adjusted TIBD, less as adjusted cash and cash equivalents. All figures presented in the below table represent the amounts outstanding as of September 30, 2022, as adjusted to give effect to the Refinancing, including the offering of the Notes hereby and the application of proceeds therefrom. See “Use of Proceeds” and “Capitalization.”

	As adjusted for the Refinancing, as of September 30, 2022
	(\$ in millions)
Corporate Facilities ^(a)	477.1
2028 Notes offered hereby ^(b)	1,000.0
2032 Notes offered hereby ^(c)	1,000.0
Existing Notes ^(d)	500.0
Bilateral Revolving Credit Facilities ^(e)	—
Other debt ^(f)	348.3
Lease liabilities, non-current	130.4
Lease liabilities, current	99.0
Pro forma TIBD	3,554.7
Less: Lease liabilities, non-current	130.4
Less: Lease liabilities, current	99.0
Pro forma Adjusted TIBD	3,325.3
Less: As adjusted cash and cash equivalents	1,466.7
Pro forma Adjusted NIBD	1,858.6

- (a) On November 1, 2021, the Company, as original borrower, entered into the Corporate Facilities Agreement, providing for borrowings under the Working Capital Facility, the Liquidity Facility and the Bridge Facility. Amounts outstanding are shown net of issuance costs (\$22.9 million) associated with the Corporate Facilities. The proceeds of the Offering of the Notes, together with cash on balance sheet, will be used to repay in part the Company’s commitments under the Bridge Facility. For a discussion of the Corporate Facilities, see “Description of certain financing arrangements—Corporate Facilities.”
- (b) Represents the aggregate principal amount of \$1,000.0 million in connection with the issuance of the 2028 Notes offered hereby.
- (c) Represents the aggregate principal amount of \$1,000.0 million in connection with the issuance of the 2032 Notes offered hereby.
- (d) On May 18, 2022, the Company issued an aggregate principal amount of \$500.0 million of its 5.000% Senior Notes due 2027 (the “Existing Notes”) pursuant to an indenture dated May 18, 2022 among, inter alios, the Company and Citibank, N.A., London Branch, as trustee (the “Existing Notes Indenture”). The proceeds of the offering of the Existing Notes were used to repay, in part, the Company’s commitments under the Bridge Facility and to pay transaction fees and expenses. See “Description of certain financing arrangements—Existing Notes.”
- (e) On March 24, 2020, the Company entered into two separate \$300,000,000 senior unsecured revolving credit facilities (the “Bilateral Revolving Credit Facilities”). On November 18, 2021 the Company signed amendment agreements to the Bilateral Revolving Credit Facilities with the purpose of achieving alignment of the Bilateral Revolving Credit Facilities with the Corporate Facilities. See “Description of certain financing arrangements—Other.”
- (f) Other debt includes outstanding amounts under the Deferred Payment. In connection with the acquisition of ExxonMobil’s ownership interests in partner-operated fields and licenses on the NCS on December 10, 2019, the Company agreed to the Deferred Payment, under which a portion of the purchase price is to be paid on December 30, 2022. The amount outstanding under the Deferred Payment is subject to interest. As of September 30, 2022, outstanding amounts on the Deferred Payment amounted to \$348.3 million.
- Pro forma* Adjusted TIBD and *pro forma* Adjusted NIBD have been presented for illustrative purposes only and do not purport to project our total debt or net debt for any future period or our financial condition at any future date.

- (10) As adjusted net finance costs represents (i) the estimated expense during the twelve month period ended September 30, 2022 on the Notes and the Bridge Facility plus (ii) the commitment fees related to the Bilateral Revolving Credit Facilities and the Working Capital Facility, which are assumed to be undrawn during the full period, in each case as adjusted to give effect to the Refinancing, including the application of proceeds from the offering of the Notes. See “Use of proceeds” and “Capitalization.” As adjusted net finance costs

has been presented for illustrative purposes only and does not purport to project our net finance costs for any future period or our financial condition at any future date.

- (11) The ratio of EBITDAX to *as adjusted* net finance costs is calculated as EBITDAX divided by *as adjusted* net finance costs. The ratio of EBITDAX to *as adjusted* net finance costs is not a measurement of financial performance under IFRS and should not be considered as a measure of liquidity or an alternative to operating profit or profit for the period or any other performance measure derived in accordance with IFRS.
- (12) The ratio of *pro forma* Adjusted NIBD to EBITDAX is calculated *pro forma* Adjusted NIBD divided by EBITDAX. The ratio of *pro forma* Adjusted NIBD to EBITDAX is not a measurement of financial performance under IFRS and should not be considered as a measure of liquidity or alternative to operating profit or profit for the period or any other performance measure derived in accordance with IFRS.

SUMMARY RESERVES, CONTINGENT RESOURCES AND PRODUCTION DATA

In this Offering Memorandum, except as indicated under “*Presentation of financial and other information—Certain reserves, contingent resources and production information,*” references to our reserve volumes and contingent resources have been classified in accordance with SPE’s PRMS. For additional information, please see “*Our business—Reserves, resources and operating data.*”

Reserve estimates and contingent resources data provided in this Offering Memorandum are independently evaluated by DeGolyer and MacNaughton, independent reserve engineers. D&M has independently evaluated all of our 2P reserves and approximately 50% of our 2C contingent resources, with the remainder representing management estimates. For risks inherent with reserve and resource estimates, please see “*Risk factors—Risks relating to our business—Our oil and gas production could vary significantly from reported reserves and resources.*”

Reserves and contingent resources

Our net 2P reserves were estimated by D&M to total 1,164 MMboe as of December 31, 2021. Our 2C contingent resources were estimated to total 507 MMboe as of December 31, 2021, of which 247 MMboe has been independently evaluated by D&M.

Production data

The following table details our production on a historical basis for the years ended December 31, 2019, 2020 and 2021 and the nine months ended September 30, 2021 and 2022. For additional information, see “*Management’s discussion and analysis of financial condition and results of operations.*”

	Year ended December 31,			Nine months ended September 30,	
	2019	2020	2021	2021	2022
Average net production (kboepd).....	155.3	265.2	245.8	241.6	222.0
Production costs (\$/boe).....	15.2	9.9	12.0	11.5	13.3
Production efficiency (operated assets) (%) ⁽¹⁾	75	91	87	87	84

(1) Production efficiency (operated assets) includes the Balder, Ringhorne East and Goliat fields.

RISK FACTORS

In addition to the other information contained in this Offering Memorandum, you should carefully consider the following risk factors before purchasing the Notes. The risks and uncertainties we describe below are not the only ones we face. Additional risks and uncertainties of which we are not aware or that we currently believe are immaterial may also adversely affect our business, results of operations, cash flow and financial condition. If any of the possible events described below were to occur, our business, prospects, financial condition and results of operations could be materially and adversely affected. If that happens, we may not be able to pay interest or principal on the Notes when due and you could lose all or part of your investment.

This Offering Memorandum also contains forward-looking statements that involve risks and uncertainties. Our actual results may differ materially from those anticipated in these forward-looking statements as a result of various factors, including the risks described below and elsewhere in this Offering Memorandum.

Risks relating to the oil and gas industry

Our business depends significantly on the level of oil and gas prices, which have fluctuated greatly in recent years, and volatility and decreases in oil prices could materially and adversely affect our results of operations, cash flows, financial condition and access to capital.

Our revenues, reserve estimates, profitability and rate of growth depend substantially on prevailing international and local prices of oil and gas. Oil prices also affect our cash flows available for capital investments and other items, including the amount and value of our oil and gas reserves. In addition, we may face property impairments if prices fall significantly. No assurance can be given that oil prices will remain at levels which enable us to do business profitably or at levels that make it economically viable to produce from certain fields.

Historically, crude oil prices have been highly volatile and subject to large fluctuations in response to changes in the demand for oil, or subject to sharp price movements, such as that which coincided with the onset of the COVID-19 pandemic. Dated Brent crude oil averaged \$70.9/bbl in 2021, with a low of \$51.1/bbl on January 4, 2021 and a high of \$86.4/bbl on October 26, 2021, compared to an average of \$64.2/bbl and \$43.2/bbl in 2019 and 2020, respectively. On March 8, 2022 following the Russian military action against Ukraine on February 24, 2022, the Dated Brent crude oil reached \$136.7/bbl. See “—*The ongoing military action between Russia and Ukraine could adversely affect our business, financial condition and results of operations.*” However, oil prices are expected to remain volatile for the near future as a result of market uncertainties over the supply and demand of this commodity due to the current state of the world’s economies, actions of OPEC, ongoing geopolitical uncertainty and related economic impacts and ongoing global credit and liquidity concerns. As an example, the United States announced a plan on March 31, 2022 to release up to 180 million barrels of oil over a period of several months from the U.S. Strategic Petroleum Reserves in an effort to counteract the economic impact of the Russian military action against Ukraine, the impacts of which could lead to further volatility for crude oil prices. It is also expected that the increased focus of governments, regulators and consumers on the impact of climate change and reducing carbon emissions could reduce demand for oil and suppress oil prices. There can be no assurances as to the level of oil prices that will be achievable in the future.

Although oil prices have recovered throughout 2021 and into 2022, low oil prices, as experienced in 2020, may return and endure in the future due to, among other things, alternative energies or climate change driving a reduced demand for oil. Lower oil prices typically result in significant reductions in capital expenditure budgets, cancellation or deferral of projects and reductions in discretionary expenditures. Certain development projects could become unprofitable as a result of oil price declines, which could in turn result in us postponing or cancelling a planned project or, if it is not possible to cancel the project, carrying out the project with negative economic impact. In addition, we may face property impairments if prices fall significantly. No assurance can be given that oil prices will remain at levels which will enable us to do business profitably or at levels that make it economically viable to produce from certain wells and any material decline in such prices could result in a reduction of our net production volumes and revenue and a decrease in our reserves and in the valuation of our exploration, appraisal, development and production properties.

The conflict in Ukraine has also impacted the global gas market. The reliance of the European Union and (indirectly) the United Kingdom on Russian gas supplies has increased over the last decade. Natural gas consumption in the EU and UK remained broadly flat in aggregate over this period, but production fell by a third and the gap has been filled by increased imports. Consequently, the share of Russian gas supplies increased from 25% of the region’s total gas demand in 2009 to 32% in 2021. Meanwhile, the importance of Ukraine as a transit country has lessened due to the build-up of additional transit corridors bringing Russian piped gas to the EU and UK. Transit flows via Ukraine accounted for over 25% of Russia’s pipeline deliveries to the EU and UK in 2021,

significantly down from more than 60% in 2009. Nevertheless, Ukraine remains an important conduit for Russian gas to Europe (transiting about 8% of the EU and UK combined gas demand) and also relies heavily on imported gas for its own domestic use. European gas prices surged by 50% on February 24, 2022 as compared to the prior day to \$44/MMBtu, following the invasion of Ukraine by Russia. The strong increase in European gas prices supported Asian LNG spot prices which soared by 30% to \$37/MMBtu. Natural gas prices are expected to remain extremely volatile in the current context of market uncertainty and the disruption of the importation of Russian gas supplies to Europe.

Prices for oil and gas have historically fluctuated for a variety of reasons, including, but not limited to:

- changes in global and regional supply and demand, and expectations regarding future supply and demand for oil and gas, even relatively minor changes;
- geopolitical uncertainty;
- availability of pipelines, storage capacity at the terminal, tankers and other transportation and processing facilities;
- proximity to, and the capacity and cost of, transportation;
- petroleum refining capacity;
- price, availability and government subsidies of alternative fuels;
- price and availability of new technologies;
- the ability and willingness of the members of OPEC and other oil-producing nations to set and maintain specified levels of production and prices;
- political, economic and military developments in producing regions, particularly the Middle East, Russia, Africa and Central and South America, and domestic and foreign governmental regulations and actions, including import and export restrictions, taxes, repatriations and nationalizations;
- global and regional economic conditions;
- trading activities by market participants and others either seeking to secure access to oil and gas or to hedge against commercial risks, or as part of investment portfolio activity;
- weather conditions and natural disasters;
- changes in demand for substitute goods, including renewable energy sources; and
- terrorism or the threat of terrorism, cyber security attacks, war or threat of war, which may affect supply, transportation or demand for hydrocarbons and refined petroleum products.

Our profitability is determined, in large part, by the difference between the income received from the oil and gas that we produce and our development costs, operational costs, administrative costs, financing costs, taxation, as well as costs incurred in transporting and selling the oil and gas. Therefore, lower prices for oil and gas may reduce the amount of oil and gas that we are able to produce economically or may reduce the economic viability of the production levels of specific fields or of projects planned or in development to the extent that production costs exceed anticipated revenue from such production. This may result in us having to make substantial downward adjustments to our oil and gas reserves.

The economics of producing from some wells and assets may also result in a reduction in the volumes of our reserves which can be produced commercially, resulting in decreases to our reported commercial reserves. Further reductions in commodity prices may result in a reduction in the volumes of our reported reserves. We might also elect not to produce from certain wells at lower prices, or, subject to our joint venture voting rules and Norwegian Petroleum Directorate (Nw. *Oljedirektoratet*) (“NPD”) approvals, the other license participants may not want to continue production regardless of our position. These factors could result in a material decrease in our net production revenue, causing a reduction in our oil and gas exploration and development activities and acquisition of reserves. In addition, certain development projects could become unprofitable as a result of a decline in price and could result in us having to postpone or cancel a planned project, or if it is not possible to cancel the project, carry out the project with negative economic impact. Further, a reduction in oil prices may lead our producing fields to be shut down and enter into the decommissioning phase earlier than estimated.

Furthermore, our dependency on the level of oil and gas prices may affect our ability to pay dividends. In the third quarter of 2022, our dividend guidance increased to \$1.075 billion from the earlier 2022 guidance of \$1 billion, subject to current market conditions. Our dividend policy targets a payout of approximately 20-30% of cash flow

from operations (after tax) from 2023 onwards. If oil and gas prices decline materially, we may not be able to pay dividends in line with our dividend policy.

Additionally, adverse changes to commodity prices could reduce our ability to refinance our outstanding indebtedness in the event lenders or investors reduce access to liquidity in response to such adverse changes. Changes in oil and gas prices may therefore adversely affect our business, results of operations, cash flow, financial condition and prospects.

The ongoing military action between Russia and Ukraine could adversely affect our business, financial condition and results of operations.

On February 24, 2022, Russian military forces launched a military action in Ukraine, and sustained conflict and disruption in the region is likely. Although the length, impact and outcome of the ongoing military conflict in Ukraine is highly unpredictable, this conflict could lead to significant market and other disruptions, including significant volatility in commodity prices and supply of energy resources, instability in financial markets, supply chain interruptions, political and social instability changes in consumer or purchaser preferences as well as increase in cyberattacks and espionage. While our operations are located in Norway, our business, prospects, financial condition and results of operations depend substantially upon oil prices. See “—*Volatility and further decreases in oil prices could materially and adversely affect our business, prospects, financial condition and results of operations*”. On March 8, 2022 following the Russian military action against Ukraine on February 24, 2022, the Dated Brent crude oil reached \$137.6/bbl.

Russia’s recognition of two separatist republics in the Donetsk and Luhansk regions of Ukraine and subsequent military action against Ukraine have led to an unprecedented expansion of sanction programs by the United States, the European Union, the United Kingdom, Canada, Switzerland, Japan and other countries against Russia, Belarus, the Crimea Region of Ukraine, the so-called Donetsk People’s Republic and the so-called Luhansk People’s Republic, including, among others:

- blocking sanctions against some of the largest state-owned and private Russian financial institutions (and their subsequent removal from the Society for Worldwide Interbank Financial Telecommunication (“**SWIFT**”) payment system) and certain Russian businesses, some of which have significant financial and trade ties to the European Union;
- blocking sanctions against Russian and Belarusian individuals, including the Russian President, other politicians and those with government connections or involved in Russian military activities; and
- blocking of Russia’s foreign currency reserves as well as expansion of sectoral sanctions and export and trade restrictions, limitations on investments and access to capital markets and bans on various Russian imports.

The situation is rapidly evolving as a result of the conflict in Ukraine, and the United States, the European Union, the United Kingdom and other countries may implement additional sanctions, export controls or other measures against Russia, Belarus and other countries, regions, officials, individuals or industries in the respective territories. Such sanctions and other measures, as well as the existing and potential further responses from Russia or other countries to such sanctions, tensions and military actions, could adversely affect the global economy and financial markets and could adversely affect our business, financial condition and results of operations.

Furthermore, due to the political uncertainty involving Russia and Ukraine, there is also an increased likelihood that the tensions could result in cyber-attacks, cybersecurity incidents or other forms of hostility that could either directly or indirectly impact our operations. Any attempts by cyber attackers or otherwise hostile parties to disrupt our services or systems, if successful, could harm our business, result in the misappropriation of funds, be expensive to remedy and damage our reputation or brand. Insurance may not be sufficient to cover significant expenses and losses related to such cyber-attacks, cybersecurity incidents and other forms of hostility. We are actively monitoring the situation in Ukraine and assessing its impact on our business, including its impact on oil prices. We have no way to predict the progress or outcome of the conflict in Ukraine or its impacts in Ukraine, Russia or Belarus as the conflict, and any resulting government reactions, are rapidly developing and beyond our control. The extent and duration of the military action, sanctions and resulting market disruptions could be significant and could potentially have substantial impact on the global economy and our business for an unknown period of time. Any of the abovementioned factors could affect our business, financial condition and results of operations. Any such disruptions may also magnify the impact of other risks described in this Offering Memorandum.

The market in which we operate is highly competitive.

The oil and gas industry is highly competitive, including in our jurisdiction of operation, Norway. The key areas in respect of which we face competition include:

- engagement of third-party service providers whose capacity to provide key services may be limited (e.g., capacity in shipyards for the construction of platform facilities);
- employment of qualified and experienced skilled management and oil and gas professionals;
- purchasing, hiring, leasing, chartering or other procurement of equipment that may be scarce;
- access to debt and equity capital;
- acquisition of exploration and production licenses, or interests in such licenses, at licensing rounds, auctions or sales run by governmental authorities; and
- availability of, and access to, pipeline ullage and tanker capacity together with other storage, processing and delivery facilities.

Competition in our markets is intense and depends, among other things, on the number of competitors in the market, their financial power, their degree of geological, geophysical, engineering and management expertise, their degree of vertical integration and pricing policies, their ability to develop properties on time and on budget, their ability to select, acquire and develop reserves and their ability to foster and maintain relationships with governments of the countries in which they have assets. Certain of our competitors may have greater technical, physical and financial resources.

In addition, we compete with major oil and gas companies and other companies within industries supplying energy and fuel in the marketing and sale of oil and gas to transporters, distributors and end users, including industrial, commercial, and individual consumers. We also compete with other oil and gas companies in attempting to secure drilling rigs and other equipment necessary for drilling and completion of wells. Such equipment may be in short supply from time to time. In addition, equipment and other materials necessary to construct production and transmission facilities may be in short supply from time to time. Finally, companies and private equity firms not previously investing in oil and gas may choose to acquire reserves to establish a firm supply or simply as an investment. Any such companies will also constitute competition for us.

The effects of operating in a competitive industry may include higher than anticipated prices for the acquisition of licenses or assets, the hiring by competitors of key management or other personnel, restrictions on the availability of equipment or services as well as potentially unfair practices including unconscionable pressure on us directly or indirectly or the dissemination of false or misleading information or rumors by competitors or third parties. If we are unsuccessful in competing against other companies, our business, prospects, financial condition and results of operations could be materially adversely affected.

We may not be able to respond to these competitive pressures or implement new technologies on a timely basis or at an acceptable cost. If one or more of the technologies we use now or in the future were to become obsolete, our business, prospects, financial condition and results of operations could be materially adversely affected. In addition, any new technology that we implement may have unanticipated or unforeseen adverse consequences, either to our business or to the industry as a whole.

We may not be able to keep pace with technological developments in our industry.

The oil and gas industry is characterized by rapid and significant technological advancements and the introduction of new products and services using new technologies. Although we believe that we are currently a leader among our peer group in the development and use of technology, as others use or develop new technologies, we may be placed at a competitive disadvantage or may be forced by competitive pressures to implement those new technologies at substantial costs. In addition, other oil and gas companies may have greater financial, technical and personnel resources that allow them to enjoy technological advantages, which may in the future allow them to implement new technologies before we can. We may not be able to respond to these competitive pressures or implement new technologies on a timely basis or at an acceptable cost. If one or more of the technologies we use now or in the future were to become obsolete, our business, prospects, financial condition and results of operations could be materially adversely affected. In addition, any new technology that we implement may have unanticipated or unforeseen adverse consequences, either to our business or to the industry as a whole.

Our business and financial condition could be adversely affected if Norwegian tax regulations for the petroleum industry are amended.

Through historical investments in our development projects, we have built up a tax balance that can be utilized against future production revenues. There is no assurance that future political conditions in Norway will not result in the government adopting different policies for petroleum taxation. In the event there are changes to this tax regime, it could lead to new investments being less attractive and could prevent or slow our future growth.

Furthermore, the amounts of taxes we must pay could also change significantly as a result of other interpretations of the relevant tax laws and regulations or changes to such laws and regulations. In addition, tax authorities could review and question our tax returns leading to additional taxes and tax penalties which could be material.

Pursuant to the current Norwegian Tax Administration Act, the Norwegian tax authorities may change a taxpayer's tax assessment within five years after the end of the tax year (or ten years in a severe penalty tax case or upon notice of criminal tax evasion). Even though we are of the opinion that we have provided the tax authorities with correct and complete information, there can be no assurance that the tax authorities will not change, or at least claim to have the authority to change, our assessment from previous tax years within these time limits. In an effort to maintain oil and gas investments during a period of falling oil prices and reduced activity due to the COVID-19 pandemic, the Norwegian Government on June 19, 2020 enacted temporary targeted changes to Norway's Petroleum Tax Act for investments incurred in 2020 and 2021. The changes were effective from January 1, 2020 and provide companies with a direct tax deduction for investments and uplift in the special petroleum tax ("SPT") base (56% tax rate). Tax uplift benefit, which has temporarily increased from 20.8% to 24% of investments, will be recognized over one year instead of over four years. Tax depreciation towards the ordinary corporate tax ("CT") (22% tax rate) will continue with a six-year depreciation profile. These changes also apply for all investments according to Plan for Development and Operation ("PDO") and Plan for Installation and Operations ("PIO"), including application for exempt of or change of such which have been submitted by the end of 2022 and approved by the Norwegian Ministry of Petroleum and Energy ("MPE") between May 12, 2020 and January 1, 2024. The benefits of these tax changes, however, will only apply to investments up to and including the year of planned "first oil" (or start up) as defined in the approved PDO (PIO). If we do not submit and obtain MPE approval of a PDO in time to benefit from the temporary changes to tax law, the amount of taxes that we pay may be materially different than our current projections, and we may delay or cancel projects altogether.

In June 2022, the Norwegian government enacted a new tax regime for oil and gas companies with effect from January 1, 2022.

In the new regime, field investments (such as platforms, subsea installations, processing facilities, production wells and pipelines) can be directly expensed in the SPT base as incurred, while SPT uplift will be abolished. CT depreciation is unchanged. Calculated CT will be deducted in the SPT base. In order to maintain an overall marginal tax rate at 78%, the SPT rate will be increased to 71.8%, reducing the effect of the CT from 22% to 6.2%. The cash value of SPT losses, including exploration costs, will be refunded annually. Tax losses for corporate tax can be carried forward for an unlimited period. Net financial costs, which are currently allocated between the offshore 78% regime and the 22% onshore regime by a formula based on tax depreciated offshore assets values, will over a short time-span only be deductible in the 22% tax regime as a result of the direct expensing of field investments. Interest on CT loss carry-forward will also be abolished. The uplift rate for eligible investments incurred in 2022 under the June 2020 temporary tax rules has since been reduced from 24% to 17.69%. A further reduction to 12.4% has been proposed in the state budget for 2023, applying to investments incurred from January 1, 2023.

Further tax reforms may result in additional changes in the Norwegian tax system (which may include changes in the tax treatment of interest costs and withholding taxes) that may affect our current and future tax positions, net income after tax and financial condition.

Our business and results of operations may be adversely affected by the COVID-19 pandemic or other similar pandemics.

In December 2019, a novel strain of coronavirus ("COVID-19") surfaced and the spread of this virus has caused significant business disruption, significant volatility in international debt and equity markets and significant disruption to the economy. There is significant uncertainty around the breadth and duration of business disruptions related to COVID-19, as well as its impact on the global economy. The extent to which COVID-19 impacts our results will depend on future developments, which are highly uncertain and cannot be predicted, including new

information which may emerge concerning the severity of COVID-19 and the actions taken or being continued to contain it or treat its impact.

The outbreak resulted in government authorities and businesses worldwide implementing numerous measures intended to contain and limit the spread of COVID-19, including travel bans and restrictions, quarantines, shelter-in-place and lockdown orders and business restrictions, shutdowns and other limitations. A significant shock to oil prices and follow on volatility was driven by the impact of COVID-19 and geopolitical developments between key oil producing nations, all of which had a materially adverse impact on our results of operations and cash flows. In addition, in an effort to maintain oil and gas investments during a period of falling oil prices and reduced activity due to the COVID-19 pandemic, the Norwegian Government on June 19, 2020 enacted temporary targeted changes to Norway's Petroleum Tax Act for investments incurred in 2020 and 2021. See "*—Our business and financial condition could be adversely affected if Norwegian tax regulations for the petroleum industry are amended.*" As such, the COVID-19 pandemic and the response thereto has materially adversely impacted and may continue to materially adversely impact our business, as well as our employees, customers, users, suppliers, vendors, banking partners and business partners.

Although most European and North American jurisdictions have started to reverse measures enacted in response to COVID-19, the extent to which COVID-19 will impact us remains uncertain due to numerous evolving factors that we are unable to predict, including the success of global vaccination programs and the emergence of new variants. Although our production efficiency has remained high and has not been significantly impacted by COVID-19, the COVID-19 pandemic could have material adverse effects on our business, results of operations and financial condition, including, among other risks:

- delayed execution of projects or increased project costs due to governmental restrictions and measures put in place to safeguard employees and contractors, which may cause delays in expected future cashflow;
- impacts on production or increased production costs due to governmental restrictions and measures put in place to safeguard employees and contractors, or outbreaks of COVID-19 on operated or partner operated installations, or third party drilling rigs, vessels, assets or locations;
- increased currency and interest volatility and/or reduced access to external capital;
- resource limitations in business critical teams and loss of production volume due to the unavailability of qualified personnel, third party utilities or spare parts;
- increased cyber security threats as a result of phishing campaigns and targeted attacks while a larger number of our employees work remotely; and
- potential permanent reduction in demand for oil and gas.

Although the COVID-19 pandemic has somewhat impacted the projected timeline of some of our projects, including the Balder X and Castberg developments, to date there have been no material operational business interruptions due to the COVID-19 pandemic.

Throughout the COVID-19 pandemic, we implemented other measures to minimize health and safety risks to our personnel and operations, including reduced offshore manning, social distancing, travel restrictions and working from home. As part of these restrictions, all personnel visiting our operated production and drilling sites were tested for COVID-19 before travelling offshore. Although we have since lifted many of these restrictions in line with government guidance and the general emergence from lockdowns, we remain prepared to quickly and efficiently reintroduce these and other measures as necessary. If significant portions of our workforce or the workforce of our partners are unable to work effectively, including because of illness, quarantines, government actions, facility closures or other restrictions in connection with COVID-19, our business, financial condition and results of operations could be materially and adversely affected.

If business interruptions caused by COVID-19 or any other epidemic or pandemics last longer than we expect, we may continue to seek other sources of liquidity, and there can be no guarantee that additional liquidity will be readily available or available on favorable terms and in an amount sufficient to enable us to service and repay our indebtedness or to fund our other liquidity needs. A shortage of liquidity and credit could trigger a worldwide economic recession, which could be exacerbated by adverse developments in global or national political and macroeconomic conditions. Any deterioration in financial markets could impair our ability to obtain financing in the future, including our ability to incur additional indebtedness to operate our ongoing operations, fund liquidity needs or to refinance the Notes.

Any of the foregoing risks could materially and adversely affect our business, financial condition and results of operations. To the extent COVID-19 continues to adversely affect general economic conditions or our business, operations, financial condition or operating results, it may also have the effect of heightening other risks described in this “Risk Factors” section.

We are dependent on finding, acquiring, developing and producing oil and gas reserves that are economically recoverable. Unless we replace our oil and natural gas reserves, our reserves and production will decline over time, which would adversely affect our business, financial condition and results of operations.

Oil and gas exploration and production activities are capital intensive and inherently uncertain in their outcome. Significant expenditure is required to establish the extent of oil and gas reserves through seismic and other surveys and drilling and there can be no certainty that further commercial quantities of oil and gas will be discovered or acquired by us. Our existing and future oil and gas appraisal and exploration projects may therefore involve unprofitable efforts, either from dry wells or from wells that are productive but do not produce sufficient net revenues to return a profit after development, operating and other costs. Few prospects that are explored are ultimately developed into producing oil and gas fields. Even if we are able to discover or acquire commercial quantities of oil and gas in the future, there can be no assurance that these will be commercially developed. Similarly, we may be required to curtail, delay or cancel any development operations because of a variety of factors, including unexpected drilling conditions, pressure or irregularities in geological formations, equipment failures or accidents, breaches of security, title problems or adverse weather conditions, such as storms in the North Sea, Norwegian Sea and the Barents Sea.

Completion of a well does not guarantee a profit on the investment or recovery of the costs associated with that well. Additionally, the cost of operations and production from successful wells may be materially adversely affected by unusual or unexpected geological formation pressures, oceanographic conditions, hazardous weather conditions, delays in obtaining governmental approvals or consents, shut-ins of connected wells, difficulties arising from environmental or other challenges or other factors. Any inability on our part to recover our costs and generate profits from our exploration and production activities could have a material adverse effect on our business, results of operations, cash flows, financial condition and prospects.

Additionally, production from oil and natural gas reservoirs, particularly in the case of mature fields, is generally characterized by declining production rates that vary depending upon reservoir characteristics and other factors. The rate of decline will change if production from existing wells declines in a different manner than we have estimated and can change under other circumstances. Thus, our future oil and natural gas reserves and production and, therefore, our cash flow and results of operations are highly dependent upon our success in efficiently developing and exploiting our current properties and economically finding or acquiring additional recoverable reserves. We may not be able to develop, find or acquire additional reserves to replace our current and future production at acceptable costs. If we are unable to replace our current and future production, the volume of our remaining reserves will decrease, and our business, results of operations, cash flows, financial condition and prospects would be adversely affected.

Exploration and production operations involve numerous operational risks and hazards which may result in material losses or additional expenditures.

Developing oil and gas resources and reserves into commercial production involves a high degree of risk. Our operations are subject to all the risks common in our industry. These hazards and risks include, but are not limited to, encountering unusual or unexpected rock formations or geological pressures, geological uncertainties, seismic shifts, blowouts, oil spills, uncontrollable flows of oil, gas or well fluids, explosions, fires, improper installation or operation of equipment and equipment damage or failure.

Given the nature of our offshore operations, our exploration, production and drilling facilities are also subject to the hazards inherent in marine operations, such as capsizing, sinking, grounding and damage from severe storms or other severe weather conditions. A recent example of such risks materializing is damage occurring to a flow line connected to a subsea template at the Balder field on January 23, 2022, which led to an oil spill and escape of gas, as well as the relevant wells being temporarily shut down.

The offshore operations conducted by us involve risks including, but not limited to, high pressure drilling, mechanical difficulties, or equipment failure which increase the risk of delays in drilling and of operational challenges arising, as well as material costs and liabilities occurring.

If any of these events were to occur in relation to any of our licenses, they could, among other adverse effects, result in environmental damage, injury to persons and loss of life and a failure to produce oil and/or gas in

commercial quantities. They could also result in significant delays to drilling programs, a partial or total shutdown of operations, significant damage to our equipment and equipment owned by third parties and personal injury or wrongful death claims being brought against us.

In our capacity as holder and operator of licenses under the Norwegian Petroleum Act, we are subject to strict statutory liability in respect of losses or damage suffered as a result of pollution caused by spills or discharges of petroleum from facilities or otherwise resulting from our petroleum activities on the NCS. The statutory regulations set out that anyone who suffers damage or loss as a result of pollution caused by any of the license areas can claim compensation from us without needing to demonstrate that the damage is due to any fault on our part. Furthermore, the statutory regulations also restrict the right to claim recourse in cases where pollution damage is caused by our contractors' or agents' actions or omissions.

Any of the above circumstances could materially and adversely affect our business, results of operations, cash flow and financial condition.

Risks relating to our business

Our development projects are associated with risks relating to delays and costs.

Our ongoing development projects, including, but not limited to, the Balder X, Johan Castberg, Fenja and Breidablikk projects, involve advanced engineering work, extensive procurement activities and require complex construction work to be carried out under various contract packages at different locations onshore. Furthermore, we (together with the other license participants), must carry out drilling operations, install, test and commission offshore installations and obtain governmental approval to take them into use, prior to commencement of production. The complexity of our development projects makes them sensitive to circumstances which may affect the planned progress or sequence of the various activities, and this may result in delays or cost increases. For example, the Balder X Project, which includes an upgrade of the Jotun FPSO as well as the drilling of several new wells, (i) has already been subject to delay and increased costs due to the complexity of the project, COVID-19 restrictions, global supply chain challenges, commodity and services price inflation and an increase in the total scope of work, and (ii) resulted in \$573 million in impairment losses during the third quarter of 2022 due to the revised cost, schedule and production profile of the project. Other operated and partner-operated development projects on the NCS could be impacted by similar cost increases or delayed timelines due to such factors, which may in turn adversely affect our business, results of operations, cash flows and financial condition.

Our current or future projected target dates for production may be delayed and significant cost overruns may be incurred due to delays, changes in any part of our development projects, technical difficulties, project mismanagement, equipment failure, equipment delivery and supply chain constraints, natural disasters, political, economic, taxation, legal, regulatory or social uncertainties, ESG factors (such as carbon dioxide fees and reputational considerations), piracy, terrorism, visa issues or protests or cyber security attacks which may materially adversely affect our future business, operating results, financial condition and cash flow. Ultimately, there are risks that the rights granted under our licenses or agreements with the government may be forfeited and we may be liable to pay large penalties, which could jeopardize our ability to continue operations.

Going forward, we, or the operator of licenses in which we have an interest, may be unable to explore, appraise or develop petroleum operations, or the development or production of oil and/or gas may be delayed as a result of, among other things, activities such as the failure of the other license participants and counterparties to obtain equipment, equipment failure, natural disasters, political, economic, taxation, legal, regulatory or social uncertainties, piracy, terrorism, visa issues or protests. For example, the start-up of the Johan Castberg field is currently planned during the fourth quarter of 2024 after having been delayed by the COVID-19 pandemic that resulted in the stop of all yard activities during 2020. Moreover, the other license participants and counterparties consist of a diverse base with no single material source of credit risk. A general downturn in financial markets and economic activity may result in a higher volume of late payments and outstanding receivables, which may in turn adversely affect our business, results of operations, cash flows and financial condition.

Furthermore, our estimated exploration and appraisal costs are subject to a number of assumptions that may not materialize. Any such inability to explore, appraise or develop petroleum operations or non-materialization of assumptions regarding exploration costs, may have a material adverse effect on our growth ambitions, future business and revenue, operating results, financial condition and cash flow.

Our current production and expected future production is concentrated in the NCS, making us vulnerable to risks associated with having all of our production tied to a single region, and certain of our assets have a greater impact on our financial performance than others.

All of our oil and gas production and total reserves are concentrated in Norway, and although we consider our reserve portfolio to be well-diversified as compared to our peers, certain of our fields and projects are more important to our overall performance than others. The NCS is prone to difficult weather conditions that can in some cases prevent us from transporting supplies, personnel and fuel to our facilities, or can cause direct damage to our facilities, any of which can cause production shut-downs or slow-downs. If mechanical or technical problems, storms or other events or problems affect the production on one of these offshore fields, it may have direct and significant impact on a substantial portion of our production or if the actual reserves associated with any one of our fields are less than the estimated reserves, our results of operations and financial condition could be materially adversely affected.

Any decrease in production volumes or reserve estimates in our key producing assets, including the Åsgard, Goliat, Balder Ringhorne, Ekofisk and Mikkell fields, may adversely affect our results of operation and financial condition. Moreover, we and the other license participants have made, and will continue to make, significant capital expenditures with regard to the development of these and other fields and their related facilities. Any cost overruns or delays in the development or in completion and delivery of these facilities could have a material adverse effect on our business, results of operations, cash flow and financial condition. Further, if the current agreements we have in place pursuant to which we sell crude oil from these fields for any reason should be terminated or expire, a contract with a new buyer may not be signed at the time our existing contract terminates, or the sale price we obtain for the crude may be significantly less than that currently paid to us, or the volumes of production a buyer is required to take could be reduced.

Further, while we expect that a large proportion of our future production will come from the Balder, Johan Castberg, Åsgard, Snorre, Goliat and Ekofisk fields, future production may materially deviate from our projections. Certain of our material licenses are in various phases of development without current production. The early stages, being the exploration or development period of a license, are commonly associated with higher risk, requiring high levels of capital expenditure without a commensurate degree of certainty of a return on that investment. Our capital expenditures may not guarantee the successful production of oil and gas in line with our projections. Other events, such as unexpected drilling conditions, equipment failures or accidents, breaches of security, adverse weather and the unavailability of drilling rigs, among others, in the fields in which we have an interest could, similarly, adversely affect our results of operations and financial condition. See “—Risks relating to the oil and gas industry—Exploration and production operations involve numerous operational risks and hazards which may result in material losses or additional expenditures.”

There are risks related to determination and redetermination of unitized petroleum deposits.

According to the Norwegian Petroleum Act, unitization is required if a petroleum deposit extends over several production licenses and these production licenses have a different ownership representation. Consensus must be achieved between the licensees on the most rational coordination of the joint development and ownership distribution of the petroleum deposit, which must be set out in a Unitization and Operating agreement (“**UOA**”) regulating the joint development, production, utilization and cessation of the petroleum activities related to the licenses. If such consensus is not reached within reasonable time, the MPE may determine how such joint petroleum activities shall be conducted, including the apportionment of the deposit, which may diverge from the other participants’ recommendations.

UOAs relating to our production licenses can typically also include a redetermination clause, stating that the apportionment of the deposit between licenses can be adjusted within certain agreed time periods. A redetermination may, as a result thereof, reduce our ownership share in the unitized field, and thereby may reduce our proportional right to the petroleum produced from the field. For example, the Snorre field has a redetermination clause that may be called in 2024, with a redetermination to potentially take effect from 2026. Likewise, some of our other fields have similar clauses. Any such determination or redetermination of our interest in any of our licenses may, as mentioned, have a negative effect on our interest in the unitized deposit, including our unit interest, the tract participation in which we hold an interest and cash flow from production. Upon completion of a redetermination, an adjustment is commonly made for historic costs and income, underlift positions (*i.e.* that a party is eligible to more of the production upon completion of the redetermination than it so far has received) are normally settled in kind (*i.e.* that the eligible party receives more petroleum than its ownership interest would indicate). It should be noted that the settlement mechanism varies from unitization agreement to unitization agreement, thus the foregoing illustrates the traditional settlement mechanism only. No assurance can

be made that any such determination or redetermination will be satisfactorily resolved, will be resolved within reasonable time or without us incurring significant costs. Any determination or redetermination negatively affecting our interest in a unit may have a material adverse effect on our business, results of operations, cash flow, financial condition and prospects.

We are exposed to risks relating to work stoppages and other labor disputes.

As of September 30, 2022, we employed 973 persons, who primarily reside in Norway. In addition, we hire contractors who, in turn, may have their own employees. While we generally enjoy good labor relations with our employees, consultants and temporary hired personnel, strikes, labor disruptions and other types of conflicts with employees, consultants or temporary hired personnel including those of our independent partners, contractors, suppliers and customers or their unions may occur in relation to our operations. Work stoppages or other labor disturbances, such as industrial action, with our employees, consultants and temporary hired personnel or those of our partners, contractors, suppliers and customers may occur in the future. In addition, our employees, consultants and temporary hired personnel, and those of our partners, contractors, suppliers and customers may become members of or represented by labor unions. If this occurs, we or our partners, contractors, suppliers and customers may not be able to negotiate acceptable collective bargaining agreements or future restructuring agreements or may become subject to material cost increases or additional work rules imposed by such agreements. For example, in July 2022 a group of offshore oil workers at Equinor's Gudrun, Oseberg South and Oseberg East platforms threatened strike action as part of an ongoing wage dispute, which had the potential to materially reduce Norway's oil and gas output. Production at the affected fields resumed shortly after strike action commenced in response to the Norwegian government proposing compulsory arbitration to resolve the dispute.

We undertake labor negotiations to reduce our exposure to such risks. In the event that these measures are delayed or unsuccessful, we may be subject to collective actions such as an onshore strike. Relatedly, we may be impacted by a strike among our suppliers. The occurrence of any of the foregoing could materially and adversely affect our business, prospects, financial condition and results of operations.

Unexpected shutdowns may occur at one or more of our fields.

We are sensitive to major and long-lasting shutdowns or technical issues on our producing fields. We have insurance in place in accordance with the requirements set by the Norwegian authorities for all assets covering physical damage, operators extra expense ("OEE") and third party liability. In addition, we have loss of production insurance and protection and indemnity insurance for our production from certain of our producing fields. See "Our Business—Insurance." The insurance program we have in place may be insufficient to offset the impact of any major incident of any of the fields. A significant shutdown or other serious technical issues at our producing fields, or other issues relating to our oil and gas production causing a large reduction in production levels, may materially affect our profitability. This is a result of the increase in costs and reduction in income which normally arise from such delays and through claims for compensation from third parties. Delays may also result in cancellation of contracts, which may adversely affect our business, results of operations, cash flow and financial condition.

Our exploration and production operations are dependent on our compliance with obligations under licenses, joint operating agreements and field development plans.

All exploration and production licenses for the NCS have incorporated detailed and mandatory work programs that are required to be fulfilled within a specific timespan. These may include, among others, seismic surveys to be performed, wells to be drilled and development decisions to be taken. Failure to comply with the obligations under the licenses may lead to fines, penalties, restrictions, revocation of licenses and termination of related agreements, which could materially and adversely affect our business, results of operations, cash flows and financial condition.

A failure to comply with the payment obligations (cash calls) under the standard joint operating agreements ("JOA") for our licenses, may lead to penal interest on the defaulted amount, loss of right to lift hydrocarbons, loss of voting rights and information within the license and a right for the other licensees to acquire our participating interest on terms that are unfavorable to us and disconnected from the value of the license interest. All such sanctions could materially and adversely affect our business, financial conditions and results of operations.

We are subject to third-party risk in terms of operators, other license participants and contractors.

Where we are not the operator of a license or unit, although we may have consultation rights or the right to vote or withhold consent in relation to significant operational matters depending on the level of our interest in such license or unit (as most decisions by the management committee only require a majority vote), we have limited control over management of the assets and mismanagement by the operator or disagreements with the operator as to the most appropriate course of action, which may result in significant delays, losses or increased costs to us.

The terms of the relevant operating agreements generally impose standards and requirements in relation to the operator's activities. Although a significant portion of our non-operated assets are operated by Equinor, the largest and most experienced operator on the NCS, there can be no assurance that Equinor and other such operators will observe such standards or requirements, and this could result in a breach of the relevant operating agreement.

There is a risk that other participants with interests in our licenses may not be able to fund or may elect not to participate in, or consent to, certain activities relating to those licenses which require such participant's consent, including but not limited to, decisions relating to drilling programs, such as the number, identity and sequencing of wells, appraisal and development decisions, decisions relating to production and also any decision to not drill at all (e.g., "drill or drop" decisions). In these circumstances, it may not be possible for such activities to be undertaken by us alone or in conjunction with other participants at the desired time or sequence or at all. Inversely, decisions by the other participants to engage in certain activities as noted in the preceding sentence, may also be contrary to our desire not to engage in or commence such activities and may require us to incur our share of costs in relation thereto, which may become significant, or that the other participants may enforce decisions which will delay or affect the profitability of a project. This is especially an inherent risk in fields under development where we only hold a minority interest, as the management committee makes all the decisions from planning to operations of the project licenses.

Certain important decisions are in a license or unit taken by the management committee of the license or unit in accordance with the voting rules set out in the JOA or UOA. Generally, in all licenses and unit agreements on the NCS, no license holder will hold a majority vote alone and a decision by the management committee will therefore require the affirmative voting of at least two or more license/unit holders. We are therefore dependent on other license/unit holders' voting to progress decision-making in the relevant management committees.

Other participants in our licenses may default on their obligations to fund capital or other funding obligations in relation to the assets. In such circumstances, we may be required under the terms of the relevant operating agreement or otherwise to contribute all or part of such funding shortfall ourselves. We may not have the resources to meet these obligations.

Any disagreement, absence of consent, delay, opposition, breach of agreement, or inability to undertake activities or failure to provide funding of the kind identified above could materially adversely affect our business, results of operations, cash flow and financial condition.

Failure of other license participants to comply with obligations under the relevant licenses pursuant to which we operate, may lead to fines, penalties, restrictions and revocation of the license. Further, the license participants are jointly and severally responsible to the Norwegian Government for financial obligations arising out of petroleum activities pursuant to such license. Hence, if one or more of the other licensees fails to cover their share of a license cost (e.g. related to the mandatory work program or decommissioning liability), we can be held liable for such licensee's share of the relevant cost.

If any of the other license participants become insolvent or otherwise unable to pay debts as they come due, the license interest awarded to them may be revoked by the relevant government authority which will then reallocate the license interest. Although we anticipate that the relevant government authority may permit us to continue operations at a field during a reallocation process, there can be no assurance that we will be able to continue operations pursuant to these reclaimed licenses or that any transition related to the reallocation of the license would not materially disrupt our operations or development or productions schedule. The occurrence of any of the situations described above could materially and adversely affect our business, results of operations, cash flow and financial condition.

Market conditions may also impair the liquidity situation of contractors and consequently their ability to meet their obligations to us. This may in turn impact both project timelines and cost. The incurrence of cost overruns or delays could have a material adverse effect on our business, results of operations, cash flow and financial condition.

We are subject to risks relating to capacity constraints and cost inflation in the service sector.

We are, similar to other exploration and production companies, reliant upon services, goods and equipment provided by contractors and other companies to carry out our operations. As there are numerous material projects to be carried out on the NCS in the years to come, there is a continuing risk of capacity constraints and cost inflation in the service sector. If we are unable to obtain the services, goods or equipment necessary to carry out our operations (including our current and planned exploration and development projects), or if any of our contractors are unable or unwilling to carry out our services or deliver goods or equipment to us as planned or otherwise become unable to respect their obligations, become insolvent or otherwise unable to pay debts as they come due, our operations or projects may suffer from delays and/or cost increases and a subsequent decrease in net production and/or revenue, which may materially adversely affect our business, results of operations, cash flow and financial condition.

We may not have access to necessary infrastructure or capacity booking for the transportation of oil and gas.

We are dependent on capacity (whether through pipelines, tankers or otherwise) to transport and sell our oil and gas production. We, or the license group in which we hold an interest, may need to rely on access to third-party infrastructure, such as floating, production, storage and offloading (“FPSOs”) and shuttle tankers, to be able to transport produced oil and gas (which may also require obtaining approval for construction of pipelines in close proximity to or crossing third-party infrastructure or being able to acquire the necessary capacity to transport gas). There can be no assurance that we will be able to get access to necessary infrastructure at an economically justifiable cost or access necessary infrastructure at all. If access to third-party infrastructure and necessary capacity bookings are unavailable or unavailable at an economically justifiable cost, our income relating to the sale of oil and gas may be reduced, which may materially adversely affect our business, results of operations, cash flow and financial condition.

We face risks related to decommissioning activities and related costs.

There are significant uncertainties relating to the estimated costs for decommissioning of our current licenses including the schedule for removal of each installation and performance of other decommissioning activities. The limited examples of decommissioning activities on the NCS increases the uncertainty in estimating decommissioning costs and liabilities. No assurance can be given that the anticipated costs and time of removal are correct and any deviation from such estimates may have a material adverse effect on our business, results of operations, cash flow and financial condition.

Also, under the Norwegian Petroleum Act, licensees are responsible to the Norwegian Government for making sure that a decision relating to disposal is carried out, unless otherwise decided by the MPE. Within a joint venture, the licensees are: (i) primarily liable to each other on a pro-rata basis and (ii) secondarily jointly and severally liable for all decommissioning obligations arising by virtue of the joint venture’s activities.

For example, a facility where we hold an interest and where significant removal costs may be expected in the medium term is the Statfjord A facility, which originally was planned for decommissioning in 2022, but where the facility’s life now is extended to 2027. In Norway, there is no obligation or tradition for license participants to provide security for their respective share of any decommissioning liabilities ahead of actual decommissioning. Hence, if one or more of the other licensees fails to cover its respective share of decommissioning costs, we can be held liable for such licensee’s share of such costs without the ability to rely or draw down on any security a defaulting licensee may have previously provided. Any significant increase in decommissioning costs relating to our current or previous licenses may materially and adversely affect our business, results of operations, cash flow and financial condition.

We are exposed to political and regulatory risks.

The oil and gas industry in general is subject to extensive government policies and regulations. No assurance can be given that new or existing legislation or regulations, or new interpretations of existing legislation or regulations, including with respect to the potential imposition of windfall taxes on oil and gas companies, joint gas purchasing programs or commodity price caps, will not result in a curtailment of production, delays or a material increase in operating costs and capital expenditure for our activities or otherwise adversely affect our financial condition, results of operations or prospects. Further, a failure to comply with applicable legislation, regulations and conditions or orders issued by the regulatory authorities, may lead to fines, penalties, restrictions, withdrawal of licenses and termination of related agreements, which could have the same effect on our business, results of operations, cash flow and financial condition.

We conduct exploration and development activities in Norway and are dependent on receipt of government approvals and permits to develop our assets. The Norwegian Petroleum Act, among other things, sets out different criteria for the organization, competence and financial capability that a licensee at the NCS must fulfill at all times. We are qualified to conduct our operations on the NCS, however, there is no assurance that future political conditions in Norway will not result in the government adopting new or different policies and regulations on exploration, development, operation and ownership of oil and gas, environmental protection, and labor relations. For example, in April 2020, the Norwegian government announced unilateral oil production cuts portioned out to relevant fields via their production licenses of 250,000 barrels a day in June and 134,000 barrels per day in the second half of 2020, and further announced that the start-up of production at several fields would be delayed until 2021.

In addition, we may be unable to obtain or renew required drilling rights, licenses, permits and other authorizations and these may also be suspended, terminated or revoked prior to their expiration. This may affect our ability to undertake exploration and development activities in respect of present and future assets, as well as our ability to raise funds for such activities. Also, there can be no assurance that our licenses granted by the MPE will be extended or will not be revoked in the future. Furthermore, there is a risk that the MPE stipulates conditions for any such extension or for not revoking any licenses. Lack of governmental approvals or permits or delays in receiving such approval may delay our operations, increase our costs and liabilities or affect the status of our contractual arrangements or our ability to meet our contractual obligations. Any of the above factors may have a material adverse effect on our business, results of operations, cash flow and financial condition.

Our ability to sell or transfer license interests may be restricted by provisions in our joint operating agreements or applicable legislation.

Our exit strategy in relation to any particular oil and gas interest may be subject to the prior approval of the other license participants pursuant to JOAs, UOAs and approval from the MPE and MoF, thus restricting our ability to dispose of, sell or transfer an interest in a production license and make funds available when needed. In addition, the Norwegian State has a pre-emption right under the JOA if a licensee has entered into a sale and purchase agreement for the sale of its participating interest in a license, which may discourage bidders in the connection with any disposal, sale or transfer.

If the mandatory work obligations set by the MPE in the licenses have not been carried out, assignment of our participating interest in a license is subject to the approval of the management committee in the license. Further, any transfer of a license interest is subject to approval by the MPE and the MoF. Whether such approval will be given may be determined by the stage of the relevant project (whether the license is in the appraisal, development or production phase), outstanding obligations, the potential buyers, political conditions in Norway, general considerations of the relevant authorities and applicable policies and regulations on exploration, development and operation on the NCS. Further, we may be subject to secondary liability for decommissioning costs in relation to licenses that have been sold by us if the buyer should default on their license obligations, see “*Regulation—Decommissioning*” and “*Regulation—Transfer restrictions—Assignment of license interests and change of control.*”

We are vulnerable to adverse market perception.

We are vulnerable to adverse market perception as we must display a high level of integrity and maintain the trust and confidence of investors and lenders, the other license participants, public authorities and counterparties. Any mismanagement, fraud or failure to satisfy fiduciary or regulatory responsibilities, allegations of such activities, or negative publicity resulting from such other activities, or the association of any of the above with us could materially adversely affect our reputation and the value of our brand, as well as our business, results of operations, cash flow and financial condition.

We could incur material costs to comply with, or as a result of liabilities under, health and safety and environmental regulations.

All phases of the oil and gas business present environmental risks and hazards and are subject to environmental regulation pursuant to a variety of international conventions and directives and federal, county and other local laws and regulations. Environmental legislation provides for, among other things, restrictions and prohibitions on spills and releases or emissions of various substances produced in association with oil and gas operations. This legislation also requires that wells and facility sites are operated, maintained, abandoned, and reclaimed to the satisfaction of applicable regulatory authorities. We are subject to legislation and regulatory requirements in relation to the emission of carbon dioxide, methane, nitrous oxide and other greenhouse gases.

We are committed to becoming the safest operator on the NCS, which is a value integrated both in our culture and our business plans. We have incurred, and expect to continue to incur, capital and operating costs in an effort to comply with increasingly complex health and safety and environmental laws and regulations and to develop and implement robust health safety, environment and quality (“HSEQ”) systems to enable us to ensure compliance with all applicable requirements as licensee or operator in respect of our interests. See “—*Our business and results of operations may be adversely affected by the COVID-19 pandemic or other similar pandemics.*” A breach of any such legislation or requirements may result in the imposition of fines and penalties, some of which may be material, in addition to loss of reputation. Environmental legislation and regulations are evolving in a manner expected to result in stricter standards and enforcement, larger fines and liability, and potentially increased capital expenditures and operating costs. The discharge of oil, gas or other pollutants into the air, soil or water may give rise to material liabilities to the Norwegian state, foreign governments and third parties and may require us to incur material costs to remedy such discharge. No assurance can be given that environmental laws or regulations will not result in a curtailment or shut down of production or a material increase in the costs of production, development or exploration activities or otherwise materially adversely affect our business, results of operations, cash flow and financial condition.

Furthermore, environmental concerns relating to the oil and gas industry’s operating practices are expected to increasingly influence government regulation and consumption patterns which favor cleaner burning fuels such as gas. Future compliance with existing emissions legislation or any future emissions legislation could adversely affect our profitability. Future legislative initiatives designed to reduce the consumption of hydrocarbons could also have an impact on our ability to market our oil and gas and the prices which we are able to obtain, which in turn may adversely affect our business, results of operations, cash flow and financial condition. We have been operating in the oil and gas business for many years. While we are not currently aware of any pollution or environmental liabilities that are expected to be material in relation to our operations on the NCS, we may potentially be subject to various liabilities such as pollution and environmental liabilities related to our business.

We face the risk of litigation or other proceedings in relation to our business.

We face the risk of litigation and other proceedings in relation to our business. Given the nature of our business, there is a risk that we may incur costs related to changes to, or stricter enforcement of regulations, or claims brought by third parties or governmental agencies in relation to climate litigation. One example, a recent landmark decision of the Dutch courts in a claim against Shell plc, has highlighted the risk of corporate climate change litigation. The Dutch court ordered Shell plc to cut its emissions by 45% by 2030 compared to 2019 levels. The Dutch court made use of the content of international conventions as an element to be considered in the analysis of the “unwritten standard of care” of the Civil Code of the Netherlands. While the decision was based on Dutch law and is subject to appeal, the success of the claim has created a legal template for future claimants looking to hold private corporations accountable for the impact of their direct and indirect carbon emissions. The outcome of such litigation or proceedings can affect our reputation, disrupt our campaigns or programs or otherwise negatively impact our business, prospects, financial condition and/or results of operations.

Our operations in the Barents Sea expose us to additional and operational environmental risks relating to Arctic drilling.

We hold license acreage in the Barents Sea, including interests in the Goliat and Johan Castberg fields, and discoveries in potential future development sites such as Alke. In addition, we hold exploration licenses that are subject to exploration and appraisal drilling, which may result in new discoveries which could later be developed.

Drilling within the Barents Sea presents a unique operating environment characterized by remoteness, the lack of ancillary supporting infrastructure, extended periods of darkness and cold, and hurricane-strength storms. These factors may increase operating costs and may increase the risk of incidents resulting from our operations in the Barents Sea. In addition, parts of the Arctic Ocean are ecologically sensitive, such as the northern Norwegian coast, and any spills or other environmental incidents that may occur could result in increased response and remedial costs and other liabilities. Any spills in the eastern section of the Barents Sea may also cross the border into Russian waters, which may expose us to responsibilities and liability pursuant to relevant Russian legislation. Moreover, Lloyds of London, the world’s leading insurance market, is primarily responsible for underwriting and could potentially limit our ability to procure OEE in arctic environments as part of an effort to reduce such insurance activities, as published in the 2020 Lloyds ESG report. In addition, environmental nongovernmental organizations (“NGOs”) frequently oppose Arctic drilling. These NGOs could initiate legal or other actions that may delay our exploration and production activities in this area. See “—*Climate change and climate change legislation and regulatory initiatives could adversely affect our business and ongoing operations.*” Any of the above factors could have a material adverse effect on our business, results of operations, cash flow, financial condition and prospects.

Climate change and climate change legislation and regulatory initiatives could adversely affect our business and ongoing operations.

Our business and results of operations could be adversely affected by climate change and the adoption of new climate change laws, policies and regulations. Growing concerns about climate change and greenhouse gas emissions have led to the adoption of various regulations and policies, including the Paris Agreement negotiated at the 2015 United Nations Conference on Climate Change (the “**Paris Agreement**”), which requires participating nations to reduce carbon emissions in line with a future consistent with a temperature increase of no more than 2 degrees Celsius above pre-industrial levels. Furthermore, future global policy may be further influenced by recent reports from organizations such as the International Energy Agency, who recently published their May 2021 report “Net Zero by 2050” report, which highlights a large reduction in oil production as part of the mix of energy sources over the next two decades and proposes that no new oil and gas fields should be approved beyond projects already committed as of 2021.

As a further example, in June 2022 the Norwegian government announced a “roadmap for a green industrial boost.” In order to achieve goals of CO₂ emission reduction of more than 50% during this decade, the Norwegian government has targeted a variety of measures across seven priority areas: offshore wind, hydrogen, the development of a value chain for battery use, CCS, a clean and energy effective process industry, the development of a green maritime industry and the use of bio-resources for energy production.

These drivers could potentially impact our financial position in two principle ways. Firstly, higher carbon taxes and carbon costs may impact our business if we are unable to achieve our sustainability ambitions and targets. Secondly, global efforts to respond to the challenges of climate change may have an impact on the value of the price of oil and gas moving forward, as countries increasingly shift toward alternative energy sources, which may in turn impact our revenues in the long term if we are unable to maintain a low break-even price.

In addition, within our primary operating jurisdiction, multiple plans have also been proposed in the Norwegian Parliament to reduce carbon emissions from companies operating in certain sectors, including the oil and gas industry. For example, in June 2017, the Norwegian Parliament passed legislation that seeks to reduce greenhouse gas emissions from 1990 levels by at least 40% by 2030. In February 2020, the Norwegian government presented updated goals to the UN in accordance with the Paris Agreement, with the aim of reducing greenhouse gas emissions by 50% to 55% (compared to 1990 levels) by 2030. Further, the current goal is to reduce emissions by 90% to 95% (compared to 1990 levels) by 2050, with the intention of becoming a low-emission society. The Norwegian government also has a “zero emission vision” for the transport sector, and continues to stimulate the development of zero and low emission shipping solutions. In addition, the Norwegian government has announced its intention to phase out the sale of fossil fuel powered vehicles for personal use in favor of electric vehicles by 2025.

The emission reduction strategies and other provisions of Norwegian climate change law, the Paris Agreement or similar legislative or regulatory initiatives enacted in the future, could adversely impact our business by imposing increased costs in the form of taxes or for the purchase of emission allowances, limiting our ability to develop new oil and gas reserves, decreasing the value of our assets, impacting revenue if demand for hydrocarbons and refined petroleum products decreases significantly.

Additionally, some scientists have concluded that increasing concentrations of greenhouse gases in the Earth’s atmosphere may produce climate changes that have significant physical effects, such as increased frequency and severity of storms, droughts, floods and other climatic events. Our offshore operations are particularly at risk from severe climatic events. If any such climate changes were to occur, they could have an adverse effect on our financial condition and results of operations.

As climate change issues become more pronounced, we may correspondingly face increased expectations from our stakeholders to take actions beyond existing regulatory requirements to minimize our impact on the environment and mitigate climate change related effects. We have announced commitments to various emissions reductions targets and other climate change goals, including operational targets of net zero emissions (which includes Scope 1 and 2 emissions) by 2030, but there is no assurance that such commitments will be sufficient for our stakeholders.

To meet these additional targets, we may need to continue to deploy additional equipment, introduce process changes, utilize alternative suppliers and materials, use certified and internationally recognized offsetting measures, and take other similar actions, some or all of which may require us to incur additional costs which could result in a material adverse effect on our results of operations and our financial position. In addition, if we fail to

meet these expectations, or foster additional sustainability initiatives, we may experience reputational risk which could impact our ability to attract and retain customers, employees, lenders and investors.

Our insurance may not provide sufficient funds to protect us from losses or liabilities that could result from our operations.

Oil and gas exploration, development, and production operations are subject to all the risks and hazards typically associated with such operations, including, but not limited to, fires, explosions, blowouts, and oil spills, each of which could result in substantial damage to oil and gas wells, production facilities, other property, and the environment, or result in personal injury and business interruption.

Although we maintain liability insurance that we consider adequate and consistent with industry standards, the nature of these risks is such that liabilities could materially exceed policy limits or not be insured at all, in which event we could incur significant costs that could have an adverse effect on our business, results of operations, cash flows, financial condition and prospects.

Our oil and gas production could vary significantly from reported reserves and resources.

The reserves set forth in this Offering Memorandum represent estimates only and are based on a technical expert's reports. In addition, a portion of the contingent resources data set forth in this Offering Memorandum represent management's estimates. The standards utilized to prepare the commercial reserves and contingent resources information that has been included in this Offering Memorandum are different from the standards of reporting adopted in other jurisdictions. Investors, therefore, should not assume that the data found in the reserves and resources information set forth in this Offering Memorandum is directly comparable to similar information that has been prepared in accordance with the reserve and resource reporting standards of other jurisdictions.

In general, estimates of economically recoverable oil reserves and resources are based on a number of factors and assumptions made as of the date on which the reserves estimates were determined, such as geological and engineering estimates (which have inherent uncertainties), historical production from our fields, the assumed effects of regulation by governmental agencies and estimates of future commodity prices and operating costs, all of which may vary considerably from actual results.

Underground accumulations of hydrocarbons cannot be measured in an exact manner and estimates thereof are a subjective process aimed at understanding the statistical probabilities of recovery. Estimates of the quantity of economically recoverable oil and gas reserves, rates of production and the timing of development expenditures depend upon several variables and assumptions, including the following:

- production history compared with production from other comparable producing areas;
- quality and quantity of available data;
- access to production profiles and economic models supplied by third parties;
- interpretation of the available geological and geophysical data;
- effects of regulations adopted by governmental agencies;
- future percentages of international sales;
- future oil prices;
- capital investments;
- timeliness of the commencement and completion of production phases;
- effectiveness of the applied technologies and equipment;
- renewals of licenses beyond their stated expiry dates;
- future operating costs, tax on the extraction of commercial minerals, development costs and workover and remedial costs; and

- the judgment of the persons preparing the estimate.

As all reserve estimates are subjective, each of the following items may differ materially from those assumed in estimating reserves:

- the quantities and qualities that are ultimately recovered;
- the timing of the recovery of oil and gas reserves;
- the production and operating costs incurred;
- the amount and timing of additional exploration and future development expenditures; and
- future hydrocarbon sales prices.

Many of the factors in respect of which assumptions are made when estimating reserves are beyond our control and therefore these estimates may prove to be incorrect over time. Evaluations of reserves necessarily involve multiple uncertainties. The accuracy of any reserves or resources evaluation depends on the quality of available information and oil and gas engineering and geological interpretation. In preparing its reserve reports, D&M relied on information supplied by us, including that with respect to the property interests being evaluated, historical production from such properties, development plans, agreements relating to current and future operations and sale of production, the accuracy of which cannot be guaranteed. D&M completed an independent evaluation with respect to the recoverable hydrocarbon quantities, operating expenses, capital expenses and abandonment costs based on the information supplied by us, including raw technical data, and applied a reasonable expectation with respect to product prices in connection with the economic evaluation of our reserves. Drilling, interpretation, testing and production after the date of the estimates may require substantial upward or downward revisions in our reserves or resources data. Moreover, different reserve engineers may make different estimates of reserves and cash flows based on the same available data. Actual production, revenues and expenditures with respect to reserves and resources will vary from estimates and the variances may be material.

The uncertainties in relation to the estimation of reserves summarized above also exist with respect to the estimation of resources. The probability that contingent resources will be economically recoverable, is considerably lower than for commercial reserves. Volumes and values associated with contingent resources should be considered with higher uncertainty than volumes and values associated with reserves.

If the assumptions upon which the estimates of our oil and gas reserves and resources have been based prove to be incorrect or if the actual reserves or recoverable resources available to us are otherwise less than the current estimates or of lesser quality than expected, we may be unable to recover and produce the estimated levels or quality of oil and gas set out in this Offering Memorandum and this may materially and adversely affect our business, prospects, financial condition and results of operations.

We may be unable to dispose of assets on commercially viable terms and may be required to retain liabilities for certain matters.

We regularly review our asset base to assess the market value versus holding value of existing assets, with a view to optimizing deployed capital. Our ability to dispose of assets, including infrastructure such as electrification infrastructure or oil and gas pipelines, could be affected by various factors, including the availability of purchasers willing to purchase such assets at prices acceptable to us. Sellers typically retain certain liabilities or agree to indemnify buyers for certain matters and to divest certain assets we may provide an indemnity to a buyer. The magnitude of any such retained liability or indemnification obligation may be difficult to quantify at the time of the transaction and ultimately may be material. Also, third parties may be unwilling to release us from guarantees or other credit support provided prior to the sale of the divested assets. As a result, after a sale, we may remain secondarily liable for the obligations guaranteed or supported to the extent that the buyer of the assets fails to perform these obligations. For example, we may be required to make milestone payments to the previous owners of certain of our assets upon achieving first oil.

Accounting policies may result in non-cash charges and impairments considered unfavorably by the market.

IFRS and The Norwegian Accounting Act require that management apply certain accounting policies and make certain estimates and assumptions, which affect reported amounts in our consolidated financial statements. The accounting policies may result in non-cash charges to net income and material impairments of net assets in our

financial statements. Such non-cash charges and impairments may impact our dividend capacity in an adverse manner and may furthermore be viewed unfavourably by the market and consequently result in an inability to borrow funds and/or may result in a significant decline in the trading price of our shares, which in turn may materially and adversely affect our business, results of operations, cash flows, financial condition and prospects.

We may not be successful in attracting and retaining sufficiently skilled employees.

The successful development and performance of our business depends on our ability to attract and retain skilled professionals with appropriate experience and expertise. We require skilled personnel in areas including exploration and development, operations, engineering, business development, oil and gas marketing, finance, legal and accounting. Given the competitive market in which we operate, there can be no assurance that we will successfully attract new personnel or retain existing personnel required to continue to operate our business and to successfully execute and implement our business strategy.

Attracting and retaining additional key personnel will assist in the expansion of our business and the loss of key employees could also have a material negative effect on our business. We face significant competition for skilled personnel and there can be no assurance that we will have access to sufficiently skilled and experienced professionals. This may be particularly evident for our offshore activities, where the location of our production facilities and shift work arrangements associated with offshore work, may negatively affect our ability to attract the necessary employment resources, as skilled personnel may be reluctant to take on such assignments.

Additionally, there is no assurance that we will successfully attract and retain personnel required to continue to expand our business and to execute our business strategy successfully. Failure to attract or retain such employees could result in the inability to maintain the appropriate technological standard or take advantage of new opportunities that may arise, which may in turn lead to a subsequent decline in competitiveness and could materially adversely affect our business, results of operations, cash flow and financial condition.

If we fail to identify appropriate acquisition targets or integrate acquisitions successfully, our future growth and performance could be adversely affected.

We have historically undertaken a number of acquisitions of oil and gas assets (or the acquisition of companies holding such assets) including, but not limited to, the acquisition from ExxonMobil of its partner-operated upstream assets in Norway in 2019.

In addition, we may from time to time consider acquisition opportunities, including seeking to maintain or increase our commercial reserves and contingent resources. Competition for the acquisition of any such assets may be intense and, as a result, we may be unable to acquire such assets on commercially acceptable terms, or at all. In addition, there can be no assurance that any potential acquisition will be successful and any unsuccessful acquisition could adversely affect our business, results of operations, cash flow and financial condition. In addition, the due diligence process for any acquisition is inherently subjective. If our due diligence investigation with respect to an acquisition fails to identify material information, we may later be forced to write-down or write-off the value of certain assets, modify our business plan or incur impairment or other charges.

Following any acquisition, our future growth and performance will depend in part on our ability to manage growth effectively, including, but not limited to, our ability to complete the successful integration of acquisitions. For example, the merger of Point Resources and Eni Norge that resulted in the establishment of Vår Energi ASA required the strategic integration of the legacy systems and management procedures of both companies. The success of any potential acquisitions will partly depend, among other factors, on our ability to integrate future acquisitions, to adequately manage the number of employees and to implement technical solutions including IT systems and software and operational efficiency. Any failure to successfully grow our operations, and/or to manage such growth, could have a materially adverse effect on our business, results of operations, cash flow and financial condition.

Our development projects require substantial capital expenditures. We may be unable to obtain needed capital or financing on satisfactory terms, which could lead to a decline in our oil and gas reserves.

We make and expect to continue to make substantial capital expenditures in our business for the development, production and acquisition of oil and natural gas reserves. We intend to finance the majority of our future capital expenditures with cash flow from operations and borrowings under our Bilateral Revolving Credit Facilities and other debt facilities. Our cash flows from operations and access to capital are subject to a number of variables which we do not control, including:

- our proved reserves;

- the level of oil and natural gas we are able to produce from existing wells;
- the price at which our oil and gas are sold;
- our ability to acquire, locate and produce new reserves; and
- general market conditions.

Our Bilateral Revolving Credit Facilities, the Existing Notes and the Notes restrict our ability to obtain certain types of new financing. If additional capital is needed, we may not be able to obtain additional debt or equity financing. If cash generated by operations or cash available under our Bilateral Revolving Credit Facilities or other debt facilities is not sufficient to meet our capital requirements, the failure to obtain additional financing could result in a curtailment of our operations relating to development of our prospects, which in turn could lead to a decline in our oil and natural gas reserves, or if it is not possible to cancel or stop a project, us being legally obliged to carry out the project contrary to our desire or with negative impact on our business. Further, we may fail to make required cash calls and breach license obligations, which could lead to adverse consequences, see “—*Risks relating to our business—Our exploration and production operations are dependent on our compliance with obligations under licenses, joint operating agreements and field development plans.*” All of the above could adversely affect our production, revenues and results of operations as well as have an adverse effect on our ability to service our debt.

Changes in foreign exchange rates may affect our results of operations and financial position.

We are exposed to market fluctuations in foreign exchange rates. Foreign exchange fluctuations have an impact on our business upon the settlement of transactions denominated in currencies other than the functional currency of the relevant transacting entity and the revaluation of working capital and loan balances to the prevailing exchange rate, at the balance sheet date where those monetary assets and liabilities are held in currencies other than the functional currencies of our reporting entities. Our exchange rate risk largely derives from the fact that our income is denominated in U.S. dollars for the sale of crude oil and NGL and Euros, and to a lesser degree Pound Sterling, for the sale of gas, while most of our costs are denominated in NOK. However, given the strong historical correlation between commodity prices and USD/NOK and EUR/NOK exchange rates, we benefit from a natural hedging effect which significantly decreases our exposure to fluctuations in the USD/NOK and EUR/NOK exchange rates assuming a continued strong correlation. For particular foreign exchange rate exposures, we also implement hedging for tax payments on a case-by-case basis.

Tax disputes could have a material adverse effect on our business, results of operations, and financial condition.

We are involved from time to time in certain tax disputes with the Norwegian tax authorities, in particular with respect to internal pricing. Although we believe our internal pricing is accurate, from time to time competent tax authorities have disagreed, and may in the future disagree, with our internal pricing. We believe that we have made appropriate accruals in our financial statements for such disagreements and challenges.

Our digital infrastructure systems may be subject to intentional and unintentional disruption, and our confidential information may be misappropriated, stolen or misused, which could adversely impact our business and reputation.

We could be a target of cyber-attacks designed to penetrate our network security or the security of our digital infrastructure, misappropriate proprietary information, commit financial fraud and/or cause interruptions to our activities, including a reduction or halt in our production. Such attacks could include hackers obtaining access to our systems, the introduction of malicious computer code or denial of service attacks. If an actual or perceived breach of our network security occurs, it could adversely affect our business or reputation, and may expose us to the loss of information, litigation and possible liability. Such a security breach could also divert the efforts of our technical and management personnel. In addition, such a security breach could impair our ability to operate our business and provide products and services to our customers. If this happens, our reputation could be harmed, our revenues could decline and our business could suffer.

In addition, confidential information that we maintain may be subject to misappropriation, theft and deliberate or unintentional misuse by current or former employees, third-party contractors or other parties who have had access to such information. Any such misappropriation and/or misuse of our information could result in us, among other things, being in breach of certain data protection and related legislation. We expect that we will need to continue closely monitoring the accessibility and use of confidential information in our business, educate our employees

and third-party contractors about the risks and consequences of any misuse of confidential information and, to the extent necessary, pursue legal or other remedies to enforce our policies and deter future misuse.

We collect, store and use personal data in the ordinary course of our business operations, and are therefore subject to data protection legislation (including the General Data Protection Regulation (EU 2016/679) (the “**GDPR**”)). Non-compliance or technical defects resulting in a leak or the misuse of such data could result in fines, damage to our reputation and/or otherwise harm our business.

We are exposed to losses on our operated and partner-operated assets.

We are the operator for several of our licenses, including but not limited to those in the Goliat, Balder / Ringhorne, and Marulk fields. Although the operatorship is generally performed based on a “no gain, no loss” principle, the other license participants are provided with audit rights and other rights that may ultimately inflict losses on us as an operator should we be found not to have managed the operatorship in compliance with relevant requirements. For our partner-operated assets, we are exposed to losses under JOA’s that require each partner to share any deficits, on a joint and several basis, should a partner enter bankruptcy or otherwise refuse to pay its obligations. The incurrence of such losses could have a material adverse effect on our business, results of operations, cash flow and financial condition.

Availability of drilling equipment and other required equipment and access restrictions may affect our operations.

Oil and gas exploration and development activities are dependent on the availability of specialized equipment, including, but not limited to, drilling and related equipment in the particular areas where such activities will be conducted. From time to time the demand for limited equipment may be high or access restrictions will affect the availability and cost of such equipment, and from time to time may delay exploration and development activities. As an example, partly due to significant challenges with delivery of equipment during the COVID-19 pandemic, the Balder X project was delayed, causing increased costs. If any of these risks materialize, they may have a material adverse effect on our business, results of operations, cash flow and financial condition.

We may not have good title to all our assets and licenses.

There can be no assurance that we have good title to all our assets and the rights to explore for, develop and produce oil and gas from our assets. Moreover, our predecessors from which we acquired our interests in our assets may not have had good title to those interests.

There may be disputes concerning the validity of our production and exploration licenses in the NCS. Changing regulatory and environmental conditions may create disputes with the NPD in Norway or other oil and gas companies with operations in the NCS. See “*Regulation—Norway.*”

We may experience conflicts of interest.

There are potential conflicts of interest to which the directors, officers and principal shareholders may be subject to in connection with our operations. Some of our directors, officers and principal shareholders are or may become engaged in other oil and gas interests (including interests relating to oil and gas services) on their own behalf and/or on behalf of other companies resulting in a conflict of interest and situations may arise where the directors and officers will be in direct competition with us. Such conflicts, if any, will be subject to the procedures and remedies under Norwegian company law, petroleum law and general Norwegian law, but may not prevent adverse effects for us with regard to such conflicts. Our directors, officers and principal shareholders may not devote their time on a full-time basis to our affairs as a result of such conflicts.

As of September 30, 2022, Eni International B.V. wholly owned 63.08% of shares and voting rights in the Company. This substantial shareholder may exert significant influence on the shareholders’ voting result, on the election of Board of Directors members and on other decisions affecting the Company. Currently, Eni International B.V. appoints four members of our Board of Directors. In addition, certain members of our Board of Directors and senior management own collectively, directly and indirectly, a significant part of the outstanding share capital of the Company, and are therefore able to influence the decision making of the Company. See “*Certain Relationships and Related Party Transactions.*”

The third-party ESG Rating referenced in this offering document may not accurately reflect our risks based on environmental, social and governance matters. Any actual or perceived lack of transparency or underperformance regarding ESG matters as a result of increasing scrutiny and changing expectations from investors, lender and other market participants may adversely affect the value of the securities.

The impact of our ESG-related risks and practices, including with respect to various environmental, social and governance matters in our business and in the local communities in which we operate, has been and will continue to be independently assessed by non-accredited ratings organizations and various stakeholders in the ESG community. These rating agencies and stakeholders may not view our ESG policies as being sufficiently transparent or consistent with their performance standards or goals. If this view were shared in the broader ESG community, our reputation could be damaged which, in certain cases, could effectively limit our access to capital markets and result in scrutiny regarding our commitment to ESG principles and standards. In addition, ESG ratings may vary among the different ESG ratings organizations and are subject to differing methodologies, assumptions and priorities used by such organizations to assess ESG performance and risks. As a result, our ESG ratings are not necessarily indicative of our current or future operating or financial performance, our commitment to ESG standards and principles, or any future ability to service the Notes and are only current as of the dates on which they were issued. In addition, individual company ratings may be based on only publicly available information and in other cases may be based on information supplied by the relevant companies. As such, the quality of information in respect of each company included in our rankings may not be comparable and there may therefore be limitations on the utility of these rankings. Prospective investors must determine for themselves the relevance of any such ESG rating information contained in this offering memorandum or elsewhere in making an investment decision. Moreover, ESG ratings are not a recommendation by us or any other entity or person to buy, sell or hold the Notes.

Risks relating to the Notes and our structure

Our leverage and debt service obligations could adversely affect our business, financial condition, results of operations and our ability to satisfy our obligations under our debt, including the Notes.

As of September 30, 2022, as adjusted for the Refinancing, we would have had an aggregate amount of \$3,554.7 million of total interest bearing debt outstanding, of which \$477.1 million would have been unsecured indebtedness represented by the Corporate Facilities (net of issuance costs of \$22.9 million), none of which would have been unsecured indebtedness represented by the Bilateral Revolving Credit Facilities, \$348.3 million which would have been represented by the Deferred Payment, \$229.4 million which would have been represented by lease liabilities, \$500.0 million which would have been represented by the Existing Notes and \$2,000.0 million which would have been unsecured indebtedness represented by the Notes.

We are permitted to borrow substantial additional indebtedness, including secured debt, in the future under the terms of the Indenture.

The degree to which we are leveraged could have important consequences to our business and holders of the Notes, including:

- making it difficult for us to satisfy our obligations with respect to the Notes or our other indebtedness;
- increasing our vulnerability to, and reducing our flexibility to respond to, general adverse economic and industry conditions;
- requiring the dedication of a substantial portion of our cash flow from operations to make interest and principal payments on our debt, thereby reducing the availability of such cash flow for other purposes;
- limiting our ability to obtain additional financing to fund working capital, capital investments, acquisitions, debt service requirements, business ventures, or other general corporate purposes;
- limiting our flexibility in planning for, or reacting to, changes in our business, the competitive environment and the industry in which we do business; and
- adversely affecting our competitive position if our debt burden is higher than that of our competitors.

Any of these or other consequences or events could have a material adverse effect on our business, financial condition and results of operations and our ability to satisfy our obligations under the Notes.

Despite our current level of debt, we may incur substantially more debt in the future, which may make it difficult for us to service our debt, including the Notes.

We and our existing subsidiaries or any future subsidiaries may incur substantial additional indebtedness in the future, including secured indebtedness and indebtedness that is structurally senior to the Notes. If we or our subsidiaries incur new debt or other obligations, the related risks that we face, as described in “—Our leverage and debt service obligations could adversely affect our business, financial condition, results of operations and our ability to satisfy our obligations under our debt, including the Notes” and elsewhere in these “Risk factors,” could increase. In addition, the Indenture, the Existing Notes Indenture, the Bilateral Revolving Credit Facilities, and the Corporate Facilities Agreement do not prevent us from incurring obligations that do not constitute indebtedness as defined under those agreements.

For further information regarding our leverage and for more information about our outstanding indebtedness, see “Management’s discussion and analysis of financial condition and results of operations” and “Description of certain financing arrangements.”

Your right to receive payments under the Notes will be structurally subordinated to claims of existing and future creditors or our non-guarantor subsidiaries.

The Notes will be structurally subordinated to future obligations of our existing subsidiaries and any of our future non-guarantor subsidiaries. As a holder of the Notes, you will not have any claim as a creditor against our existing subsidiaries, which will not guarantee the Notes, or against any of our future subsidiaries that do not become guarantors of the Notes. Generally, indebtedness and other liabilities, including trade payables, whether secured or unsecured, and claims of preference shareholders, if any, of those non-guarantor subsidiaries will be structurally senior to your claims against those subsidiaries. In the event of an insolvency, liquidation or other reorganization of our existing subsidiaries or any future non-guarantor subsidiaries, holders of their debt and their trade creditors will typically be entitled to payment of their claims from the assets of those subsidiaries before any assets are made available to distribution to you as common bond holders. As of September 30, 2022, as adjusted to give effect to the Refinancing, our subsidiaries had no financial debt.

We require a significant amount of cash to service our debt and sustain our operations, and our ability to generate sufficient cash depends on many factors beyond our control.

Our ability to make payments on, or repay or refinance, our debt, and to fund working capital and capital investments, will depend on our future operating performance and ability to generate sufficient cash. This depends on the success of our business strategy and on general economic, financial, competitive, market, legislative, regulatory, technical and other factors as well as the risks discussed in these “Risk factors,” many of which are beyond our control. In addition, our ability to borrow funds in the future to make payments on our debt will depend on the satisfaction of the covenants under the Corporate Facilities Agreement, the Bilateral Revolving Credit Facilities, the Existing Notes, the Notes, our other debt agreements and other agreements we may enter into in the future. Specifically, we will only be permitted to draw under the Corporate Facilities if no default is continuing or would result from the utilization and the repeating representations are true in all material respects. Further, the available commitments under the Corporate Facilities may vary on the terms set out therein. We cannot assure you that our business will generate sufficient cash flow from operations or that future debt and equity financings will be available to us in an amount sufficient to enable us to pay our debt, including the Notes, or to fund our other liquidity needs.

We cannot assure you that we will be able to refinance or repay any of our debt at maturity, upon acceleration or early repayment, including the Notes, on commercially reasonable terms or at all. Any refinancing of our debt could be at higher interest rates than our current debt and may require us to comply with more onerous covenants, which could further restrict our business operations. If we are unable to make payments or refinance our debt or obtain new financing under these circumstances, we would have to consider other options, such as:

- selling assets;
- seeking to raise additional capital;
- forgoing opportunities such as acquisitions of other businesses; or
- reducing or delaying our business activities and capital investments.

We cannot assure you that we would be able to accomplish any of these alternatives on a timely basis or on commercially reasonable terms, if at all. Any failure to make payments on our debt, including the Notes, on a timely basis would likely result in a reduction of our credit rating, which could also harm our ability to incur additional indebtedness. In addition, the terms of our debt, including the Notes, the Existing Notes, the Bilateral Revolving Credit Facilities and the Corporate Facilities Agreement, limit, and any future debt may also limit our ability to pursue any of these alternatives. There can be no assurance that any assets that we may elect to sell can be sold or that, if sold, the timing of such sale will be acceptable and the amount of proceeds realized will be sufficient to satisfy our debt service and other liquidity needs. If we are unsuccessful in any of these efforts, we may not have sufficient cash to meet our obligations, which could cause an event of default under our debt and result in:

- our debt holders declaring all outstanding principal and interest to be immediately due and payable; and
- us being forced into bankruptcy or liquidation, which could result in you losing your investment in the Notes.

We are subject to restrictive debt covenants that may limit our ability to finance our future operations and capital needs and to pursue business opportunities and activities.

The Corporate Facilities Agreement restricts, among other things, our and our subsidiaries' ability to:

- merge or consolidate if such merger or consolidation would have a material adverse effect;
- demerge, except if such demerger constitutes a permitted disposal;
- create a security interest over any of our assets, unless such arrangement constitutes permitted security; and
- sell, lease, transfer or otherwise dispose of certain assets, unless such arrangement constitutes a permitted disposal.

Furthermore, the Existing Notes Indenture restricts, and the Indenture will restrict, among other things, our ability and our subsidiaries' ability to:

- create or incur certain liens without also securing the Notes;
- guarantee certain types of our other indebtedness without also guaranteeing the Notes; and
- merge or consolidate with other entities.

All these limitations are subject to significant exceptions and qualifications. See "*Description of the Notes—Certain covenants.*" Our compliance with these covenants could reduce our flexibility in conducting our operations, particularly by:

- affecting our ability to react to changes in market conditions, whether by increasing our vulnerability in relation to unfavorable economic conditions or by preventing us from profiting from an improvement in those conditions;
- affecting our ability to pursue business opportunities and activities that may be in our interest;
- limiting our ability to obtain certain additional financing in order to meet our working capital requirements, make investments or acquisitions and carry out refinancing; and
- forcing us to dedicate a significant portion of our cash flows to payment of the sums due for such loans, thus reducing our ability to utilize our cash flows for other purposes.

In addition, we are subject to affirmative and negative covenants contained in the Corporate Facilities Agreement and the Bilateral Revolving Credit Facilities, including the requirements under the Corporate Facilities Agreement to maintain a specified ratio of net debt to EBITDAX and a specified ratio of consolidated EBITDA to interest expenses. See "*Description of certain financing arrangements.*" Our ability to meet financial ratios and other tests can be affected by events beyond our control, and we cannot assure you that we will meet them. A breach of any of those covenants, ratios, tests or restrictions could result in an event of default under the Corporate Facilities

Agreement or the Bilateral Revolving Credit Facilities. Upon the occurrence of any event of default under the Corporate Facilities Agreement or the Bilateral Revolving Credit Facilities, subject to applicable grace periods and other limitations on acceleration or enforcement, the relevant creditors could cancel the availability of the facilities and elect to declare all amounts outstanding, together with accrued interest, immediately due and payable. In addition, any default under the Corporate Facilities Agreement or the Bilateral Revolving Credit Facilities could lead to an event of default and acceleration under other debt instruments that contain cross-default or cross-acceleration provisions, including the Indenture. If our creditors, including the creditors under the Corporate Facilities Agreement or the Bilateral Revolving Credit Facilities accelerate the payment of those amounts, we cannot assure you that our cash flow or our assets and the assets of our existing subsidiaries or any future subsidiaries would be sufficient to repay in full such amounts and to satisfy all other liabilities of our existing subsidiaries or any future subsidiaries which may be due and payable and to repay amounts outstanding under the Notes.

Part of our outstanding borrowings bear interest at floating rates which could rise significantly, thereby increasing our interest cost and reducing cash flow.

Part of our outstanding indebtedness, including borrowings under the Corporate Facilities, bear, or will bear, interest at per annum rates equal to SOFR, SONIA, EURIBOR or NIBOR (depending on the respective debt facility and the currency of amounts drawn), in each case adjusted periodically, plus a margin. Interest rates could rise significantly in the future, thereby increasing our interest expenses associated with these obligations, reducing cash flow available for capital investments and limiting our ability to make payments on the Notes. Although we may enter into certain hedging arrangements designed to fix a portion of these rates and may continue to do so, there can be no assurance that hedging will be available or continue to be available on commercially reasonable terms. In addition, hedging itself carries certain risks, including that we may need to pay a significant amount (including costs) to terminate any hedging arrangements.

SOFR SONIA, EURIBOR, NIBOR and other interest rates or other types of rates and indices which are deemed to be “benchmarks” are or may be the subject of ongoing national and international regulatory reform, including the implementation of the IOSCO Principles for Financial Market Benchmarks (July 2013) and the new European regulation on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds, which entered into force on June 30, 2016. Following the implementation of any such reforms, the manner of administration of benchmarks may change, with the result that they may perform differently than in the past, or benchmarks could be eliminated entirely, or there could be other consequences which cannot be predicted. For example, on July 27, 2017, the UK Financial Conduct Authority announced that it will no longer persuade or compel banks to submit rates for the calculation of the LIBOR benchmark after 2021. The elimination of the LIBOR benchmark or the potential elimination of any other benchmark, changes in the manner of administration of any benchmark, or actions by regulators or law enforcement agencies could result in changes to the manner in which SOFR, SONIA, EURIBOR or NIBOR is determined, which could require an adjustment to the terms and conditions, or result in other consequences, in respect of any debt linked to such benchmark (including but not limited to the Bilateral Revolving Credit Facilities and the Corporate Facilities). Any such change, as well as manipulative practices or the cessation thereof, may result in a sudden or prolonged increase in reported SOFR, SONIA, EURIBOR or NIBOR, which could have an adverse impact on our ability to service debt that bears interest at floating rates of interest.

There are circumstances other than repayment or discharge of the Notes under which future Note Guarantees, if any, will be released automatically, without your consent or the consent of the Trustee.

The Notes will not be guaranteed on the Issue Date. However, under various circumstances, future Note Guarantees, if any, will be released automatically as described under “Description of the Notes—Note Guarantees release.”

Claims of secured creditors (if any) of the Company will have priority with respect to their collateral over the claims of unsecured creditors, such as the holders of the Notes, to the extent of the value of the assets securing such indebtedness.

The Notes will not be secured by any of the Company’s assets. As a result, claims of secured creditors (if any) of the Company will have priority with respect to the assets securing their indebtedness over the claims of holders of the Notes. As such, the Notes will be effectively subordinated to any future secured indebtedness and other secured obligations of the Company to the extent of the value of the assets securing such indebtedness or other obligations (except to the extent such assets in the future also secure the Notes on an equal and ratable basis or priority basis). See “Description of certain financing arrangements.” In the event of any foreclosure, dissolution, winding up, liquidation, reorganization, administration or other bankruptcy or insolvency proceeding of the

Company at a time when it has secured obligations, holders of secured indebtedness (if any) will have priority claims to the assets of the Company that constitute their collateral (other than to the extent such assets in the future also secure the Notes on an equal and ratable basis or priority basis). The holders of the Notes will participate ratably with all holders of the unsecured indebtedness of the Company, and potentially with all its other general creditors, based upon the respective amounts owed to each holder or creditor, in the remaining assets of the Company. The claims of holders of the Notes and other unsecured creditors will also depend on whether there is any value left in the bankruptcy estate besides any secured assets. If any of the secured indebtedness of the Company becomes due or the creditors thereunder proceed against the operating assets that secure such indebtedness, our assets remaining after repayment of that secured indebtedness may not be sufficient to repay all amounts owing in respect of the Notes. As a result, holders of Notes may receive less, ratably, than holders of secured indebtedness (if any) of the Company.

The insolvency laws of Norway may not be as favorable to you as insolvency laws of jurisdictions with which you may be familiar and may preclude the holders of the Notes from recovering payments due on the Notes.

Vår Energi ASA and its subsidiaries are organized under the laws of Norway. Future subsidiaries of the Company may be incorporated in other jurisdictions and may be subject to the insolvency laws of such jurisdictions.

The insolvency laws of these jurisdictions may not be as favorable to your interests as creditors as the bankruptcy laws of the United States, or certain other jurisdictions.

There are no previous examples of a license holder on the NCS opening debt or bankruptcy proceedings, and hence there is a lack of precedence on the application of relevant regulations in a bankruptcy scenario. If the Company or other association holding the license is dissolved or enters into debt settlement proceedings or bankruptcy proceedings or if any security interest (e.g., a parent company guarantee, to the extent it becomes applicable) provided to the Norwegian State pursuant to the Petroleum Act has become significantly weakened, the MPE has discretionary powers to revoke the license interests of the debtor, but shall for secured license interests first notify and allow the pledgee to initiate a forced realization of the license interests without undue delay. The surplus from such forced realization will benefit the other creditors in the order of priority; see “*Certain insolvency law considerations*” and “—*Claims of the secured creditors of the Company will have priority with respect to their collateral over the claims of unsecured creditors, such as the holders of the Notes, to the extent of the value of the assets securing such indebtedness.*” The return for the unsecured creditors in a bankruptcy proceeding will further depend on the ability of the bankruptcy estate to realize the values of any unsecured assets, including the value obtainable in the market in a distressed situation and statutory restrictions imposed on the bankruptcy estate, see “*Certain insolvency law considerations.*” Further, there may be restrictions in place with respect to the seizure of facilities or other petroleum assets on the NCS.

Any of the issues described above may cause delays and uncertainty regarding the enforcement of your rights.

If the Company or a subsidiary in the future would choose to organize itself in another jurisdiction and experiences financial difficulties, it may not be possible to predict with certainty in which jurisdiction the insolvency or similar proceedings would first be commenced or how these proceedings would be resolved. The insolvency, administration and other laws of the jurisdictions in which the respective companies are organized or operate may be materially different from, or conflict with, each other. Any conflict between them could call into question whether, and to what extent, the laws of any particular jurisdiction should apply. There can be no assurance as to how the insolvency laws of these jurisdictions will be applied in relation to one another. Any such conflict may result in greater uncertainty and delay regarding enforcement of your rights.

For a more detailed description of the insolvency laws of Norway, see “*Certain insolvency law considerations.*”

Future Note Guarantees, if any, will be subject to certain limitations on enforcement and may be limited by applicable laws or subject to certain defenses that may limit their validity and enforceability.

The Notes will not be guaranteed on the Issue Date. Future Note Guarantees, if any, will provide holders of the Notes with a direct claim against a Guarantor. However, the Indenture will provide that future Note Guarantees, if any, will be limited to the maximum amount that can be guaranteed by the relevant Guarantor without rendering such Note Guarantee voidable or otherwise limited or ineffective under applicable law or causing the officers of such Guarantor to incur personal civil or criminal liability, and enforcement of such Note Guarantee will be subject to certain defenses generally available a Guarantor in the relevant jurisdiction. These laws and defenses include those that relate to corporate purpose or benefit, fraudulent conveyance or transfer, voidable preference, insolvency or bankruptcy challenges, financial assistance, preservation of share capital, thin capitalization, related third-party transactions, capital maintenance or similar laws, regulations or defenses affecting the rights of creditors generally. If one or more of these laws and defenses are applicable, a Guarantor may have no liability or decreased liability under its Note Guarantee depending on the amounts of its other obligations and applicable law.

Limitations on the enforceability of judgments obtained in New York courts in the jurisdiction of incorporation of a Guarantor could also limit the enforceability of the relevant Note Guarantee against such Guarantor. Although laws differ among jurisdictions, in general, under bankruptcy or insolvency law and other laws, a court could (i) avoid or invalidate all or a portion of a Guarantor's obligations under its Note Guarantee, (ii) direct the holders of the Notes to return any amounts paid under a Note Guarantee to the relevant Guarantor or to a fund for the benefit of a Guarantor's other creditors or (iii) take other action that is detrimental to you, typically if the court found that:

- the relevant Note Guarantee was incurred with actual intent to give preference to one creditor over another, to hinder, delay or defraud creditors or shareholders of the Guarantor or, in certain jurisdictions, the granting of the Guarantee has the effect of giving a creditor a preference or the recipient was aware that the Guarantor was insolvent when it granted the relevant Note Guarantee;
- the Guarantor did not receive fair consideration or reasonably equivalent value or corporate benefit for the relevant Note Guarantee and the Guarantor: (i) was insolvent or rendered insolvent because of the relevant Note Guarantee; (ii) was undercapitalized or became undercapitalized because of the relevant Guarantee; or (iii) intended to incur, or believed that it would incur, indebtedness beyond its ability to pay at maturity;
- the relevant Note Guarantee was not validly established or authorized or otherwise contravenes the relevant Guarantor's articles of association;
- the relevant Note Guarantee was held to exceed the corporate objects of the Guarantor or not to be in the best interests or for the corporate benefit of the Guarantor; or
- the amount paid or payable under the relevant Note Guarantee was in excess of the maximum amount permitted under applicable law.

These or similar laws may also apply to any future guarantee granted by any of our future subsidiaries pursuant to the Indenture.

We cannot assure you which standard a court would apply in determining whether a Guarantor was "insolvent" at the relevant time or that, regardless of the method of valuation, a court would not determine that a Guarantor was insolvent on that date, or that a court would not determine, regardless of whether or not a Guarantor was insolvent on the date its Note Guarantee was issued, that payments to holders of the Notes constituted preferences, transactions at an undervalue, fraudulent transfers or conveyances on other grounds.

The measures of insolvency for purposes of fraudulent transfer laws vary depending upon applicable law. Generally, an entity would be considered insolvent if, at the time it incurred indebtedness:

- the sum of its debts, including contingent liabilities, is greater than the fair value of all its assets;
- the present fair saleable value of its assets is less than the amount required to pay the probable liability on its existing debts and liabilities, including contingent liabilities, as they become due; or
- it cannot pay its debts as they become due.

The liability of each Guarantor, if any, under its Note Guarantee will be limited to the amount that will result in such Note Guarantee not constituting a preference, transaction at an undervalue, fraudulent conveyance or improper corporate distribution or otherwise being set aside. There can be no assurance, however, as to what standard a court will apply in making a determination of the maximum liability of each Guarantor. There is a possibility that the entire Note Guarantee may be set aside, in which case the entire liability may be extinguished.

If a court decided that a Note Guarantee was a preference, transaction at an undervalue, fraudulent transfer or conveyance and voided such Note Guarantee, or held it unenforceable for any other reason, you may cease to have any claim in respect of a relevant Guarantor and would be a creditor solely of the Company and, if applicable, of the other Guarantors under the relevant Note Guarantees which have not been declared void. If any Note Guarantee is invalid or unenforceable, in whole or in part, or to the extent the agreed limitation of the Note Guarantee obligations apply, the Notes would be effectively subordinated to all liabilities of the applicable Guarantor.

We may not be able to obtain the funds required to repurchase the Notes upon a change of control triggering event.

The Indenture will contain provisions relating to certain events constituting a “change of control triggering event” of the Company. Upon the occurrence of a change of control triggering event, we may be required to offer to repurchase all outstanding Notes at a price equal to 101% of the principal amount thereof, plus accrued and unpaid interest and additional amounts, if any, to the date of repurchase.

If a change of control triggering event were to occur, we cannot assure you that we would have sufficient funds available at such time to pay the purchase price of the outstanding Notes or that the restrictions in the Existing Notes Indenture, the Corporate Facilities Agreement, the Bilateral Revolving Credit Facilities or our other existing contractual obligations would allow us to make such required repurchases. A change of control may result in an event of default or mandatory prepayment under, or acceleration of, our other indebtedness. For example, lenders under the Corporate Facilities Agreement and the Bilateral Revolving Credit Facilities may require the repayment of the respective indebtedness outstanding thereunder upon the occurrence of a change of control triggering event. The repurchase of the Notes pursuant to such a change of control triggering event offer could also cause a default under our other indebtedness, even if the change of control triggering event itself does not. The source of funds for any repurchase required will be available cash or cash generated from operating activities or other sources, including borrowings, sales of assets or sales of equity or funds provided by subsidiaries. If we require third-party financing to make an offer to repurchase the Notes upon a change of control triggering event, we cannot assure you that we will be able to obtain such financing. Any failure by the Company to offer to purchase the Notes or the Existing Notes upon a change of control triggering event would constitute a default under the Indenture or Existing Notes Indenture, respectively, which would, in turn, trigger a default under the Corporate Facilities Agreement and the Bilateral Revolving Credit Facilities. See “*Description of the Notes—Repurchase at the option of holders—Change of Control Triggering Event.*”

The change of control triggering event provision contained in the Indenture may not necessarily afford you protection in the event of certain important corporate events, including a reorganization, restructuring, merger, recapitalization or other similar transaction involving us that may adversely affect you, because such corporate events may not involve a shift in voting power or beneficial ownership or, even if they do, may not constitute a “change of control” as defined in the Indenture. Except as described under “*Description of the Notes—Repurchase at the option of holders—Change of Control Triggering Event.*” the Indenture does not contain provisions that would require the Company to offer to repurchase or redeem the Notes in the event of a reorganization, restructuring, merger, recapitalization or similar transactions.

The definition of “change of control” in the Indenture includes the direct or indirect sale, lease, transfer, conveyance or other disposition of all or substantially all the assets of the Company and its subsidiaries, taken as a whole, to any person. Although there is a limited body of case law interpreting the phrase “all or substantially all,” there is no precise established definition of the phrase under applicable law. Accordingly, in certain circumstances, there may be a degree of uncertainty as to whether a particular transaction would involve a disposition of “all or substantially all” of the assets of the Company and its subsidiaries taken as a whole. As a result, it may be unclear as to whether a change of control has occurred and whether the Company is required to make an offer to repurchase the Notes.

You may face currency exchange risks or adverse tax consequences by investing in the Notes denominated in currencies other than your reference currency.

The Notes will be denominated and payable in U.S. dollars. If you are a pounds sterling, euros, Norwegian kroner or other non-U.S. dollar investor, an investment in the Notes could have currency exchange related risks due to, among other factors, possible significant changes in the value of the U.S. dollar to pounds sterling, euro or other relevant currencies because of economic, political or other factors over which we have no control. Depreciation of the U.S. dollar against pounds sterling, euro, Norwegian kroner or other relevant currencies could cause a decrease in the effective yield of the Notes below their stated coupon rate and could result in a loss to you when the return on the Notes is translated into the reference currency to which you measure the return on your investments.

There may be tax consequences for you as a result of any foreign currency exchange gains or losses resulting from your investment in the Notes. You should consult your tax advisor concerning the tax consequences to you of acquiring, holding and disposing of the Notes.

The transferability of the Notes will be limited under applicable securities laws, which may adversely affect their liquidity and value.

The Notes have not been, and will not be, registered under the U.S. Securities Act or the securities laws of any state or any other jurisdiction. Therefore, you may not transfer or sell the Notes in the United States except pursuant to an exemption from, or a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable state securities laws or laws of any other jurisdiction, or pursuant to an effective registration statement, and you may be required to bear the risk of your investment in the Notes for an indefinite period of time. The Notes are not being offered for sale in the United States except to “qualified institutional buyers” in accordance with Rule 144A, and we have not agreed to or otherwise undertaken to register the Notes with the SEC (including by way of an exchange offer). In addition, by acceptance of delivery of any Notes, the holder thereof agrees on its own behalf and on behalf of any investor accounts for which it has purchased the Notes that it shall not transfer the Notes in an aggregate principal amount of less than \$200,000. It is the obligation of holders of the Notes to ensure that their offers and sales of the Notes within the United States and other countries comply with applicable securities laws. See “*Notice to Investors.*”

You may be unable to enforce judgments obtained in U.S. courts against the Company.

Vår Energi ASA and its subsidiaries are organized outside of the United States. All of our directors and executive officers listed herein are non-residents of the United States and all their respective assets and the Company’s assets are located outside the United States. As a result, it may not be possible for investors to effect service of process within the United States upon the Company or its directors and executive officers, or to enforce any judgments obtained in U.S. courts predicated upon civil liability provisions of the U.S. securities laws. Additionally, there is doubt as to the enforceability in many foreign jurisdictions of civil liabilities based on the civil liability provisions of the federal or state securities laws of the United States against entities and persons who are not residents of the United States. See “*Service of process and enforcement of civil liabilities.*”

The Notes will initially be held in book-entry form, and therefore you must rely on the procedures of the relevant clearing systems to exercise any rights and remedies.

The Notes will initially be issued in global form and held through DTC. We refer to beneficial interests in such global notes as “Book-Entry Interests.”

Interests in the global notes will trade in book-entry form only, and the Notes in definitive registered form, or Definitive Registered Notes, will be issued in exchange for Book-Entry Interests only in very limited circumstances. Owners of Book-Entry Interests will not be considered owners of the Notes. DTC, or its nominee, will be the sole registered holder of the global notes representing the Notes. Payments of principal, interest and other amounts owing on or in respect of the global notes representing the Notes will be made to the Paying Agent, which will make payments to DTC. Thereafter, such payments will be credited to participants’ accounts that hold Book-Entry Interests in the global notes representing the Notes and credited by such participants to indirect participants. After payment to DTC, none of the Company, any future Guarantors, the Trustee, the Registrar, the Transfer Agent or the Paying Agent will have any responsibility or liability for any aspect of the records relating to or payments of interest, principal or other amounts by DTC or to owners of Book-Entry Interests. Accordingly, if you own a Book-Entry Interest, you must rely on the procedures of DTC, and if you are not a participant in DTC, on the procedures of the participant through which you own your interest, to exercise any rights and obligations of a holder of the Notes under the Indenture.

Unlike holders of the Notes themselves, owners of Book-Entry Interests will not have the direct right to act upon our solicitations for consents, requests for waivers or other actions from holders of the Notes (including upon the occurrence of an event of default). Instead, if you own a Book-Entry Interest, you will be reliant on the custodian or its nominee (as registered holder of the Notes) to act on your instructions and will be permitted to act directly only to the extent you have received appropriate proxies to do so from DTC or, if applicable, from a participant. We cannot assure you that procedures implemented for the granting of such proxies will be sufficient to enable you to vote on any requested actions or to take any other action (including exercising your rights under the Notes) on a timely basis. See “*Book-entry, delivery and form.*”

There may not be an active trading market for the Notes, in which case your ability to sell the Notes may be limited.

The Notes are new securities for which there is currently no market. We cannot assure you as to:

- the liquidity of any market in the Notes;
- your ability to sell your Notes; or

- the prices at which you may be able to sell your Notes.

Future trading prices for the Notes will depend on many factors, including the liquidity of the market for the Notes, prevailing interest rates, the market for similar securities and other factors, including general economic conditions and our own financial condition, performance and prospects, as well as third-party recommendations. Historically, the market for non-investment grade securities has from time to time been subject to disruptions that have caused substantial volatility in the prices of securities similar to the Notes. The liquidity of a trading market for the Notes will depend on the number of holders of the Notes and may be adversely affected by a general decline in the market for similar securities. In addition, the trading market for the Notes may attract different investors and this may affect the extent to which the Notes may trade. Although the Initial Purchasers have informed the Company that they intend to continue to make a market in the Notes, they are not obligated to do so and they may discontinue market-making at any time without notice. In addition, recent amendments to Rule 15c2-11 under the Exchange Act and regulatory interpretations thereof may restrict the ability of brokers and dealers to publish quotations on the notes on any interdealer quotation system or other quotation medium after January 3, 2023. Accordingly, the Company cannot assure you that an active trading market for the Notes will be maintained.

Although an application has been made for the Notes to be listed on the Securities Official List of the Luxembourg Stock Exchange, we cannot assure you that the Notes will be, or remain, listed. No assurance is made as to the liquidity of the Notes as a result of listing on the Luxembourg Stock Exchange or another recognized listing exchange for comparable issuers, failure to be approved for listing or the delisting of the Notes (whether or not for an alternative admission to listing on another stock exchange), as applicable, from the Securities Official List of the Luxembourg Stock Exchange may have a material adverse effect on a holder's ability to resell the Notes in the secondary market.

The Indenture will not be qualified under the U.S. Trust Indenture Act of 1939, as amended.

The Indenture with respect to the Notes offered hereby will not be required to, and will not be, qualified under the U.S. Trust Indenture Act of 1939, as amended (the “TIA”) and will not incorporate or include and will not be subject to any of the provisions of the TIA. Consequently, the holders of Notes are not entitled to the protections provided under the TIA to holders of debt securities issued under a qualified indenture, including those respecting preferential collections by the trustee or conflicting interests of the trustee. See “*Description of the Notes.*”

USE OF PROCEEDS

We estimate that gross proceeds from the sale of the Notes in this Offering will be \$1,982.7 million. We intend to use the gross proceeds from the sale of the Notes, together with cash on balance sheet, to (i) repay in part our commitments under the Bridge Facility and (ii) pay transaction fees and expenses (the “**Refinancing**”).

Certain of the Initial Purchasers and/or their respective affiliates are lenders under the Bridge Facility, which will be repaid in part using the gross proceeds of the Offering.

The following table illustrates the estimated sources and uses of the proceeds with respect to the Refinancing. Actual amounts may vary from estimated amounts depending on several factors, including differences from our estimate of fees, expenses, debt balances and accrued interest. For descriptions of our current and anticipated indebtedness following the Offering, see “*Description of certain financing arrangements.*” See also “*Capitalization.*”

Sources of funds	Amount	Uses of funds	Amount
	(\$ in millions)		(\$ in millions)
Notes offered hereby ⁽¹⁾	1,982.7	Repayment of the Bridge Facility ⁽²⁾	2,000.0
Cash on balance sheet	32.3	Transaction fees and expenses ⁽³⁾	15.0
Total Sources	<u>2,015.0</u>	Total Uses	<u>2,015.0</u>

(1) Represents the gross proceeds of the Notes offered hereby.

(2) Represents the partial repayment of amounts drawn under the Bridge Facility

(3) Represents an estimate of the aggregate fees and expenses expected to be incurred by the Company in connection with the Refinancing.

CAPITALIZATION

The following table sets forth our cash and cash equivalents and capitalization as of September 30, 2022, on (i) a historical basis and (ii) an *as adjusted* basis to give effect to the Refinancing as described in “*Use of proceeds*.” The historical consolidated financial information has been derived from our unaudited consolidated financial statements as of September 30, 2022 prepared in accordance with IFRS.

This table should be read in conjunction with “*Use of proceeds*,” “*Management’s discussion and analysis of financial condition and results of operations*,” “*Description of certain financing arrangements*” and the consolidated financial statements and the accompanying notes included in this Offering Memorandum. Except as set forth below, there have been no other material changes to our capitalization since September 30, 2022.

	Historical	Refinancing Adjustments	As adjusted for the Refinancing
As of September 30, 2022			
(\$ in millions)			
Cash and cash equivalents	1,499.0	(32.3)	1,466.7
Debt			
2028 Notes offered hereby ⁽¹⁾	—	1,000.0	1,000.0
2032 Notes offered hereby ⁽¹⁾	—	1,000.0	1,000.0
Existing Notes ⁽²⁾	500.0	—	500.0
Corporate Facilities ⁽³⁾	2,477.1	(2,000.0)	477.1
Bilateral Revolving Credit Facilities ⁽⁴⁾	—	—	—
Other Debt ⁽⁵⁾	348.3	—	348.3
Lease liabilities ⁽⁶⁾	229.4	—	229.4
Total interest bearing debt	3,554.7	—	3,554.7
Total equity	1,157.2	—	1,157.2
Total capitalization ⁽⁷⁾	4,712.0	—	4,712.0

- (1) Represents the aggregate principal amount of the Notes offered hereby. See “*Use of Proceeds*” for further details.
- (2) As of September 30, 2022, we had \$500.0 million in aggregate principal amount of Existing Notes outstanding (excluding accrued interest and not reduced by debt issuance costs).
- (3) On November 1, 2021, the Company, as original borrower, entered into the Corporate Facilities Agreement, providing for borrowings under the Working Capital Facility, the Liquidity Facility and the Bridge Facility. On or about the Issue Date, the Bridge Facility will be repaid in part using the gross proceeds from the sale of the Notes, together with cash on balance sheet. Amounts outstanding are shown net of issuance costs (\$22.9 million) associated with the Corporate Facilities. Amounts shown exclude accrued and unpaid interest. See “*Use of Proceeds*” and “*Description of certain financing arrangements—Corporate Facilities*.”
- (4) On March 24, 2020, the Company entered into two separate \$300,000,000 senior unsecured revolving credit facilities, including (i) a \$300,000,000 senior unsecured revolving credit facility with Intesa Sanpaolo S.p.A, as arranger and lender, and Intesa Sanpaolo S.p.A, Milan Head Office, as facility agent and (ii) a \$300,000,000 senior unsecured revolving credit facility with UniCredit Bank AG as lender, arranger and facility agent (the “**Bilateral Revolving Credit Facilities**”). On November 18, 2021 the Company signed amendment agreements to the Bilateral Revolving Credit Facilities with the purpose of achieving alignment of the Bilateral Revolving Credit Facilities with the Corporate Facilities. See “*Description of certain financing arrangements—Other*.”
- (5) Other debt consists of the deferred payment obligations payable to ExxonMobil on December 30, 2022, in consideration for the Company’s acquisition of ExxonMobil’s ownership interests in partner-operated fields and licenses on the NCS on December 10, 2019 (the “**Deferred Payment**”), including accrued and unpaid interest thereon. See “*Description of certain financing arrangements—Other debt*.” As of September 30, 2022, outstanding amounts on the Deferred Payment amounted to \$348.3 million.
- (6) As of September 30, 2022, lease liabilities consisted of \$130.4 million of non-current lease liabilities and \$99.0 million of current lease liabilities.
- (7) Total capitalization is calculated as the sum of Total interest bearing debt and Total equity.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis is intended to assist in providing an understanding of our financial condition, changes in historical financial condition and results of operations as of and for the years ended December 31, 2019, 2020 and 2021 and as of and for the nine months ended September 30, 2021 and 2022. The words "we," "us," "our," "Vår Energi" and "Vår Energi ASA" refer to the Company together with its subsidiaries on a consolidated basis. We encourage you to read the following discussion in conjunction with the section entitled "Summary financial information." The following discussion includes forward-looking statements which, although based on assumptions that we consider reasonable, are subject to risks and uncertainties which could cause actual events or conditions to differ materially from those expressed or implied by the forward-looking statements. For a discussion of some of those risks and uncertainties please refer to the sections entitled "Forward-looking statements" and "Risk factors."

There has been no material change in the prospects and the financial position of the Issuer since the date of the last financial information included in the Offering Memorandum.

Overview

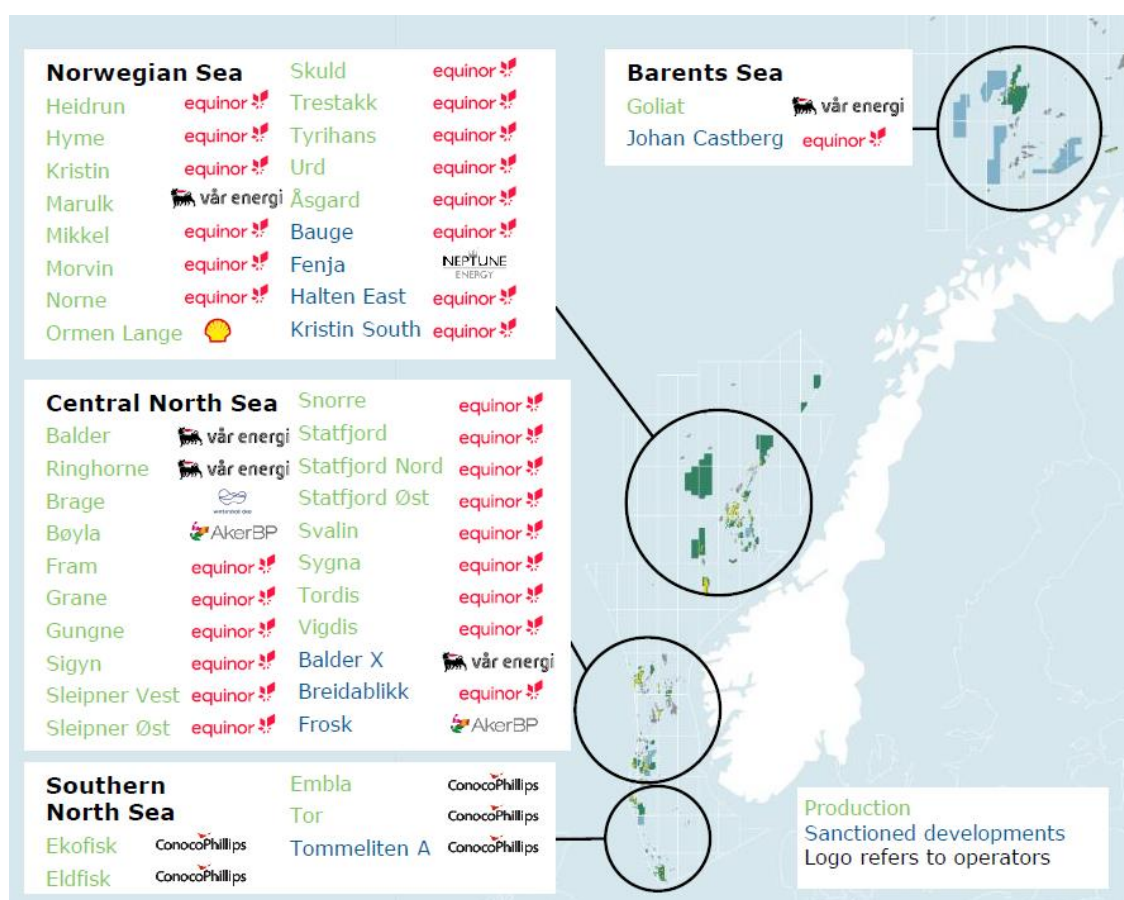
We are one of the largest independent oil and gas producers in Norway, measured by production and reserves, operating exclusively on the Norwegian Continental Shelf ("NCS") with a diverse mix of assets in the North Sea, Norwegian Sea and Barents Sea. As of September 30, 2022, we had ownership interests in 36 fields, of which 32 are currently producing. Of the 36 fields in which we hold ownership interests, four are operated by us and 32 are partner-operated. We are headquartered in Sandnes, Norway, with branch offices in Hammerfest and Oslo, and had 973 full-time employees as of September 30, 2022. Since our founding in 2018, we have grown through a combination of organic growth and strategic acquisition activity, including the acquisition of ExxonMobil's partner-operated NCS portfolio in 2019. We are currently listed on the Oslo Stock Exchange under the symbol "VAR."

Our average net production for the nine months ended September 30, 2022 was 222.0 kboepd (37.3% gas), of which 19% was from operated fields and 81% was from partner-operated fields. Our average net production for the twelve months ended September 30, 2022 was 231.2 kboepd (37.2% gas). Our net 2P reserves were estimated by D&M to total 1,164 MMboe as of December 31, 2021. Our 2C contingent resources were estimated to total 507 MMboe as of December 31, 2021, of which 247 MMboe has been independently evaluated by D&M.

Our portfolio of operated and partner-operated assets consists of a balanced mix of more mature assets with a strong track record and large reserve base (including Balder and Ringhorne, Snorre, Grane, Ekofisk, Statfjord, Ormen Lange and Åsgard), assets that more recently started production (including Goliat), as well as development projects driving growth (including, but not limited to, Balder X, Johan Castberg and Fenja). In line with our goal of being recognized as an industry leader in NCS partner-operated activities, we seek to create additional value from partner-operated assets by leveraging technical expertise and applying sound business judgement, along with aligning incentives and collaborating on pertinent projects that support, among other things, the creation and sharing of operational synergies and subsurface understanding.

For the twelve months ended September 30, 2022, our profit for the period and EBITDAX were \$662.0 million and \$8,482.7 million, respectively. For an explanation of EBITDAX, see “Summary historical and as adjusted selected financial information—Other financial information.”

The following map sets forth the geographic locations of our key assets.



Significant factors affecting results of operations

Production volumes

Production volumes are a primary revenue driver. Our production levels also affect our reserves and depletion charges. The following table details our production on a historical basis for the years ended December 31, 2019, 2020 and 2021 and the nine months ended September 30, 2021 and 2022. For additional information, see “Our Business—Reserves resources and operating data.”

Type	Average production (kboepd)				
	Year ended December 31,			Nine months ended September 30,	
	2019	2020	2021	2021	2022
Crude oil.....	92.1	139.6	136.9	135.0	124.1
Gas	48.5	98.3	86.7	84.1	82.8
NGL	14.7	27.3	22.2	22.5	15.1
Total production.....	155.3	265.2	245.8	241.6	222.0

Our portfolio provides us with a robust platform of oil and gas production and reserves and contingent resources. The following table provides a summary of our key assets and the reserves and average net production therefrom for the years ended December 31, 2019, 2020 and 2021 and the nine months ended September 30, 2021 and 2022.

Asset	Hub	Average net production (kboepd)				Net 2P reserves (MMboe)
		Year ended December 31,		Nine months ended September 30,		As of December 31,
		2020	2021	2021	2022	2021
Balder Area.....	Balder/Grane	19.0	19.5	19.3	17.5	224
Grane Area.....	Balder/Grane	21.0	16.4	17.1	11.9	108
Goliat Area.....	Barents Sea	25.9	22.7	21.1	21.6	63
Johan Castberg.....	Barents Sea	—	—	—	—	163
Åsgard Area.....	Åsgard	74.6	65.6	58.5	57.2	128
Kristin Area.....	Åsgard	20.9	16.8	16.3	16.7	49
Snorre Area.....	Tampen	16.9	26.4	25.6	26.9	106
Statfjord Area.....	Tampen	17.0	15.5	15.3	11.9	44
Greater Ekofisk Area.....	Other	20.5	21.6	21.5	18.1	109
Ormen Lange.....	Other	15.1	13.5	13.7	11.0	43
Fenja Area.....	Other	—	—	—	—	37
Fram Area.....	Other	13.3	11.2	11.5	11.3	33
Others.....	Other	21.2	16.7	21.5	17.7	57
Total.....		265.2	245.8	241.6	222.0	1,164

Crude oil and gas prices

Our revenues are predominantly affected by the market price for crude oil and gas and NGLs, specifically the Brent crude basket. Crude oil and gas prices have historically been volatile, dependent upon the balance between global supply and demand and particularly sensitive to OPEC production levels. The prevailing price of crude oil and gas significantly affects our revenues and cash flow generation and to a much lesser extent also affects the levels of our reserves through economic cut-off limits.

Oil prices

The average Dated Brent crude oil quoted price decreased from \$71 per barrel for the year ended December 31, 2018 to \$64 for the year ended December 31, 2019. The average Dated Brent crude price decreased further in the year ended December 31, 2020, with an average Brent crude oil price of \$42. Despite the significant reduction in the price of Dated Brent crude oil, our high quality and low cost assets were shown to be resilient in a low oil price environment. Additionally, our use of hedging instruments resulted in realized gains from put options in the amount of \$168.6 million for the year ended December 31, 2020. In 2020, global markets experienced significant oil price volatility resulting from a series of factors including: the impact of COVID-19; geopolitical developments between key oil producing nations, including market competition between Saudi Arabia and Russia; and the decision taken in April 2020 by OPEC and its allies to cut oil supply. By April 2020, the Dated Brent price fell to its lowest level of \$13/bbl.

The impact of the Norwegian government's unilateral oil production restrictions in May 2020 was tempered by unprecedented supply cuts from OPEC and Russia in summer 2020 which stabilized the global oil surplus and Chinese demand recovery. Despite a turbulent 2020 for the global oil market, Dated Brent oil prices rebounded significantly in 2021.

Dated Brent crude oil averaged \$70.9/bbl in 2021, with a low of \$51.1/bbl on January 4, 2021 and a high of \$86.4/bbl on October 26, 2021, compared to an average of \$64.2/bbl and \$43.2/bbl in 2019 and 2020, respectively. On March 8, 2022 following the Russian military action against Ukraine on February 24, 2022, the Dated Brent crude oil reached \$137.6/bbl. See *"Risk Factors—The ongoing military action between Russia and Ukraine could adversely affect our business, financial condition and results of operations."* However, oil prices are expected to remain volatile for the near future as a result of market uncertainties over the supply and demand of this commodity due to the current state of the world's economies, actions of OPEC, ongoing geopolitical uncertainty and related economic impacts and ongoing global credit and liquidity concerns.

The following table sets forth information on our average realized price of oil per barrel for the years ended December 31, 2019, 2020 and 2021, and for the nine months ended September 30, 2021 and 2022.

(in \$/bbl)	Year ended December 31,			Nine months ended September 30,	
	2019	2020	2021	2021	2022
Average price for the period.....	63.0	38.2	70.4	67.0	107.4
Average price for the period (including hedging effects)	63.7	50.0	70.4	67.0	107.4

Our oil sales are generally priced with reference to Dated Brent adjusted with a differential reflecting the quality of the crude in question. The price is set based on the daily quotations of dated Brent, calculated as a five-day average after the date of the Bill of Lading for the cargo, adjusted for a price difference for the quality in question. Dated Brent is a market term that refers to physical cargoes of crude oil in the North Sea that have been assigned specific delivery dates. Dated Brent prices are used, directly and indirectly, as a benchmark for a large proportion of the crude oil that is traded internationally.

Gas prices

The following table sets forth information on average quoted gas prices for the years ended December 31, 2019, 2020 and 2021 and the nine months ended September 30, 2021 and 2022.

(NBP monthly average DA prices quoted in pence/therm)	Year ended December 31,			Nine months ended September 30,	
	2019	2020	2021	2021	2022
Average price for the period.....	35	25	114	77	210

The International Energy Agency (“IEA”) estimates that global natural gas production fell by approximately 120 bcm in 2020 (-2.9%), a decline similar to that of the aftermath of the 2008 global financial crisis (where supply fell by 100 bcm in 2009). From 2021 to 2025, the IEA forecasts gas supply could grow at an average annual growth rate of 5.3%, driven in part by various natural gas development projects that were already under development prior to the pandemic, as well as outlook for resumed demand growth in the years ahead.

Going forward, the IEA forecasts that projects which have already been sanctioned could add around 420 bcf of production by 2030, with supply growth expected to continue thereafter, albeit at a lower rate. Gas demand from the industrial sector is expected to be the primary growth driver going forward according to the IEA, supported by emerging markets and the transition of developing economies to more service-oriented economies.

Impairment of assets

Movements in crude oil and gas prices also have a significant effect on the carrying value of our assets and results of operations, in that we consider decreases in market prices for crude oil and gas as impairment triggers of our fixed assets, related intangible assets and goodwill. Property, plant and equipment amounted to \$15,188.9 million as of December 31, 2021, the significant majority of which relates to Oil and gas properties. Goodwill amounted to \$2,531.9 million as of December 31, 2021, the significant majority of which relates to our acquisition of assets from ExxonMobil Exploration and Production Norway AS in 2019 and the merger between Eni Norge AS and Point Resources AS in 2018.

Oil and gas properties and goodwill are tested for impairment when impairment triggers are identified. Goodwill arises from the difference between the fair value of identifiable assets and liabilities acquired and the consideration paid in a business combination. For the purpose of impairment testing, goodwill is allocated to a cash-generating unit (CGU), or groups of CGUs that are expected to benefit from the synergies of the business combination from which it arose. The allocation of goodwill requires judgment and may significantly impact any subsequent impairment charge. Technical goodwill and deferred tax is recognized for the after-tax consideration paid in business combinations for assets acquired under section 10 of the Norwegian Petroleum Tax Act. Technical goodwill is allocated to the field level (CGU) from which it arose. See “—*Explanation of income statement items—Impairment loss and reversals*” for further details regarding impairment testing.

Commodity price hedging

We use derivative financial instruments, such as Brent Crude put options, to hedge our commodity price risks. The effective portion of the gain or loss on the cash flow hedging instrument is recognized on our balance sheet in other comprehensive income/loss within equity, while any ineffective portion is recognized immediately in our

consolidated income statement as a profit or loss. Amounts recognized on the balance sheet, as in equity movements, are transferred to a profit or loss on our income statement when the hedged transaction affects profit or loss. Commodity options are valued on a daily basis using market inputs as observable forward curves, interest rates and time to maturity of the option. In addition, implied volatilities from market observable option prices are used in computing the theoretical options price. The final market-to-market value is then computed as the calculated option price multiplied by the quantity.

Our oil price hedging program for the year ended December 31, 2020 included put options at a strike price of \$50/barrel for 100% of our post-tax production, which in turn resulted in a significant payout to support liquidity. Oil production resulting from the assets that we acquired from ExxonMobil Exploration and Production Norway AS were also hedged immediately after completion of the acquisition of those assets in December 2019. For the year ended December 31, 2020, our sales revenue includes realized gains from put options under hedging activities in the amount of \$168.6 million. The premiums that we paid for put options in the same year amounted to \$33.1 million, and have been charged to production costs.

At the end of 2020, we put in place a hedging program for the year ended December 31, 2021, in which 100% of our planned after-tax volumes for oil have been hedged by acquiring monthly settled oil price put options with a strike price of \$40/bbl. To align for after-tax cash flows and adjust for different tax treatment of financial derivatives and the underlying oil production, 28.2% of our planned production volume is currently hedged (a stable after-tax cash flow is achieved if crude oil prices decline below the put option strike price assuming all other, assumptions being equal, by hedging 28.2% of the underlying oil production based on crude oil sales being taxable in the 78% tax regime and gains from hedging instruments being taxable in the 22% tax regime).

At the end of 2021, we put in place a hedging program for the year ended December 31, 2022, in which 100% of our planned after-tax volumes for oil have been hedged by acquiring monthly settled oil price put options with a strike price of \$47/bbl. Furthermore, as of the date of this offering memorandum, 100% of oil production is hedged on an after-tax basis for the second quarter of 2023, at a strike price of \$50/bbl.

In 2022, we have also entered into forward gas sales contracts. As of September 30, 2022, we have sold 9.2% of our estimated 2022 gas production at a fixed price, generating sales revenue of \$362 million at an average price of \$139/boe.

As of October 2022, we have executed fixed price transactions which are expected to cover approximately 10.5% of our gas production for the fourth quarter of 2022 at an average price of \$139/boe and 15% of our gas production for the first quarter 2023 at an average price of \$159/boe.

Project management and operational efficiency

We are engaged in complex, long term and capital intensive projects requiring a high degree of project management expertise to maximize efficiency and profitability.

Specific factors that can affect the performance of major projects include our ability to: negotiate successfully with other license participants, governments, suppliers, customers, or others; manage changes in operating conditions and costs, including costs of third-party equipment or services; and prevent, to the extent possible, and respond effectively to unforeseen technical difficulties that could delay project start-up or cause unscheduled project downtime. An important component of our competitive performance, especially given the commodity-based nature of our business, is our ability to operate efficiently, including our ability to manage expenses and optimize production yields on an ongoing basis.

In recent years, our focused efforts to realize identified performance improvement areas contributed to reducing production costs and improving production efficiency and uptime on operated fields.

As a part of our strategic priorities, we are taking steps to improve production efficiency while reducing unit costs. For the year ended December 31, 2021 and the nine months ended September 30, 2022, the average uptime at our operated producing assets was 87% and 84%, respectively.

Net operating expenses

Net operating expenses are operating expenses that are either variable or fixed and represent the portion of total operating expenses related to our equity interests. The variable element of operating expenses will increase (or decrease) with the level of production, therefore an increase (or decrease) in production will result in an increase (or decrease) in variable operating expenses. The main variable operating expenses that affect our results include the costs and tariffs associated with the use of infrastructure and pipelines, environmental taxes and production consumables, each included within “production costs” line item. Fixed operating expenses are substantially independent from production levels and therefore do not increase (or decrease) with an increase (or decrease) of

our level of production. Fixed operating expenses include, for example, routine and non-routine maintenance costs and both offshore and onshore personnel costs. Certain significant maintenance programs result in the shut in of production for a period of time. An increase in fixed operating expenses will result in an increase in net operating expenses/boe due to higher costs with no associated increase in production.

Our production costs decreased from \$15.2/boe in the year ended December 31, 2019 to \$9.9/boe in the year ended December 31, 2020, with the decrease primarily attributable to the full-year effect of the acquisition of ExxonMobil's partner-operated assets (total production costs increased by approximately 18% driven mainly by increased transportation and processing costs, environmental taxes and insurance costs. However, this cost increase was more than offset by an increase in production volumes of roughly 70%).

Our production costs increased from \$9.9/boe in the year ended December 31, 2020 to \$12.0/boe in the year ended December 31, 2021, with the increase primarily attributable to increases in the cost of operations and environmental taxes and a decrease in production volumes.

Our production costs in the nine months ended September 30, 2022 amounted to \$13.3/boe, with the increase as compared to the nine months ended September 30, 2021 largely attributable to an increase in our cost of operations and environmental taxes as well as a decrease in production volumes.

Exploration and appraisal success and exploration costs written-off

We face inherent risks in connection with our exploration and appraisal activities. The success or failure of our exploration and appraisal activities affects the level of our resources recognized and our future development plans for a particular licensed area.

Exploration drilling costs are initially capitalized in cash generating units ("CGUs") by well. When exploration and appraisal drilling is unsuccessful, the capitalized costs are expensed. All capitalized exploration costs are reviewed on a regular basis and are expensed when facts and circumstances suggest that the carrying value of an exploration and evaluation asset may exceed its recoverable amount.

In the year ended December 31, 2020, we participated in seven non-operated exploration wells, three of which are considered commercial. One of the wells was characterized as a technical discovery and three were characterized as dry. In total, we discovered 8 MMboe of resources to achieve a finding cost of approximately \$2.13/boe, on an after-tax basis. In an effort to optimize our exploration asset portfolio, we also relinquished 14 licenses, two of which were as operator.

Our key priorities for 2021 included drilling at our operated King/Prince and Rødhetta wells, along with follow up activity at partner-operated wells. All drilling sites in 2021 were located close to our key hubs (near field exploration for high margin barrels) and in case of a discovery, we expect to be able to quickly undergo development in line with our "short-time-to-market" objective. One recent example was the Tyrihans Ile North April 2021 discovery, where we were able to execute our high-margin short-time-to-market objective, with production beginning in June 2021, achieving full pay-back by September 2021. We made six commercial discoveries in 2021 amounting to an estimated 135 MMboe of resources, including King and Prince (85 MMboe), Blasto (24 MMboe), Isflak (12 MMboe), Garantiana West (5 MMboe), Rodhetta (5 MMboe) and Tyrihans North (4 MMboe), out of eight wells drilled. Over the same period, we achieved a finding cost of approximately \$0.26/boe on an after-tax basis.

In 2020, the APA awarded us with 17 new licenses as part of the 2019 licensing round, seven of which as operator.

In 2021, we were awarded a further ten licenses as part of the 2020 licensing round, 5 of which are as operator.

In January 2022, the APA awarded us with a further 10 licenses, five of which were as operator. The new licenses are expected to drive further growth, with the location of the licenses well aligned to our hub strategy.

In the third quarter of 2022, we submitted an application to the MPE for eleven licenses, including five as operator. The decision is expected to take place at the beginning of 2023.

Tax

Tax has a significant impact on our results of operations. The total nominal income tax rate for companies engaged in upstream petroleum activities in Norway is 78% for the income year 2022, consisting of a 22% general CT and a 71.8% SPT. The CT rate is deductible for SPT purposes and effective CT rate is 6.2% (22% less 22% times 71.8%).

As of September 30, 2022, the booked value of our deferred tax liabilities and current taxes payable was \$6,939.0 million and \$2,378.3 million, respectively. In the year ended December 31, 2019, as part of the acquisition of ExxonMobil Exploration and Production Norway AS's non-operated assets, we recognized tax payables of approximately \$1 billion. However, following a series of payments in instalments in the year ended December 31, 2020, we have repaid all tax payables in addition to receiving a tax remission that was introduced in the same year. Our remaining tax balances for 2021 and 50% of estimated tax balances for 2022 will be paid by the fourth quarter of 2022, in accordance with the ordinary instalment tax rules. As an effort to maintain oil and gas investments during a period of falling oil prices and reduced activity due to the COVID-19 pandemic, the Norwegian Parliament in June 2020 enacted temporary targeted changes to Norway's petroleum tax system for investments incurred in 2020 and 2021. The changes provided direct tax deduction of field investments in the SPT (56% tax rate) instead of tax depreciation over six years. In addition, the SPT uplift was increased to 24% in the first year compared to 5.2% per year over 4 years, and companies were refunded the tax value of both CT and SPT losses. The direct investment deduction and uplift rules for SPT also apply for all investments according to PDOs/PIOs submitted before January 1, 2023 and approved by the MPE between May 12, 2020 and January 1, 2024. Due to the new SPT rate of 71.8%, the annual uplift rate is adjusted for 2019 CAPEX from 5.2% to 4.06% for 2022. Correspondingly, uplift under the temporary tax regime was adjusted from 24% to 17.69% for 2022. A further reduction to 12.4% has been proposed in the state budget for 2023, applying to investments incurred from January 1, 2023.

Interest Rates

Historically, our primary exposure to the risk of changes in market interest rates has primarily related to borrowings under reserve based financing arrangements which bear floating interest rates (based on LIBOR / SOFR plus a margin which would fluctuate based on reported leverage ratio (Net interest bearing debt divided by EBITDAX) with a margin set as of March 31, 2021 of 2.50%). Our interest expense decreased in 2021 compared to the previous year, mainly as a result of the combination of reduced average loan balance and decreasing interest rates. Interest expense for the nine months ended September 30, 2022 decreased compared to the same period in previous year due to reduced interest rates after refinancing at the end of 2021 and lower average loan balance. Our primary financing arrangements have historically related to the RBL Facility, which was repaid and cancelled on November 18, 2021, with new drawings made under the Corporate Facilities which bear interest at floating rates. See “*Liquidity and capital resources—Capital commitments and other contractual obligations.*”

We may be affected by changes in market interest rates at the time we refinance any of our indebtedness.

Currency exchange rates

Currency risks arise from multi-currency cash flows across our operations. We are exposed to foreign currency exchange risk on purchases and sales, including financing costs that are denominated in currencies other than NOK. Our exchange rate risk largely derives from the fact that our income is denominated in U.S. dollars for the sale of crude oil and NGL and Euros, and to a lesser degree Pound Sterling, for the sale of gas, while most of our costs are denominated in NOK. However, given the strong historical correlation between commodity prices and USD/NOK and EUR/NOK exchange rates, we benefit from a natural hedging effect which significantly decreases our exposure to fluctuations in the USD/NOK and EUR/NOK exchange rates assuming a continued strong correlation. For certain foreign exchange rate exposures, we also implement hedging for tax payments on a case-by-case basis. See “*Risk factors—Risks relating to our business—Changes in foreign exchange rates may affect our results of operations and financial positions.*”

Transactions in foreign currencies are recorded using the exchange rate of the date on which the transaction is settled. Quarterly exchange rates are used as a practical approach when there are no material differences between the quarterly exchange rate and the exchange rate of the date on which transactions are settled.

Financial items are valued at the balance sheet date where those monetary assets and liabilities are held in currencies other than the NOK. Any corresponding currency losses or gains are recorded in the profit and loss account.

Explanation of income statement items

Petroleum revenues

Revenue from the sale of liquids or gas is recognized at the point in time when the company'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 recognized on the basis of volumes lifted and sold to customers during the period (sales method). To the extent we have lifted and sold more

than our entitled share of production based on the ownership interest, an accrual and production costs is recognized for the fair value less costs to sell of the overlift. To the extent we have lifted and sold less than our entitled share of production, costs are deferred for the underlift. Gain on cash flow hedges in relation to exercised put options is included as part of petroleum revenues.

Other operating income

Other operating income mainly includes gains and losses from the sale of assets and other partners' share of lease cost recovered by the Company.

Production costs

Production costs include cost of operations, transportation and processing costs, environmental taxes, insurances, adjustment of over/underlift and premium from realized crude put options.

Exploration expenses

Exploration drilling costs are treated in accordance with the successful efforts method, with each well forming the basis for evaluation. Costs related to exploration wells in progress and exploration wells with finds are capitalized until the evaluation of the well has been completed. Such capitalized costs may remain capitalized for more than one year. The main criteria for keeping exploration costs capitalized are that there are plans for future activity in the license 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 capitalized exploration expenditures are charged to the income statement. Other exploration costs, including seismic studies, are expensed as incurred.

Depreciation and amortization

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, over three to fifteen years.

Impairment loss and reversals

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 license level. Impairment is recognized 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 recognized impairment (excluding goodwill) can only be reversed if changes to the estimates used for the calculation of the recoverable amount have been observed. Reversals are recognized in the profit and loss statement. 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.

Other operating expenses

Other operating expenses include R&D expenses, value adjustments on contingent considerations, administration expenses and other expenses.

Net financial income/(expenses)

Net financial income/(expenses) include interest income on bank accounts and receivables, dividends, other financial income, interests of debts and borrowings, interest on lease debt, capitalized interest cost related to development projects, amortization of fees and expenses, accretion expenses related to asset retirement obligations and other financial expenses.

Net exchange rate gain/(loss)

Net exchange rate gains and losses include currency forward contracts gains and losses and unrealized and realized exchange rate gains and losses.

Income tax (expense)/income

Income taxes include current taxes payable or refundable, adjustments of prior years' taxes payable and changes in 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 basis are recognized as net deferred tax assets or liabilities. Deferred tax assets relating to earned uplift on incurred investments are not recognized because of the initial recognition exemption in IAS 12 Income Taxes, unless such deferred tax assets are recognized in a business combination under IFRS 3. Deferred tax assets are recognized to the extent it is probable that the asset will be realized. 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 recognized and presented as assets or liabilities depending on whether an outflow of economic resources embodying economic benefits has become probable. Taxes relating to items recognized directly in equity or in OCI have also been recognized directly in equity or in OCI.

Results of operations

The table below sets out a summary of our income statement information for the periods presented.

	Year ended December 31,			Nine months ended September 30,		Twelve months ended September 30,
	2019	2020	2021	2021	2022	2022 ⁽¹⁾
	(\$ in millions)					
Petroleum revenues	2,821.1	2,868.6	6,043.4	3,761.5	7,426.1	9,708.0
Other operating income	44.1	25.2	29.4	36.9	27.6	20.1
Total income	2,865.1	2,893.8	6,072.7	3,798.3	7,453.7	9,728.1
Production costs	(948.6)	(1,028.5)	(1,290.0)	(860.4)	(789.9)	(1,117.4)
Exploration expenses	(75.0)	(57.2)	(57.1)	(45.8)	(50.4)	(61.7)
Depreciation and amortization	(1,168.3)	(1,706.7)	(1,704.6)	(1,235.1)	(1,115.5)	(1,585.0)
Impairment loss and reversals	(156.0)	(2,178.1)	(1.0)	177.5	(561.7)	(740.1)
Other operating expenses	(60.2)	(176.2)	(110.5)	(73.0)	(90.5)	(128.0)
Total operating expenses	(2,408.0)	(5,146.7)	(3,163.1)	(2,036.8)	(2,608.0)	(3,632.3)
Operating profit/(loss)	457.1	(2,252.9)	2,909.6	1,761.5	4,845.7	6,095.8
Net financial income/(expenses)	(137.5)	(238.1)	(269.5)	(163.7)	(96.5)	(202.2)
Net exchange rate gain/(loss)	131.8	287.0	(142.4)	(136.7)	(678.5)	(684.1)
Profit/(loss) before taxes	451.4	(2,204.0)	2,497.7	1,461.1	4,070.7	5,209.4
Income tax (expense)/income	(373.0)	577.4	(1,876.1)	(1,028.9)	(3,620.6)	(4,547.4)
Profit/(loss) for the period	78.4	(1,626.6)	621.6	432.1	450.1	662.0

(1) For a description of the method of calculation of the LTM Consolidated Financial Information, see "Presentation of Financial and Other Information—Historical Financial Information— Twelve months ended September 30, 2022 financial information."

The table below sets out a summary of our sales from production, average crude oil sales, average gas and NGL sales, operating costs and production costs for the year ended December 31, 2021.

	Year ended December 31, 2021
Average price for boe from production (\$)	70.9
Average crude oil sales (\$/bbl)	70.4
Average crude oil sales including hedging effects (\$/bbl)	70.4
Average gas sales (\$/boe)	79.5
Average NGL sales (\$/boe)	45.0
Operating costs (\$/boe)	7.8
Production costs (\$/boe)	12.0

Comparison of results of operations for the nine months ended September 30, 2021 and 2022

Petroleum revenues

Petroleum revenues increased by \$3,664.6 million, or 97.4%, to 7,426.1 million for the nine months ended September 30, 2022 from \$3,761.5 million for the nine months ended September 30, 2021. The increase in petroleum revenues was primarily due to the increase in oil and gas prices throughout the period.

Other operating income

Other operating income decreased by \$9.2 million, or 25.1%, to \$27.6 million for the nine months ended September 30, 2022 from \$36.9 million for the nine months ended September 30, 2021. The decrease in other operating income was primarily due to a gain from the sale of assets in the nine months ended September 30, 2021, partially offset by insurance proceeds in the nine months ended September 30, 2022.

Production costs

Production costs decreased by \$70.5 million, or 8.2%, to \$789.9 million for the nine months ended September 30, 2022 from \$860.4 million for the nine months ended September 30, 2021. The decrease in production costs was primarily due to a change in the adjustment of over/underlift partly offset by an increase in our cost of operations and environmental taxes.

	Nine months ended September 30,	
	2021	2022
	\$ in millions	
Production costs		
Cost of operations	472.5	511.5
Transportation and processing	184.6	171.4
Environmental taxes	67.8	92.3
Insurance premium	34.7	32.9
Production cost based on produced volumes	759.6	808.1
Back-up cost shuttle tankers	17.9	11.3
Adjustment of over/underlift (-).....	38.7	(59.2)
Premium expense for crude put options	44.2	29.7
Production cost based on sold volumes	860.4	789.9

Production costs per produced unit increased by \$1.8/boe, or 15.8%, to \$13.3/boe for the nine months ended September 30, 2022 from \$11.5/boe for the nine months ended September 30, 2021, primarily due to a combination of lower production volumes and increased cost of operations and environmental taxes.

Exploration expenses

Exploration expenses increased by \$4.6 million, or 10.1%, to \$50.4 million for the nine months ended September 30, 2022 from \$45.8 million for the nine months ended September 30, 2021. The increase in exploration expenses was primarily due to costs associated with the wells PL901 7122/6-3 S Rødhetten, PL209 6305/5-C-3 H Ormen Lange Deep and 34/4-18 S Statfjord Kile.

Depreciation and amortization

Depreciation and amortization decreased by \$119.5 million, or 9.7%, to \$1,115.5 million for the nine months ended September 30, 2022 from \$1,235.1 million for the nine months ended September 30, 2021. The decrease in depreciation and amortization was primarily due to lower production volumes throughout the period.

Impairment loss and reversals

Reversal of impairments was \$177.5 million for the nine months ended September 30, 2021 and impairment loss was \$561.7 million for the nine months ended September 30, 2022. The change was primarily related to the impairment of the Balder X project, with \$572.5 million performed during the nine months ended September 30, 2022. Impairment tests were initiated in the third quarter of 2022 by the Company on all cash-generating units (CGUs) as triggering events were identified, such as the updated cost, schedule and production profile of the Balder X project.

Other operating expenses

Other operating expenses increased by \$17.5 million, or 24%, to \$90.5 million for the nine months ended September 30, 2022 from \$73 million for the nine months ended September 30, 2021. The increase in other operating expenses was primarily due to an increase in R&D expenses arising from participation in a variety of research and developments projects.

Net financial income/(expenses)

Net financial expenses decreased by \$67.3 million, or 41.1%, to \$96.5 million for the nine months ended September 30, 2022 from \$163.7 million for the nine months ended September 30, 2021. The decrease in net financial expenses was primarily due to lower interest rates following refinancing and a lower average loan balance.

Net exchange rate gain/(loss)

Net exchange rate loss increased by \$541.8 million, or 396.2%, to \$678.5 million for the nine months ended September 30, 2022 from \$136.7 million for the nine months ended September 30, 2021. The increase in net exchange rate loss was primarily due to fluctuations in the USD/NOK exchange rate, including the weakening of NOK as against USD that led to significant unrealized losses in the nine months ended September 30, 2022. Our functional currency is NOK, whilst interest bearing loans are in USD.

Income tax (expense)/income

Income tax expense increased by \$2,591.7 million, or 251.9%, to \$3,620.6 million for the nine months ended September 30, 2022 from \$1,028.9 million for the nine months ended September 30, 2021. The increase in income tax expense was primarily due to an increase in profit before taxes during the nine months ended September 30, 2022.

Our effective tax rate (calculated as income tax (expense)/income divided by profit/(loss) before taxes) for the nine months ended September 30, 2022 and 2021 amounted to 89% and 70%, respectively.

Comparison of results of operations for the year ended December 31, 2020 and 2021

Petroleum revenues

Petroleum revenues increased by \$3,174.7 million, or 110.7%, to \$6,043.4 million for the year ended December 31, 2021 from \$2,868.6 million for the year ended December 31, 2020. The increase in petroleum revenues was primarily due to higher oil and gas prices realized in 2021, continuing the trend of increasing commodity prices that began at the end of 2020.

Other operating income

Other operating income increased by \$4.2 million, or 16.5%, to \$29.4 million for the year ended December 31, 2021 from \$25.2 million for the year ended December 31, 2020. The increase in other operating income was primarily due to other partners' share of lease cost recovered by the Company.

Production costs

Production costs increased by \$261.5 million, or 25.4%, to \$1,290.0 million for the year ended December 31, 2021 from \$1,028.5 million for the year ended December 31, 2020 (before taking into account the restatement on certain 2021 figures described in Note 1 to the Consolidated Interim Financial Statements). The increase in production costs was primarily due to foreign exchange rate effects (appreciation of NOK vs. USD), higher electricity prices, higher environmental taxes due to higher CO₂ quota prices, the shift of turnaround and maintenance activities from 2020 to 2021, a higher overlift position and higher costs related to crude put option premiums.

The following table provides further information regarding the composition of production costs (before taking into account the restatement on certain 2021 figures described in Note 1 to the Consolidated Interim Financial Statements):

	Year ended December 31,	
	2020	2021
	\$ in millions	
Production costs		
Cost of operations	561.6	688.1
Transportation and processing	269.7	243.2
Environmental taxes	68.1	101.7
Insurances	65.2	46.5
Production cost based on produced volumes	964.5	1,079.4
Back-up cost shuttle tankers	11.7	33.1
Adjustment of over/underlift (-).....	19.2	116.9
Premium expense for crude put options.....	33.1	60.5
Production cost based on sold volumes	1,028.5	1,290.0

Production costs per produced unit increased to \$12.0/boe for the year ended December 31, 2021 from \$9.9/boe for the year ended December 31, 2020, primarily due to increases in the cost of operations and environmental taxes.

Exploration expenses

Exploration expenses decreased by \$0.0 million, or 0.1%, to \$57.1 million for the year ended December 31, 2021 from \$57.2 million for the year ended December 31, 2020.

Depreciation and amortisation

Depreciation and amortisation decreased by \$2.2 million, or 0.1%, to \$1,704.6 million for the year ended December 31, 2021 from \$1,706.7 million for the year ended December 31, 2020. The decrease in depreciation and amortisation was primarily due to lower production, partly offset by a higher depreciation base.

Impairment loss and reversals

Impairment loss decreased by \$2,177.1 million, or 100.0%, to \$1.0 million for the year ended December 31, 2021 from \$2,178.1 million for the year ended December 31, 2020. The decrease in impairment loss was primarily due to the conditions that led to a higher impairment loss in 2020, primarily lower commodity prices, no longer being present during 2021.

Other operating expenses

Other operating expenses decreased by \$65.7 million, or 37.3%, to \$110.5 million for the year ended December 31, 2021 from \$176.2 million for the year ended December 31, 2020. The decrease in other operating expenses was primarily due to a reduction in legal provisions and value adjustment contingent considerations mainly related to an updated reserves estimate in connection with the possible development of the Forseti structure.

Net financial income/(expenses)

Net financial expenses increased by \$31.4 million, or 13.2%, to \$269.5 million for the year ended December 31, 2021 from \$238.1 million for the year ended December 31, 2020. The increase in net financial expense was primarily due to the 2021 refinancing and the corresponding expensing of capitalized loan expenses, in addition to higher accretion expenses on the asset retirement obligation.

Net exchange rate gain/(loss)

Net exchange rate loss increased by \$429.3 million, or 149.6%, to \$142.4 million for the year ended December 31, 2021 from a \$287.0 million gain for the year ended December 31, 2020. The increase in net exchange rate loss was primarily due to the strengthening of the US dollar against Norwegian kroner which led to exchange rate losses on the credit facilities.

Income tax (expense)/income

Income tax expense increased by \$2,453.5 million, or 424.9%, to \$1,876.1 million for the year ended December 31, 2021 from \$577.4 million in income for the year ended December 31, 2020. The increase in income tax expense was primarily due to an improved result before tax, partly offset by impairment of non-taxable goodwill in 2020.

Our effective tax rate for the years ended December 31, 2021 and 2020 amounted to 75.1% and 26.2%, respectively, where the effective tax rate is calculated as income tax (expense)/income as a percentage of profit/(loss) before taxes. See Note 11 to the 2021 Consolidated Financial Statements.

Comparison of results of operations for the years ended December 31, 2019 and 2020

Petroleum revenues

Petroleum revenues increased by \$47.6 million, or 1.7%, to \$2,868.6 million for the year ended December 31, 2020 from \$2,821.1 million for the year ended December 31, 2019. The increase in petroleum revenues was primarily due to higher production, and sales volumes resulting from the acquisition of ExxonMobil's non-operated assets which was completed in December 2019 (with sales volumes increasing to 251.7 kboepd for the year ended December 31, 2020 from 155.3 kboepd for the year ended December 31, 2019). The increase in revenues was partially offset by lower commodity prices caused by the volatility in the petroleum prices during 2020 (see “—Significant factors affecting results of operations—Crude oil and gas prices—Oil prices”). For the year ended December 31, 2020, our sales revenue includes realized gains from put options under hedging activities in the amount of \$168.6 million.

Other operating income

Other operating income decreased by \$18.9 million, or 42.8%, to \$25.2 million for the year ended December 31, 2020 from \$44.1 million for the year ended December 31, 2019. The decrease in other operating income was primarily due to materially lower gains on sale of assets in 2020. In 2019, gains on sales of assets of \$15.0 million related to the divestment of 10% of our ownership interests in six operated licenses across the Balder and Ringhorne fields in the North Sea to Mime Petroleum AS. In addition, other operating income in 2019 included insurance reimbursements related to the Goliat field.

Total income

Total income increased by \$28.7 million, or 1.0%, to \$2,893.8 million for the year ended December 31, 2020 from \$2,865.1 million for the year ended December 31, 2019. The increase in total income was primarily due to the factors described above.

Production costs

Production costs increased by \$108.7 million, or 11.5%, to \$1,057.2 million for the year ended December 31, 2020 from \$948.6 million for the year ended December 31, 2019. The increase in production costs was primarily driven by the acquisition of ExxonMobil's non-operated assets, which was completed in December 2019. The increased 2020 production volumes associated with this acquisition resulted in higher transportation and processing costs, higher environmental taxes, higher insurance cost and an increase in premium from realized crude put options in 2020. The following table provides further information regarding the composition of production costs:

	Year ended December 31,	
	2019	2020
	\$ in millions	
Production costs		
Cost of operations	646.3	602.0
Transportation and processing	141.8	269.7
Environmental taxes	46.0	68.1
Insurances	26.2	65.2
Production cost based on produced volumes	860.3	1,005.0
Adjustment of over/underlift (-).....	77.7	19.2
Premium expense for crude put options.....	10.6	33.1
Production cost based on sold volumes	948.6	1,057.2

Production costs per produced unit decreased to \$10.4/boe for the year ended December 31, 2020 (or \$9.9/boe, as reclassified in the 2021 Consolidated Financial Statements) from \$15.2/boe for the year ended December 31, 2019, primarily attributable to the production volumes increase by roughly 70% during the same period, which is mainly attributable to the Exxon Mobil's non operated assets acquisition in December 2019.

Exploration expenses

Exploration expenses decreased by \$17.8 million, or 23.7%, to \$57.2 million for the year ended December 31, 2020 from \$75.0 million for the year ended December 31, 2019. The decrease in exploration expenses was primarily due to lower spending related to seismic surveys, reduced activity levels and cost saving initiatives put in place following the COVID-19 pandemic.

Depreciation and amortization

Depreciation and amortization increased by \$538.4 million, or 46.1%, to \$1,706.7 million for the year ended December 31, 2020 from \$1,168.3 million for the year ended December 31, 2019. The increase in depreciation and amortization was primarily due to the timing of the acquisition of ExxonMobil Exploration and Production Norway AS's partner-operated licenses on the NCS. Following the acquisition, we assumed a higher amount of property, plant and equipment subject to depreciation, and while for the year ended December 31, 2020, the acquired property, plant and equipment was subject to full-year depreciation, for the year ended December 31, 2019 only one month of depreciation was accounted for.

Impairment loss and reversals

Impairment loss increased by \$2,022.1 million, to \$2,178.1 million for the year ended December 31, 2020 from \$156.0 million for the year ended December 31, 2019. The majority of 2020 impairment was recognized in goodwill (\$2,009.5 million), while the remaining \$168.6 million was recognized in property, plant & equipment. The increase in impairment was primarily due to a downward revision of oil and gas prices applied in impairment testing of oil and gas fields and goodwill.

Impairment is recognized when the book value of an asset or a cash-generating unit exceeds the recoverable amount. Impairments are correspondingly reversed if the conditions for the impairment are no longer present, excluding goodwill. See “—Explanation of income statement items—Impairment loss and reversals.”

Other operating expenses

Other operating expenses increased by \$87.3 million, or 145.0%, to \$147.5 million for the year ended December 31, 2020 from \$60.2 million for the year ended December 31, 2019. The increase in other operating expenses was primarily due to updates to the contingent consideration payable to ExxonMobil in connection with the acquisition of the Forseti structure with the updated consideration resulting from revised reserve estimates in 2020. See Note 27 to the 2021 Consolidated Financial Statements.

Net financial items

Losses on net financial items increased by \$100.5 million, or 73.1%, to a loss of \$238.1 million for the year ended December 31, 2020 from a loss of \$137.5 million for the year ended December 31, 2019. The increase in net financial items was primarily due to higher interest expenses on interest bearing loans and borrowings following the acquisition of ExxonMobil's non-operated assets in December 2019 and accretion expenses related to asset retirement obligations, partially offset by higher interest income and exchange rate gains.

Net exchange rate gain / (loss)

Net exchange rate gain increased by \$155.1 million, or 117.7%, to \$287.0 million for the year ended December 31, 2020 from \$131.8 million for the year ended December 31, 2019. The increase in net exchange rate gain was primarily due to the exchange rate impact on the Company's interest bearing loans and borrowings, accounts receivables and payables.

Income tax expenses (income)

Income tax income amounted to \$577.4 million for the year ended December 31, 2020, as compared to an income tax expense of \$373.0 million for the year ended December 31, 2019. The change was primarily due to a loss before taxes in 2020 as compared to a profit before taxes in 2019 and high uplift tax credit, partially offset by impairment of assets with no tax effect in 2020.

Our effective tax rate for the years ended December 31, 2019 and 2020 amounted to 83% and 26%, respectively, where the effective tax rate is calculated as income tax (expense)/income as a percentage of profit/(loss) before taxes. See Note 13 to the 2020 Consolidated Financial Statements.

Profit/(loss) for the year

Loss for the year amounted to \$1,626.6 million for the year ended December 31, 2020, as compared to a profit for the year of \$78.4 million for the year ended December 31, 2019. The change in profit/(loss) for the year was primarily due to the factors described above.

Liquidity and Capital Resources

We manage our financing structure and cash flow requirements in response to our strategy and objectives, deploying financial and other resources related to those objectives which also comprise meeting committed work program requirements and creating shareholder value.

Our main source of liquidity arises from cash and cash equivalents, through borrowings and revenues from operating activities. As of September 30, 2022, we had undrawn credit facilities of \$3,600.0 million.

Our approach to liquidity and capital resource management seeks to maintain a minimum liquidity buffer while evaluating liquidity headroom based on the hedging arrangements in place. We may put in place new credit facilities, repay debt, or other such restructuring activities as appropriate. Our management continuously monitors and manages our net debt position in order to assess the requirement for changes to the capital structure to meet objectives and to maintain flexibility, as well as to monitor compliance with our financial debt covenants. As of and for the twelve months ended September 30, 2022, our Adjusted NIBD/EBITDAX and NIBD/EBITDAX were 0.2x and 0.2x, respectively.

Our liquidity requirements arise primarily from the requirement to fund operating expenses, working capital and capital expenditures and to service debt, including in connection with our Existing Notes.

Our ability to generate cash from operations depends on our future operating performance, which is in turn dependent on general macroeconomic, financial, competitive and market regulatory conditions, many of which are beyond our control, as well as other factors described in “*Risk Factors*” and “—*Significant factors affecting results of operations*” above.

We intend to use free cash generated from operations primarily to support investments needed in order to support our growth strategy, to service debt and pay dividends.

Capital commitments and other contractual obligations

On November 1, 2021, Vår Energi ASA, as original borrower, entered into a \$6,000,000,000 senior unsecured multicurrency facilities agreement by and among, inter alios, BNP Paribas, Citibank, N.A., London Branch, DNB Markets, a part of DNB Bank ASA and ING Bank N.V. as coordinating bookrunners and mandated lead arrangers, ING Bank N.V. as documentation agent and DNB Bank ASA as agent and issuing bank (the “**Corporate Facilities**” or “**Corporate Facilities Agreement**”). The Corporate Facilities Agreement provides for (i) a three-year \$1,500,000,000 multicurrency revolving credit facility made available pursuant to working capital facility commitments (the “**Working Capital Facility**”), (ii) a five-year \$1,500,000,000 multicurrency revolving credit facility made available pursuant to liquidity facility commitments (the “**Liquidity Facility**”); and (iii) a twelve-month \$3,000,000,000 multicurrency term loan facility made available pursuant to bridge facility commitments, which includes two six-month extension options solely at the borrower’s discretion (the “**Bridge Facility**”). The proceeds of the Offering of the Notes, together with cash on balance sheet, will be used to repay in part the Company’s commitments under the Bridge Facility.

Financial covenants under the Corporate Facilities include (i) net interest bearing debt divided by 12 month rolling EBITDAX not to exceed a factor of 3.5x and (ii) EBITDA divided by interest to be no less than 5x. As of the date of this Offering Memorandum, we are not in breach of these covenants and have good headroom on the required financial ratios. Financial covenants are tested at the end of each quarter. The Bridge Facility has an applicable margin which increases after 6 months with a new step up every 3 months. The applicable margin for the Working Capital Facility and the Liquidity Facility is based on a pre-defined schedule for public credit ratings received.

On November 18, 2021, we signed amendment agreements to the two unsecured revolving credit facility agreements (the “**Bilateral Revolving Credit Facilities**”), originally dated March 24, 2020, for a total aggregated

amount of \$600 million with a tenor of 3 years. The objective of the amendments was to achieve alignment of the Bilateral Revolving Credit Facilities with the Corporate Facilities.

On November 18, 2021, drawings under the Corporate Facilities were used, in part, for the repayment and cancellation of the existing \$6,000,000,000 RBL Facility. On the same date, we announced that we had obtained a BBB credit rating from S&P and Baa3 from Moody's.

In addition, in connection with the acquisition of ExxonMobil Exploration and Production Norway AS's ownership interests in partner-operated fields and licenses on the NCS on 10 December 2019, a portion of the purchase price is to be paid on December 30, 2022 (the "**Deferred Payment**"). The amount outstanding under the Deferred Payment is subject to interest. As of September 30, 2022, outstanding amounts on the Deferred Payment amounted to \$348.3 million. 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 (the "**Contingent Consideration**"). In June 2021, \$30 million was paid by us to ExxonMobil. As of September 30, 2022, the fair value of the Contingent Consideration was estimated to be \$76.5 million.

On May 18, 2022, the Company issued an aggregate principal amount of \$500.0 million of its 5.000% Senior Notes due 2027 (the "**Existing Notes**") pursuant to an indenture dated May 18, 2022 among, inter alios, the Company and Citibank, N.A., London Branch, as trustee (the "**Existing Notes Indenture**"). The proceeds of the offering of the Existing Notes were used to repay, in part, our commitments under the Bridge Facility and to pay transaction fees and expenses.

The following table shows the payment structure for our financial commitments as of September 30, 2022, as adjusted to give effect to the Refinancing, including the application of proceeds from the Offering.

	Less than 1 year	1 - 2 years	2 - 5 years (\$ in millions)	Over 5 years	Total
2028 Notes.....	—	—	—	1,000.0	1,000.0
2032 Notes.....	—	—	—	1,000.0	1,000.0
Existing Notes	—	—	500.0	—	500.0
Corporate Facilities	500.0	—	—	—	500.0
Deferred Payments	348.3	—	—	—	348.3
Bilateral Revolving Credit Facilities.....	—	—	—	—	—
Total	848.3	—	500.0	2,000.0	3,348.3

(1) The remaining amounts under the Bridge Facilities mature in November 2023.

In addition, we have entered into lease agreements for drilling rigs, helicopter, storage vessel and other vessels to secure planned activities. We have 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. We also have leases for supply vessels and warehouses supporting operations at Balder and Goliat.

As of September 30, 2022, our total lease liabilities were \$229.4 million, of which \$99.0 million will mature within one year and the remainder will mature after one year.

We believe that our operating cash flows, borrowing capacity under the Corporate Facilities and the proceeds of the Notes offered hereby will be sufficient to meet our foreseeable liquidity requirements and commitments over the next twelve months. Our actual financing requirements will depend on a number of factors, many of which are beyond our control. See "*Risk factors*."

Expenditures on property, plant and equipment

Our material investments relate to expenditures in relation to our various producing fields and development projects. The table below sets out an overview of our material investments during the years ended December 31, 2019, 2020 and 2021 and the nine months ended September 30, 2021 and 2022.

	Year ended December 31,			Nine months ended	
	2019	2020	2021	2021	2022
	(\$ millions)				
Field/Project Investment					
Balder Area	337	540	1150	809	744
Goliat Area	42	57	110	95	51
Johan Castberg	377	356	320	229	245
Fenja Area	184	149	103	58	71
Snorre Area	20	150	151	125	85
Åsgard Area.....	49	70	61	67	58
Greater Ekofisk Area.....	98	73	89	69	72
Grane Area	4	75	159	122	186
Kristin Area.....	—	—	20	23	19
Other.....	130	301	265	180	232
Expenditures on property, plant and equipment	1,242	1,771	2,480	1,778	1,763

Our expenditures on property, plant and equipment for the years ended December 31, 2019 and 2020 primarily related to capital expenditures in connection with the Balder, Johan Castberg, Fenja and Snorre fields.

Our expenditures on property, plant and equipment for the year ended December 31, 2021 primarily related to capital expenditures in connection with the Balder, Johan Castberg, Snorre (consisting of the Snorre expansion project and Hywind) and Breidablikk/Grane fields.

Our expenditures on property, plant and equipment for the nine months ended September 30, 2022 primarily related to capital expenditures in connection with the Balder Area, Johan Castberg, the Snorre Area and the Grane Area.

Future capital expenditures

We expect that capital and exploration expenditures will be driven largely by exploration and appraisal activities and the development of new oil and gas projects through to production. We are pursuing an active exploration and appraisal program, with nine wells drilled in the nine months ended September 30, 2022. We estimate that our capital expenditures for 2022 will total between \$2.3 billion and \$2.6 billion (excluding approximately \$150 million related to exploration and \$50 million related to abandonment). We expect capital expenditures in 2022 will primarily relate to the development of the Balder X, Johan Castberg and Breidablikk projects, with our capital expenditures for the nine months ended September 30, 2022 attributing 38% to Balder X, 14% to Johan Castberg and 9% to Breidablikk. These three projects have passed final investment decision, and the associated investments are thereby mostly committed. While our ambition is to fund investments through cash flow from operations, we have significant undrawn loan capacity available if required.

Historical cash flows

The following table sets forth our cash flow information for the periods presented.

	Year ended December 31,			Nine months ended September 30,		Twelve months ended September 30,
	2019	2020	2021	2021	2022	2022 ⁽¹⁾
	(\$ in millions)					
Net cash flows from operating activities	1,499.9	1,743.9	4,438.4	3,629.2	5,238.6	6,189.3
Net cash used in investing activities	(4,463.3)	(1,947.0)	(2,633.1)	(1,911.0)	(1,848.8)	(2,570.9)
Net cash from financing activities	2,155.0	273.3	(1,834.7)	(1,729.6)	(2,150.2)	(2,396.8)
Net change in cash and cash equivalents	(808.4)	70.1	(29.5)	(11.5)	1,239.7	1,221.7
Cash and cash equivalents, beginning of the period	1,010.2	204.0	272.4	272.4	223.6	263.7
Effect of exchange rate fluctuation on cash held	2.2	(1.7)	(19.4)	2.7	35.7	13.6
Cash and cash equivalents, end of period	204.0	272.4	223.6	263.7	1,499.0	1,499.0

(1) For a description of the method of calculation of the LTM Consolidated Financial Information, see “Presentation of Financial and Other Information—Historical Financial Information— Twelve months ended September 30, 2022 financial information.”

Net cash flows from operating activities

Net cash flows from operating activities increased by \$1,609.4 million, to an inflow of \$5,238.6 million for the nine months ended September 30, 2022 from an inflow of \$3,629.2 million for the nine months ended September 30, 2021. This increase in net cash flows from operating activities was primarily due to improved oil and gas prices and working capital adjustments, partly offset by increased tax payments.

Net cash flows from operating activities increased by \$2,694.5 million, to an inflow of \$4,438.4 million for the year ended December 31, 2021 (before taking into account the restatement on certain 2021 figures described in Note 1 to the Consolidated Interim Financial Statements) from an inflow of \$1,743.9 million for the year ended December 31, 2020. The increase in net cash flows from operating activities was primarily due to higher product prices.

Net cash flows from operating activities increased by \$243.9 million, to an inflow of \$1,743.9 million for the year ended December 31, 2020 from an inflow of \$1,499.9 million for the year ended December 31, 2019. The increase in operating cash flows was primarily due to higher production following the acquisition of ExxonMobil Exploration and Production Norway AS’s non-operated assets on the NCS.

Net cash flows used in investing activities

Net cash flows used in investing activities decreased by \$62.3 million, to an outflow of \$1,848.8 million for the nine months ended September 30, 2022 from an outflow of \$1,911.0 million for the nine months ended September 30, 2021. This decrease in net cash flows used in investing activities was primarily due to decreased expenditures on exploration and evaluation assets.

Net cash flows used in investing activities increased by \$686.1 million, to an outflow of \$2,633.1 million for the year ended December 31, 2021 from an outflow of \$1,947.0 million for the year ended December 31, 2020. The increase in net cash flows used in investing activities was primarily due to high activity on our main development projects.

Net cash flows used in investing activities decreased by \$2,516.2 million, to an outflow of \$1,947.0 million for the year ended December 31, 2020 from an outflow of \$4,463.3 million for the year ended December 31, 2019. The decrease in investing cash outflows was primarily due to lower M&A activities, given that 2019 reflects the acquisition of ExxonMobil Exploration and Production Norway AS’s non-operated licenses.

Net cash flows from financing activities

Net cash flows used in financing activities increased by \$420.5 million, to an outflow of \$2,150.2 million for the nine months ended September 30, 2022 from an outflow of \$1,729.6 million for the nine months ended September 30, 2021. The increase in cash flows used in financing activities was primarily due to increased net payments of credit facilities partially financed by the issuance of the Existing Notes, partly offset by lower dividend payments during the period.

Net cash flows from financing activities amounted to an outflow of \$1,834.7 million for the year ended December 31, 2021 (before taking into account the restatement on certain 2021 figures described in Note 1 to the Consolidated Interim Financial Statements), as compared to an inflow of \$273.3 million for the year ended December 31, 2020. The change in net cash flows from financing activities was primarily due to the net effect of refinancing of the RBL facility and the draw-down on the new unsecured loan facility as dividends paid of \$950 million in 2021, up from \$450 million in 2020.

Net cash flows from financing activities decreased by \$1,881.7 million, to an inflow of \$273.3 million for the year ended December 31, 2020 from an inflow of \$2,155.0 million for the year ended December 31, 2019. The decrease in financing cash flows was mainly due to lower drawdowns on the Company's RBL Facility which was partly offset by lower dividend payments. Furthermore, there was an increase in payment of other loans and borrowings. These were related to deferred payments from the acquisition of ExxonMobil's operated assets.

Qualitative and quantitative disclosures about market risk

For a description of our qualitative and quantitative disclosure of market risk, see Note 20 to the 2021 Consolidated Financial Statements.

Critical accounting estimates and judgments

Our management team has to make estimates and judgments when preparing the financial statements of the Group. Uncertainties in the estimates and judgements could have an impact on the carrying amount of assets and liabilities and the Group's result. See Note 2 to the 2021 Consolidated Financial Statements.

OUR BUSINESS

The 2P reserves data presented in this section has been independently evaluated by D&M in accordance with SPE's PRMS guidelines and definitions (except as otherwise indicated in "Presentation of financial and other information—Certain reserves, contingent resources and production information"). Estimated 2P reserves presented herein may differ from estimates made in accordance with guidelines and definitions used by other companies in the industry or by the SEC. See "Presentation of financial and other information—Certain reserves, contingent resources and production information." Unless otherwise indicated, all production figures are presented on a net to our working interest basis. Where gross amounts are indicated, they are presented on a total basis—i.e., the actual interest of the relevant license holder in the relevant fields and license areas without deduction for the economic interest of the other commercial participants, taxes or royalty interests or otherwise. Our legal interest and effective working interest in the relevant fields and license areas are separately disclosed. See "—Material agreements relating to our assets" for a more detailed discussion of the terms of the agreements governing our interests. Any projections and other forward-looking statements in this section are not guarantees of future performance and actual results could differ materially from current expectations. Numerous factors could cause or contribute to such differences. See "Risk factors" and "Forward-looking statements."

Overview

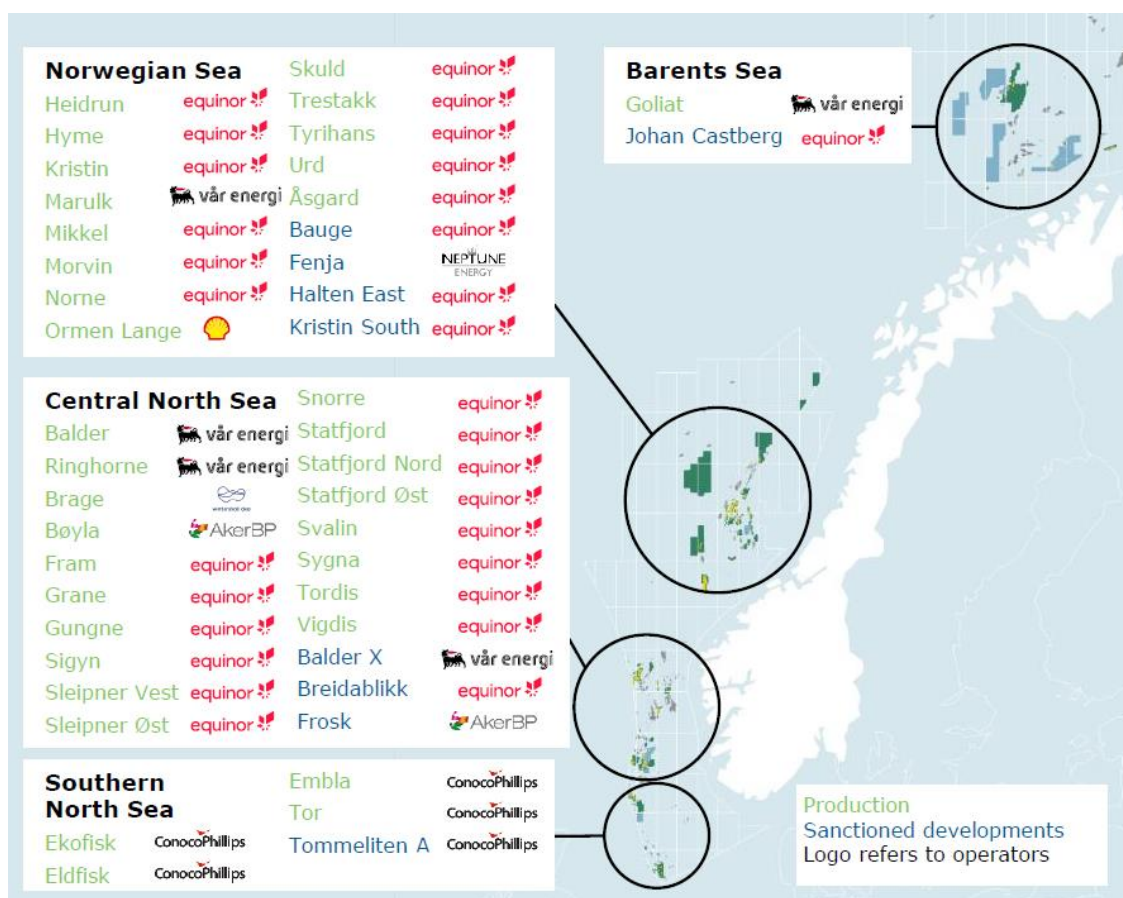
We are one of the largest independent oil and gas producers in Norway, measured by production and reserves, operating exclusively on the Norwegian Continental Shelf ("NCS") with a diverse mix of assets in the North Sea, Norwegian Sea and Barents Sea. As of September 30, 2022, we had ownership interests in 36 fields, of which 32 are currently producing. Of the 36 fields in which we hold ownership interests, four are operated by us and 32 are partner-operated. We are headquartered in Sandnes, Norway, with branch offices in Hammerfest and Oslo, and had 973 full-time employees as of September 30, 2022. Since our founding in 2018, we have grown through a combination of organic growth and strategic acquisition activity, including the acquisition of ExxonMobil's partner-operated NCS portfolio in 2019. We are currently listed on the Oslo Stock Exchange under the symbol "VAR."

Our average net production for the nine months ended September 30, 2022 was 222.0 kboepd (37.3% gas), of which 19% was from operated fields and 81% was from partner-operated fields. Our average net production for the twelve months ended September 30, 2022 was 231.2 kboepd (37.2% gas). Our net 2P reserves were estimated by D&M to total 1,164 MMboe as of December 31, 2021. Our 2C contingent resources were estimated to total 507 MMboe as of December 31, 2021, of which 247 MMboe has been independently evaluated by D&M.

Our portfolio of operated and partner-operated assets consists of a balanced mix of more mature assets with a strong track record and large reserve base (including Balder and Ringhorne, Snorre, Grane, Ekofisk, Statfjord, Ormen Lange and Åsgard), assets that more recently started production (including Goliat), as well as development projects driving growth (including, but not limited to, Balder X, Johan Castberg and Fenja). In line with our goal of being recognized as an industry leader in NCS partner-operated activities, we seek to create additional value from partner-operated assets by leveraging technical expertise and applying sound business judgement, along with aligning incentives and collaborating on pertinent projects that support, among other things, the creation and sharing of operational synergies and subsurface understanding.

For the twelve months ended September 30, 2022, our profit for the period and EBITDAX were \$662.0 million and \$8,482.7 million, respectively. For an explanation of EBITDAX, see "Summary historical and as adjusted selected financial information—Other financial information."

The following map sets forth the geographic locations of our key assets.



Our assets

Our portfolio provides us with a robust platform of oil and gas production and reserves and contingent resources. The following table provides a summary of our key assets and the reserves and average net production therefrom for the years ended December 31, 2020 and 2021 and the nine months ended September 30, 2021 and 2022.

Asset	Hub	Average net production (kboepd)				Net reserves (MMboe)
		Year ended December 31,		Nine months ended September 30,		As of December 31, 2021
		2020	2021	2021	2022	2P
Balder Area	Balder/Grane	19.0	19.5	19.3	17.5	224
Grane Area	Balder/Grane	21.0	16.4	17.1	11.9	108
Goliat Area	Barents Sea	25.9	22.7	21.1	21.6	63
Johan Castberg	Barents Sea	—	—	—	—	163
Åsgard Area	Åsgard	74.6	65.6	58.5	57.2	128
Kristin Area	Åsgard	20.9	16.8	16.3	16.7	49
Snorre Area	Tampen	16.9	26.4	25.6	26.9	106
Statfjord Area	Tampen	17.0	15.5	15.3	11.9	44
Greater Ekofisk Area.....	Other	20.5	21.6	21.5	18.1	109
Ormen Lange.....	Other	15.1	13.5	13.7	11.0	43
Fenja Area	Other	—	—	—	—	37
Fram Area	Other	13.3	11.2	11.5	11.3	33
Others	Other	21.2	16.7	21.5	17.7	57
Total.....		265.2	245.8	241.6	222.0	1,164

The Balder/Ringhorne and Goliat fields are the largest of our operated assets, with average net production of 17.5 kboepd and 21.6 kboepd, respectively, for the nine months ended September 30, 2022. Together, our operated fields accounted for average net production of 41.5 kboepd for the nine months ended September 30, 2022, or

19% of average net production over the same period. We also actively work to maximize the value of partner-operated assets, which accounted for 180.5 kboepd for the nine months ended September 30, 2022, or 81% of average net production over the same period.

Our development pipeline includes (i) operated development projects, including Balder X (our largest development project), and (ii) partner-operated development projects, including the Johan Castberg, Breidablikk and Fenja fields, among others. Through these development projects and our continued growth, our ambition is to increase average daily production to more than 350 kboepd beyond 2025, subject to the achievement of technical milestones.

Our production costs were \$15.2/boe, \$9.9/boe and \$12.0/boe for the years ended December 31, 2019, 2020 and 2021, respectively, and \$13.3/boe for the nine months ended September 30, 2022 (based on produced volumes). Additionally, we had average uptime of 87% and 81% at operated assets for the year ended December 31, 2021 and nine months ended September 30, 2022, respectively.

Reserves

As of December 31, 2021, our net 2P reserves were estimated by D&M to be 1,164 MMboe (77% liquids and 23% gas). We expect to continue to grow this reserve base through a balance of exploration of new areas, acquisitions and the continued development of our existing fields and discoveries.

Key credit highlights

Low risk and diversified production base, with leading R/P and world-class operators

We are one of the largest independent oil and gas producers on the NCS, measured by both reserves and production. Our robust portfolio includes producing fields in each of the Barents Sea, Norwegian Sea, and North Sea. As of September 30, 2022, we held 145 licenses located across the NCS, 46 of which were as operator, with the remainder operated by experienced and industry-leading operators. Equinor is the operator for the majority of our partner-operated assets, with Shell and ConocoPhillips operating certain of our key assets such as Ormen Lange and the Greater Ekofisk Area.

Our production and reserves exhibit low field concentration and a high degree of diversity across the NCS. As of December 31, 2021, our top-producing area represented only 11% of our 2P reserves and our top three assets represented only 44% of our 2P reserves. For the nine months ended September 30, 2022, our top three assets represented only 31% of our average net production. For the nine months ended September 30, 2022, more than 73% of our net production was distributed across four strategic hubs (the Barents Sea Area, the Åsgard Area, the Tampen Area and the Balder/Grane Area). Furthermore, our reserves are geographically diversified with 29% near the Balder/Grane Area, 19% in the Barents Sea Area, 15% in the Åsgard area and 13% in the Tampen Area, as of December 31, 2021. We believe that the geographical diversity of our portfolio is a differentiating factor from other independent E&P companies on the NCS. Our reserves-to-production ratio of approximately 13 years (based on full-year 2021 reserves and production data) is also a leading figure among our NCS peers.

Our portfolio is well balanced between oil and gas, with 2P reserves as of December 31, 2021 consisting of 71.5% oil and condensate, 22.7% gas, and 5.8% NGLs. Production for the nine months ended September 30, 2022 consisted of 56% oil, 37% gas and 7% NGLs. We limit exposure to price fluctuations for specific products through the diversification of crude oil qualities, which allows crude to be utilized by several refineries in Northern Europe.

Our operated fields present opportunities to obtain a beneficial position with respect to investment decisions, cost measures and technical capabilities, which contribute to our ability to deliver a strong long-term reserves replacement ratio.

The Balder/Ringhorne and Goliat fields are the largest of our operated assets, with average net production of 17.5 kboepd and 21.6 kboepd, respectively, for the nine months ended September 30, 2022. Together, our operated fields accounted for average net production of 41.5 kboepd for the nine months ended September 30, 2022, or 19% of average net production over the same period. We also actively work to maximize the value of partner-operated assets, which accounted for 180 kboepd for the nine months ended September 30, 2022, or 81% of average net production over the same period.

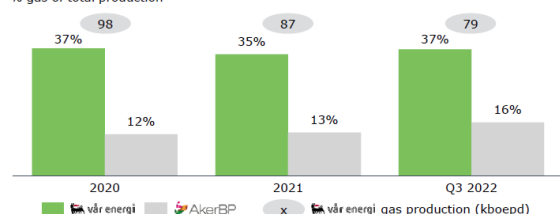
Benefits from strong European gas demand, playing a key role in European energy security

For the nine months ended September 30, 2022, our average net production was 222.0 kboepd, with gas production representing 37.3% of total production. Our gas production provides material exposure to the upside presented by the European gas market's strong prices and structurally positive outlook. We are committed to delivering critical gas supplies to the European market in order to support energy security in the region, as evidenced by the exportation of 100% of our gas production to Europe during the third quarter of 2022.

Our ability to sell into different European markets with a mix of spot (with approximately 45% of gas linked to the daily spot market) and short-term and long-term contracts, together with flexible pricing dynamics, supports our strong cash flow generation while also providing a robust ESG profile. In addition, approximately 70% of the gas that we sell is subject to long-term offtake contracts and approximately 30-35% of gas sold is based on fixed priced sales, while remaining gas is priced on a day- or month-ahead basis.

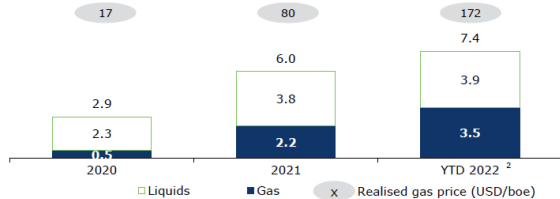
Material gas % share versus peers¹

% gas of total production



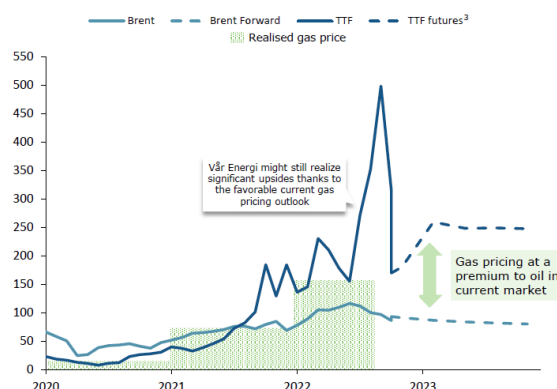
Strong gas revenues YTD²

USDbn



Favourable current gas pricing outlook

Brent and TTF prices, USD/boe



- (1) AkerBP pro forma for Lundin Energy acquisition
- (2) For the nine months September 30, 2022
- (3) TTF futures traded on The Intercontinental Exchange (ICE) assuming 0.59 MWh/boe conversion rate and 1.05 USD/EUR exchange

Low cost, resilient and material cash flow generation

Our performance has been resilient despite difficult market conditions in recent years, with EBITDAX of \$1.9 billion, \$1.7 billion, \$4.7 billion and \$8.5 billion for the years ended December 31, 2019, 2020 and 2021 and the twelve months ended September 30, 2022, respectively, and average production costs of \$15.2/boe, \$9.9/boe, \$12.0/boe and \$13.4/boe over the same periods. Through future developments and cost-saving initiatives, we have targeted a reduction of production costs over the medium term as new projects come onstream and cost savings are achieved.

We prioritize operational efficiency and are targeting a reduction of production costs in the medium term as new projects come onstream and cost savings are achieved. We intend to achieve this target through (i) bringing ongoing development projects onstream, including Balder X and major partner-operated asset developments such as Johan Castberg and Bredablikk and (ii) cost reductions and portfolio management, including uptime improvements, lifetime extension programs, strategic supplier partnerships and collaborations, circular economy initiatives, cost sharing with other operators, digitalization and new technologies.

The Goliat improvement program provides an example of our efforts to increase operational efficiency. Through the program, we increased uptime at Goliat from 75% in 2019 to 87% for the nine months ended September 30, 2022. We are targeting further increases to uptime through 2023. The program also contributed to a 30% reduction in gross operating expenses at Goliat through the normalization of operations, reduced maintenance and optimization of logistics and staffing. Our approved long range plan at Goliat includes an ambition to reduce gross operating expenses through 2030 through logistics-sharing with other operators in the Barents Sea and sharing of operating expenses with third party tie-ins, in addition to the pursuit of further maintenance rationalization and improved organizational efficiencies.

We also actively seek to apply technological solutions to unlock field potential. Among other technical achievements, we applied the industry's first subsea retrofit multilateral wells at Goliat. Other technological projects include managed pressure drilling, smart completions and the increased use of digital solutions. We strive to leverage digital innovation to accomplish our strategic priorities, with digital initiatives relating to field worker efficiency, drilling performance, maintenance integrity, project design, production and inventory optimization and data-driven sustainability solutions.

Credit supportive tax regime, de-risking sanctioned growth profile and reducing cash flow volatility

Our financial profile is supported by the Norwegian fiscal regime, which allows exploration and production companies to effectively offset exploration costs, development costs and operational expenditure at a marginal tax rate of 78% against their tax liabilities. In addition, in an effort to maintain oil and gas investments during a period of falling oil prices and reduced activity due to the COVID-19 pandemic, the Norwegian Government on June 19, 2020 enacted temporary targeted changes to Norway's petroleum tax system for investments incurred in 2020 and 2021 and for certain new projects with final investment decisions submitted by the end of 2022. As a result, development costs incurred in the years ended December 31, 2020 and 2021, as well as certain future development costs, may be offset against tax liabilities at an even higher nominal tax rate.

In June 2022, the Norwegian government enacted a new tax regime for oil and gas companies. The new regime includes the ability for field investments (such as platforms, subsea installations, processing facilities, production wells and pipelines) to be directly expensed in the special petroleum tax ("SPT") base as incurred and calculated ordinary corporate tax ("CT") to be deducted against the SPT base. In order to maintain an overall marginal tax rate at 78%, the SPT rate has been increased to 71.8%, reducing the effect of CT from 22% to 6.2%. The cash value of SPT losses, including exploration costs, will be refunded annually.

These features of the Norwegian fiscal regime offer a number of benefits, including (i) risk-sharing with the government for investment and exploration activity, (ii) the improvement of near-term liquidity and reduction in cash flow volatility and (iii) protection against downside risk and liquidity support in the event of adverse market conditions.

Investment grade balance sheet, prudent financial policies and strong focus on deleveraging

We believe our investment grade balance sheet and capital structure provide flexibility and a strong long-term outlook. We have obtained BBB and Baa3 credit ratings from S&P and Moody's, respectively, and are committed to maintaining an investment grade rating. Our target net leverage through-cycle is 1.3x, and our NIBD to EBITDAX ratio declined from 2.6x for the year ended December 31, 2019 to 0.2x for the twelve months ended September 30, 2022.

Our 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. We further maintain a conservative risk profile through hedging, extensive insurance coverage and investment flexibility.

For example, we utilize risk mitigation strategies to implement appropriate hedging measures. In particular, we use Brent Crude put options, to protect against downside commodity price risk, while maintaining upside potential. Under our existing derivative hedging options, our strike price is fixed at \$47/bbl for 2022, with 100% of our oil production hedged on an after-tax basis for the year ended December 31, 2022. Moreover, a rolling hedge feature has been implemented to maintain a hedging horizon of approximately twelve months. Furthermore, as of the date of this offering memorandum, 100% of oil production is hedged on an after-tax basis for the second quarter of 2023, at a strike price of \$50/bbl. See "*Management's discussion and analysis of financial condition and results of operations— Significant factors affecting results of operations—Crude oil and gas prices—Commodity price hedging.*"

Our exchange rate risk largely derives from the fact that our income is denominated in U.S. dollars for the sale of crude oil and NGL and denominated in Euros, and to a lesser degree in Pound Sterling, for the sale of gas, while most of our costs are denominated in NOK. However, given the strong historical correlation between commodity prices and USD/NOK and EUR/NOK exchange rates, we benefit from a natural hedging effect which significantly decreases our exposure to fluctuations in the USD/NOK and EUR/NOK exchange rates assuming a continued strong correlation. For particular foreign exchange rate exposures, we also implement hedging for tax payments on a case-by-case basis.

We also have insurance policies in place to further mitigate the potential impact of certain events on our business, including insurance covering physical damage, operators extra expense (“OEE”), third party liability, loss of production insurance (“LOPI”) and production and indemnity insurance for our production from certain of our producing fields. See “Our Business—Insurance.”

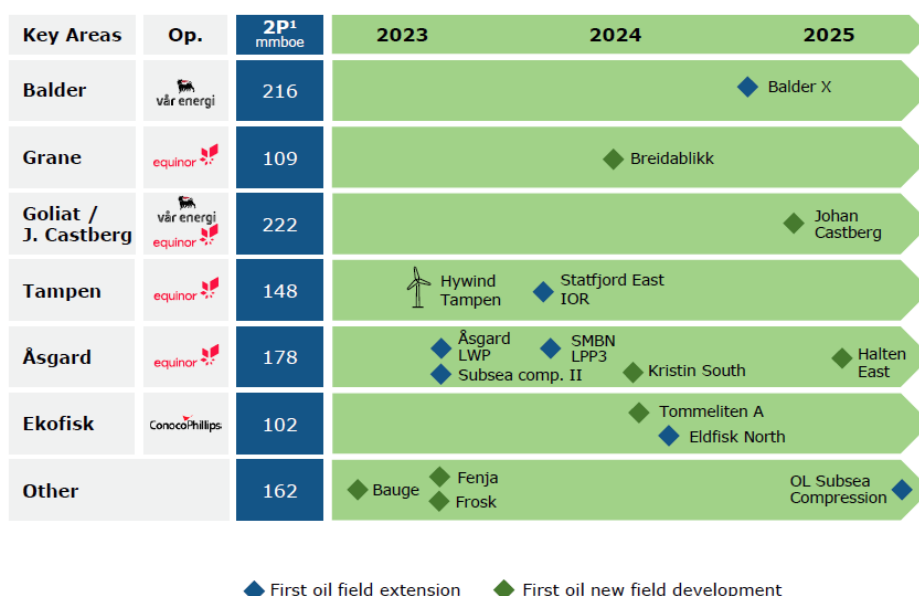
All of our oil and NGL volumes are subject to long-term offtake agreements with Eni and ExxonMobil, with Eni scheduled to become the sole offtaker for our oil and NGL beginning in December 2022. The offtake agreements we have entered into with Eni are all carried out on the basis of the “arm’s-length” principle. See “Principal Shareholders” and “Certain Relationships and Related Party Transactions.”

Our offtake agreements for oil and NGLs are set for an initial five year term, with an automatic extension for an additional ten years in the absence of contract termination. Our priority access to offtakers with global distribution capabilities and strong knowledge of refinery capabilities enables ready access to customers at market prices and minimizes our exposure to price volatility. For example, in the early months of the COVID-19 pandemic in May and June of 2020, our offtake agreements afforded us priority market access with minimal discounts during a challenging period for the industry in general.

The gas that we sell is subject to a combination of long-term and short-term offtake contracts, with long-term offtake contracts comprising approximately 70% of our total gas offtake contracts and short-term offtake contracts constituting the remaining 30%. The majority of gas offtake agreements are with investment grade-rated companies.

De-risked production growth and track record of successful exploration

Our strong development pipeline, exploration track record and commitment to strengthening our collaborative model have positioned us for growth in the coming years. Sanctioned developments include Balder X, Breidablikk, Johan Castberg and the Fenja Project, all of which are well progressed and de-risked. Our development projects generally exhibit high reserve quantities and low break-even prices. We have eight projects in the development pipeline which are being matured toward a development decision, including Alke, Brasse, Fram Future/Blasto, Grane Gas Export, Goliat Gas, Garantiana, King and Smørbukk North. We are targeting production of more than 350 kboepd beyond 2025, subject to the achievement of technical milestones according to current development project timelines.



(1) 2P reserves based on D&M Reserves Report

Our exploration campaign exhibited strong results during 2021, with our 2022 campaign similarly featuring the potential for high-value exploration near existing hubs. We made six commercial discoveries in 2021 amounting to an estimated 135 MMboe of net resources (based on mid-point estimates reported to the NPD), including King

and Prince (85 MMboe), Blasto (24 MMboe), Isflak (12 MMboe), Garantiana West (5 MMboe), Rodhette (5 MMboe) and Tyrihans North (4 MMboe), out of eight wells drilled. During the second quarter of 2022, we confirmed two oil and gas discoveries in the Equinor-operated Snøfonn Nord and Skavl Stø exploration wells in the Johan Castberg area (PL532), which feature approximately 13 and 2 MMboe of estimated net recoverable resources, respectively. We consider both discoveries to represent potentially valuable additions to our existing resource base. Other fields targeted for our near-term exploration campaign include Lupa, Othello North, Angulata, Countach and Calypso.

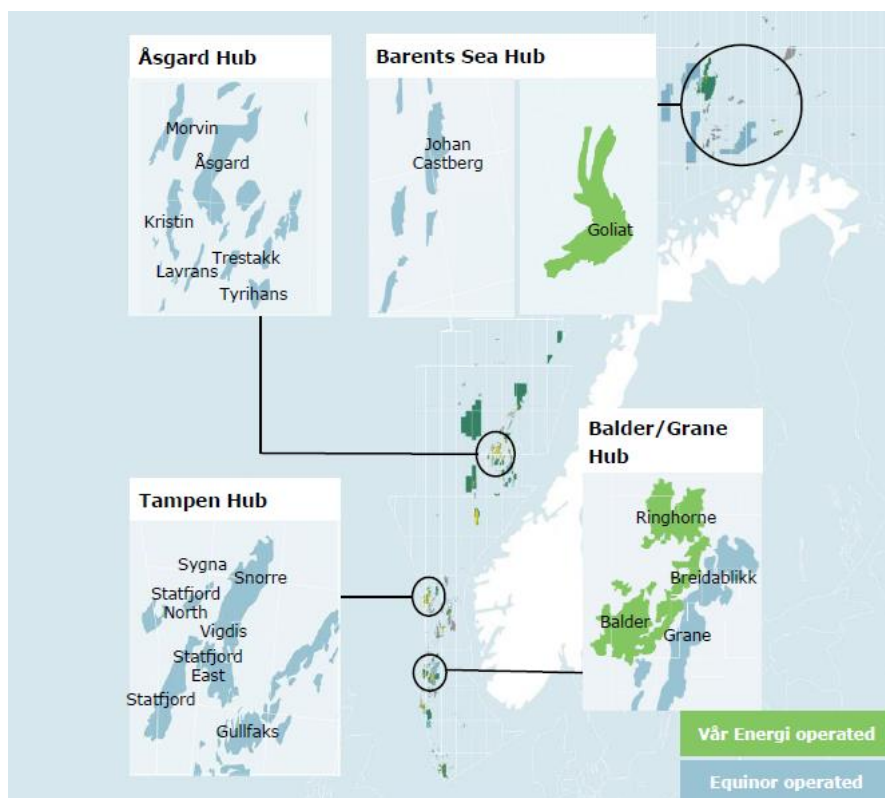
Our leading exploration capabilities are reinforced by close collaboration with the Eni SpA Group, which has a strong global exploration track-record. We leverage the proprietary expertise, processes and systems of the Eni SpA Group, including the use of its technology platform and supercomputers, to facilitate the screening process for potential exploration opportunities. As of September 30, 2022, we had a total of 165 leads and prospects in our exploration inventory, with 50 prospects prioritized for drilling. In the medium term, our ambition is to continue to drill several infrastructure-led exploration wells annually, in addition to high-impact exploration wells.

Our assets had an average 2P reserve life of approximately 13 years as of December 31, 2021. Additionally, there are a number of opportunities within our 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. Much of our capital expenditure program is targeted at such projects, which we consider to be generally low risk with relatively small scale capital requirements and material potential financial returns across a range of commodity prices. We subject development opportunities to conservative investment hurdles by targeting a break-even price of less than \$30/boe and an internal rate of return of greater than 20% for new projects.

We also strive to be recognized as a partner of choice in all activities. We have a strong partnership with Equinor, the largest and most experienced operator on the NCS, and are Equinor's largest partner on the NCS, excluding Petoro. We leverage our strong partnership with Equinor to seek cost and energy efficiencies, including on a range of R&D and development projects to reduce our carbon footprint, with several projects currently being assessed for viability and three development projects that have reached a final investment decision. Partnerships also played a key role in the Goliat multilateral retrofit ("MLT") application, and we also assumed an active role with Equinor that resulted in drilling improvements at Johan Castberg. To further develop innovative practices, enhance our performance and maximize the use of our suppliers' capabilities, we seek additional strategic partnerships and collaboration models within our tendering and contract awards. In June 2022, we also entered into a strategic partnership with Aker Solutions, Havfram and Saipem for the fabrication, delivery, and installation of subsea production equipment for all of our operated assets and projects on the NCS.

Maximizing value creation with our hub-centered strategy

As part of our hub strategy, we identify strategic focus areas that provide a framework for evaluating exploration and development opportunities, maximizing the use of resources and optimizing value creation throughout our portfolio. Our core assets are located around four strategic hubs: the Barents Sea Area, the Åsgard area, the Tampen Area and the Balder/Grane Area. The asset base is highly diversified, with no single area accounting for more than 29% of our 2P reserve base as of December 31, 2021. For the nine months ended September 30, 2022, more than 73% of our net production was distributed across these hubs.



The Balder/Grane Area, which accounted for 13% of our production for the nine months ended September 30, 2022 and 29% of 2P reserves as of December 31, 2021, is a core hub with expected long-term production upside. At Balder and Ringhorne, we are operator and hold a 90% working interest. We are currently undertaking the Balder X redevelopment (consisting of the subprojects Balder Future and Ringhorne Phase IV), which has potential to extend scheduled production beyond 2045 and unlock material reserves to the Company. First oil from the Balder Future project is scheduled for the third quarter of 2024. In addition, the ongoing Breidablikk subsea development near the Grane field is one of the largest undeveloped oil discoveries on the NCS with first oil targeted for 2024. We believe that the Balder/Grane Area also features several high-quality exploration targets. In August 2022, we announced that we acquired 30% ownership in production licenses PL 820S and 820 SB north of the Balder field, which together with equity swaps agreed with Lundin Energy (now AkerBP) in 2021 has increased our acreage position and number of operatorships in the Balder Area.

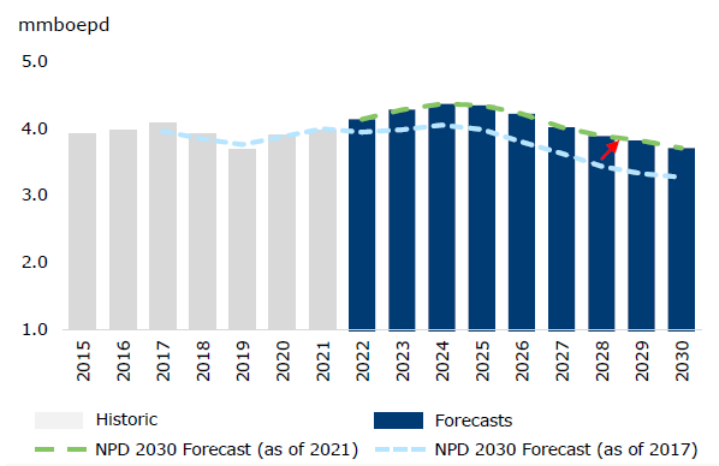
The Barents Sea Area, which accounted for 10% of our production for the nine months ended September 30, 2022 and 19% of 2P reserves as of December 31, 2021, features significant value and upside potential. Key assets include the Goliat field (in which we hold a 65% working interest and are operator), the only oil producing field in the Barents Sea Area and with active infill drilling ongoing. It features one of the world's largest and most sophisticated circular and permanently anchored FPSO units, powered by renewable energy from shore. Another key asset in the Barents Sea Area is Johan Castberg, an ongoing and substantially de-risked development project with first oil targeted for the fourth quarter of 2024.

The Åsgard Area, which accounted for 33% of our production for the nine months ended September 30, 2022 and 15% of 2P reserves as of December 31, 2021, features multiple projects with high infill drilling activity. The Åsgard field complex is among the largest developments in Norway and the Trestakk, Mikkel and Morvin fields are all subsea tie-ins to Åsgard. The Åsgard Area also includes the Kristin and Tyrihans fields.

The Tampen Area, which accounted for 17% of our production for the nine months ended September 30, 2022 and 13% of 2P reserves as of December 31, 2021, is a mature area with high activity and lifetime extension at key fields. Key assets include Statfjord and Snorre, which are among Norway's largest oil fields in terms of original recoverable oil reserves. First oil from the Snorre expansion project was achieved in December 2020 and development drilling is believed to carry the potential to improve recovery by approximately 200 MMboe (gross) from 24 subsea wells. The Tampen Area also features the Vigdis and Tordis subsea fields.

One of the largest independent oil and gas producers on the attractive NCS, a region that provides an ideal foundation for longevity and value creation

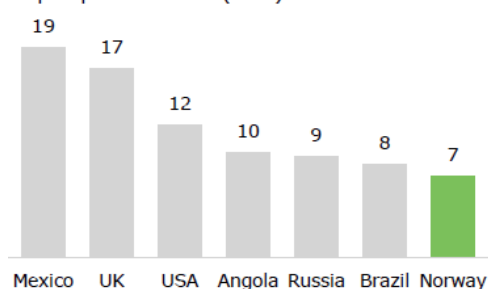
We believe the NCS is one of the most attractive E&P geographies globally and provides an ideal foundation for value creation. Norway has been the largest single gas supplier to Europe in 2022, and the region has proven development potential, well-understood geology alongside significant remaining resources and existing infrastructure, low production costs and a stable regulatory and taxation framework. The Norwegian government has demonstrated support for the sector, which contributed to 42% of the country's exports in 2020, through the country's temporary tax amendments following the COVID-19 outbreak in early 2020. These measures facilitated cost recovery and investment activity for E&P companies in Norway, including continued exploration across the sector. The following chart illustrates the historic levels of production on the NCS since 2015, as well as the NPD's forecasts for NCS production through 2030.



The NCS exhibits low CO₂ emissions relative to other regions within the global oil and gas sector, with an average of 7.0 kg CO₂/boe, which is less than 50% of the global average. The following charts illustrate the average carbon intensity and opex per boe of Norwegian oil and gas producers relative to other leading oil and gas producing jurisdictions.

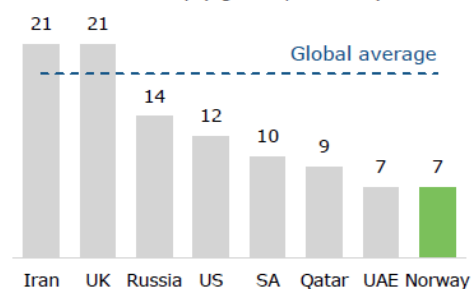
Cost competitive

Opex per boe 2021 (USD)



Lowest CO₂ footprint

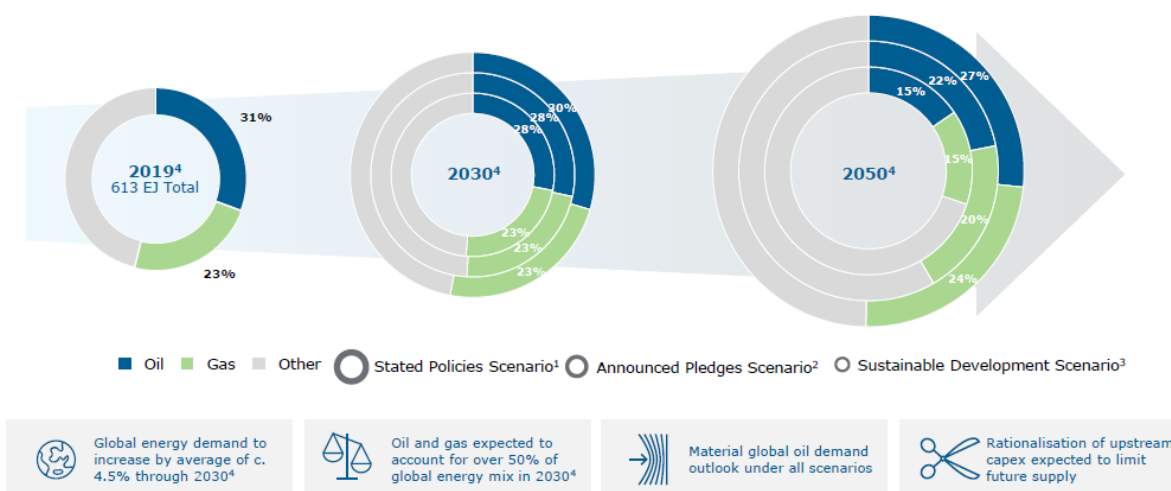
Carbon intensity (kg/boe produced)



Source: Rystad Energy

Furthermore, Norway is characterized by a stable political environment and sound collaboration between authorities and industry players, which underpins a positive long-term outlook for the NCS. Generally, the International Energy Agency ("IEA") estimates that oil and gas will remain an important energy source through 2050 as the global energy mix continues to evolve.

Evolution of global energy mix, 2019 to 2050



- (1) SPS: A scenario which reflects current policy settings based on a sector-by-sector assessment of the specific policies that are in place, as well as those that have been announced by governments around the world
- (2) APS: A scenario which assumes that all climate commitments made by governments around the world, including Nationally Determined Contributions (NDCs) and longer-term net zero targets, will be met in full and on time
- (3) SDS: An integrated scenario specifying a pathway aiming at: ensuring universal access to affordable, reliable, sustainable and modern energy services by 2030 (SDG 7); substantially reducing air pollution (SDG 3.9); and taking effective action to combat climate change (SDG 13)
- (4) Source: IEA World Energy Outlook 2021

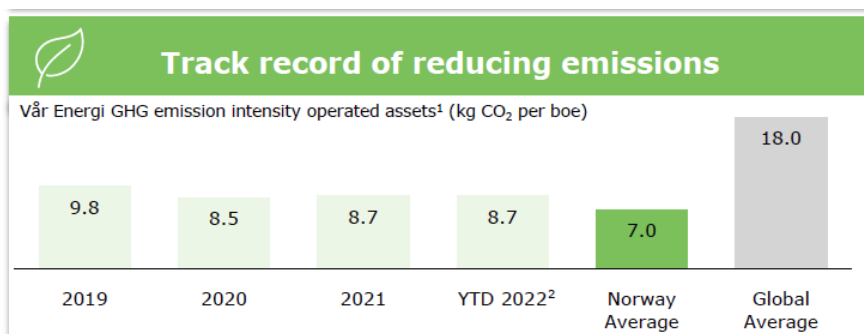
Targeting net zero emissions (including Scope 1 and 2 emissions) by 2030 with strong HSEQ credentials

Operational safety is a top priority and our ambition is to be one of the safest operators in the oil and gas industry. We have recently refreshed our safety-related key performance indicators throughout the organization and implemented lifesaving rules that apply to various operational areas. Our ambition is to reduce injury totals to near-zero levels. For the nine months ended September 30, 2022, we exhibited positive improvements with respect to safety KPIs, including a reduction in total recordable incidents frequency (“**TRIF**”) and serious incidents frequency (“**SIF**”).

We have also collaborated with Equinor and Aker BP to create a web platform, *Always Safe*, that represents a partnership between major NCS operators to ensure the alignment of priorities and initiatives related to safety. The platform provides content and learning packages related to safety initiatives for operators and suppliers. The purpose of the initiative is to strengthen the industry’s safety culture and reduce accidents and injuries sustained in operations. *Always Safe* has led to the prioritization and standardization of certain safety measures across the NCS, including with respect to suppliers and contractors. ConocoPhillips also joined the *Always Safe* collaboration during 2022. Other of our ongoing initiatives include MARI (Major Accident Risk Indicator) tracking at all operated fields to monitor technical and operational integrity and new digital tools to further effect the standardization of safety initiatives across our business and facilitate compliance.

From an environmental perspective, we strive to create long-term value for stakeholders, employees and the Norwegian state and society by managing resources in a responsible and sustainable manner. We aim to implement high-quality and sustainable solutions for both operations and suppliers, including the use of the best available technologies and methods to reduce emissions to air, discharges to sea and waste generation. We also contribute to large joint-industry research and development projects to find solutions to create a more sustainable future, including a low emissions research center aimed at reducing Scope 1 emissions, the Norwegian Carbon Capture and Storage Research Center aimed at reducing Scope 3 emissions and a circular economy project aimed at developing green and sustainable solutions.

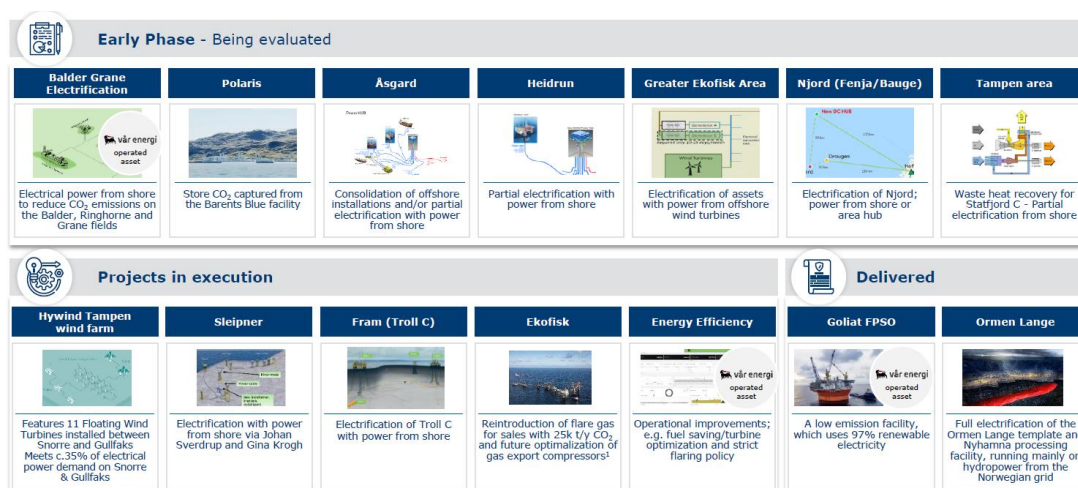
We believe that achieving a lower carbon footprint will make us more competitive in the future and help to maintain an efficient and resilient business model fit for long term value creation. To that end, we have announced operational targets to actively reduce and minimize our environmental impact, with a target of net zero emissions (which includes Scope 1 (direct) and 2 (indirect) emissions) by 2030. Additionally, our emissions intensity from operated assets is in line with Norway’s average of 7.0 kg CO₂/boe, which is less than 50% of the global average.



Source: Var Energi

- (1) Emissions from operated assets, including production drilling, floatels, well intervention vessels, etc. with activity on fields with approved PDO (exploration drilling outside fields is not subject to EU-ETS)
- (2) For the nine months ended September 30, 2022

We have a wide ranging and diverse array of health, safety, environment and quality (“HSEQ”) projects in both evaluation and execution phases, with a particular emphasis on CO₂ emissions reduction. Some key initiatives include: (i) the electrification of assets with power from shore or from other renewable power sources, such as offshore wind; (ii) increasing operational efficiency through optimization and active energy management; (iii) portfolio management for operated assets, including Balder FPU off field; (iv) reducing cold venting and fugitive emissions from assets through operational measures; (v) safety flaring and (vi) the use of certified and internationally recognized offsetting measures such as bio-carbon capture and storage. The graphic below displays a number of our key energy transition projects.



Source: Var Energi

- (1) Ekofisk already underwent operational initiatives including emission reduction on drilling rigs which resulted in an annual CO₂ reduction of c. 9.5k t/y

The Hywind Tampen wind farm is an ongoing project aimed at emissions reduction. Hywind Tampen is a floating wind farm currently under construction that will provide electricity for the Snorre and Gullfaks oil and gas fields in the Norwegian North Sea. Once operational, it will represent the world’s first floating wind farm to power offshore oil and gas platforms, according to Equinor. As of September 30, 2022, the Hywind Tampen wind farm has seven out of 11 floating wind turbines installed, with start-up targeted for the first quarter of 2023. Another key project is partial electrification at Sleipner, which will provide a new power cable from Sleipner to the Gina Krog platform, which will be tied into the area solution for renewable power from shore on the Utsira High. The project is targeting a substantial reduction in emissions for the area. The electrification of Balder/Grane is also ongoing, with the objective of reducing carbon and nitrogen oxide emissions from the Jotun FPSO, Ringhorne and Grane facilities by utilizing renewable power from shore.

Sustainability is an essential part of how we conduct our business. Our sustainability strategy is aligned with, and we are strongly committed to, both the United Nations Sustainable Development Goals (“SDGs”) and the Paris Agreement to mitigate the impact of climate change. We strive to minimize negative impacts and maximize

positive impacts with respect to sustainability, particularly in areas where activities within our operations or value chain have a high potential or actual impact. Strategic focus areas include SDGs 3 (Good Health and Well-being), 7 (Affordable and Clean Energy), 8 (Decent Work and Economic Growth), 13 (Climate Action) and 14 (Life Below Water).

In December 2021, we received an indicative ESG Corporate Assessment from Sustainalytics that assessed the company across eleven ESG categories, including carbon products and services, community relations, and corporate governance, among others. The ESG Assessment would place us in the top ninth percentile (14 out of 155) of oil and gas exploration and production companies and the top tenth percentile (25 out of 261) of oil and gas producers in Sustainalytics' research universe.²

Growth-oriented management team with supportive shareholders

Our senior management team has extensive experience in the oil and gas industry and a strong track record of identifying, executing and delivering organic growth and value accretive transformative M&A activity.

Our heritage is built on over 50 years of operations on the NCS. We were established in 2018 through the merger of Eni Norge AS, which was founded in 1965, and Point Resources AS. In 2019, our senior management proved its ability to execute complex transactions with the acquisition of all of ExxonMobil's partner-operated assets on the NCS. We intend to continue to opportunistically evaluate potential acquisitions to further strengthen and expand our operations. We will use the same disciplined, targeted and opportunistic M&A investment criteria that has enabled us to successfully and profitably make and integrate acquisitions historically.

Through these acquisitions and mergers, we have built and inherited a highly skilled and disciplined operating team, which has added value to acquired assets by safely carrying out incremental investment projects. Members of our senior management team have an average experience in the oil and gas industry of more than 24 years. We believe our board and senior management, with their experience and proven track record, provide the right mix of skills, expertise and know-how to ensure we continue to deliver strong financial and operational performance while operating responsibly, adhering to high levels of health and safety and minimizing the impact of our operations on the environment. See "*Management*" and "*Principal Shareholders*."

We also benefit from strong and supportive shareholders, with support from the Italy-based integrated energy company Eni S.p.A, through Eni International B.V. (which holds 63.08% of our issued share capital) and Norway-based leading private equity investor HitecVision, through Point Resources Holding AS (which holds 20.74% of our issued share capital). We believe the presence of continuing active ownership provides significant competitive advantage, such as the ability to secure long term offtake agreements with the Eni SpA Group and leverage its extensive exploration and operational experience, while we carry out all transactions with related parties on the basis of the "arm's-length" principle to ensure equal treatment of our shareholders. Eni SpA Group's global marketing capabilities allow us to reach markets beyond Europe, maintain an extensive shipping network and adapt rapidly to unforeseen changes in market demand.

Our history

We were established in December 2018 through the merger of Eni Norge AS and Point Resources AS, building on a legacy of more than 50 years of successful operation and exploration activity on the NCS. Eni Norge AS was

² Sustainalytics is a leading ESG research provider, who provides research based on its independent methodology, and publicly available information from issuers. This Corporate ESG Assessment is published on Sustainalytics' website, however such research is not part of any offering, nor shall it be considered as an offer to buy a security, investment advice or an assurance letter, and no information provided by Sustainalytics under this Corporate ESG Assessment shall be considered as being a statement, representation, warranty or argument either in favor or against the truthfulness, reliability or completeness of any facts or statements that Vår Energi AS has made available to Sustainalytics for the purpose of this Corporate ESG Assessment, in light of the circumstances under which such facts or statements have been presented. Furthermore, the Corporate ESG Assessment provided hereunder shall not constitute nor represent an "expert opinion" or "negative assurance letter" as these terms are defined by any applicable legislation. This assessment, in particular the images, text and graphics contained therein, and the layout and company logo of Sustainalytics and/or Morningstar are protected under copyright and trademark law. Any use thereof shall require express prior written consent. Use shall be deemed to refer in particular to the copying or duplication of the assessment wholly or in part, the distribution of the assessment, either free of charge or against payment, or the exploitation of this assessment in any other conceivable manner. This assessment has not been submitted to, nor received approval from any European regulatory body. While Sustainalytics exercised due care in compiling this assessment, it makes no warranty, express or implied, regarding the accuracy, completeness or usefulness of this information and assumes no liability with respect to the consequences of relying on this information for investment or other purposes. In particular, the research and scores provided are not intended to constitute an offer, benchmark, solicitation or advice to buy or sell securities nor are they intended to solicit votes or proxies.

founded in 1965, while Point Resources AS was created through the merger of three HitecVision portfolio companies in 2015, which then acquired the Norwegian operated upstream assets of ExxonMobil in 2017.

In December 2019, we completed an agreement with ExxonMobil to acquire its partner-operated upstream assets in Norway. Through this acquisition, we became the largest independent producer on the NCS at the time of completion (excluding Petoro, which is fully government-owned without operatorship, and Equinor, which is majority government-owned).

Building on the operational resources and technical expertise of the Eni SpA Group and the heritage of ExxonMobil's upstream assets in Norway, we have leveraged the strength of two supermajors in our continued development of competencies and best practices over time.

In February 2022, we listed our shares on the Oslo Stock Exchange (symbol: VAR) in connection with our initial public offering. As of September 30, 2022, we had more than 27,000 shareholders.

Reserves, resources and operating data

We currently retain D&M as our independent reserve engineer for the purposes of independently evaluating the reserves associated with our asset portfolio and our internal reserve estimates. Except as otherwise indicated, our reserves are generally estimated and classified in accordance with the SPE's Petroleum Resources Management System ("**PRMS**"). Estimated reserves presented herein may differ from estimates made in accordance with guidelines and definitions used by other companies in the industry or by the SEC. See "*Presentation of financial and other information—certain reserves, contingent resources and production information.*"

Potential investors should note that we have not estimated 2P reserves under the standards of reserves management applied by the SEC (the "**SEC Basis**") for any of the relevant periods reviewed in this Offering Memorandum, or otherwise. The SEC Basis differs from PRMS. See "*Presentation of financial and other information.*"

References to "2P reserves" are to the sum of our proved reserves plus probable reserves. Pursuant to the classifications and definitions provided by the PRMS, "proved reserves" is defined as those quantities of petroleum, which, by analysis of geoscience and engineering data, can be estimated with reasonable certainty to be commercially recoverable, from a given date forward, from known reservoirs and under defined economic conditions, operating methods and government regulations and "probable reserves" is defined as those additional reserves which analysis of geoscience and engineering data indicate are less likely to be recovered than proved reserves but more certain to be recovered than possible reserves. In this context, when probabilistic methods are used, there should be at least a 50% probability that the actual quantities recovered will equal or exceed the 2P reserves estimate. References to "contingent resources" are to those quantities of petroleum estimated, as of a given date, to be potentially recoverable from known accumulations by the application of development projects not, as of that date, considered to be commercial owing to one or more contingencies and "2C resources" are the "best estimate" scenario which have a probability of at least 50% of equaling or exceeding the amounts actually recovered. Contingent resources have an associated chance of development and may include, for example, projects for which there are currently no viable markets or where commercial recovery is dependent on technology under development. See "*Presentation of financial and other information.*"

Qualifications of third-party engineers

The technical personnel responsible for preparing the independent evaluation of our reserve estimates at D&M meet the requirements regarding qualifications, independence, objectivity and confidentiality set forth by the SPE. D&M is an independent reservoir evaluation company who provides Reserves Audits and Competent Person's Reports (CPR) to clients including international oil companies. D&M performs studies to standards which are accepted by, among others, the Oslo Stock Exchange, Australian Securities Exchange, London Stock Exchange, SEC as well as international commercial and institutional banks. See "*Presentation of financial and other information.*"

Production assets

As of September 30, 2022, we held 145 licenses (46 operated) on 36 producing fields diversified across the NCS. Our portfolio is characterized by a balanced mix of more mature assets with a strong track record and large reserve base (including our operated Balder and Ringhorne area and partner-operated areas such as Åsgard, Tampen, Ekofisk and Ormen Lange), assets that more recently started production (including Goliat) as well as growth driving development projects (including, but not limited to, Johan Castberg, Fenja, Breidablikk and Balder X).

Our portfolio of assets includes a mix of operated and partner-operated fields in the North Sea, the Norwegian Sea and the Barents Sea. Our production and reserves are geographically diverse and exhibit a low field concentration, with our top-producing area representing only 11% of our 2P reserves for the year ended December 31, 2021. Our portfolio is well balanced between oil and gas, with our 2P resources as of December 31, 2021 consisting of 71.5% oil and condensate, 22.7% gas, and 5.8% NGL.

Certain operated assets

Our average net production from operated fields during the nine months ended September 30, 2022 was 41.5 kboepd, or 19% of our total net production. Our most significant operated assets are Goliat and Balder/Ringhorne, which accounted for 9.7% and 7.9%, respectively, of our total net production in the nine months ended September 30, 2022. As part of our ongoing strategy, we continually seek to strengthen and expand our production from operated assets.

Balder and Ringhorne

Location.....	West North Sea
Licenses.....	PL 001, 027, 027C, 027 GS, 028, 028 S, 169E
Operator.....	Vår Energi
Field Participants.....	Balder & Ringhorne: Vår Energi, Mime Petroleum
	Ringhorne East: Vår Energi, DNO Norge, Mime Petroleum
Vår Energi Working Interest	Balder/Ringhorne (90.0%), Ringhorne East (70.0%)

The Balder and Ringhorne oil fields are located on the Utsira High in the North Sea, across production licenses PL 001, 027, 027C, 027GS, 028, 028S and 169E. Balder was the first discovery on the Norwegian North Sea and featured the second well ever drilled on the NCS. As of December 31, 2021, approximately 482 MMboe (net) had been produced from the Balder and Ringhorne East fields since inception. The Balder and Ringhorne fields are currently undergoing an extensive redevelopment involving a lifetime extension program for the Jotun FPSO and the drilling of new wells in the area. The redevelopment project is targeting first production in the third quarter of 2024 and an extension of the economic lifetime of the assets to beyond 2045. See “*Our business—Key development projects—Operated assets.*” Uptime at Balder/Ringhorne improved from 74% in the first quarter of 2022 to 91% in the second quarter of 2022.

The Balder field consists of a complex petroleum system with hydrocarbons in Paleocene and Eocene reservoirs. The Balder accumulation is a low-relief structural/stratigraphic trap and consists of several Paleocene and Eocene Mounds with excellent reservoir properties and good connectivity. The Ringhorne Forseti was discovered in 1970, with the Ringhorne Jurassic and Ringhorne West being discovered in 1997 and 2003, respectively. The Ringhorne accumulation contains several separate oil deposits in Eocene, Paleocene and Jurassic sandstone.

The area is still relatively under-explored, with numerous low risk, potentially high value drilling targets identified, as well as the development of the recent King & Prince discoveries. A number of projects that we view as high value are planned or in progress in the Balder area.

For the three months ended September 30, 2022, average net production at Balder/Ringhorne was 12.2 kboepd and production efficiency was 72%, reflecting a two-week turnaround completed on schedule and within budget.

During the nine months ended September 30, 2022, average net production for the Balder Area (including the Balder and Ringhorne East fields) was 17.5 kboepd. As of December 31, 2021, net 2P reserves at the Balder Area were estimated to total 224 MMboe.

Goliat

Location.....	North Barents Sea
Licenses.....	PL 229
Operator.....	Vår Energi
Field Participants.....	Vår Energi, Equinor
Vår Energi Working Interest	Goliat (65.0%), Alke (40.0%) ⁽¹⁾

(1) Alke is currently a non-producing development project.

Goliat is an oil field with material production located in the Barents Sea. Its PDO was approved in 2009 and production began in March 2016. It features a FPSO powered from shore and its CO₂ emissions are amongst the lowest on the NCS. Uptime at Goliat has increased from 75% in 2019 to 90% for 2020 and 87% for 2021 and we

are targeting further increases to uptime through 2023. Uptime at Goliat remained at 87% for the nine months ended September 30, 2022. The Goliat reservoir consists of sandstones of Triassic age in the Kobbe and Snadd Formations, and in the Realgrunnen subgroup of Triassic to Jurassic age. The reservoirs have thin gas caps and lie in a complex and segmented structure at depths of 1,100-1,800 meters.

The production strategy for Goliat consists of a combination of water injection and gas re-injection. The field has not yet developed a gas export route, and thus gas resources are not included within reserves. As of December 31, 2021, 16 horizontal producers, 9 water injectors and 3 gas injectors are on stream. Goliat is developed through one of the world's largest circular FPSO units (Sevan 1000 FPSO), including 8 subsea templates and a total of 32 well slots. It is fully winterized and specially designed for operations in the Barents Sea. The field is developed using power from shore, resulting in a low carbon footprint from operations and CO₂ emissions among the lowest on the NCS. Goliat's technical lifetime and license expiry date is May 2042, but a further lifetime extension is targeted.

In 2020, the 4D seismic acquisition used to mature infill targets was completed ahead of schedule and below budget, supporting the development of new resources and improved recovery. New technology applications, including the successful completion of two retrofit MLT's on Goliat, has facilitated fast track drilling and a reduced time to market.

For the three months ended September 30, 2022, average net production at Goliat was 19.2 kboepd and production efficiency was 88%.

During the nine months ended September 30, 2022, average net production for the Goliat Area (composed solely of the Goliat field) was 21.6 kboepd. As of December 31, 2021, net 2P reserves at the Goliat Area were estimated to total 63 MMboe.

Certain partner-operated assets

As of September 30, 2022, our partner-operated asset portfolio consisted of 36 producing fields, among them some of the largest oil and gas fields discovered in Norway to date, including Åsgard, Snorre, Grane, Ekofisk, Statfjord, Ormen Lange and Sleipner.

Our average net production from partner-operated fields for the nine months ended September 30, 2022 was 180.5 kboepd.

Our partner-operated portfolio grew significantly following the acquisition of ExxonMobil's Norwegian partner-operated assets in 2019, which significantly increased our equity in Snorre and the Åsgard Area, and added several high value assets including Grane, Breidablikk, Fram and Ormen Lange.

The assets listed in the table below account for the majority of our production volumes, measured by average net production for the year ended September 30, 2022.

Asset Group	Production from partner- operated assets (kboepd)
	Nine months ended September 30, 2022
Åsgard Area	57.3
Greater Ekofisk Area ⁽¹⁾	18.1
Kristin Area	16.6
Grane Area.....	11.9
Statfjord Area	11.9
Ormen Lange	11.0
Fram Area	11.4
Snorre Area.....	26.9
Other ⁽²⁾	15.3
Total	180.5

(1) Includes the Ekofisk, Eldfisk, Embla and Tor fields.

(2) Includes all other partner-operated fields (Bøyla and Frosk, Brage, Gungne, Heidrun, Hyme, Norne, Sigyn, Urd and Skuld, Sleipner East and Sleipner West).

We have a dedicated goal of becoming recognized as an industry leader in NCS partner-operated activities and to be considered a “partner of choice” on the NCS. To achieve this goal, we strive for industry-leading HSEQ performance and maximum economic recovery of our asset base through the lifetime of our fields.

Åsgard

Location.....	South Norwegian Sea
Licenses.....	PL062, PL074, PL094, PL094B, PL134, PL237, PL479
Operator.....	Equinor
Field Participants.....	Equinor, Vår Energi, Petoro, TotalEnergies, Sval Energi
Vår Energi Working Interest	Åsgard (22.1%), Mikkel (48.4 %), Trestakk (40.9%), Morvin (30.0%), Halten East (24.6%)(1)

(1) Halten East is currently a non-producing development project.

Åsgard is an Equinor operated field in the central part of the Norwegian Sea. Åsgard was discovered in 1981, and the PDO was approved in 1996. The Åsgard field includes the Smørbukk, Smørbukk Sør and Midgard deposits. The water depth is 240 to 300 meters. The field has been developed with subsea wells tied-back to the Åsgard A FPSO and to the Åsgard B, a floating, semi-submersible facility for gas and condensate processing. The gas center is connected to Åsgard C, a storage vessel for condensate. Production began in 1999 and the first gas exports occurred in 2000.

The Åsgard facilities are an important part of the Norwegian Sea infrastructure, representing one of the largest subsea developments in Norway with a production history of over 20 years. The Mikkel and Morvin fields are tied to Åsgard B for processing, and gas from Åsgard B is sent to the Tyrihans field for gas lift. The PDO for a subsea gas compression facility at Midgard was approved in 2012. The Trestakk field is tied-in to Åsgard A.

Åsgard produces gas and considerable amounts of condensate from Jurassic sandstone at depths of up to 4,850 meters. The reservoir quality varies among different formations, and there are large variations in the reservoir properties between the three deposits. The Smørbukk deposit is in a rotated fault block and contains gas, condensate and oil in the Åre, Tilje, Tofte, Ile and Garn Formations. The Smørbukk Sør deposit contains oil, gas and condensate in the Tilje, Ile and Garn Formations. The Midgard gas deposits are divided into four structural segments with the main reservoir in the Ile and Garn Formations.

Oil and condensate are temporarily stored at Åsgard A, then shipped to market by tankers. The gas is exported through the Åsgard Transport System to the terminal at Kårstø. The stabilized condensate from Åsgard is sold as oil.

Work is ongoing to increase recovery from Åsgard. The conversion of gas injection wells to gas production wells at Smørbukk is ongoing, and it is now possible to switch between injection and production. This maintains gas injection in Smørbukk and Smørbukk Sør, and gas export volumes from the Åsgard field. Third party tie-ins to Åsgard, such as the Halten East project, are also expected to prolong the lifetime of the facilities. In May 2022, the Halten East Unit PDO was submitted to the MPE.

During the nine months ended September 30, 2022, average net production for the Åsgard Area (including the Åsgard, Mikkel, Morvin and Trestakk fields) was 57.3 kboepd. As of December 31, 2021, net 2P reserves at the Åsgard Area were estimated to total 128 MMboe.

Snorre

Location.....	North Sea
Licenses.....	PL 057, 089
Operator.....	Equinor
Field Participants.....	Equinor, INPEX Idemitsu, Petoro, Vår Energi, Wintershall Dea
Vår Energi Working Interest	Snorre (18.6%), Vigdis (16.1%), Tordis (16.1%), Garantiana Development (30.0%)(1)

(1) The Garantiana Development is currently a non-producing development project.

Snorre is an Equinor operated field in the Tampen area in the northern part of the North Sea. Snorre was discovered in 1979 and the PDO was approved in 1988. The water depth is 300 to 350 meters. Snorre is one of the largest oil fields on the NCS in terms of recoverable volumes.

The field was initially developed with the facilities Snorre A, located in the southern part of the field, and Snorre UPA, located centrally on the field. Snorre A is a floating tension-leg platform for accommodation, drilling and processing. Snorre UPA is a subsea production facility tied-back to Snorre A. There is also a separate process module on Snorre A for full stabilization of the well stream from the Vigdis field. Production from Snorre A started in 1992. In 1998, a PDO was approved for Snorre B, a semi-submersible integrated drilling, processing and accommodation facility located in the northern part of the field. Snorre B started production in 2001. In 2018, an amended PDO for the Snorre Expansion Project (“SEP”) was approved. It includes six subsea templates, each with four wells tied-back to Snorre A. Production from SEP started in December 2020.

In 2020, an amended PDO for the development of the Hywind Tampen wind farm was approved, with operations for seven of 11 turbines targeted to begin at the end of 2022, subject to the achievement of technical milestones. The wind farm is planned to consist of 11 floating turbines, supplying electricity to the Snorre and Gullfaks fields. The Snorre and Gullfaks platforms will be the first platforms in the world to receive renewable power from a floating wind farm, according to Equinor.

Snorre produces oil from Triassic and Lower Jurassic sandstone in the Alke and Lunde Formations and the Statfjord Group. The field consists of several large fault blocks. The reservoir is at a depth of 2,000-2,700 meters and has a complex structure with both channels and flow barriers.

The field is produced with pressure support from water injection, gas injection and water alternating gas injection (“WAG”) for improved sweep efficiency. Since 2019, all gas is reinjected to increase oil recovery.

Oil and gas are separated at the Snorre A platform. The oil is stabilized at the Vigdis process module on Snorre A, then exported through the Vigdis pipeline to Gullfaks A. The oil is stored and loaded onto shuttle tankers at the Gullfaks field. All gas from Snorre and Vigdis is reinjected into the Snorre field.

Several measures to increase oil recovery from Snorre are being considered. Third-party tie-ins may also lead to further development of the field.

During the nine months ended September 30, 2022, average net production for the Snorre Area (including the Snorre, Tordis and Vigdis fields) was 26.9 kboepd. As of December 31, 2021, net 2P reserves at the Snorre Area were estimated to total 106 MMboe.

Greater Ekofisk Area (GEA)

Location.....	North Sea
Licenses.....	PL018
Operator.....	ConocoPhillips
Field Participants.....	TotalEnergies, ConocoPhillips, Vår Energi, Sval Energi, Petoro
Vår Energi Working Interest	Greater Ekofisk Area (12.4%), Tor (10.8%), Tommeliten Alpha (9.1%)

(1) Tommeliten Alpha is currently a non-producing development project.

The Greater Ekofisk Area (“GEA”) is a group of ConocoPhillips operated fields in the southern part of the Norwegian sector in the North Sea which includes the producing fields Ekofisk, Eldfisk, Embla and Tor, as well as the Tommeliten Alpha development project. In terms of total recoverable reserves, Ekofisk is the second largest field ever discovered on the NCS, with approximately 4.6 bnboe gross ultimate recoverable reserves.

The Ekofisk field was discovered in 1969, and the initial PDO was approved in 1972. Test production was initiated in 1971 and ordinary production started in 1972. Production was initially routed to tankships until a concrete storage tank was installed in 1973. Since then, the field has been further developed with many facilities, including facilities for associated fields and export pipelines. Several of the initial facilities have already been removed or are awaiting decommissioning. The initial field development started with three production platforms: Ekofisk A, Ekofisk B and Ekofisk C. Wellhead platform Ekofisk X and process platform Ekofisk J were installed in 1996 and 1998, respectively, as part of the Ekofisk II project. In 2005, wellhead platform Ekofisk M was installed as part of the Ekofisk Growth Project. A plan for water injection at Ekofisk was approved in 1983. Ekofisk K, which

is the main injection facility, started water injection in 1987 and is still in operation. There had also been water injection at Ekofisk W from 1989 until 2009, when Ekofisk W was shut down and replaced by a subsea template, Ekofisk VA. A PDO for the development of Ekofisk South was approved in 2011. The project included two new installations in the southern part of the field: production platform Ekofisk Z and a subsea template for water injection, Ekofisk VB. Injection from Ekofisk VB and production from Ekofisk Z started in 2013. The accommodation facilities Ekofisk H and Ekofisk Q were replaced by Ekofisk L in 2014. An amended PDO for an additional water injection template, Ekofisk VC, was approved in 2017.

Ekofisk was originally produced through pressure depletion and had an expected recovery factor of 17 percent. Since then, comprehensive water injection has contributed to a substantial increase in oil recovery. Large-scale water injection started in 1987, and in subsequent years, the area for water injection has been extended in several phases. Experience has shown that water displaces oil much more effectively than anticipated, and the expected final recovery factor for Ekofisk is now estimated to be over 50 percent. In addition to water injection, compaction of the reservoir results in increased recovery. The reservoir compaction has resulted in approximately 10 meters subsidence of the seabed in the central part of the field.

The initial development of Eldfisk consisted of three facilities connected by bridges. Eldfisk B is a combined drilling, wellhead and process facility, while Eldfisk A and Eldfisk FTP are wellhead and process facilities. Production started in 1979. The water injection facility Eldfisk E was installed in 1999. This facility also provides some of the water to Ekofisk K for injection on the Ekofisk field.

Production from Eldfisk S (Eldfisk II Project) started in 2015. This integrated facility has 40 slots and is connected by bridge to Eldfisk E. Eldfisk S replaces several functions of Eldfisk A and Eldfisk FTP. Eldfisk A is converted into a wellhead platform and Eldfisk FTP is used as a bridge-support facility. The Embla Field, located south of Eldfisk, is tied to Eldfisk S.

Ekofisk and Eldfisk produce oil from naturally fractured chalk of Late Cretaceous age in the Tor Formation and early Paleocene age in the Ekofisk Formation. The reservoir rock has high porosity, but low permeability. The reservoir has an oil column of more than 300 meters and lies at a depth of 3,000 meters. Embla produces undersaturated oil from segmented sandstone and a conglomerate of Devonian and Permian age.

Produced oil and gas volumes are routed to export pipelines via the processing facility at Ekofisk J. Gas from the Ekofisk area is transported via the Norpipe gas pipeline to Emden in Germany, while the oil is sent via the Norpipe oil pipeline to Teesside in the U.K.

Production from Ekofisk is maintained at a high level through continuous water injection, drilling of production and injection wells and well interventions. Key challenges include identifying the remaining oil pockets in a mature, waterflooded reservoir, as well as handling the increasing volumes of produced water. Ekofisk Life of Field Seismic provides data for the monitoring of waterflood and dynamic changes in the overburden for use in reservoir management. First phase drilling on Ekofisk Z was completed in 2020. Infill drilling on Ekofisk is expected to continue throughout the lifetime of the field. Water injection has been extended in the southern part of the field by the installation of a new subsea template, Ekofisk VC. The successive removal of obsolete facilities included in the Ekofisk I decommissioning plan is ongoing.

The objective of the Eldfisk North Project is to drain remaining resources in the northern part of the Bravo structure outside the drilling reach from Eldfisk S Platform. It consists of nine producers and five injectors, which will be drilled from 3x6 subsea templates. The Eldfisk PDO was submitted in May 2022, with targeted production start-up in second quarter of 2024, subject to the achievement of technical milestones.

It is also planned to extend the lifetime of Eldfisk A in order to add more wells to the Eldfisk structure and further increase the recovery.

In July 2022, the MPE and the UK North Sea Transition Authority approved the development of the Tommeliten A Field, a subsea development comprising of two subsea templates which can accommodate up to 12 production wells. The field facilities will be tied back to the Ekofisk Complex, where a new processing module is expected to be installed, with planned production start-up in 2024. During the nine months ended September 30, 2022, average net production for the Greater Ekofisk Area (including the Ekofisk, Eldfisk, Embla and Tor fields) was 18.1 kboepd. As of December 31, 2021, net 2P reserves at the Greater Ekofisk Area were estimated to total 109 MMboe.

Ormen Lange Unit

Location.....	South Norwegian Sea
Licenses.....	PL 208, PL 209, PL 250
Operator.....	Shell
Field Participants.....	Shell, Vår Energi, Petoro, Equinor, PGNiG
Vår Energi Working Interest	Ormen Lange (6.3%)

The Ormen Lange Field is located 120 km southwest of Kristiansund in PL 208, 209 and 250 at a water depth of 800-1,100 meters. The field is unitized in Ormen Lange Unit.

The Ormen Lange Field was discovered in 1997 and began production in 2007. The Ormen Lange reservoir is a large 4-way closure containing deep water turbidite deposits with channels and lobes sitting 2700-2900 meters below sea level. The reservoir quality is considered excellent with good continuity. The average thickness of the reservoir is 50 m with a Net/Gross of 40-95%, porosity range of 24-32% and permeability range of 200-1,000 mD.

The Ormen Lange Field is a subsea to shore development. The field has been developed in several phases with 24 deep-water wells. Production started from two subsea templates in the central part of the field with eight slots each. In 2009 and 2011, two additional similar templates were installed in the southern and northern parts of the field, respectively. The fluid is transported in two multiphase pipelines to an onshore facility at Nyhamna. It is processed at the Nyhamna terminal and exported in the Langedale pipeline via the Sleipner R facility to Easington in the U.K. The recovery mechanism is natural pressure depletion.

There are currently 19 Ormen Lange production wells. Production from the field is declining because of a gradual reduction in reservoir pressure. Onshore gas compression at the Nyhamna terminal began operation in 2017.

The final investment decision for the infield subsea compression development project was approved in the license in September 2021 and the PDO was submitted to the MPE shortly after. In October 2019 Schlumberger's subsea systems division, OneSubsea, signed a framework agreement with Norske Shell to supply a subsea multiphase compression system for the field planned to be in operation in 2025.

The infill well (C-3) planned in the northern area of the field (Phase 4) was approved in 2021. The C-3 infill well is expected to increase the estimated ultimate recovery in the northern area of the field.

As an expansion of Phase 4, a second infill well (D-4) has been approved during 2021. The D-4 well is in the undrained Egga 3 reservoir in the southern region. Both the C-3 and the D-4 will be part of the same drilling campaign.

During the nine months ended September 30, 2022, average net production for the Ormen Lange Unit was 11.1 kboepd. As of December 31, 2021, net 2P reserves at the Ormen Lange Area were estimated to total 43 MMboe.

Grane

Location.....	North Sea
Licenses.....	PL 001CS, PL 169B1, PL 169B2
Operator.....	Equinor
Field Participants.....	Equinor, Petoro, Vår Energi, ConocoPhillips
Vår Energi Working Interest	Grane (28.3%), Breidablikk (34.4%) ⁽¹⁾ , Svalin (13.0%)

(1) Breidablikk is currently a non-producing development project.

Grane is an Equinor operated field in the central North Sea, just east of the Balder field. Grane was discovered in 1991 and the PDO was approved in 2000, with production beginning in 2003.

The field features excellent oil recovery enabled by gravity-stable gas injection and a continuous drilling program. A permanent seabed reservoir monitoring system provides high quality seismic imaging twice per year for identification of remaining oil in place. The water depth is 130 meters and the field has been developed with an integrated accommodation, drilling and processing facility with a steel jacket and 40 well slots. The Svalin field is tied-back to the Grane platform, leveraging the existing infrastructure.

Grane produces oil with high viscosity mostly from Paleocene sandstone in the Heimdal Formation with very good reservoir properties. The field comprises a main structure and some additional segments with good communication. The reservoir depth is 1,700 meters. The depletion plan is gas injection at the top of the structure, and horizontal production wells at the bottom of the oil zone. In 2010, Grane terminated gas import from the Heimdal gas center, and only produced gas was reinjected into the reservoir. Gas re-import started in 2014 and was stopped in 2021. Grane has limited water injection and oil recovery is maintained by gas injection and drilling of new wells, including sidetracks from existing producers. Oil from Grane is transported by pipeline to the Sture terminal for storage and export.

During the nine months ended September 30, 2022, average net production for the Grane area (including the Grane and Svalin fields) was 12.0 kboepd. As of December 31, 2021, net 2P reserves at the Grane Area (including Breidablikk) were estimated to total 108 MMboe.

Statfjord Area

Location.....	North Sea
Licenses.....	PL037
Operator.....	Equinor
Field Participants.....	Equinor, Vår Energi
Vår Energi Working Interest	Statfjord Unit (21.4%), Statfjord East (20.6%), Statfjord North (25.0%), Sygna (21.0%)

The Statfjord Area represents one of the largest oil discoveries in Norway and is located in the Tampen Area in the North Sea. Recent lifetime extensions have contributed to long-term development potential. The unit consists of three fully integrated concrete facilities (Statfjord A, Statfjord B and Statfjord C). Satellite fields include Statfjord East, Statfjord North and Sygna, which have a dedicated inlet separator on Statfjord C.

Statfjord was discovered in 1974 and the PDO was approved in 1976, with production beginning in 1979. Statfjord produces oil and associated gas from Jurassic sandstone in the Brent and Statfjord Groups, and in the Cook Formation. The Brent and Statfjord Groups have excellent reservoir quality. The reservoirs lie at a depth of 2,500-3,000 meters in a large fault block tilted towards the west, and in several smaller blocks along the eastern flank. The field was originally produced by pressure support from water alternating gas injection (“WAG”), water injection and partial gas injection. Statfjord Late Life, for which the PDO was approved in 2005, has led to the ceasing of all injection. To release the solution gas from the remaining oil and maximize recovery, depressurization of the reservoirs started in 2007.

Stabilized oil is stored in storage cells at each facility. Oil is loaded onto tankers from one of the two oil-loading systems on the field. Since 2007, gas has been exported through Tampen Link and routed via the Far North Liquids and Gas System (“**FLAGS**”) pipeline to the U.K. Gas can also be exported to Kårstø.

The Statfjord FLX program, established in 2019, aims to extend field life with cost savings. With an increase in platform drilling and improved oil recovery (“**IOR**”) opportunities, field life has the potential to extend toward 2040, subject to the achievement of technical milestones.

During the nine months ended September 30, 2022, average net production for the Statfjord Area (including the Statfjord, Statfjord North, Statfjord East and Sygna fields) was 11.9 kboepd. As of December 31, 2021, net 2P reserves at the Statfjord Area were estimated to total 44 MMboe.

Key development projects

Our development projects are an important driver of our growth outlook over the coming years. As of September 30, 2022, we were involved in 16 operated and non-operated development projects, which we expect to contribute to an increase in production to more than 350 kboepd beyond 2025, subject to the achievement of technical milestones. In the medium-term, growth is expected from a number of new development projects, including those highlighted below.

Operated development projects

Balder X (90.0% working interest)

The Balder field, located in the central part of the North Sea, represents the very first license awarded on the NCS (PL001) as well as the first exploration drilling and oil discovery on the NCS. Water depth is approximately 125

meters. The field was discovered in 1967 and production commenced in 1999. The field has been developed with subsea wells tied-back to the Balder Floating Production Unit (FPU).

The Ringhorne field is located nine kilometers north of the Balder FPU. It was discovered in 1997 and production began in 2003. Ringhorne was developed with a combined accommodation, drilling and pre-processing facility, tied-back to the Balder FPU and the Jotun FPSO for processing, crude oil storage and gas export. The nearby Ringhorne Øst field is also tied-back to Balder via the Ringhorne platform. Ringhorne Øst began production in 2003.

The Balder X Project enables further development in the Balder and Ringhorne area, which we consider to be underexplored with upside potential, as illustrated by the discovery in 2021 of 57-132 MMboe in the adjacent King and Prince exploration wells, which are currently being evaluated as possible future tie-ins to Jotun FPSO. Balder X consists of two sub-projects: the Balder Future Project and Ringhorne Phase IV. The Balder Future Project consists of the refurbishment and relocation of the Jotun FPSO to accommodate tie-ins of 14 new production wells and one new water injection well. Future expansion capacity is expected to accommodate the tie-ins of four Balder wells after the decommissioning of the Balder FPU in 2030, an additional eight wells from available subsea slots and up to 12 wells from the Prince-King exploration prospect. The Jotun FPSO is being refurbished and will be relocated to between Ringhorne and Balder FPU and reconnected to the Ringhorne Platform.

A revised PDO for the Balder Future Project was approved by the MPE in June 2020. Ringhorne Phase IV is a continuation of the Ringhorne Platform drilling activities. It follows the Ringhorne Phase III drilling campaign and consists of the drilling of five platform production wells.

First oil for the Balder Future Project is currently scheduled for the third quarter of 2024. The total cost of the project has increased by \$1.2 billion (NOK 11.5 billion) to \$4.3 billion (NOK 40.7 billion) as a result of an increased scope of work, the continued impact of global supply chain challenges, the effects of the COVID-19 pandemic and schedule change. The new cost estimate and schedule relate primarily to Balder Future, with the main production and capital expenditure impact expected in 2024. The revised cost, increased scope of work and other challenges are not expected to have an impact on our 2022 capital expenditure guidance. Impairment charges relating to the revision of the Balder X project amounted to \$573 million during the third quarter of 2022. The extent of further cost increases at Balder X is inherently uncertain and subject to all risks outlined in the “*Risk Factors*” section of this Offering Memorandum. The project represents societal benefits, including employment in the range of an estimated 30,000-man years over the lifetime of the field. Major contracts for the Balder Future project have been awarded to Norwegian companies.

Partner-operated development projects

Johan Castberg (30.0% working interest)

Johan Castberg, in PL532, is located approximately 100 kilometers north of the Snøhvit field in the Barents Sea. As of December 31, 2021, the Johan Castberg area (including the Johan Castberg, Kayak and Kramsnø fields) was independently evaluated by D&M to hold 163 MMboe of net recoverable reserves. The field consists of three discoveries dating from 2011: Skrugard, Havis and Drivis. We view Johan Castberg as an under-explored area with diverse prospects and significant upside potential and we expect its development to contribute towards further strengthening our position in the Barents Sea.

The PDO for development of Johan Castberg was submitted in December 2017 and approved by the Norwegian Parliament in June 2018. Equinor is the operator of the Johan Castberg development, which consists of 30 planned wells through 10 subsea templates and 2 satellites tied back to a fully winterized FPSO. Hammerfest will be used as a supply and helicopter base during the operational phase. The reservoirs contain oil with a gas cap in three separate sandstone deposits of Late Triassic to Middle Jurassic age in the Tubåen, Nordmela and Stø Formations and demonstrate a high level of continuity.

The start-up of the Johan Castberg field is currently planned during the fourth quarter of 2024 and has been delayed by the COVID-19 pandemic that resulted in the stop of all yard activities during 2020. Weld quality deviations and the limited availability of manpower due to Singapore access restrictions also contributed to the delays. On January 5, 2022, the Johan Castberg FPSO was towed out of dry dock in Singapore. The Johan Castberg FPSO arrived at Aker Store in Norway on April 8, 2022.

The Johan Castberg development has experienced certain increases in FPSO construction costs, which have been partly offset by lower subsea and drilling costs. The cost increases have amounted to NOK 11,7 billion

(approximately 23% of the initial budgeted costs), of which approximately NOK 6 billion is related to currency effects and approximately NOK 5,7 billion is related to additional project costs. The extent of further cost increases, at Johan Castberg and other projects, is inherently uncertain and subject to risks relating to capacity constraints or cost inflation in the service sector.

The development will feature a depletion strategy consisting of water injection into the aquifer (eight slanted water injectors), gas injection into the gas cap (four slanted gas injectors), and production through 18 long producers, of which nine will be conventional horizontal wells while nine others will be dual lateral horizontal wells. Ten of the production wells had been drilled by the end of 2021 and subsea templates, flowlines and mooring systems have been successfully installed.

The main drive mechanism is water injection, initially by treated sea water and later supplemented by re-injection of produced water. Produced gas will be re-injected in the gas zone in the Stø and Nordmela Formations. The oil will be transferred to shuttle tankers on the field and then transported to the market. A firm decision for a future gas export solution has not been taken and the gas is currently not included in the reserves. The field installations have a technical lifetime of 30 years and the subsea installations have a technical lifetime of 25 years.

During the second quarter of 2022, we confirmed two oil and gas discoveries in the Equinor-operated Snøfonn Nord and Skavl Stø exploration wells in the Johan Castberg area (PL532). The successful results reflect our strategic approach to exploration in the Barents Sea, strengthening value creation in the region. Both discoveries add valuable volumes to our resource base, supporting long-term growth targets. The discoveries will be further assessed for a possible tie-back to Johan Castberg. An oil discovery in PL532, Isflak, was announced on March 10, 2021. The well is located about 10 km southwest of the Skrugard discovery, with an oil column of over 100 meters with a preliminary estimated discovery size between 31 and 50 MMboe of hydrocarbons. This discovery underpins the high quality prospectivity in the Johan Castberg license. In 2018, Skruis encountered an oil column of 34 meters in the Jurassic Stø Fm with excellent reservoir properties. The well, only a few kilometers north of the Skrugard discovery, contains an estimated volume of 12-25 million recoverable barrels of oil. In 2013, the Skavl discovery proved a 22 meter gas column and a 23 meter oil column in the Jurassic Tubåen Fm, and a 133 meter oil column in the Triassic Fruholmen Fm. Estimated volumes in Skavl range between 20-50 million barrels of recoverable oil.

Breidablikk (34.4% working interest)

The Breidablikk field is located in the central North Sea, ten kilometers northeast of the Grane field. Breidablikk includes two discoveries, 25/8-4 (D-structure) and 25/11-27 (F-structure), discovered in 1992 and 2013, respectively. The water depth is 130 meters and the field is being developed with four subsea templates tied-back to the Grane platform. The Breidablikk PDO was delivered in September 2020 by operator Equinor and approved in June 2021. As of September 30, 2022, the subsea and marine campaign for 2022 has been completed. The field is planned to start production in the first quarter of 2024. The field is expected to be developed with 23 production wells and will be produced using pressure depletion, assisted by gas lift in the production wells that will be placed near the top of the structures. Processed oil will be transported from Grane to the onshore terminal at Sture for storage and export.

The main reservoirs contain oil in Paleocene sandstone in the Heimdal Formation, at a depth of 1,700 meters. The reservoirs have excellent quality, with little variation in reservoir properties. Above the Heimdal Formation, oil is present in a sand injectite complex in shales of Paleocene and Eocene age in the Lista, Sele and Balder Formations.

With an active regional aquifer, there is no need for water injectors. Produced oil will be transported from Grane to the onshore terminal at Sture for storage and export.

Fenja (45.0% working interest)

Fenja is an oil and gas field located in PL586 in the Norwegian Sea. The field is located 36 kilometers southwest of Njord and situated in a water depth of 325 meters. Fenja was discovered in 2014 and the PDO was approved in 2018. Fenja is operated by Neptune and will be developed as a subsea tie-back to Njord A, operated by Equinor. Oil is loaded to the Njord B FSO and exported by shuttle tankers with gas exported through the Åsgard transport system.

During the second half of 2020, three reservoir pilots were drilled to acquire reservoir information. As of December 31, 2021, 2P reserves at the Fenja Area (including the Bauge, Fenja and Hyme fields) were estimated to total 37 MMboe. Based on this and subsequent reservoir studies, the development and depletion plan has been updated and is currently comprised of two oil producers with pressure support provided by one water injector and

one gas injector. The Fenja development project is currently in the execution phase and development drilling commenced in 2021. Production start-up has been delayed (due to the Njord Future project, in which we have no working interest), with the operator indicating that production is expected to begin in the first quarter of 2023.

Contingent resources

Our 2C contingent resources were estimated to total 507 MMboe as of December 31, 2021, of which 247 MMboe has been independently evaluated by D&M.

We consider our contingent resources to provide significant production upside, along with the possibility of low risk in-fill operations supported by our track record and technical abilities. In general, we believe that our contingent resources provide opportunities for low-cost near-term development, given that existing infrastructure in those areas is expected to lessen the amount of greenfield development required.

Exploration activity

We have an active exploration strategy on the NCS and a large inventory of potential exploration prospects across our portfolio. We have been active in successful exploration since our formation through the merger of Eni Norge AS and Point Resources AS in December 2018. We have been able to leverage our operating heritage that extends back to Eni Norge AS's founding in 1965 to continue the development of growth-driving production and exploration processes.

In the year ended December 31, 2019, we participated in seven exploration wells, three of which were considered commercial, including one partner-operated well obtained through the ExxonMobil acquisition in 2019. In total, we discovered 39 MMboe of resources to achieve a finding cost of approximately \$0.5/boe, on an after-tax basis. Additionally, 34 MMboe of resources had been declared as part of the ExxonMobil acquisition at the year end.

In the year ended December 31, 2020, we participated in seven non-operated exploration wells, two of which were considered commercial and one of which is still under evaluation for residual potential. One of the wells was characterized as a technical discovery and three were characterized as dry. In total, we discovered 8 MMboe of resources to achieve a finding cost of approximately \$2.1/boe, on an after-tax basis. In an effort to optimize our exploration asset portfolio, we also relinquished 14 licenses, two of which were as operator.

In the year ended December 31, 2021, we participated in eight wells, seven of which have been deemed significant (Isflak, Blasto, Tyrihans North Ile, Garantiana West and King/Prince). The net discovered resources are estimated to be 135 MMboe with a finding cost of \$0.26/boe on an after-tax basis (based on mid-point estimates reported to the NPD and not independently audited).

Our key priorities for 2022 include the Barents Sea, which is expected to increase in activity, including the drilling of two operated wells (one of which will be completed in 2023) in the Goliat area and two wells in the Johan Castberg area. In addition to Johan Castberg, partner operated near-field exploration activity is expected to be focused around the Njord and Tampen hubs, targeting near-field high value barrels in line with a rapid time to market strategy. During the second quarter of 2022, we confirmed two oil and gas discoveries in the Equinor-operated Snøfonn Nord (38 - 50 MMboe gross estimated recoverable resources) and Skavl Stø (5 - 10 MMboe gross estimated recoverable resources) exploration wells in the Johan Castberg area (PL532). The successful results reflect our strategic approach to exploration in the Barents Sea, strengthening value creation in the region. Both discoveries add valuable volumes to our resource base, supporting long-term growth targets. The discoveries will be further assessed for a possible tie-back to Johan Castberg. Other fields targeted for our near-term exploration campaign include Lupa, Othello North, Angulata, Countach and Calypso.

We have been active in the recent license rounds to both optimize and grow our portfolio.

In 2019, we were awarded 13 new licenses as part of the 2018 APA licensing round, four of which were as operator.

In 2020, we were awarded 17 new licenses as part of the 2019 APA licensing round, seven of which were as operator.

In 2021, we were awarded ten licenses as part of the 2020 APA licensing round.

In January 2022, we were awarded a further ten licenses in the annual APA licensing round, five of which were as operator. The new licenses are expected to drive further growth, with the location of the licenses well aligned to our hub strategy. Of the five operated licenses, three are located in the Barents Sea close to the Johan Castberg and Goliat hubs, one is located in the North Sea adjacent to the Balder hub and the fifth is located in the Norwegian Sea, and in our view, has the potential to become a new hub area. The non-operated licenses are all located close to infrastructure and can be categorized as infrastructure-led exploration ("ILX") assets.

Health, safety, security, environment and quality

Sustainability

We strive to create long-term value for our stakeholders, employees and the Norwegian state by managing our resources in a responsible and sustainable manner. We aim to minimize harm to people or the environment in all operational activity. We require the use of high-quality and sustainable solutions in our own operations and those used by our suppliers, including the use of the best available technologies and methods to reduce emissions to air, discharges to sea, and waste generation.

We have established the following ambitions and targets as part of our sustainability strategy:

- Targeting 50% reduction in nominal Scope 1 greenhouse gas (“GHG”) emissions compared to 2005 and a 10% reduction in nominal Scope 2 GHG emissions compared to 2018, in each case from operated assets by 2030
- Targeting net zero Scope 1 and Scope 2 GHG emissions by 2030, using offsetting where required
- Electrifying all new greenfield developments with power from shore or from renewable power production
- Utilizing our R&D function to reduce emissions
- Becoming the safest operator on the NCS
- Achieving 40% gender diversity across our entire organization
- Considering sustainability in all tenders where material and feasible
- Engaging local communities to create value
- Achieving zero discharge of environmentally hazardous substances

Our values align with the Sustainable Development Goals (“SDGs”) identified by the 2030 Agenda for Sustainable Development of the United Nations in September 2015, which aimed to create a better and more sustainable future globally. We fully support the UN SDGs and have implemented a strategic focus on SDGs 8 (*Decent Work and Economic Growth*), 9 (*Industry, Innovation and Infrastructure*) and 13 (*Climate Action*). We are also strongly committed to and in support of the Paris Agreement and Glasgow Climate Pact.

In December 2021, we received an indicative ESG Corporate Assessment from Sustainalytics that assessed the company across eleven ESG categories, including carbon products and services, community relations, and corporate governance, among others. The ESG Assessment would place us in the top ninth percentile (14 out of 155) of oil and gas exploration and production companies and the top tenth percentile (25 out of 261) of oil and gas producers in Sustainalytics’ research universe.³

We plan to meet our emissions and climate-related targets through the electrification of assets with renewable power from shore or from other renewable power production sources, reduced cold venting and fugitive emissions, increases in operational efficiency, portfolio management, and the use of certified and internationally recognized offsetting measures. See “*Summary—Key credit highlights—ESG focus targeting net zero emissions (including Scope 1 and 2 emissions) by 2030.*” We are aiming to reduce long-term GHG emissions through the

³ Sustainalytics is a leading ESG research provider, who provides research based on its independent methodology, and publicly available information from issuers. This Corporate ESG Assessment is published on Sustainalytics’ website, however such research is not part of any offering, nor shall it be considered as an offer to buy a security, investment advice or an assurance letter, and no information provided by Sustainalytics under this Corporate ESG Assessment shall be considered as being a statement, representation, warranty or argument either in favor or against the truthfulness, reliability or completeness of any facts or statements that Vår Energi AS has made available to Sustainalytics for the purpose of this Corporate ESG Assessment, in light of the circumstances under which such facts or statements have been presented. Furthermore, the Corporate ESG Assessment provided hereunder shall not constitute nor represent an “expert opinion” or “negative assurance letter” as these terms are defined by any applicable legislation. This assessment, in particular the images, text and graphics contained therein, and the layout and company logo of Sustainalytics and/or Morningstar are protected under copyright and trademark law. Any use thereof shall require express prior written consent. Use shall be deemed to refer in particular to the copying or duplication of the assessment wholly or in part, the distribution of the assessment, either free of charge or against payment, or the exploitation of this assessment in any other conceivable manner. This assessment has not been submitted to, nor received approval from any European regulatory body. While Sustainalytics exercised due care in compiling this assessment, it makes no warranty, express or implied, regarding the accuracy, completeness or usefulness of this information and assumes no liability with respect to the consequences of relying on this information for investment or other purposes. In particular, the research and scores provided are not intended to constitute an offer, benchmark, solicitation or advice to buy or sell securities nor are they intended to solicit votes or proxies.

implementation of low emission technologies, hydrogen technology and carbon capture and storage (“CCS”) technology, developed through continuous R&D activity in the medium and long term.

In order to achieve net zero Scope 1 and Scope 2 GHG emissions from operated assets by 2030, we consider collaboration between oil and gas companies as a key success factor. Collaboration on the NCS is crucial, as several emission reducing measures require significant investments which need to be approved by the involved license owners. We value collaboration and alignment in connection with our portfolio of partner-operated assets.

During 2020, we saw a 33% reduction of Scope 1 GHG emissions as compared to 2019, or a total reduction of 95,914 tonnes/CO₂ equivalent of Scope 1 GHGs. We also reduced our total energy consumption by approximately 751,000 gigajoules, primarily the result of a significant reduction in the use of fuel from non-renewable resources.

During 2021, we saw a 3% reduction of Scope 1 GHG emissions as compared to 2020, or a total reduction of 6,578 tonnes/CO₂ equivalent Scope 1 GHGs.

For the nine months ended September 30, 2022, our CO₂ emissions intensity (relating to assets under our operational control and accounting for our equity share) was estimated to be 8.7 kg CO₂/boe.

Employee health and safety

Our total recordable injury frequency (“TRIF”) was 3.2, 3.5 and 2.2 for the years ended December 31, 2021, 2020 and 2019, respectively, and 3.7 for the nine months ended September 30, 2022 (measured as the number of recordable personnel injuries per one million hours worked, including incidents on sites that we do not own or control). Our TRIF for the year ended December 31, 2021 is further reduced to 1.3 when excluding projects on sites that we do not own or control (1.7 in 2020 and 1.5 in 2019). No registered personnel injuries were classified as serious during 2021 and our serious injury frequency was 1.3 per million worked hours on an LTM basis as of September 30, 2022. In 2020, we had nine events with higher potential, but no personnel injuries were identified during these events. All relevant safety events are investigated according to internal guidelines and measures have been implemented in an effort to continue our positive trajectory with respect to safety key performance indicators.

Our Vår Energi Management System (“VEMS”) is an integral part of our efforts to promote a healthy working environment and employee culture. The system secures sound working conditions for employees and contractors and compliance with internal and external requirements. VEMS is a robust, interactive web-based system available to all of our personnel, developed around a set of business process maps with supporting links to governing and regulatory documentation, company policies and international standards and procedures. Furthermore, VEMS works as a management tool to communicate company requirements and demonstrate compliance with both Norwegian regulatory and corporate requirements. VEMS is founded on principles set out in IOGP 510 covering relevant elements from ISO standards 9001, ISO 14001, ISO 26000, ISO 27001, ISO 31000, ISO 45001 and ISO 50001. We are certified in accordance with ISO 14001 and ISO 45001.

Risk management and emergency preparedness

Throughout 2021, we continued to develop a common framework for effective barrier management. In addition, a common MARI (Major Accident Risk Indicator) tool has been implemented for all production assets in operation. The purpose of the tool is to increase knowledge and awareness relating to the complex nature of major accident risk and to facilitate targeted action to reduce it.

In 2021, we continued a project that began in 2020 involving the mapping of offshore working environment risks, with the goal of providing an overview of physical, chemical, biological, ergonomic and organizational conditions in an effort to implement relevant and targeted risk-reduction measures. The aim of this procedure was to reduce working environment risk for employees and to maintain safe and secure operations on all installations. In addition, we conducted a psycho-social survey for our entire organization in order to identify the most pressing issues faced by our workforce.

In January 2022, we received a notice issued by the Norwegian Petroleum Safety Authority (PSA) referring to non-conformities of the safety regulations after an inspection by the PSA at the Goliat field. Pursuant to the notice, we will be receiving an order to (i) before December 31, 2022, perform an independent investigation of an incident regarding a gas injection riser at the Goliat field, as well as provide a description of how the issue has been addressed, and (ii) before November 30, 2022, establish a system for the overview of the integrity of flexible risers and associated safety equipment at Goliat. We are currently assessing remedial measures, but do not expect this incident to cause any adverse material operational or financial impact. The PSA has regularly audited the Goliat field since 2016, with all material non-conformities (other than the one described above) addressed to date. As of the date of this Offering Memorandum, the implementation of compliance measures at Goliat is ongoing and is expected to be concluded within the deadlines set by the PSA.

On an ongoing basis, we prioritize the maintenance and improvement of our emergency preparedness and response framework. The Goliat field introduced a new concept for oil spill preparedness on the NCS in 2016, including support from the local fleet of fishing vessels with adapted oil spill response equipment and a crew with in-depth knowledge of the waters off the coast of West Finnmark. This represents a key element in our oil spill response efforts in the Barents Sea. Our emergency response resources are also available for other activities in the region, including in aid of the local population.

Product lifting and distribution

Product sales

The crude oil that we produce is generally sold on a free on board (“**FOB**”) basis. Under our FOB contracts, purchasers provide the necessary shipping capacity to offtake the crude in line with the relevant field’s lifting program. Pricing is linked to the norm price published by the Petroleum Price Council. In cases where the norm price is not published, the back-to-back principle applies and we will obtain the price that the buyer obtains when reselling the crude oil, deducted for any sales costs of the buyer for the specific transaction.

NGLs are also sold on a FOB basis, whereby the purchaser is responsible for providing the shipping capacity necessary to lift production, according to the respective terminal’s lifting program. Approximately 50% of the NGLs that we sell are purchased on a back-to-back basis, while the remaining balance is sold using a price formula linked to published indexes. The cost of insurance and freight from terminal to receiving terminal is deducted from the sales price, as is customary where products are sold on a FOB basis. Indices for NGL products are normally quoted in cost, insurance and freight (“**CIF**”) terms. Thus, a normalized FOB price is reached by deducting insurance and freight from the published CIF price.

We have secured transportation capacity to exit points in both the U.K. and continental Europe, using the Gassled system to ensure that we have price exposure to several markets for our gas portfolio. We generally sell our natural gas under a mix of short- and long-term contracts, with pricing linked to published indices, with some of our contracts set at a fixed price. Our product mix ensures that our gas portfolio has exposure to both short- and medium-term indexation, including day-ahead, month-ahead, quarter-ahead and gas-year ahead pricing.

FPSO shuttle tanker contracts and other export contracts

At our partner-operated fields in the Ekofisk Area and Grane Area, we have in place contracts relating to the use of transportation facilities and export terminals. Specifically, fields in the Ekofisk Area utilize Norpipe Oil AS, Norsea Pipeline Ltd and Norpipe Petroleum UK Ltd, while fields in the Grane Area utilize the Grane Oil Pipeline. These contracts are based on standard industry terms with certain relevant modifications.

Where shuttle tankers are utilized, we have in place contracts that assign all shuttle tankers to purchasers. However, in any instance where term charter contracts would be required for specialised and dedicated shipping capacity for specific fields, we would in turn be responsible for the full-term charter cost. While our FPSO shuttle tanker and export contracts mitigate the inherent risks associated with a dependence on capacity (whether through pipelines, tankers or otherwise) to transport and sell oil and gas products, we remain subject to such risks.

Seasonality

Seasonal weather conditions (e.g., winter conditions in the NCS area) and lease stipulations can limit our drilling, producing and offloading activities and other oil and gas operations in certain areas. Such occurrences can increase competition for equipment, supplies and personnel during the spring and summer months, which can lead to shortages and increase costs or delay our operations. See “*Risk factors—Risks relating to the oil and gas industry.*”

Competition

The oil industry is highly competitive, and we compete with a substantial number of other companies, many of which may have greater resources than we do. Many of these companies explore for, produce and market oil and gas, carry on refining operations and market the resulting products on a worldwide basis. Our competitors include national oil companies, major international oil and gas companies as well as independent oil and gas companies. The oil and gas business is highly competitive in the search for and acquisition of reserves, in the procurement of rigs and other production equipment, in the production and marketing of oil and gas and in the recruitment and employment of qualified personnel. See “*Risk factors—Risks relating to our business—We may not be successful in attracting and retaining sufficient skilled employees*” and “*Risk factors—Risks relating to the oil and gas industry—The market in which we operate is highly competitive.*”

In addition, we compete with oil and gas companies in accessing production licenses made available by the Norwegian government or bidding for farm-ins and other contractual interests in licenses for sale by third parties. Competition for such assets is likely to come from companies already present in the region in which the production licenses are located, as well as new entrants. Competition also exists between producers of oil and gas and other industries producing alternative energy and fuel, such as solar and wind.

Furthermore, competitive conditions may be substantially affected by various forms of energy legislation and regulation considered from time to time by the governments of the jurisdictions in which we operate. It is not possible to predict the nature of any such legislation or regulation that may ultimately be adopted or its effects upon our future operations. Such legislation and regulations may, however, substantially increase the costs of developing, producing, marketing or exploring for gas and oil and may prevent or delay the commencement or continuation of a particular operation. The effect of these risks cannot be accurately predicted. See *“Risk factors—Risks relating to our business—We are exposed to political and regulatory risks”* and *“Risk factors—Risks relating to our business—Climate change and climate change legislation and regulatory initiatives could adversely affect our business and ongoing operations.”*

Material agreements relating to our assets

The material agreements governing our activities can be divided into three main categories as follows: (a) license agreements, associated venture agreements and external venture agreements; (b) procurement agreements; and (c) financial agreements, including terms for our activities.

Agreements for petroleum activities

The awarding of a production license is conditional upon the prospective licensees entering into a standard agreement for petroleum activities stipulated by the MPE. Such standard agreements consist of certain specific provisions which set out, among other things, the voting rules in the license, the joint operating agreement (“JOA”) and a standard accounting agreement. The latter regulates the accounting and financial aspects of the (non-incorporated) license joint venture. Upon assignment of a participating interest in a license, it follows from the JOA that the assignment agreement shall contain provisions stipulating that the assignee shall be bound by the JOA and the conditions of the relevant production license with subsequent amendments and supplements.

The JOA establishes the joint venture principles and governs the relationship between the licensees, including the basis for, among others, day to day management of the activities, allocation of costs, decision making processes and the operators’ duties. A management committee is established as the supreme body of the license joint venture, in which all licensees are represented and have a vote pursuant to their participating interest, which is specifically determined for each license and corresponding JOA. The produced petroleum is allocated to the licensees in accordance with their shares in the license pursuant to the JOA.

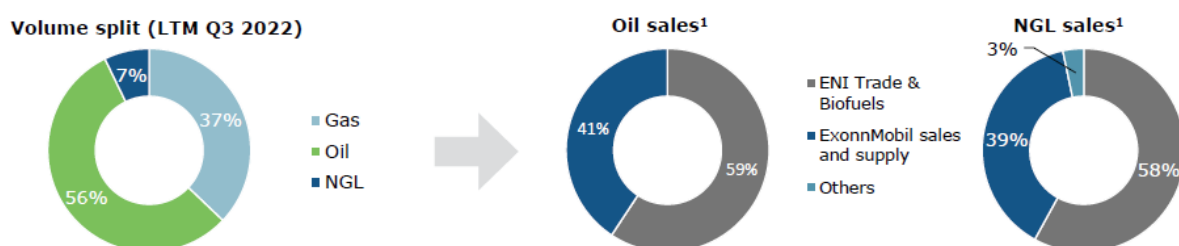
If a petroleum deposit extends over more than one production license with different licensees, the affected licensees must enter into a Unitization and Operating Agreement (“UOA”). Our UOAs are generally based on standard terms approved by the MPE, with the exception of some longstanding UOAs that have been in place for many years, and regulate main commercial provisions such as the scope of the unit, the tract participation and unit interest split and voting rules. The standard terms are based on the standardized JOA terms. UOAs create a new joint venture and a new management committee, consisting of all licensees in the respective production licenses over which the deposit extends. A UOA governs, among other things, (i) the formation of a unit; (ii) the tract participation of each license, which may be re-determined from time to time in specific units; (iii) the operator’s rights, duties and obligations; and (iv) the work program and the relationship between the licensees for the coordinated activities, including the establishment of a management committee.

The main voting rule in JOAs and UOAs usually requires a combination of the number of licensees and the level of participating interest they represent for a decision to be passed. A normal pass mark is a majority of the participants representing a majority of participating interests. In such a situation, for example, at least two of four participants representing more than 50% interest must vote in favor of a particular joint venture decision. There are, however, deviations from this majority rule. As an example, some decisions require approval by all participating parties. These types of unanimous decisions include relinquishment of acreage and development decisions regarding new hydrocarbon deposits, among others. Additionally, all voting must be unanimous in licenses with only two licensees. See *“Regulation—The licensing system”* and *“Risk factors—Risks relating to our business—We are subject to third party risk in terms of operators, other license participants and contractors.”*

Lifting, transportation and processing agreements

For all of our producing assets, we have gas and oil lifting agreements regulating the detailed offtake of the products. In addition, we enter into agreements, as required, for further transportation, processing, storage and terminal services for the various products. We also provide, in some cases, processing and transportation services for third parties. In such cases, we enter into field-to-field agreements that are based on the principle for the life of field. Some of our oil fields also have offshore loading arrangements which are entered into for a specified period of time with options to extend the arrangements.

All of our oil and NGL volumes are subject to long-term offtake agreements which are taken by Eni SpA Group (through Eni Trade & Biofuels S.p.A) and ExxonMobil, with Eni Trade & Biofuels S.p.A scheduled to become the sole offtaker for our oil and NGL from December 2022 onwards. Our offtake agreements entered into with Eni Trade & Biofuels S.p.A are all carried out on the basis of the “arm’s-length” principle.



(1) For the nine months ended September 30, 2022

The gas that we sell is subject to a combination of long-term and short-term offtake contracts, with long-term offtake contracts comprising approximately 70% of our total gas offtake contracts.

Our offtake agreements for oil and NGLs are set for an initial five-year term, with an automatic extension for an additional ten years (10 x 1 year options) in the absence of contract termination. Our priority access to offtakers with global distribution capabilities and strong knowledge of refinery capabilities enables ready access to customers at market prices and minimizes our exposure to price volatility. For example, in the early months of the COVID-19 pandemic in May and June of 2020, our offtake agreements afforded it priority market access with minimal discounts during a challenging period for the industry in general.

Transportation and Export

Oil and NGL

All of our producing oil and gas assets require the Group to enter into export arrangements. The oil that we produce is exported either through pipelines to terminals, or directly using shuttle tankers. Our oil and NGLs are generally sold on a FOB basis, where the purchaser is generally responsible for providing shuttle tanker capacity. However, in some cases we provide shipping services for offshore-loaded crude oil.

All of our oil and NGL production in the greater Ekofisk Area (including the Ekofisk, Eldfisk and Tor fields) is transported to the Teesside terminal in the U.K. via the Norpipe Oil pipeline.

The crude oil qualities that we load offshore using shuttle tankers includes Balder, the Goliath Blend, Heidrun Blend, Norne Blend (including those derived from the Norne, Urd, Skuld and Marulk fields), Åsgard Blend (including those derived from the Åsgard, Mikkell, Morvin, Kristin, Tyrihans fields and the future Kristin South and Halten East fields), Statfjord Blend (including those derived from the Statfjord, Statfjord East, Statfjord North, Snorre, Sygna and Vigdis fields), Gullfaks Blend (Snorre, Tordis and Vigdis), Alvheim Blend (Bøyla, Frosk) as well as crude from our new developments Johan Castberg and Njord Blend (including the Fenja, Bauge and Hyme fields).

The crude oil qualities that we load onshore include those from the Grane and Svalin fields and those that the Group expects to produce at our future Breidablikk field, each of which are transported to the Sture terminal through the Grane Oil Pipeline. Crude oil from our Brage field is similarly loaded onshore and transported to the Sture terminal through Oseberg Transport System (“OTS”). Crude oil from the Fram field is transported to the Troll terminal, while condensate from Gudrun is transported to the Kårstø terminal and condensate from Ormen Lange is transported to the Nyhamna Terminal.

Gas

All of our current gas production is exported to the market through pipelines. Specifically, the gas from our Heidrun field has two means of export, namely Haltenpipe (Area K) and Åsgard Transport (Area B), while the gas that we produce from our operated and partner-operated fields in the Statfjord Area (including the Statfjord, Statfjord East, Statfjord North, Tordis and Vigdis fields) is exported through Tampen Link (Area F) and the SEGAL network to St. Fergus in the U.K.

Ormen Lange gas is processed at Nyhamna and exported via Area D (Gassled dry gas system), while the rest of the gas that we produce from the Norwegian Sea is routed using Åsgard Transport to the Kårstø Gas Terminal (Area C) for further processing, where NGLs are extracted. NGL's are also currently extracted from the rich gas at the Braefoot Bay terminal.

Gas from fields located in the North Sea (including Ekofisk, Eldfisk, Tor, Sleipner, Sleipner West, Sleipner East, Gungne) are exported via Area D. Production at our Fram field is processed and exported from Kollsnes (Area E) using Area D.

The dry gas that is produced is in turn exported from various terminals, including Kårstø, Kollsnes and Nyhamna, to various delivery points in the U.K. and continental Europe through Area D.

Farm-in and farm-out agreements and assignment of license interest

As part of a continuous program to optimize our portfolio, we relinquish exploration licenses where we see no further potential, and farm-in and out licenses, or purchase or sell licenses interests on a regular basis. For example, in an effort to optimize our exploration asset portfolio, we relinquished five licenses in 2021, one of which were as operator. A farm-in/farm-out involves a situation where the owner of a license transfers all or a portion of its financial interest in a license, or a part of its interest in the production from a license, to another company in return for the performance of some agreed-upon action, for example, to undertake exploration of a field, drill one or more wells or develop the field. Transfers of license interests are subject to approval by the MPE and the MoF. See “*Regulation—Transfer restrictions: Assignment of license interests and change of control.*”

A transfer of a license interest for producing assets on the NCS leaves a secondary liability for the seller, should the buyer later fail to fulfill any decommissioning obligations existing at the time of the transaction. In such a situation, the seller can be protected by a decommissioning security agreement with the buyer.

Other material agreements

We have and may continue to enter into certain material procurement agreements related to digitalization, operations, field developments, seismic acquisition, and exploration and drilling. Specific examples of material contracts include those that relate to: drilling rigs; our SPS-SURF contract for the Balder Project; contracts for the engineering, procurement, construction and installation (“**EPCI**”) of the Jotun FPSO Extension; modifications and maintenance contracts; contracts for vessels and helicopters; master license agreements; and contracts for digitalization, seismic acquisition, integrated drilling and production drilling. We have also secured tie-in agreements to secure capacity for significant new developments, including Breidablikk and Fenja. As part of our strategic priorities, we have newly awarded strategic partnership agreements for future SPS/SURF deliveries to Aker Solutions, Havfram and Saipem.

The majority of these agreements have no minimum commitments, including those where call-off contracts regulate the actual commitment. However, certain large-scale material contracts, including contracts for drilling rigs, SPS-SURF and EPCI for the Balder project specifically, contain various commitments, which if breached could have a material impact on our financial position and operations. Logistic contracts also have commitments, but they are smaller in nature and therefore the termination of such contracts is generally expected to have less of an impact on those large-scale contracts. In addition, in connection with the acquisition of ExxonMobil Exploration and Production Norway AS's ownership interests in partner-operated fields and licenses on the NCS on December 10, 2019, a portion of the purchase price is to be paid on December 30, 2022 (the “**Deferred Payment**”). The amount outstanding under the Deferred Payment is subject to interest. As of September 30, 2022, outstanding amounts on the Deferred Payment amounted to \$348.3 million.

Material agreements outside the ordinary course of business

Presented below is a summary of material agreements we have entered into during the past two years which contain any obligation or entitlement that is material and outside the ordinary course of our business.

Agreement with Wintershall Dea Norge AS

On August 31, 2021 we entered into “Amendment to PL 074 & PL 132 Sale and Purchase Agreement” with Wintershall Dea Norge AS. Pursuant to this amendment agreement, an arrangement established in 1995 whereby Wintershall Dea Norge AS on a perpetual basis would be entitled to 6% of the oil produced at Statfjord Øst against covering an equal part of the costs (including abandonment costs) ceased effective as of January 1, 2021 by us paying Wintershall Dea Norge AS a one-time non-recurring amount of \$4 million (on a post-tax basis). The parties further agreed to settle oil income, costs, under- and overlifts for the period from January 1, 2021 to completion on ordinary standard terms. The transaction was approved by the MPE and MoF and closed December 1, 2021.

Agreement with Lundin Energy Norway AS

On December 15, 2021, we entered into an agreement with Lundin Energy Norway AS (now “ABP Norway AS”) whereby we assign to Lundin Energy Norway AS a 20% interest production license 956 and a 10% interest in production license 985, and Lundin Energy Norway AS assigns to us a 20% interest in production license 917 and a 20% interest in production license 917 B. There is no exchange of remuneration agreed other than the swap of production license interests as described. The closing of the transaction took place in the second quarter of 2022.

Agreement with Mime Petroleum AS

We entered into an agreement with Mime Petroleum AS regarding the sale of 10% of the floating production, storage and offloading facility Jotun FPSO on February 5, 2021. The Company and Mime Petroleum AS had differing views on the adequacy of the purchase price and agreed to enter into arbitration. The arbitration tribunal delivered their decision on November 5, 2021, setting the market value of the Vessel (prior to relevant upgrade works) forming the basis for the consideration for Mime acquiring 10% of the Jotun FPSO.

Agreement with Lime Petroleum, Lundin Energy Norway AS and Pandion Energy

On June 30, 2022, we acquired a 30% ownership interest in production licenses 820S and PL 820 SB (north of the Balder field in the North Sea) from Lime Petroleum, Pandion Energy and Lundin Energy Norway AS (currently known as ABP Norway AS and planned to be merged with Aker BP ASA). Vår Energi is proposed as the new operator. The transaction was approved by the MPE and closed on October 31, 2022.

Agreement with ExxonMobil Exploration and Production Norway AS

In connection with the acquisition of ExxonMobil Exploration and Production Norway AS’s ownership interests in partner-operated fields and licenses on the NCS on 10 December 2019, a portion of the purchase price is to be paid on December 30, 2022 (the “**Deferred Payment**”). The amount outstanding under the Deferred Payment is subject to interest. As of September 30, 2022, outstanding amounts on the Deferred Payment amounted to \$348.3 million.

Research and development

Our research and development (“**R&D**”) activities support our overall strategy of solidifying our position as a leading E&P company operating on the NCS. The aim of our research and development function is to improve value creation in the short, medium and long term by developing innovative technological solutions for our business that can deliver competitive advantages. We strive to produce, refine and manufacture innovative products for society, while reducing environmental impacts and creating benefits for socio-economic development.

The following table sets forth our research and development costs for the years ended December 31, 2019, 2020 and 2021 and for the nine months ended September 30, 2021 and 2022.

	For the year ended December 31,			For nine months ended September 30,	
	2019	2020	2021	2021	2022
	(\$ in millions)				
R&D expenses ⁽¹⁾	19.0	25.2	32.2	21.4	35.5

(1) Our research and development costs include our own research and development costs plus the share of research and development costs we are billed in respect of our partner operated assets, less our partners' share of the research and development costs that we incur at operated assets.

We have approximately 40 active projects in 2022, several of which focused on emission reduction, carbon capture, automated drilling processes and downhole fluid control. Our R&D priorities include decarbonization, circular economy, safety and environmental protection, successful exploration and operational excellence. In order to increase R&D spending linked to sustainability objectives, our procedures for screening, selecting and authorizing new R&D projects include sustainability impact assessment criteria.

We also sponsor industrial R&D projects focused on reducing emissions. Most of the R&D activities in the Norwegian petroleum sector are carried out by R&D providers (research centers, universities, and companies) through joint industry projects. We support two research centers run by the independent research organization SINTEF. Our partnership with the Low Emission Research Centre, which endeavors to develop new technology and concepts for offshore energy systems and integration with renewable power production technologies, will accelerate the development and implementation of low-emission offshore technologies on the NCS. We also partner with the Norwegian CCS Research Centre, which aims to enable the fast tracking of carbon capture and storage ("CCS") deployment through industry-driven and science-based innovation. The Norwegian CCS Research Centre works closely with industry on research that addresses major barriers to the implementation of CCS in Norway, Europe and the world.

In 2022, we entered into a strategic partnership with LINCCS (Linking Carbon Capture and Storage), a collaborative innovation project supported by the Norwegian Research Council. The aim of the project is to optimize various components and technologies across the CO₂ value chain to enable the industry to deliver carbon capture on a large scale, unlocking potentially profitable business opportunities for both suppliers and operators. The project is led by Aker Solutions together with a consortium that includes a mix of research institutions and industry players.

We have also entered into the joint industry project BASS, which aims to develop a more environmentally friendly method for seismic data collection through a new low-impact acoustic source. The project is led by the marine geophysical company Shearwater GeoServices, with Equinor and Lundin as collaborative partners. The project also seeks to produce higher technological accuracy and improved seismic data quality for locating, quantifying and monitoring hydrocarbon resources, with the potential to lead to improved recovery and value creation.

Corporate governance

We abide by our corporate governance framework and aim to ensure that our business is conducted efficiently and responsibly, that responsibilities are allocated in a clear manner and that the interests of shareholders, the Board of Directors and the leadership team are fully aligned. In pursuit of this objective, we are committed to applying a high standard of corporate governance principles.

Co-licensees and other commercial participants

Our license assets are owned, explored and developed through joint venture agreements established by the MPE and other commercial agreements with international and national oil and gas companies and/or service providers. The MPE also determines the licensee group and makes final decisions on license share assignment. When we evaluate whether to enter into a commercial agreement or joint venture, we seek prospective commercial partners who will complement our existing strengths. We conduct thorough business and financial diligence on all our prospective commercial co-licensees and strive to ensure they will be able to finance their portion of any development.

During the lifecycle of the commercial agreements or joint ventures, we often have a very active role in the technical, financial and administrative management of operations, including in situations in which we do not take on an official operator role. We work closely with the other licensees and other commercial partners to ensure that we remain in compliance with the ongoing obligations under the licenses or agreements pursuant to which we operate. For details with respect to the Norwegian licensing system, see “*Regulation.*”

For a discussion of certain risks associated with our reliance on commercial partners, see “*Risk factors—Risks relating to our business—We are subject to third party risk in terms of operators, other license participants and contractors.*”

Insurance

We have insurance in place in accordance with the requirements set by the Norwegian authorities for all assets covering physical damage, operators extra expense (“**OEE**”) (\$600 million) and third party liability (\$700 million). In addition, we have loss of production insurance (for a period of 12 months with a 45 day waiting period) and protection and indemnity insurance (\$700 million) for our production from certain of our producing fields, including Balder, Jotun, Goliat, Heidrun, Åsgard and Norne.

We have insurance in place for all our operations as required and in accordance with industry practice and at levels that we feel will adequately provide for our needs and the risks we face. We cannot assure you, however, that our insurance coverage will adequately protect us from all risks that may arise or in amounts sufficient to prevent any material loss. See “*Risk factors—Risks relating to our business—Our insurance may not provide sufficient funds to protect us from liabilities that could result from our operations.*”

Legal and arbitration proceedings

We become involved from time to time in various claims and lawsuits arising in the ordinary course of our business. Other than as disclosed in “*Risk factors—Risk relating to our business—We face the risk of litigation or other proceedings in relation to our business,*” we are not, and in the last twelve months has not been, involved in any governmental, legal or arbitration proceedings which, either individually or in the aggregate, have had, or are expected to have, a material adverse effect on our financial position or profitability, nor, so far as we are aware, are any such proceedings pending or threatened.

Employees

We believe we have a strong and established team of highly competent professionals in our core in-house disciplines of subsurface, operations, project management and commercial. Our business model involves using the services of the NCS’s highly developed oil and gas industry supply chain to supplement our in-house capabilities, benefiting from the dedicated and highly experienced resources of our contracting partners for execution of our operational programs. We believe we have well-established working relationships with these core contracting partners.

The table below sets out our approximate number of employees as of the periods indicated.

	As of December 31,			As of September 30,
	2019	2020	2021	2022
Employees, at period end	874	901	943	973

As of December 31, 2021, our employee base consisted of 902 local personnel and 41 expatriates from the Eni SpA Group, along with 266 temporary contract workers.

The majority of employees (543 as of September 30, 2022) work at our headquarters in Sandnes, Norway. An additional 32 employees are located in our Oslo office, while 61 employees are located in the Hammerfest office. We have a total of 337 employees working offshore.

The table below shows the development in the number of our employees, and their geographic location as of the periods indicated:

Geographic location	As of December 31,			As of September 30,
	2019	2020	2021	2022
Sandnes/Stavanger	459	477	513	543
Hammerfest	65	59	58	61
Oslo	34	32	31	32
Offshore	316	333	341	337
Total	874	901	943	973

The table below shows the development in the number of our employees, and their category of activity for the years ended December 31, 2019, 2020 and 2021 and for the nine months ended September 30, 2022:

Function	As of December 31,			As of September 30,
	2019	2020	2021	2022
Contracts & Procurement	21	23	23	29
CEO	6	4	3	3
CFO	50	49	49	53
Commercial	21	20	21	21
Corporate Services	80	73	72	52
People & Organisation	-	-	-	21
Exploration	42	45	50	50
Field Development & Projects	29	44	74	78
Internal Audit	4	5	5	5
Legal	4	5	5	5
Operations	201	206	206	220
Operations Offshore	301	324	331	332
Partner Operated Assets	70	60	62	62
Safety & Sustainability	45	43	42	42
Total	874	901	943	973

We promote equal opportunities and rights for all employees based on qualifications and aim to prevent discrimination due to gender, ethnicity, country of origin, age, sexual orientation, language, disability or religion. The Company's Code of Ethics and procedures have regulations to prevent discrimination related to salary, career promotion and recruiting.

The proportion of women we employed for the year ended December 31, 2021 was 26.6%. Women held 23.0% of the executive management team positions and 19.6% of the remaining leadership positions in the Company. In 2020, we established a Gender Balance Task Force to work towards our goal of women accounting for 40% of our onshore employees and 15% of our offshore employees by 2025.

We believe that we have satisfactory working relationships with our employees and have not experienced any significant labor disputes or work stoppages.

REGULATION

Like other participants in the industry, we are subject to various laws and regulations administered by local, national, supranational and other government entities. The legal framework applicable to the oil and gas industry is extensive and has a significant impact on oil and gas exploration, development, production and marketing activities. Any change in laws and regulations could potentially increase the cost of doing business, and consequently, affect profitability. Some of the legislation and regulation affecting the oil and gas industry in Norway carry significant penalties for failure to comply and can result in other liabilities and claims, and in some instances revocation of a license. Because the enactment of new laws affecting the oil and gas business is common and because existing laws are often amended or reinterpreted, we are unable to predict with certainty the future cost or impact of complying with such laws. See “*Risk factors—Risks relating to our business.*”

From time to time, we receive notices and inquiries from regulatory authorities and others asserting that we are not in compliance with applicable laws and regulations. In some instances, litigation may ensue. In addition, individuals may initiate litigation against us. See “*Our business—Legal and arbitration proceedings.*”

Below is a summary of certain key legal and regulatory regimes that we operate under in Norway and the NCS, where our assets are located. For a discussion of certain risks associated with the legal and regulatory regimes, see “*Risk factors—Risks relating to our business.*”

Norway

General framework

Oil and gas operations on the NCS are subject to extensive regulation, the main objective is to ensure the Norwegian State’s supervision and control over the petroleum activities on the NCS through all phases of the operations, in addition to ensuring that the Norwegian State obtains tax revenues from such activities in accordance with the Norwegian petroleum taxation regime. The principal Norwegian legislation governing petroleum activities in Norway and on the NCS is the Norwegian Act relating to Petroleum Activities of 29 November 1996 No 72 (the “**Petroleum Act**”) and regulations issued thereunder, as well as the Norwegian Act relating to the Taxation of Subsea Petroleum Deposits of 13 June 1975 No 35 (the “**Petroleum Tax Act**”). The legal basis for the government regulation of the petroleum sector on the NCS is set forth in Section 1-1 of the Petroleum Act, which states that the proprietary right to subsea petroleum deposits and the exclusive right to resource management is vested in the Norwegian State.

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. The Petroleum Act also regulates exploration, development, production, transportation of petroleum, decommissioning, liabilities etc., but more detailed regulation on these issues are set forth in regulations issued under the Petroleum Act, which are also supplemented by other statutes such as the Working Environment Act and the Pollution Control Act.

The Petroleum Tax Act sets out the legal basis for taxation of offshore petroleum activities.

The ultimate regulatory authority with respect to the petroleum activities on the NCS is exercised by the Norwegian Parliament (“**Stortinget**”). The overall responsibility for ensuring that the petroleum activities are carried out in accordance with the regulatory framework adopted by Stortinget, rests with the MPE. Subordinated to the MPE is the NPD—whose activities mainly relate to resource management where it has been delegated authority and day-to-day issues. The NPD acts as an advisor to the MPE, and it collects, analyzes and presents data from the NCS. The NPD also collects fees from the petroleum industry and stipulates regulations and guidelines in areas where it has been delegated authority. The PSA, the regulatory authority for technical and operational safety, including emergency preparedness, and for the working environment, is subordinated to the Ministry of Labour and Social Inclusion. The Norwegian Environment Agency has regulatory responsibility for pollution caused by petroleum activities on the NCS.

Policy and legislation concerning taxation of the petroleum industry is handled by the MoF. The annual tax assessments are carried out by the Oil Taxation Office, while administrative appeals are handled by the Appeal Board for Petroleum Tax.

The level of state participation in petroleum activities is high. The Norwegian State is the largest participant on the NCS, by way of its majority shareholding in Equinor ASA, which in turn owns 100% of Equinor Energy AS (Equinor’s operating entity on the NCS), and by way of the State’s Direct Financial Interest (“**SDFI**”), whereby the State participates directly in various production licenses. The SDFI is managed by the State-owned company Petoro AS.

Overview of the licensing system

The Norwegian offshore licensing system comprises various types of licenses, standard license terms, standard license agreements and other governmental approval mechanisms.

Companies can apply for an exploration license for the purpose of exploration activities, typically performing geological and other surveys (excluding drilling to oil bearing strata) in a certain area. Such licenses are granted for a period of three calendar years, unless another period of time is stipulated. This license does not give any exclusive rights in the relevant area or any preferential right when production licenses are granted.

The production license is the core government decision document in the licensing system. It governs the licensees' rights and obligations towards the State and gives the licensee an exclusive right to explore for (including exploration drilling), develop and produce petroleum in the block(s) covered by the license. There are two systems for awarding production licenses on the NCS. Production licenses may be awarded in ordinary licensing rounds, which normally are arranged every second year. In addition, as from 2003, unlicensed acreage in mature areas on the NCS is opened for application in annual award procedures (the Awards in Predefined Areas ("**APA**") licensing rounds). The APA licensing rounds ensure that areas close to existing and planned infrastructure are available for the industry. The area available through this type of award will be expanded as new areas mature.

Companies can apply for license awards individually or in groups. To be eligible for a license award, the company must be qualified as either a licensee or operator on the NCS, meaning that it must fulfill government requirements, inter alia, regarding its organization, capacity and competence, and have sufficient financial strength. A system of pre-qualification of licensees and operators has been established to simplify the award process. There is no direct cash payment to the State for the award of development or production licenses; however, an application fee applies for the handling of each license application. An important factor which the MPE regularly assesses in the competition for awards is the nature and extent of mandatory work obligations which the applicant is willing to assume.

The production license is normally awarded to a group of several oil companies, such companies becoming licensees upon such an award. One of them is appointed by the MPE as operator and becomes responsible for the daily operations of the licensees' joint activities.

Duration and extension of production licenses

A production license is initially granted for a period of up to 10 years (the "**Initial Phase**"), in which the mandatory work program imposed by the production license must be completed. If the Initial Phase is granted for a shorter period of time, the MPE may subsequently extend the license period within the 10 year limit.

Such mandatory work programs typically include certain actions to be performed within a set deadline from the license award, inter alia: (i) decision gates (for example, the licensees may have to, within a set deadline from the license award, decide whether to drill an exploration well or alternatively surrender the license) ("**drill or drop**"), and (ii) fixed activities (such as collecting and reprocessing seismic data or drill exploration wells).

After fulfilment of the mandatory work program and the conditions otherwise applicable to the individual production license, the licensees may demand that the license term is extended. Such extension period (often referred to as the "**Producing Phase**") is stipulated specifically for each production license and is normally set for up to 30 years, but extension may in certain cases be given for up to 50 years. An area fee will apply after the Initial Phase, based on the size of the acreage of the license area.

When particular reasons warrant it, the MPE may on application from the license group extend a production license in excess of the initially stipulated Production Phase. A new extension of the production license is typically relevant for fields with significant remaining resources at the end of the license period. If the MPE grants an extension in excess of the extension period, the MPE may stipulate revised terms and conditions for such particular extension. Thus, it is up to the MPE to decide whether a new extension shall be granted and if the conditions for the activity in the license shall be amended or continued along the lines of the plans that are submitted.

The joint operating agreement and the governance of the joint venture

One of the conditions for the award of a production license is that the licensees in each license enter into an agreement for petroleum activities. Such standard agreement stipulated by the MPE consists of certain special provisions which set out e.g. the voting rules in the license, the standard JOA and a standard accounting agreement. The latter regulates the accounting and financial aspects of the (non-incorporated) license joint venture.

The JOA governs the relationship between the licensees, as it forms the basis for day-to-day management of the activities, allocation of costs, decision making processes, the operators' duties etc. A management committee is established as the supreme body of the license joint venture, in which all licensees are represented—and may vote in accordance with their participating interest. All produced petroleum is allocated to the respective licensees in accordance with their participating interest in the license and disposal of petroleum is performed by or on behalf of the individual licensees, not the joint venture.

The management committee will by the end of each year decide the work program and budget for the following year. These decisions are made by a majority vote in accordance with the applicable voting rules within the license and will become binding for all the licensees. The work program may also include other commitments and additional activities to the mandatory work program set by the MPE, thus imposing additional capital expenditure and payment obligations on each licensee.

The MPE will appoint one operator for each joint venture. The operator is responsible for the daily operations of the parties' joint activities in accordance with the terms of the production license, the JOA, the decisions of the management committee and the applicable laws and regulations and other resolutions made by the authorities. The operator shall in its capacity as such neither have profit nor loss through the execution of its duties (the so-called "no gain, no loss" principle).

The operator shall act on behalf of the licensees in the joint venture for joint venture activities. This includes the rights and obligations to obtain all necessary consents, approvals and licenses, to enter into requisite agreements in the name of and on behalf of the joint venture, and to make payments in accordance with the JOA of all expenses incurred from the activities for the licensees of the joint venture. If the joint venture or any of the licensees sustain losses arising from the operator's performance of its functions as an operator, the operator shall only be liable for such losses provided it is the result of willful misconduct or gross negligence by the management or supervisory personnel of the operator or any of its affiliated companies. The operator is not liable for losses caused by delay in or stop of production. Nor is the operator liable for any loss suffered by the licensees in connection with damages to third parties caused by a spill of petroleum outside the safety zone in excess of the loss the operator suffers as a licensee.

Within the joint venture, the licensees are: (i) primarily liable to each other on a pro-rata basis and (ii) secondarily jointly and severally liable for all obligations arising by virtue of the joint venture's activities. Each licensee is obliged to provide sufficient funds to cover all expenses related to the license, and failure to meet the funding obligations may ultimately give the other licensees the right to take over such defaulting licensee's participating interest on unfavorable terms for the licensee in default. Towards the Norwegian State, the licensees are however jointly and severally liable for all financial obligations arising out of commitments and petroleum activities pursuant to the license, the Petroleum Act and other applicable legislation. If the joint venture defaults on the mandatory work obligations and costs related thereto, the license may be revoked by the MPE.

Unitization

If a petroleum deposit straddles an area covered by more than one production license with different licensees, the licensees to such affected licenses must coordinate their activity, most commonly by entering into a UOA. A UOA creates a new joint venture and a new management committee for the coordinated activities, consisting of all licensees in the respective production licenses overlying the deposit. Such agreement forms a prevailing contract for the licensees' rights in the joint deposit, which in practice replaces the respective JOAs and the accounting agreements but only to the extent of the area covered by the joint deposit. The licensees' interests in the unit are distributed based on the distribution of the deposit between the production licenses, so a licensee's interest in a joint deposit will be equal to its interest share in the license, multiplied by the proportion of the deposit attributable to such license. This distribution may be subject to periodic subsequent redetermination which will affect the parties' participating interests in the unit.

Exploration

As mentioned above, while certain preliminary exploration activities can be carried out pursuant to an exploration license, exploration drilling (to and in oil bearing strata) can only be carried out pursuant to a production license. The operator must obtain consent from the PSA and the NPD prior to commencing drilling operations. Such consent must be obtained for each exploration well. When applying for such consent, the operator must submit detailed information with regard to both technical and environmental aspects of the planned operation, and comprehensive HSSE procedures must be in place, including the establishment of emergency preparedness procedures. Permits to discharge to sea and air must also be obtained from the Norwegian Environment Agency.

Development

Prior to the development of a petroleum deposit, the licensees must submit a PDO to the authorities. The PDO, inter alia, sets out the development solution, estimated development costs, the planned production profile for the deposit as well as information regarding decommissioning. Moreover, the PDO shall comprise information on facilities for utilization and transportation of petroleum.

The PDO is subject to approval by the MPE and shall also be presented to Stortinget if the estimated investment is more than NOK 20 billion. According to the provisions of the JOA, the management committee in the license joint venture decides by majority vote on whether to submit a PDO to the MPE for approval. In addition, each licensee must individually accede to the plan to become bound by it. If a licensee does not accede to a PDO, the licensees that have acceded to the PDO may carry out the development project on their own (“**sole risk**”) based on their participating interest in the sole risk project. The licensee not participating retains its rights in the license acreage outside the deposit which is comprised by the project.

Infrastructure

In order to construct and operate facilities for transportation and utilization of petroleum, typically pipelines and processing facilities, a PIO must be submitted to the MPE for approval (if the right to installation and operation does not already follow from an approved PDO).

Generally, the MPE may decide that owners of transportation and processing facilities shall provide third party access to the facilities. If no agreement for such use is reached, the MPE can impose a solution on the parties. As for the gas upstream pipeline network (including onshore processing facilities) on the NCS as well as receiving terminals in the U.K. and on the European continent, the Petroleum Act sets out a general right to third-party access in accordance with applicable EU legislation. Such access is not unconditional, however, as the Regulation to the Petroleum Act sets out certain criteria that must be fulfilled. Access may, for example, be limited due to capacity constraints. Further, this scheme only applies for gas which meets technical requirements to be safely transported through the upstream pipeline network.

Production

Based on the production profile in the PDO, the NPD issues annual production permits allowing the licensees to produce defined volumes of petroleum, considering, among other things, proper resource management of the reservoir. In addition, the licensees need consents to use the installations and permits for discharges and emissions. The main principle for the NPD is to ensure maximum depletion of petroleum from the reservoirs. If important public interests are at stake, the Norwegian State may instruct licensees on the NCS to reduce the production of petroleum. As for infrastructure facilities, the MPE may decide that also production facilities shall be subject to third party use if so warranted by considerations for efficient operation or for the benefit of society, and the MPE deems that such use would not constitute any unreasonable detriment of the licensee’s own requirements or those of someone who has already been assured the right of use.

In May 2020, the Norwegian government announced unilateral oil production cuts portioned out to relevant fields via their production licenses of 250,000 barrels a day in June and 134,000 barrels per day from July 1, 2020 through the end of 2020. The MPE has communicated that they will try to distribute the reduction, taking into account long term agreements on the delivery of gas and petroleum reserves which are partly located on another state’s continental shelf. The reduction will be made on a field basis, and the aim is a fair distribution between the licensees. The reduction does not encompass gas and condensate fields, or cross-border reserves. In addition, there are certain exceptions for production on oil fields where resource management considerations are relevant, for example oil fields in late life with falling production. The reduction amount for the individual oil fields is to be calculated based on a reference production, as informed during the application for a production license for 2020 and adjusted for new information. The Norwegian government also confirmed that the start-up production of several fields would be delayed until 2021.

Parent company guarantee to the Norwegian State

According to the Petroleum Act, the MPE has the right, at any time, to demand adequate financial security for obligations and liabilities related to the petroleum activities of a licensee on the NCS. The MPE has wide authorizations to require any form of security it deems appropriate.

In practice, the MPE’s assessment of the financial security requirements will typically take place in relation to the regulatory approval process for a transaction or pre-qualification. Further, the MPE has a fairly consistent administrative practice to require a parent company guarantee (“**PCG**”) in cases where more than 50% of the licensee is directly or indirectly owned by another legal entity. The MPE’s current administrative practice implies

that a legal entity owning less than 50% of the buyer is not normally required to issue a PCG. The PCG has a standard format and is granted to the Norwegian State to guarantee fulfilment of obligations undertaken by the licensee, and for the licensee's possible liabilities in connection with petroleum activities. The PCG is uncapped. If the security provided for the company's obligations and liabilities becomes significantly weakened, the MPE has the right to revoke the license.

As of the date of this Offering Memorandum, Eni International B.V. holds more than 50% of the shares in the Company.

Liability in the joint venture

The liability provisions in the JOA regulate the internal liability in the joint venture; whilst the licensees' liability towards third parties and the State follow from Norwegian laws and regulations, most importantly the Petroleum Act. Within the joint venture, the JOA establishes a primary pro rata secondary joint and several liability scheme among the licensees for obligations arising by virtue of the joint venture's activities. This means that the licensees are primarily liable for their share of the joint venture obligations in accordance with their participating interest, but that in the event that a licensee fails to pay any amount, the other licensees are liable for their pro rata share of the amount which has not been paid. As such, each of the licensees bears the risk of the other licensees' creditworthiness. Failure to meet the funding obligations may lead to a range of consequences and may ultimately give the other licensees the right to take over such defaulting licensees' participating interest on potentially unfavorable terms for the licensee in default and its creditors. The right has priority over a security arrangement over the license interest, such as a pledge.

Liability towards third parties

The Petroleum Act regulates the licensee's liability against third parties. Towards the Norwegian State, the licensees are jointly and severally liable for all financial obligations arising out of commitments and petroleum activities pursuant to the license, the Petroleum Act and other applicable legislation. If the joint venture defaults on the mandatory work obligations and costs related thereto, the license may be revoked by the MPE. Further, if liability in respect of a third party is incurred by anyone undertaking tasks for a licensee, the licensees shall be liable for damages to the same extent as, and jointly and severally with, the responsible contractor and, if applicable, his employer.

Environmental conditions for exploring and development—pollution liability and discharge permits

Liability for pollution damage

Chapter 7 of the Petroleum Act imposes strict liability for pollution damage on all the licensees, and a licensee is liable for pollution damage without regard to fault. However, if it is demonstrated that an inevitable event of nature, act of war, exercise of public authority or a similar force majeure event has contributed to a considerable degree to the damage or its extent under circumstances which are beyond the control of the liable party, the liability may be reduced to the extent it is reasonable, with particular consideration given to the scope of the activity, the situation of the party that has sustained damage and the opportunity for taking out insurance on both sides.

A claim against the licensees for compensation relating to pollution damage is initially directed to the operator. If any part of the compensation is left unpaid on the due date by the operator, this part shall be covered by the licensees in accordance with their participating interest in the license. If any licensee fails to cover his share, the liability relating to this share is to be allocated proportionately between the other licensees. Furthermore, the statutory regulations contain provisions channeling pollution liability to the licensees as well as restrictions on the licensees' right to claim recourse in cases where pollution damage is caused by their contractors or other third parties' acts or omissions.

Discharge permits

Emissions and discharges from Norwegian petroleum activities are regulated through several acts, including the Petroleum Act, the CO₂ Tax Act, the Sales Tax Act, the Greenhouse Gas Emission Trading Act and the Pollution Control Act. Discharges of oil and chemicals in relation to exploration, development and production of oil and gas are regulated under the Pollution Control Act. In accordance with the provisions of the Pollution Control Act, the operator must apply for a discharge permit from relevant authorities on behalf of the license group in order to discharge any pollutants into the water. Further, the Petroleum Act states that burning of gas in flares beyond what is necessary to ensure normal operations is not permitted without approval from the MPE.

All operators on the NCS are under an obligation to, and are responsible for, establishing sufficient procedures for the monitoring and reporting of any discharge into the sea. A joint database called the Environmental Web has

been established for reporting emissions to air and discharges to sea from the petroleum activities. All operators on the NCS report emission and discharge data directly into the database.

Decommissioning

The Petroleum Act requires that the licensees submit a decommissioning plan to the MPE for decommissioning and cessation of the production activities. Unless the MPE decides or approves otherwise, the decommissioning plan must be submitted not earlier than five years and not later than two years before the production license expires or is relinquished or use of the facility is expected to finally cease. The MPE then decides, based on the decommissioning plan, on the plan for the disposal of the facilities.

Pursuant to the Petroleum Act, the licensees are responsible for making sure that a decision relating to disposal is carried out, unless otherwise decided by the MPE. Within the joint venture, the licensees are: (i) primarily liable to each other on a pro-rata basis and (ii) secondarily jointly and severally liable for all decommissioning obligations arising by virtue of the joint venture's activities.

In principle, the decommissioning costs are covered by the licensees on a pro rata basis. The costs are petroleum tax deductible for the licensees based on the then-prevailing tax rate. Following a transfer of a participating interest, however, the seller of the participating interest remains liable on a secondary basis for its pro rata share of decommissioning costs towards the remaining licensees and the Norwegian State if its successor defaults on its obligations to pay such cost. Such liability is on an after tax basis, meaning that a seller being held liable on a secondary pro rata basis must pay its share of the decommissioning cost less the value of any tax deductions (currently net 22% of its share of the decommissioning cost). The seller's liability is restricted to the facilities and wells existing at the time of transfer of the relevant license interest. Further, the seller of shares (directly or indirectly) in a company holding licenses on the NCS will in accordance with MPE practice remain secondary liable for the company's decommissioning costs, see further below under "*—Transfer restrictions: Assignment of license interests and change of control.*"

Transfer restrictions: Assignment of license interests and change of control

Before the obligatory work commitment pursuant to the production license has been carried out a licensee cannot assign its participating interest or part thereof to others than an affiliated company without the consent of the management committee. After the mandatory work obligation has been completed, assignment may take place without consent from the other licensees. However, if it is the operator who assigns his participating interest and the operatorship is to be assigned to the new licensee, consent from the other licensees is in practice normal to obtain as part of the MPE's approval process for change of operator.

Assignments of participating interest in production licenses are subject to the MPE's consent pursuant to the Petroleum Act Section 10-12, and also requires consent from the MoF pursuant to the Petroleum Tax Act Section 10. The MPE and the MoF may set specific conditions for their consent. The MoF's consent is, provided that certain criteria are met, automatically obtained by making a notification to the MoF in accordance with the provisions of the Regulations to the Petroleum Tax Act Section 10. The Regulations set out, inter alia, that the seller's gain from the sale shall not be taxable, and the purchaser's costs in acquiring the interest shall not be deductible for Norwegian tax purposes.

Depending on the nature of the transferred assets, other regulatory approvals may also be required.

Neither applicable Norwegian legislation nor the JOA stipulate a right of first refusal for the other licensees if a participating interest is assigned. However, as an exception, some JOAs do have a right of first refusal for other licensees, one example being the JOA for PL018 (Ekofisk). The Norwegian State has a right of first refusal, but this right has to our knowledge not been used in practice.

The JOA does not contain change of control provisions. Consent from other licensees is therefore not required upon a change of control event in a company being a licensee. However, transfers of direct or indirect controlling interests in companies holding production licenses are subject to consent from the MPE pursuant to the Petroleum Act. In practice, the MPE often distinguishes between various levels of control: negative control (generally, over 33.3%), positive control (generally, over 50%), full control (generally, over 66.7%) and full ownership (will generally apply at 90% as this triggers a squeeze-out right for the shareholder over the remaining shares). The requirement for approval arises when an investor moves from one level to a higher level and also applies for intra group transactions. In addition, when approval from the MPE is required under the Petroleum Act, an approval is also required from the MoF under the Petroleum Tax Act. The MPE and the MoF may set specific conditions for their approvals.

Pursuant to the Petroleum Act, the seller of a participating interest in a production license will remain secondary liable towards the other licensees and the Norwegian State for the financial obligations of decommissioning of

facilities and wells that existed at the time of transfer of the participating interest to the buyer, in case the buyer does not fulfill its decommissioning obligations as a licensee. The MPE may set specific conditions for their approval of a transaction involving participating interests in production licenses or transfers of direct or indirect controlling interests in companies holding production licenses. The MPE has stated that they will routinely consider stipulating a secondary decommissioning liability for the seller of shares in an NCS company holding participating interests in producing fields as part of the regulatory approval process for share transactions. Such secondary decommissioning liability for the seller of shares in an NCS company has been implemented in several transactions whereby the seller or the parent company of the seller has been required to provide a guarantee covering this secondary liability. In a transaction, the seller and the buyer normally consider the expected decommissioning obligations in the valuation of the assets and may typically enter into a decommissioning security arrangement to protect the seller from such potential secondary liability.

The Norwegian State's right to take over facilities

The Norwegian State is entitled to take over the fixed facilities of the licensees when a production license expires, is relinquished or revoked. In respect of facilities on the NCS, the Norwegian State decides whether and to what extent any compensation will be payable for facilities taken over. If the Norwegian State should choose to take over onshore facilities, the ordinary rules of compensation in connection with the expropriation of private property apply. Licenses for the establishment of facilities for the transportation and utilization of petroleum (pipelines etc.) typically include a clause whereby the Norwegian State can require that the facilities are to be transferred to it free of charge on expiry of the license period.

Revocation of licenses if a licensee is dissolved or enters into debt settlement proceedings or bankruptcy proceedings

If a company holding a license interest is dissolved or enters into debt settlement proceedings or bankruptcy proceedings, the MPE has a right to revoke the licenses held by such licensee. See “*Certain Insolvency Law Considerations.*” If there are fixed facilities on the field where the license is revoked, the Norwegian State is given a right to take over such facilities, see “*Regulation—The Norwegian State's right to take over facilities.*”

The revocation of a license by the MPE, for whatever reason, does not entail release from the financial obligations following from the Petroleum Act, regulations issued pursuant to the Petroleum Act or the license. If a mandatory work obligation or other obligation has not been fulfilled, the MPE may demand payment, in full or in part, of the amount which fulfillment of the obligation would have cost. The amount shall be stipulated by the MPE with binding effect.

The Petroleum Tax Act

Companies participating in exploration, production and pipeline transportation of petroleum on the NCS are liable to petroleum tax pursuant to the Petroleum Tax Act. The total marginal income tax rate for companies engaged in such activities is 78%, consisting of a 22% general CT and a 71.8% SPT to the Norwegian State for the income year 2022. The CT rate is deductible for SPT purposes and effective CT rate is 6.2% (22% less 22% times 71.8%). The petroleum tax is levied on a corporation net profit level, not on a ring-fenced basis.

In brief, the petroleum tax system can be described as follows (income year 2022):

CT tax base	SPT tax base
Sales income (crude oil valued at norm prices)	Sales income (crude oil valued at norm prices)
–Operating costs (inclusive exploration costs and indirect taxes)	–Operating costs (inclusive exploration costs and indirect taxes)
–Depreciation (16 ² / ₃ % for 6 years)	–Depreciation (100%) in year 1
–/+ Net financial cost/income	–/+ Net financial cost/income (allocated to SPT) based on tax values * 0.5 over average debt
<u>=CT base taxed at 22% (payable or to be carry forward)</u>	–Adjusted payable CT for SPT purposes

	–Uplift ((4.06% for 2019 CAPEX in 2022), alternatively 17.69%* in the year of investment pursuant to temporary tax rules) * A further reduction to 12.4% from 2023 is proposed in the 2023 state budget
	=SPT base taxed at 71.8% (payable or refundable loss)

Crude oil that is extracted from the NCS is for tax purposes assessed according to a norm price system, whereby the sales prices are fixed by an administrative body, the Petroleum Price Board. The norm price shall correspond to the price at which petroleum could have been traded between independent parties in an open market. Income generated by sale of natural gas liquids and natural gas is, with very few exceptions, assessed on actual arm's length sales prices.

A licensee on the NCS that is subject to Norwegian petroleum tax can deduct all relevant exploration and production costs, inclusive duties and transportation costs (tariff payments).

MANAGEMENT

Overview

The Board of Directors is responsible for the overall management of Vår Energi ASA and may exercise all the powers of Vår Energi.

In accordance with Norwegian law, the Board of Directors is responsible for, among other things: (i) supervising the general and day-to-day management of Vår Energi ASA's business; (ii) ensuring proper organization, preparing plans and budgets for its activities; (iii) ensuring that Vår Energi ASA's activities, accounts and asset management are subject to adequate controls; and (iv) undertaking investigations necessary to ensure compliance with its duties.

The Board of Directors may delegate such matters as it seems fit to the executive management of Vår Energi ASA (the “**Senior Management**”). Our Senior Management is responsible for the day-to-day management of Vår Energi ASA's operations in accordance with instructions set out by the Board of Directors. Among other responsibilities, the Chief Executive Officer is responsible for keeping our accounts in accordance with existing Norwegian legislation and regulations and for managing our assets in a responsible manner. In addition, at least once every fourth month the Chief Executive Officer must brief the Board of Directors about Vår Energi ASA's activities, financial position and operating results.

Board of directors

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

Name	Age	Position
Thorhild Widvey	66	Chair
Liv Monica Stubholt.....	61	Deputy Chair
Ove Gusevik.....	57	Board member
Francesco Gattei	53	Board member
Guido Brusco.....	52	Board member
Clara Andreoletti	46	Board member
Marica Calabrese.....	44	Board member
Fabio Romeo	67	Board member
Jan Inge Nesheim	58	Board member, employee representative
Hege Susanne Blåsternes.....	45	Board member, employee representative
Bjørn Nysted	47	Board member, employee representative
Martha Skjæveland.....	56	Board member, employee representative

Set out below are brief biographies of the directors of Vår Energi ASA.

Thorhild Widvey — Thorhild Widvey has over 15 years of experience in the Norwegian public and private sectors, with a focus on the energy industry. She is, among other things, former Minister of Petroleum and Energy and State secretary in the Ministry of Foreign Affairs. Thorhild is currently chair of Statkraft since 2016, and member of the Board at Aker Solutions and SolstadOffshore.

Liv Monica Stubholt — 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 MPE. Liv Monica Stubholt holds a Master of Laws from the University of Oslo.

Ove Gusevik — Ove Gusevik is senior partner at HitecVision, which he joined in 2021 from his role as Head of Investment Banking at SpareBank1 Markets. He 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, where he was a Fulbright Scholar. He also holds a BA degree from the University of Agder. Further, he completed the officer training program in the Norwegian Army during his military service. 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 holds a leading role in many of the largest energy industry transactions in Scandinavia, including within the oil and gas sector.

Francesco Gattei — 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 he 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. Francesco 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. He also holds the Master Giovani Dirigenti Eni and the Eni Master In General Management.

Guido Brusco — Guido Brusco has over 20 years of experience in the upstream Oil and Gas sector for Eni SpA Group. Since 2020, Guido serves as Upstream Director for Eni S.p.A and has previously served as Executive Vice President for the Sub-Saharan Region, Managing Director of Eni Angola, Managing Director of Agip Caspian Sea and Agip KCO (Kazakhstan). Guido holds a degree cum laude in Mechanical engineering from Università La Sapienza, Roma, Italy.

Clara Andreoletti — Clara Andreoletti serves as Head of Natural Resources Business Support Services and has previously served as Head of Geosciences & Subsurface Operations Data Management, Vice President Prospect and Exploration Projects Validation and Head of West Africa Exploration. She has over 20 years of experience in the Oil and Gas exploration and development sector at Eni SpA Group.

Marica Calabrese — Marica Calabrese has over 18 years of experience in the Energy sector at Eni SpA Group. She currently serves as Head of Reservoir Studies and Area Reference North Africa and Middle East at Eni S.p.A. Between 2017 and 2019 she worked in the M&A department at Eni S.p.A where she was in charge of 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, both in Head Quarter, 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.

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

Jan Inge Nesheim — Jan Inge Nesheim has worked offshore for the Company for more than 20 years. He holds the position as Discipline Responsible Mechanical at Balder. Prior to joining the Company, he worked offshore for other companies. During the last couple of years, he has been fully engaged as an employee representative for the trade union SAFE, as well as the head of the trade union. Previously, 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 the Company since 2019. She currently holds the position of Asset Manager in POA for the Halten area, and previously served as Exploration Manager in the Norwegian Sea. She has close to 20 years' experience in exploration and received a master's degree in Petroleum Geophysics from the University of Bergen in 2002. She serves on the board of directors as an employee representative from Tekna.

Bjørn Nysted — Bjørn Nysted has worked for the Company since 2019. He currently holds the position as Safety & Risk Manager in the Safety & Sustainability department. He 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. Bjørn received a bachelor's degree in fire dynamics from Høyskolen Stord/Haugesund in 1997. He serves on the board of directors as an employee representative from NITO.

Martha Skjæveland — Martha Skjæveland has worked for the Company since 2006. Martha has 33 years of experience in the oil industry and across drilling, operations, projects, service companies and commercial. Martha has been the leader of the union Industri Energi within the Company since 2010. She 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.

Senior management

The persons set forth below comprise our senior management team as of September 30, 2022.

Name	Age	Position
Torger Rød	48	Chief Executive Officer
Stefano Pujatti	49	Chief Financial Officer
Rune Oldervoll	51	Vice President Operations
Ove André Årdal	55	Vice President Commercial
Alessandro Barberis	56	Vice President Exploration
Ørjan Jentoft	57	Vice President Partner Operated Assets
Annethe Gjerde	50	Vice President Contracts & Procurement
Bjørn Thore Ribesen	52	Vice President Field Development & Projects
Aksel Luhr	68	General Counsel
Charlotte V. Saunders	50	Vice President Corporate Services
Ove M. Helle	52	Vice President Safety & Sustainability
Tor B. Tangvald	64	Vice President Internal Audit
Tone Rognstad	55	Vice President People and Organization

Our Senior Management consists of the Chief Executive Officer, Torger Rød, and twelve other executive officers. Set out below are brief biographies of the members of the current senior management team.

Torger Rød—Torger Rød is the Chief Executive Officer of the Company. Mr. Rød joined the Company in June 2021. 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, in which he was responsible for all operated project development deliveries and value creation for Equinor. Mr. Rød holds a Master's degree in Industrial Economics from the Norwegian University of Science and Technology in Trondheim.

Stefano Pujatti—Stefano Pujatti is the Chief Financial Officer of the Company. Mr. Pujatti is employed by Eni S.p.A and has been seconded to 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, including in Angola, Nigeria and Mozambique, where he held the position of Finance Director. In previous assignments, he headed the planning & control function of the upstream and engineering and construction divisions at the Eni S.p.A headquarters in Rome. 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 (MSc) from Catholic University in Milan, Italy.

Rune Oldervoll—Rune Oldervoll is the Vice President Operations of the Company. Mr. Oldervoll joined the Company in December 2018. He has more than 20 years of experience working in technical and managerial positions at ExxonMobil, both globally and in Norway. Mr. Oldervoll began working for ExxonMobil just after finishing his studies at the Norwegian University of Science and Technology in Trondheim in 1997. Mr. Oldervoll was seconded to Shell UK working on the Brent Decommissioning prior to joining the Company. He holds a Master's degree in Mechanical Engineering from the Norwegian University of Science and Technology in Trondheim.

Ove André Årdal—Ove André Årdal is the Vice President Commercial of the Company. He serves as Chair of the Board of Directors for three subsidiaries of the Company, which include Point Resources FPSO Holding AS, Point Resources FPSO AS and Vår Energi Marine AS. He has 29 years of experience in the oil and gas industry and, including 17 years working for Eni Norge AS prior to the formation of the Company. He joined Eni Norge as a Senior Commercial Negotiator in 2001, following which he held several leadership positions within the commercial function, including 13 years as Commercial Manager. From 1992 to 2001, Mr. Årdal worked for Mobil and ExxonMobil in Norway and in the U.K. as Financial Analyst and Planning and Gas Infrastructure Negotiator. Mr. Årdal holds a Master of Science degree (MSc) in Business and Administration from the Norwegian School of Economics in Bergen, Norway.

Alessandro Barberis—Alessandro Barberis is the Vice President Exploration of the Company. He is employed by Eni S.p.A and has been seconded to the Company since 2021 from his previous role as Managing Director of Eni Cyprus. Mr. Barberis has 30 years of experience within the oil and gas industry and has held key technical and leadership roles internationally in the Eni SpA Group's Upstream Sector. For the past fifteen years, in addition to what has already been mentioned above, he has held the position of VP Exploration for the Americas, Europe, Central Asia, Far East and Pacific as well as holding senior leadership positions in Exploration through different assignments in Italy and abroad (Northern Europe, North Africa and the east Mediterranean). He has also served

both as board member and Chairman on the boards of several Eni SpA Group's international and Italian companies. Mr. Barberis holds an honours degree in Geological Sciences from the University of Milano.

Ørjan Jentoft—Ørjan Jentoft is the Vice President Partner Operated Assets of the Company. He joined the Company in December 2019 and assumed his current role in January 2020. He has more than 30 years of experience from the oil and gas industry working for ExxonMobil and Vår Energi, both globally and in Norway, including 12 years in executive positions. Prior to joining the Company, he held the role of Technical Manager for ExxonMobil's upstream business units in Norway, the U.K. and Azerbaijan. Mr. Jentoft has acquired broad upstream experiences from assignments in engineering, subsurface, planning, projects and management, spanning operated and partner-operated assets and global and functional roles. He has also gained significant international experiences from two expatriate assignments in Houston and one in Melbourne, as well as assignments with cross-border responsibilities supporting Norway, U.K. and Azerbaijan. Mr. Jentoft graduated with an MSc in Petroleum Engineering from the Norwegian University of Science and Technology in 1990.

Annethe Gjerde—Annethe Gjerde is the Vice President Contracts & Procurement of the Company. She has more than 20 years of experience from the oil and gas industry in Norway. Ms. Gjerde has held several positions and assignments within the areas of logistics, project- and contract management, management consultancy, supply chain management and contracts and procurement. Ms. Gjerde has built her experience from both the contractor and operator side of the industry and has worked for Norsk Hydro and Statoil (prior to their merger) and StatoilHydro after the merger, Spring Energi, later Tullow Norge, Pure E&P and Point Resources AS. She has a BSc in Business Economics and Administration, with a specialization in Business Logistics from Western Norway University of Applied Sciences in addition to a specialization in organization and leadership from the Norwegian School of Economics and Business Administration.

Bjørn Thore Ribesen—Bjørn Thore Ribesen is the Vice President Field Development & Projects of the Company. He has over 25 years of technical and management experience in the international oil and gas industry. His prior experience includes various positions with Schlumberger, and as drilling manager and offshore installation manager at Aker BP (and its predecessors). He was also part of the Ivar Aasen management team from exploration through development and into production. His last position in the Aker E&P system was SVP Drilling & Wells in Aker Energy. He has a proven track record in building high performing teams, executing complex work processes and projects in Norway and internationally. Mr. Ribesen holds an Engineering degree in Offshore Technology from University of Newcastle upon Tyne and an EMBA from Norwegian School of Economics.

Aksel Luhr—Aksel Luhr is the General Counsel of the Company. He has more than 40 years of experience in the oil and gas industry. He has held various managerial positions in Eni Norge and Elf (Total) within the areas of legal, commercial, communications and human resources. Mr. Luhr holds the role of regular secretary to the Board of Directors of Vår Energi ASA. He has also worked for the Norwegian Petroleum Directorate and as a diver. Mr. Luhr represents Vår Energi ASA in the International Association of Oil & Gas Producers' Legal Advisory Panel and Vår Energi ASA in the Norwegian Oil & Gas Association's Legal Committee, including membership in the Standard Contracts Board. He is Honorary Vice Consul of Italy in Stavanger. 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.

Charlotte V. Saunders—Charlotte Vedø Saunders is the Vice President Corporate Services of the Company. She has more than 20 years of experience in the oil and gas industry within the fields of legal, commercial, leadership and organizational development. Ms. Saunders has previously worked as in-house lawyer for Exxon and BP and as an external business lawyer. Saunders joined Eni Norge AS in 2013 as Senior Legal Counsel in the Legal & Corporate Affairs Department and has since held several leadership positions in the company, including the Goliat FPSO Legal & HRO Manager position whilst on assignment in South Korea and as the Human Resources & Organisation Manager. Ms. Saunders holds a Law Degree as cand. jur. from the University of Oslo and is licensed as advocate and member of the Norwegian Bar Association. She has further education within Board work and Accident Investigation Management.

Ove M. Helle—Ove M. Helle is the Vice President Safety & Sustainability of the Company. He has more than 13 years of experience working in the oil and gas industry with ExxonMobil and Point Resources AS. Prior to joining the Company, Mr. Helle was Safety & Risk Manager at Point Resources AS. Previously, he spent 19 years in the Norwegian Air Force. He graduated from the Norwegian Air Force Flying School and US Navy Naval Flight Officer School in 1992 and from the Norwegian Air Force Academy in 1998.

Tor B. Tangvald—Tor B. Tangvald is the Vice President Internal Audit of the Company. He has 38 years of experience in the oil and gas industry, from oil service to exploration and production companies. Throughout his career, Mr. Tangvald has accumulated extensive experience with floating production units. He was responsible for the provision of a FPSO unit at the Pierce field on the U.K. sector, including establishing an operations organization in Aberdeen. He started to work for Norsk Agip AS in 2002 for development of the Goliat field. Thereafter, he maintained key positions in Eni Norge AS, as Deputy Goliat Development Manager, Chairman of

the Goliat Management Committee, Technical and License Manager and Deputy Managing Director. Mr. Tangvald holds a Master of Science degree (MSc) in Naval Architecture and Marine Engineering from the Norwegian University of Science and Technology in Trondheim, Norway.

Tone Rognstad—Tone Rognstad is the Vice President for People and Organisation. 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 organizational development. She held roles in corporate, shared services and the business areas. Prior to joining Equinor ASA Tone 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.

Updates to Organizational Structure and Management Team

In June 2022, we announced an updated organizational structure in order to expand our expertise and enhance our project management framework across our business. The new structure will consist of the establishment of two key business areas: (i) Technology, Drilling and Subsurface, which will facilitate the accelerated use of new technological solutions and digitalization, and (ii) Project Development and Supply Chain Management, which will be responsible for our project portfolio generally, as well as the optimization and standardization of our supply chain. The organizational changes reflect valuable input from our employees and are made in consultation with our labor unions and workforce representatives. The changes will be effective from the fourth quarter of 2022

The persons set forth below will comprise our senior management team following the reorganization expected in the fourth quarter of 2022.

Name	Age	Position
Torger Rød	48	Chief Executive Officer
Stefano Pujatti	49	Chief Financial Officer
Rune Oldervoll	51	Vice President Exploration and Production
Ove André Årdal	55	Vice President Commercial
Aksel Luhr	68	Vice President Legal and Compliance
Ove M. Helle	52	Vice President Internal Audit
Tone Rognstad	55	Vice President People, Organisation and Communication
Ellen Waldeland Hoddell	43	Vice President Sustainability and Safety
Ingrid Sølberg	52	Vice President Technology, Drilling and Subsurface
Atle Reinseth	56	Vice President Project Development and Supply Chain Management

Set out below are brief biographies of the individuals who will comprise our senior management team following the reorganization expected to be completed in the fourth quarter of 2022.

Ellen Waldeland Hoddell — Ellen Waldeland Hoddell will serve as Senior Vice President Sustainability & Safety of the Company. Ms. Hoddell has more than 13 years of experience within the oil and gas industry in Norway. She has held several positions within the area of Sustainability and Safety 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.

Ingrid Sølberg — Ingrid Sølberg will serve as Vice President Technology, Drilling Subsurface. She is expected to join Vår Energi in December 2022, having previously served as Director General for the Norwegian Petroleum Directorate (NPD). Prior to this role, she held significant leadership positions in NPD, Centrica and Statoil. She holds a master's degree in Marine Technology from the Norwegian University of Science and Technology.

Atle Reinseth — Atle Reinseth serves as Vice President Project Development and Supply Chain Management. He joined Vår Energi in October 2022, having previously served as VP Shaping, Improvement and Analyses in project development, among other roles, for Equinor. His experience includes key leadership roles in the public sector and software industry, including with Acergy (succeeded by Subsea 7 S.A.). He holds a Master of Business and Economics degree from the BI Norwegian Business School with a specialization in procurement and logistics.

Board committees

Audit committee

The objective of the Audit Committee is to act as a preparatory body in connection with the Board of Directors' 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 Audit Committee in accordance with the

provisions set forth in these instructions. The Audit Committee supports the Board of Directors in the administration and exercise of its responsibility for supervision in accordance with applicable provisions of the Companies Act and other relevant legislation. The Audit Committee meets as often as it deems necessary to perform its duties, but generally at least three times every year.

Remuneration Committee

The Board has established a Remuneration Committee consisting of Thorhild Widvey (committee chair) and Guido Rusco. The Remuneration Committee is expected to be supplemented with one member appointed from among the employee representatives. The purpose of the Remuneration Committee is to evaluate and propose the compensation of the Company's CEO and other members of the Management and issue an annual report on the compensation of the Management, which shall be included in the Company's annual accounts pursuant to applicable rules and regulations, including accounting standards.

Sustainability Committee

The objective of the Sustainability Committee is to support the Board of Directors in matters and decisions related to sustainability scenarios. The Sustainability Committee provides recommendations and advice to the Board of Directors on scenarios and sustainability issues, including the Company's commitment to sustainable development along its value chain, energy sustainability and climate change, the efficient use of resources, integrity, transparency and innovation. The Sustainability Committee meets as often as it deems necessary to perform its duties, but generally at least twice a year, typically in May and September to align with the Company's planning cycle.

Balder X Advisory Committee

The objective of the Balder X Advisory Committee is to ensure alignment across the company's leadership teams with respect to the progress of the Balder X Project. The Balder X Advisory committee is tasked with regularly presenting key project updates to the Board of Directors.

PRINCIPAL SHAREHOLDERS

Vår Energi ASA is listed on the Oslo Stock Exchange. As of September 30, 2022, the Company had issued share capital of NOK 399,425,000 comprised of 2,496,406,246 ordinary shares and 4 Class B shares, all with a par value of NOK 0.16. The Company has two classes of shares. Each class has the same rights in all respects, save only with respect to director appointments where Class B Shares vote for up to 4 of 8 shareholder elected board members and the remaining Shares not held by the holder of the Class B Shares (and its affiliates) vote for the remaining 4 (or more) board members.

As of September 30, 2022, the Company had more than 27,000 shareholders. Shares in free float amounted to approximately 16.18% of issued share capital and exclude shares held by the Italy based integrated energy company Eni International B.V. (with a total equity interest of 63.08%) and Norway based leading private equity investor HitecVision, through Point Resources Holding AS (with a total equity interest of 20.74%).

The following shareholders hold more than 5% of our issued share capital as of September 30, 2022:

Eni International B.V.	63.08
Point Resources Holding AS.....	20.74

Eni is one of the global oil and gas supermajors, employing over 30,000 people in nearly 70 countries in the world. Eni engages in oil and natural gas exploration, field development and production, as well as in the supply, trading and shipping of natural gas, LNG, electricity and fuels.

HitecVision is a leading provider of institutional capital to the North Sea region's energy industry, providing financing solutions for companies and projects within natural gas and oil production, midstream and infrastructure. HitecVision manages six active private equity funds with a total committed capital base of \$6.6 billion, and is headquartered in Stavanger with other offices in Oslo and London.

CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

In the course of our ordinary business activities, we may from time to time enter into agreements with or render services to related parties. In turn, such related parties may render services or deliver goods to us as part of their business. Purchase and supply agreements between subsidiaries and affiliated companies and with associated companies or shareholders of such associated companies are entered into from time to time within the ordinary course of business.

Transactions with affiliated companies are negotiated and conducted on a basis equivalent to those that would have been achievable on an arm's-length basis as required by applicable laws, and the terms of these transactions are comparable to those currently contracted with unrelated third party suppliers, manufacturers and service providers.

Eni International B.V. is our largest shareholder with a total equity interest of 63.08%. The entire Eni International B.V. group is deemed to be a related party due to the indirect ownership of Eni International B.V. Point Resources Holding AS, is our second largest shareholder with a total equity interest of 20.74%. The entire Point Resources Holding AS group is deemed to be a related party due this indirect ownership of Vår Energi ASA. See “*Principal Shareholders*.”

Currently, Eni International B.V. appoints four members of our Board of Directors. In addition, certain members of our Board of Directors and senior management own collectively, directly and indirectly, a significant part of the outstanding share capital of the Company, and are therefore able to influence the decision making of the Company.

Transactions with related parties

We have a number of transaction with companies either other wholly-owned or controlled by our shareholders. The revenues from these sources are primarily related to sale of oil, gas and NGL, while our expenditures to these sources are mainly related to technical services, seconded personnel, insurance, guarantees and rental cost. All transactions with related parties are carried out on the basis of the “arm's-length” principle.

Our share of transactions for the years ended December 31, 2019, 2020 and 2021 and the nine months ended September 30, 2022 are included in the tables below.

Related party	Current Assets / Current Liabilities	Year ended December 31,			Nine months ended September 30,
		2019	2020	2021	2022
		(\$ in millions)			
Eni Trading & Shipping SpA / Eni Global Energy Markets.....	Current Assets (excluding bank deposits)	206.8	173.6	138.3	47.6
Eni Trade & Biofuels SpA.....	Current Assets (excluding bank deposits)	—	—	160.5	33.8
Eni SpA.....	Current Assets (excluding bank deposits)	8.3	30.3	123.9	137.7
Eni Angola SpA.....	Current Assets (excluding bank deposits)	2.2	2.1	—	-
Other.....	Current Assets (excluding bank deposits)	1.0	0.7	2.1	2.1
Total Current Assets (excluding bank deposits).....	Current Assets (excluding bank deposits)	218.2	206.7	424.8	221.1
Eni SpA.....	Current Liabilities	18.3	21.7	19.4	10.4
Eni International BV.....	Current Liabilities	—	21.5	21.3	16.3
Eni Trading & Shipping SpA / Eni Globla Energy Markets	Current Liabilities	18.2	4.5	24.5	12.7
Other.....	Current Liabilities	0.6	0.1	0.9	0.6
Total Current Liabilities	Current Liabilities	37.1	47.8	66.2	40.1

Related party	Revenues / Expenses	Year ended December 31,			Nine months ended September 30,
		2019	2020	2021	2022
		(\$ in millions)			
Eni Trading & Shipping SpA / Eni Global Energy Markets.....	Sales Revenue	1,640.9	1,300.1	473.4	428.9
Eni SpA	Sales Revenue	88.9	112.2	703.4	786.7
Eni Trade & Biofuels S.p.A.	Sales Revenue	—	—	1,910.9	2,001.7
Total Sales Revenue.....	Sales Revenue	1,729.8	1,412.3	3,087.7	3,217.2
Eni SpA.....	Operating and Capital Expenditures	34.6	39.0	46.3	18.3
Eni Trade & Biofuels S.p.A.	Operating and Capital Expenditures	—	—	29.0	43.9
Eni International BV.....	Operating and Capital Expenditures	—	20.6	21.9	18.5
Eni Trading & Shipping SpA / Eni Global Energy Markets.....	Operating and Capital Expenditures	38.7	18.1	21.6	(15.3)
Eni International Resources Ltd	Operating and Capital Expenditures	4.7	3.3	2.0	1.6
Other.....	Operating and Capital Expenditures	1.7	1.2	1.6	2.7
Total Operating and Capital Expenditures	Operating and Capital Expenditures	79.7	82.1	122.4	69.6
Eni Finance International.....	Financial Income	0.2	—	—	—
Eni SpA	Financial Income	—	—	—	—
Total Financial Income	Financial Income	0.2	—	—	—
Eni SpA.....	Financial Expenses	0.1	—	—	—
Eni Finance International	Financial Expenses	—	—	—	—
Total Financial Expenses	Current Financial Expenses	0.1	—	—	—

DESCRIPTION OF CERTAIN FINANCING ARRANGEMENTS

The following summary of the material terms of certain financing arrangements to which we and certain of our subsidiaries are a party does not purport to be complete and is subject to, and qualified in its entirety by reference to, the underlying documents. For further information regarding our existing indebtedness, see “Use of proceeds,” “Capitalization” and “Management’s discussion and analysis of financial condition and results of operations.” Some of the capitalized terms used herein are defined in the applicable agreements and not all such definitions have been included herein.

Corporate Facilities

On November 1, 2021, the Company, as original borrower, entered into a \$6,000,000,000 senior unsecured multicurrency facilities agreement by and among, *inter alios*, BNP Paribas, Citibank, N.A., London Branch, DNB Markets, a part of DNB Bank ASA and ING Bank N.V. as coordinating bookrunners and mandated lead arrangers, ING Bank N.V. as documentation agent and DNB Bank ASA as agent and issuing bank (the “**Corporate Facilities**” or “**Corporate Facilities Agreement**”).

The Corporate Facilities provides that an “event of default” occurs where the Company does not comply with certain financial covenants and undertakings or where certain events occur as specified in the agreement, as are customary in financing agreements of this size and nature. The financial covenants require the Company to maintain a maximum ratio of net debt to EBITDAX and a minimum ratio EBITDA to interest expenses. If such an event of default occurs, subject to any applicable cure periods, the external lenders may take certain specified actions, including accelerating the repayment of outstanding amounts under the Corporate Facility.

The Corporate Facilities consists of three tranches, namely: the Working Capital Facility, the Liquidity Facility, and the Bridge Facility.

Working Capital Facility

The Corporate Facilities Agreement provides for a Working Capital Facility with commitments of \$1,500,000,000 as of the date of the Corporate Facilities Agreement. The termination date of the Working Capital Facility is three years after the date of the Corporate Facilities Agreement. The Corporate Facilities Agreement contains provisions facilitating the full or partial voluntary repayment of the Working Capital Facility, in a minimum amount of \$10,000,000. The Working Capital Facility carries an initial interest of 1.075% per annum plus the applicable reference rate, subject to grid adjustments based on the borrower’s rating.

Liquidity Facility

The Corporate Facilities Agreement provides for a Liquidity Facility with commitments of \$1,500,000,000 as of the date of the Corporate Facilities Agreement. The termination date of the Liquidity Facility is five years after the date of the Corporate Facilities Agreement, provided that the Borrower may request the lenders extend the Liquidity Facility for two consecutive one year periods (each lender may, in its sole discretion, choose to approve or decline such requests). The Corporate Facilities Agreement contains provisions facilitating the full or partial voluntary repayment of the Liquidity Facility, in a minimum amount of \$10,000,000. The Liquidity Facility carries an initial interest of 1.125% per annum plus the applicable reference rate, subject to grid adjustments based on the borrower’s rating.

Bridge Facility

The Corporate Facilities Agreement provides for a Bridge Facility with commitments of \$3,000,000,000 as of the date of the Corporate Facilities Agreement. The availability period under the Bridge Facility is from the date of the Corporate Facilities Agreement and until the earlier of the date of the first utilization under any of the Corporate Facilities Agreement and one month after the date of the Corporate Facilities Agreement. The termination date of the Bridge Facility is one year after the date of the Corporate Facilities Agreement, provided that the Borrower has an option to extend the Bridge Facility for two consecutive six months periods (exercisable within specified periods). The Corporate Facilities Agreement contains provisions facilitating the full or partial voluntary repayment of the Bridge, in the minimum amount of \$10,000,000. The proceeds of the Offering of the Notes, together with the cash on balance sheet, will be used to repay in part the Company’s commitments under the Bridge Facility.

Existing Notes

The Existing Notes

The Existing Notes mature on May 18, 2027. We pay interest on the Existing Notes semi-annually on each May 18 and November 18, beginning November 18, 2022, at a rate of 5.000% per annum. The Existing Notes are general senior unsecured obligations of the Issuer and (i) rank senior in right of payment to all of the Issuer's existing and future debt that is expressly subordinated in right of payment to the Existing Notes, (ii) rank *pari passu* in right of payment with any of the Issuer's existing and future obligations that are not expressly subordinated in right of payment to the Existing Notes, including the Notes offered hereby, indebtedness incurred under the Bilateral Revolving Credit Facilities and Corporate Facilities, (iii) are effectively subordinated to any future secured indebtedness of the Issuer, to the extent of the value of the property or assets securing such indebtedness; and (iv) are structurally subordinated to any existing and future indebtedness of subsidiaries of the Company that do not become guarantors of the Existing Notes.

Prior to April 18, 2027, the Company has the right to redeem the Existing Notes, in whole or in part, at any time and from time to time at a redemption price equal to the greater of (i) 100% of the principal amount of the Existing Notes and (ii) the sum of the present values of the remaining scheduled payments of principal and interest on the Existing Notes that would be due if the Existing Notes matured on April 18, 2027, discounted to the redemption date on a semi-annual basis at the adjusted treasury rate plus 35 basis points, plus in each case accrued and unpaid interest to, but not including, the date of redemption (subject to the right of holders of record on the relevant record date to receive interest due on the relevant interest payment date). On or after April 18, 2027, and prior to maturity, the Company has the right to redeem the Existing Notes at a redemption price equal to 100% of the principal amount of the Existing Notes, plus accrued and unpaid interest, if any, to, but not including, the redemption date (subject to the right of holders of record on the relevant record date to receive interest due on the relevant interest payment date).

The Existing Notes Indenture

The Existing Notes Indenture among other things, limits our ability and the ability of the Restricted Subsidiaries (as defined therein) to (i) create or incur certain liens; (ii) guarantee certain types of other indebtedness of the Company or its restricted subsidiaries without also guaranteeing the Existing Notes; and (iii) merge or consolidate with other entities. The foregoing covenants are subject to a number of important exceptions and qualifications which are broadly similar to those under "*Description of the Notes*" with respect to the Notes offered hereby.

The Existing Notes Indenture provides for certain events of default, including, among others, defaults under other debt instruments that (i) are caused by the failure to pay principal of indebtedness at final maturity prior to the expiration of the applicable grace period provided or (ii) result in the acceleration of such indebtedness prior to its maturity, and, in each case, the principal amount of such indebtedness (together with the principal amount of any other such indebtedness under which there has been a payment default or the maturity of which has been accelerated) aggregates \$150 million or more.

The Existing Notes Indenture and the Existing Notes are governed by the laws of the State of New York.

The Existing Notes are listed on the Official List of the Exchange and have been accepted for clearing and settlement via the facilities of DTC under ISIN US92212WAA80 (Rule 144A) and USR9576ZAA68 (Regulation S).

Other

On March 24, 2020, the Company entered into two separate \$300,000,000 senior unsecured revolving credit facilities, including (i) a \$300,000,000 senior unsecured revolving credit facility with Intesa Sanpaolo S.p.A, as arranger and lender and Intesa Sanpaolo S.p.A, Milan Head Office, as facility agent and (ii) a \$300,000,000 senior unsecured revolving credit facility with UniCredit Bank AG as lender, arranger and facility agent (the "**Bilateral Revolving Credit Facilities**"). On November 18, 2021 the Company signed amendment agreements to the Bilateral Revolving Credit Facilities with the purpose of achieving alignment of the Bilateral Revolving Credit Facilities with the Corporate Facilities.

In connection with the acquisition of ExxonMobil's ownership interests in partner-operated fields and licenses on the NCS on December 10, 2019, a portion of the purchase price is to be paid on December 30, 2022 (the "**Deferred Payment**"). The amount outstanding under the Deferred Payment is subject to interest. As of September 30, 2022 outstanding amounts on the Deferred Payment amounted to \$348.3 million.

DESCRIPTION OF THE NOTES

Vår Energi ASA (the “**Company**”) will issue (i) \$1,000,000,000 in aggregate principal amount of its 7.500% senior notes due 2028 (the “**2028 Notes**”) and (ii) \$1,000,000,000 in aggregate principal amount of its 8.000% senior notes due 2032 (the “**2032 Notes**”) and, together with the 2028 Notes, the “**Notes**”) under an indenture (the “**Indenture**”) among the Company and Citibank, N.A., London Branch, as trustee (the “**Trustee**”), Paying Agent, as Transfer Agent and Registrar; in a private transaction that is not subject to the registration requirements of the U.S. Securities Act. The terms of the Notes include those set forth in the Indenture. The Indenture will not be qualified under, incorporate by reference or include or be subject to any of the provisions of the U.S. Trust Indenture Act of 1939, as amended. See “*Risk factors—Risks relating to the Notes and our structure—The Indenture will not be qualified under the U.S. Trust Indenture Act of 1939, as amended.*”

The following description is a summary of the material provisions of the Indenture and the Notes. This description does not restate those documents in their entirety. We urge you to read the Indenture and the Notes because they, and not this description, will define your rights as holders of the relevant series of Notes. Copies of the Indenture (including the form of each series of Notes) will be available as set forth below under the caption “—*Additional information.*”

You can find the definitions of certain terms used in this “*Description of the Notes*” under the subheading “—*Certain definitions.*” Certain defined terms used in this “*Description of the Notes*” but not defined below under “—*Certain definitions*” or elsewhere in this description have the meanings assigned to them in the Indenture. For purposes of this “*Description of the Notes*,” the term “Company” refers only to Vår Energi ASA and not to any of its subsidiaries except for purposes of financial data determined on a consolidated basis. Unless the context requires otherwise, references in this “*Description of the Notes*” to the Notes include the Notes and any additional Notes that are issued under the Indenture.

The registered holder of a Note will be treated as the owner of it for all purposes. Only registered holders will have rights under the Indenture, including, without limitation, with respect to enforcement and the pursuit of other remedies. The Notes have not been, and will not be, registered under the U.S. Securities Act and are subject to certain transfer restrictions.

Brief description of the Notes

The Notes will:

- be general obligations of the Company;
- rank *pari passu* in right of payment with all existing and future obligations of the Company that are not expressly contractually subordinated in right of payment to the Notes, including the Corporate Facilities, the Existing Notes and the Bilateral Revolving Credit Facilities, save for any claims which are preferred solely by any bankruptcy, insolvency, liquidation or other similar laws of general application;
- be senior in right of payment to all existing and future obligations of the Company that are expressly contractually subordinated in right of payment to the Notes;
- be effectively subordinated to all existing and future secured obligations of the Company to the extent of the value of the property and assets securing such obligations, unless such assets also secure the Notes on an equal and ratable or senior basis; and
- be structurally subordinated to all existing and future obligations of the Company’s Subsidiaries that do not guarantee the Notes.

As of September 30, 2022, as adjusted for the Refinancing, we would have had an aggregate amount of \$3,554.7 million of total interest bearing debt outstanding, of which \$477.1 million would have been represented by the Corporate Facilities (net of issuance costs of \$22.9 million), none of which would have been unsecured indebtedness represented by the Bilateral Revolving Credit Facilities, \$348.3 million which would have been represented by the Deferred Payment, \$229.4 million which would have been represented by lease liabilities, \$500.0 million of which would have been unsecured indebtedness represented by the Existing Notes and \$2,000.0 million of which would have been unsecured indebtedness represented by the Notes. See “*Capitalization*” and “*Description of certain financing arrangements.*”

Initially, none of the Company's Subsidiaries will guarantee the Notes and the Company will not have any obligation to cause any of its Subsidiaries to guarantee the Notes in the future (except as required under the circumstances described below under the caption "*Certain covenants—Limitation on Guarantees of Indebtedness by Restricted Subsidiaries*"). In the event of a bankruptcy, liquidation or reorganization of any Subsidiary that is not a Guarantor, such Subsidiary will pay the holders of its debt and its trade creditors before it will be able to distribute any of its assets to the Company or a Guarantor, if any. As of and for the year ended December 31, 2021 and the nine months ended September 30, 2022, respectively, our subsidiaries contributed a *de minimis* amount of our consolidated revenue, consolidated EBITDAX and total assets.

Principal, maturity and interest

The Company will issue \$1,000.0 million in aggregate principal amount of 2028 Notes and \$1,000.0 million in aggregate principal amount of 2032 Notes in this offering. The Company may issue additional Notes (the "**Additional Notes**") in respect of each series of Notes under the Indenture from time to time after this offering. Each series of Notes and any Additional Notes in respect of such series of Notes subsequently issued under the Indenture will be treated as a single class for all purposes under the Indenture, including, without limitation, waivers, amendments, redemptions and offers to purchase. The Company will issue each series of Notes in minimum denominations of \$200,000 and integral multiples of \$1,000 in excess thereof. The 2028 Notes and the 2032 Notes will each constitute separate series of Notes under the Indenture. Except as otherwise provided herein, each series of Notes will be treated as a single class for all purposes under the Indenture, including for purposes of voting and taking all other actions permitted by holders of the 2028 Notes and the 2032 Notes, respectively. The 2028 Notes will mature on January 15, 2028. The 2032 Notes will mature on November 15, 2032.

Interest on the 2028 Notes will accrue at the rate of 7.500% per annum and interest on the 2032 Notes will accrue at the rate of 8.000% per annum. Interest on the 2028 Notes will be payable semi-annually in arrears on January 15 and July 15 of each year, commencing January 15, 2023. Interest on the 2032 Notes will be payable semi-annually in arrears on May 15 and November 15 of each year, commencing May 15, 2023. Interest on overdue principal and interest, if any, will accrue at a rate that is 1.0% higher than the then applicable interest rate on the relevant series of Notes. The Company will make each interest payment to the holders of record of the 2028 Notes on the immediately preceding June 30 and December 31 in the case of such Global Notes and Definitive Registered Notes. The Company will make each interest payment to the holders of record of the 2032 Notes on the immediately preceding April 30 and October 31 in the case of such Global Notes and Definitive Registered Notes.

Interest on the Notes will accrue from the date of original issuance or, if interest has already been paid, from the date it was most recently paid. Interest will be computed on the basis of a 360-day year comprised of twelve 30-day months. The interest amount will be calculated by applying the applicable rate to the aggregate principal amount outstanding of the relevant series of Notes.

Transfer and exchange

Notes sold within the United States to qualified institutional buyers pursuant to Rule 144A under the U.S. Securities Act will initially be represented by one or more global notes in registered form without interest coupons attached (the "**144A Global Note**"). Notes sold outside the United States pursuant to Regulation S under the U.S. Securities Act will initially be represented by one or more global notes in registered form without interest coupons attached (the "**Reg S Global Note**" and, together with the 144A Global Note, the "**Global Notes**").

Ownership of interests in the Global Notes ("**Book-Entry Interests**") will be limited to persons that have accounts with DTC or persons that may hold interests through such participants, including through Euroclear and Clearstream. Ownership of interests in the Book-Entry Interests and transfers thereof will be subject to the restrictions on transfer and certification requirements summarized below and described more fully under "*Notice to investors.*" In addition, transfers of Book-Entry Interests between participants in DTC, participants in Euroclear or participants in Clearstream will be effected by DTC, Euroclear or Clearstream pursuant to customary procedures and subject to the applicable rules and procedures established by DTC, Euroclear or Clearstream and their respective participants. None of the Issuer, the Trustee, the Paying Agent, the Registrar, the Transfer Agent or any of their respective agents will have any responsibility for the performance by Euroclear, Clearstream or DTC or their respective participants or indirect participants of their respective obligations under the rules and procedures governing their operations.

Book-Entry Interests in a 144A Global Note (the "**144A Book-Entry Interests**") may be transferred to a person who takes delivery in the form of Book-Entry Interests in a Reg S Global Note (the "**Reg S Book-Entry Interests**") only upon delivery by the transferor of a written certification (in the form provided in the Indenture)

to the effect that such transfer is being made in accordance with Regulation S under the U.S. Securities Act. Reg S Book-Entry Interests may be transferred to a person who takes delivery in the form of 144A Book-Entry Interests only upon delivery by the transferor of a written certification (in the form provided in the Indenture) to the effect that such transfer is being made to a person who the transferor reasonably believes is a “qualified institutional buyer” within the meaning of Rule 144A in a transaction meeting the requirements of Rule 144A under the U.S. Securities Act.

Any Book-Entry Interest that is transferred will, upon transfer, cease to be a Book-Entry Interest in the Global Note from which it was transferred and will become a Book-Entry Interest in the Global Note to which it was transferred. Accordingly, from and after such transfer, it will become subject to all transfer restrictions, if any, and other procedures applicable to Book-Entry Interests in the Global Note to which it was transferred.

If definitive Notes in registered form (“**Definitive Registered Notes**”) are issued, they will be issued for each applicable series of Notes only in denominations of \$200,000 and integral multiples of \$1,000 in excess thereof upon receipt by the Registrar of instructions relating thereto and any certificates, opinions and other documentation required by the Indenture. It is expected that such instructions will be based upon directions received by DTC from the participant that owns the relevant Book-Entry Interest. Definitive Registered Notes issued in exchange for a Book-Entry Interest will, except as set forth in the Indenture or as otherwise determined by the Company in compliance with applicable law, be subject to, and will have a legend with respect to, the restrictions on transfer summarized below and described more fully under “*Notice to Investors*.”

Subject to the restrictions on transfer referred to above, each series of Notes issued as Definitive Registered Notes may be transferred or exchanged, in whole or in part, in denominations of \$200,000 in principal amount or integral multiples of \$1,000 in excess thereof. In connection with any such transfer or exchange, the Indenture will require the transferring or exchanging holder, among other things, to furnish appropriate endorsements and transfer documents, to furnish information regarding the account of the transferee at DTC, Euroclear or Clearstream, where appropriate, to furnish certain certificates and opinions, and to pay any taxes, duties and governmental charges in connection with such transfer or exchange. Any such transfer or exchange will be made without charge to the holder of the Notes, other than any transfer taxes or similar governmental charges payable in connection with such transfer or exchange.

Notwithstanding the foregoing, the Company is not required to register the transfer of any Definitive Registered Notes:

- (1) for a period of 15 calendar days prior to any date fixed for the redemption of the Notes;
- (2) for a period of 15 calendar days immediately prior to the date fixed for selection of Notes to be redeemed in part;
- (3) for a period of 15 calendar days prior to the record date with respect to any interest payment date;
- (4) which the holder of the Notes has tendered (and not withdrawn) for repurchase in connection with a Change of Control Offer; or
- (5) to register the transfer of or to exchange a Note between a record date and the next succeeding interest payment date.

The Trustee, the Paying Agent, the Registrar and the Transfer Agent will be entitled to treat the registered holder of a Note as the owner thereof for all purposes.

Paying agent and registrar for the Notes

The Company will maintain one or more paying agents (each, a “**Paying Agent**”) for the Notes. The initial Paying Agent will be Citibank, N.A., London Branch (the “**Paying Agent**”).

The Company will also maintain both a registrar (the “**Registrar**”) and a transfer agent (the “**Transfer Agent**”). The initial Registrar and the initial Transfer Agent will be Citibank, N.A., London Branch. The Registrar will maintain a register reflecting record ownership of the applicable series of Global Notes and any Definitive Registered Notes outstanding from time to time, and the Transfer Agent will facilitate transfers of the applicable series of any Definitive Registered Notes on behalf of the Company.

The Company may change any Paying Agent, the Registrar or the Transfer Agent without prior notice to the holders of the Notes. For so long as the Notes are listed on the Securities Official List of the Luxembourg Stock Exchange (the “**Exchange**”) and if and to the extent of the rules of the Exchange so require, the Company will notify the Exchange of any change of Paying Agent or Registrar in respect of the Notes. The Company or any Restricted Subsidiary may act as Paying Agent or Registrar in respect of the Notes.

Note Guarantees

The Notes offered hereby will not be guaranteed on the Issue Date. Although there will be no initial Guarantors, if required by the covenant described below under the caption “—*Certain covenants—Limitation on guarantees of indebtedness by restricted subsidiaries*” or clause (ii) of the final paragraph of the covenant described under “—*Merger, consolidation or sale of assets*,” certain Restricted Subsidiaries may provide a Note Guarantee in the future. To the extent provided in future, any Note Guarantee will be a joint and several obligation of each Guarantor.

The Note Guarantee of each Guarantor, if any, will:

- be a general obligation of that Guarantor;
- rank *pari passu* in right of payment with all obligations of such Guarantor that are not expressly subordinated in right of payment to the Note Guarantee, save for any claims which are preferred solely by any bankruptcy, insolvency, liquidation or other similar laws of general application; and
- be effectively subordinated to all secured obligations of the relevant Guarantor, to the extent of the value of the property and assets securing such obligations, unless such assets also secure the Note Guarantee on an equal and ratable or senior basis.

Any Guarantees of the Notes that are subject to limitations under applicable law will be contractually limited under the applicable Note Guarantees to reflect such limitations with respect to maintenance of share capital, corporate benefit, financial assistance, fraudulent conveyance and other legal restrictions applicable to the Guarantors and their respective shareholders, directors and general partners. For a description of such limitations, see “*Risk factors—Risks relating to the Notes and our structure—Future Note Guarantees, if any, will be subject to certain limitations on enforcement and may be limited by applicable laws or subject to certain defenses that may limit their validity and enforceability.*”

Note Guarantees release

The Note Guarantee of a Guarantor will be automatically and unconditionally released and discharged without any further action by the Company, the relevant Guarantor or the Trustee, and such Guarantor’s obligations under the Note Guarantee and the Indenture will terminate and be of no further force and effect:

- (1) in connection with any sale or other disposition of all or substantially all of the properties or assets of that Guarantor (including by way of merger, amalgamation or consolidation) to a Person that is not (either before or after giving effect to such transaction) the Company or a Subsidiary of the Company;
- (2) in connection with any sale or other disposition of the Capital Stock of that Guarantor (or Capital Stock of any Parent Entity of such Guarantor that is a Subsidiary of the Company)(whether by direct sale or through a holding company) to a Person that is not (either before or after giving effect to such transaction) the Company or a Subsidiary of the Company, if as a result of such disposition such Guarantor no longer qualifies as a Subsidiary of the Company;
- (3) with respect to the applicable series of Notes, upon repayment in full of the Notes of such series or upon Legal Defeasance or Covenant Defeasance as described below under the caption “—*Legal defeasance and covenant defeasance*” or upon satisfaction and discharge of the Indenture as described under the caption “—*Satisfaction and discharge*;”
- (4) upon the liquidation, winding up, dissolution or corporate reorganization of such Guarantor on a solvent basis; *provided* that no Default or Event of Default has occurred and is continuing or would be caused thereby;
- (5) as described below under the caption “—*Amendment, supplement and waiver*;”

- (6) upon such Guarantor consolidating or amalgamating with, merging into or transferring all of its properties or assets to the Company or another Guarantor, and as a result of, or in connection with, such transaction such Guarantor dissolving or otherwise ceasing to exist;
- (7) as described in the fourth paragraph of the covenant described below under the caption “—*Certain covenants—Limitation on Guarantees of Indebtedness by Restricted Subsidiaries;*”
- (8) to the extent that applicable law prohibits or restricts such Guarantor from continuing to Guarantee the Notes; and
- (9) with respect to a Guarantor that is not a Significant Subsidiary, so long as no Event of Default has occurred and is continuing; *provided* that substantially concurrently with such release, the holders of all Indebtedness under the Corporate Facilities and any Pari Passu Debt that constitutes Public Indebtedness, to the extent any such Indebtedness is guaranteed by such Guarantor, also release their Guarantee by such Person.

The Indenture will provide that any release of a Note Guarantee may be evidenced by the delivery by the Company to the Trustee of an Officer’s Certificate of the Company. The Trustee shall, at the cost and expense of the Company, take all necessary actions, including the granting of releases or waivers, to effectuate any release in accordance with these provisions, subject to customary protections and indemnifications. Each of the releases and amendments set forth above shall be effected by the Trustee without any consent of the Holders or any other action or consent on the part of the Trustee.

Additional amounts

All payments made by or on behalf of the Company under or with respect to the Notes or by or on behalf of any future Guarantor with respect to any Note Guarantee will be made free and clear of and without withholding or deduction for, or on account of, any present or future Taxes unless the withholding or deduction for, or on account of, such Taxes is then required by law. If any deduction or withholding for, or on account of, any Taxes imposed or levied by or on behalf of (1) any jurisdiction in which the Company or any Guarantor is then incorporated, organized or resident for tax purposes or any political subdivision thereof or therein or (2) any jurisdiction from or through which payment is made by or on behalf of the Company or any Guarantor (including the jurisdiction of any Paying Agent) or any political subdivision thereof or therein (each, a “**Tax Jurisdiction**”) will at any time be required to be made from any payments made by or on behalf of the Company under or with respect to the Notes or by or on behalf of any of the Guarantors with respect to any Note Guarantee, including payments of principal, redemption price, purchase price, interest or premium, the Company or the relevant Guarantor, as applicable, will pay such additional amounts (the “**Additional Amounts**”) as may be necessary in order that the net amounts received in respect of such payments by each holder of Notes after such withholding or deduction (including any such withholding or deduction from such Additional Amounts) will equal the respective amounts that would have been received in respect of such payments in the absence of such withholding or deduction; *provided, however*, that no Additional Amounts will be payable with respect to:

- (1) any Taxes, to the extent such Taxes would not have been imposed but for the existence of any present or former connection between the holder (or between a fiduciary, settler, beneficiary, member or shareholder of, or possessor of a power over, the relevant holder, if the relevant holder is an estate, nominee, trust, partnership, limited liability company or corporation) or the beneficial owner of the Notes and the relevant Tax Jurisdiction (including being a resident of such jurisdiction for Tax purposes), other than the mere holding of such Note, the enforcement of rights under such Note or under a Note Guarantee or the receipt of any payments in respect of such Note or a Note Guarantee;
- (2) any Taxes, to the extent such Taxes were imposed as a result of the presentation of a Note for payment (where presentation is required) more than 30 days after the relevant payment is first made available for payment to the holder (except to the extent that the holder would have been entitled to Additional Amounts had the Note been presented on the last day of such 30-day period);
- (3) any estate, inheritance, gift, sales, transfer, personal property or similar Taxes or excise tax imposed on a transfer of Notes;

- (4) Taxes imposed on or with respect to a payment made to a holder or beneficial owner of Notes who would have been able to avoid such withholding or deduction by presenting the relevant Notes to another Paying Agent;
- (5) any Taxes not payable by way of deduction or withholding from payments under, or with respect to, the Notes or with respect to any Note Guarantee;
- (6) any Taxes, to the extent such Taxes are imposed, withheld or deducted by reason of the failure of the holder or beneficial owner of Notes to comply with any reasonable written request of the Company, addressed to the holder and made at least 30 days before any such withholding or deduction is to be made, to satisfy any certification, identification, information or other reporting requirements, whether required by statute, treaty, regulation or administrative practice of a Tax Jurisdiction, as a precondition to exemption from, or reduction in the rate of deduction or withholding of, Taxes imposed by the Tax Jurisdiction (including, without limitation, a certification that the holder or beneficial owner is not resident in the Tax Jurisdiction), but in each case, only to the extent the holder or beneficial owner is legally entitled to satisfy such requirement;
- (7) any Taxes imposed pursuant to Sections 1471 through 1474 of the United States Internal Revenue Code of 1986, as amended (the “Code”) as of the Issue Date (or any amended or successor version of such Sections), any current or future regulations or official interpretations thereof, any similar law or regulation adopted pursuant to an intergovernmental agreement between a non-U.S. jurisdiction and the United States with respect to the foregoing or any agreements entered into pursuant to section 1471(b)(1) of the Code;
- (8) any Tax that is imposed on or with respect to any payment made to any holder who is a fiduciary or partnership or an entity that is not the sole beneficial owner of such payment, to the extent that a beneficiary or settlor (for tax purposes) with respect to such fiduciary, a member of such partnership or the beneficial owner of such payment would not have been entitled to the Additional Amounts had such beneficiary, settlor, member or beneficial owner been the actual holder of the applicable Note; or
- (9) any combination of items (1) through (8) above.

In addition to the foregoing, the Company and the Guarantors, if any, will also pay and indemnify the holders for any present or future stamp, issue, registration, court or documentary taxes, or any other excise or property taxes, charges or similar levies (including penalties, interest and any other reasonable expenses related thereto), which are levied by any Tax Jurisdiction on the execution, delivery, issuance or registration of any of the Notes, the Indenture or any Note Guarantee or any other document referred to therein, except for any such taxes imposed or levied as a result of a transfer after the Issue Date.

If the Company or any Guarantor, as the case may be, becomes aware that it will be obligated to pay Additional Amounts with respect to any payment under or with respect to the Notes or any Note Guarantee, the Company or the relevant Guarantor, as the case may be, will deliver to the Trustee and Paying Agent on a date that is at least 30 days prior to the date of that payment (unless the obligation to pay Additional Amounts arises less than 30 days prior to that payment date, in which case the Company or the relevant Guarantor shall notify the Trustee promptly thereafter) an Officer’s Certificate stating the fact that Additional Amounts will be payable and the amount estimated to be so payable. The Officer’s Certificate must also set forth any other information reasonably necessary to enable any Paying Agent to pay Additional Amounts to holders on the relevant payment date. The Trustee and Paying Agent shall be entitled to rely solely on such Officer’s Certificate, without further enquiry, as conclusive proof that such payments are necessary.

Whenever in the Indenture or in this “*Description of the Notes*” there is mentioned, in any context, the payment of amounts based upon the principal amount of the Notes or of principal, interest or any other amount payable under, or with respect to, any of the Notes or any Note Guarantee, such mention shall be deemed to include mention of the payment of Additional Amounts to the extent that, in such context, Additional Amounts are, were or would be payable in respect thereof.

The above obligations will survive any termination, defeasance or discharge of the Indenture or any transfer by a holder or beneficial owner of its Notes, and will apply, *mutatis mutandis*, to any jurisdiction in which any successor Person to the Company or any Guarantor is then incorporated, organized or resident for tax purposes or

any political subdivision thereof or therein or any jurisdiction from or through which such Person makes any payment on the Notes (or any Note Guarantee) or any political subdivision thereof or therein.

Optional redemption

Each series of Notes will be redeemable at the Company's option prior to maturity at the prices set forth below. The Company and any Subsidiary may acquire, or cause to be acquired, the Notes by means other than a redemption, whether pursuant to a tender offer, open market purchase or otherwise. The Company may redeem the 2028 Notes or the 2032 Notes together or separately.

At any time prior to December 15, 2027, (the **"2028 Par Call Date"**) the Company may redeem, in whole or in part, the 2028 Notes and at any time prior to August 15, 2032, (the **"2032 Par Call Date"** and, each of the 2028 Par Call Date and the 2032 Par Call Date, an **"Applicable Par Call Date"**) the Company may redeem, in whole or in part, the 2032 Notes, in each case at the option of the Company at any time and upon notice as described below, at a redemption price equal to the greater of (1) 100% of the principal amount of the series of Notes being redeemed and (2) the sum of the present values of the remaining scheduled payments of principal and interest thereon that would be due if the series of Notes being redeemed matured on the Applicable Par Call Date (excluding any portion of such payments of interest accrued as of the date of redemption) discounted to the date of redemption on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the Treasury Rate for the applicable series of Notes plus 50 basis points, plus in each case accrued and unpaid interest to, but not including, the redemption date.

"Treasury Rate" means, with respect to any redemption date, the rate per annum equal to the semi-annual equivalent yield to a maturity (computed as of the third business day immediately preceding the redemption date) of the Comparable Treasury Issue, assuming a price of the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for such redemption date.

"Comparable Treasury Issue" means the United States Treasury security selected by the Independent Investment Banker as having a maturity comparable to the remaining term of the series of Notes to be redeemed that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term of the Notes of such series (assuming for this purpose that the Notes of such series mature on the Applicable Par Call Date).

"Comparable Treasury Price" means (1) the average of the Reference Treasury Dealer Quotations for such redemption date, after excluding the highest and lowest Reference Treasury Dealer Quotations, or (2) if the Independent Investment Banker obtains fewer than four such Reference Treasury Dealer Quotations, the average of all such quotations.

"Independent Investment Banker" means any Reference Treasury Dealer (as defined below) selected by the Company.

"Reference Treasury Dealer" means each of (1) Citigroup Global Markets Inc., J.P. Morgan Securities LLC and their respective successors; *provided, however*, that if any of the foregoing shall cease to be a primary U.S. Government securities dealer in the United States (a **"Primary Treasury Dealer"**), the Company shall substitute therefor any Primary Treasury Dealer, and (2) any other Primary Treasury Dealer selected by the Company.

"Reference Treasury Dealer Quotations" means, with respect to each Reference Treasury Dealer and any redemption date, the average, as determined by the Independent Investment Banker, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the Independent Investment Banker at 3:30 p.m., New York City time, on the third Business Day preceding such redemption date.

On or after the Applicable Par Call Date and prior to maturity, the Company may redeem the relevant Notes at a redemption price equal to 100% of the principal amount of the Notes of such series being redeemed, plus accrued and unpaid interest to, but not including, the redemption date (subject to the right of holders of record on the relevant record date to receive interest due on the relevant interest payment date).

All redemptions of the Notes will be made upon not less than 10 days' nor more than 60 days' prior notice, except that a redemption notice may be made more than 60 days prior to a redemption date if the notice is issued in connection with a defeasance of the Notes or a satisfaction and discharge of the Indenture. Unless the Company defaults in the payment of the redemption price, interest will cease to accrue on the Notes or portions thereof

called for redemption on the applicable redemption date. If a redemption date is not a Business Day, payment may be made on the next succeeding day that is a Business Day, and no interest shall accrue on any amount that would have been otherwise payable on such redemption date if it were a Business Day for the intervening period.

Notice of any redemption may, at the Company's discretion, be subject to one or more conditions precedent. If such redemption is subject to the satisfaction of one or more conditions precedent, the related notice shall describe each such condition and, if applicable, shall state that, in the Company's discretion, the redemption date may be delayed until such time as any or all such conditions shall be satisfied or waived, or such redemption may not occur and such notice may be rescinded in the event that any or all such conditions shall not have been satisfied or waived by the redemption date, or by the redemption date so delayed.

Redemption for changes in taxes

The Company may redeem the Notes, in whole but not in part, at its discretion at any time upon giving not less than 10 days nor more than 60 days' prior written notice to the holders of the applicable series of Notes (with a copy to the Trustee and the Paying Agent) (which notice will be irrevocable and given in accordance with the procedures described in "*Selection and notice*"), at a redemption price equal to 100% of the aggregate principal amount thereof, together with accrued and unpaid interest, if any, to the date fixed by the Company for redemption (a "**Tax Redemption Date**") and all Additional Amounts (if any) then due and which will become due on the Tax Redemption Date as a result of the redemption or otherwise (subject to the right of holders of the applicable series of Notes on the relevant record date to receive interest due on an interest payment date that is on or prior to the Tax Redemption Date and Additional Amounts (if any) in respect thereof), if on the next date on which any amount would be payable in respect of the applicable series of Notes, the Company or a Guarantor, if any, is or would be required to pay Additional Amounts, and the Company or Guarantor, if any, cannot avoid any such payment obligation by taking reasonable measures available to it (*provided* that changing the jurisdiction of the Company is not a reasonable measure for purposes of this section), and the requirement arises as a result of:

- (1) any amendment to, or change in, the laws or treaties (or any regulations, protocols, or rulings promulgated thereunder) of a relevant Tax Jurisdiction which change or amendment is publicly announced and becomes effective on or after the Issue Date (or, if the applicable Tax Jurisdiction became a Tax Jurisdiction on a date after the Issue Date, such later date); or
- (2) any amendment to, or change in, an official position, or the introduction of an official position, regarding the interpretation, administration or application of such laws, regulations, treaties or rulings (including by virtue of a holding, judgment or order by a court of competent jurisdiction or a change in published guidance or practice) which amendment, change or introduction is publicly announced and becomes effective on or after the Issue Date (or, if the applicable Tax Jurisdiction became a Tax Jurisdiction on a date after the Issue Date, such later date).

The Company will not give any such notice of redemption earlier than 60 days prior to the earliest date on which the Company or Guarantor, if any, would be obligated to make such payment or withholding if a payment in respect of the applicable series of Notes or Note Guarantees was then due, and the obligation to pay Additional Amounts must be in effect at the time such notice is given. Prior to the publication or, where relevant, mailing of any notice of redemption of the Notes of such series pursuant to the foregoing, the Company will deliver to the Trustee an opinion of independent tax counsel reasonably acceptable to the Trustee, to the effect that there has been such amendment or change or introduction which would entitle the Company to redeem the Notes of such series under the respective provision of the Indenture. In addition, before the Company publishes or mails notice of redemption of the Notes of such series as described above, it will deliver to the Trustee an Officer's Certificate, in form and substance reasonably satisfactory to the Trustee, to the effect that the obligation to pay Additional Amounts cannot be avoided by the Company or Guarantor, if any, taking reasonable measures available to it.

The Trustee will accept and shall be entitled to rely on such Officer's Certificate and opinion of counsel as sufficient evidence, without further enquiry, of the existence and satisfaction of the conditions precedent as described above, in which event it will be conclusive and binding on the holders of the applicable series of Notes.

Mandatory redemption

The Company will not be required to make mandatory redemption or sinking fund payments with respect to the Notes. However, under certain circumstances, the Company may be required to offer to purchase the Notes as described below under the caption "*Repurchase at the option of holders—Change of control triggering event.*"

Repurchase at the option of holders

Change of Control Triggering Event

If a Change of Control Triggering Event occurs with respect to the 2028 Notes or the 2032 Notes, each holder of such series of Notes will have the right to require the Company to repurchase all or any part (equal to \$200,000 or an integral multiple of \$1,000 in excess thereof, for each applicable series of Notes) of that holder's Notes pursuant to an offer (the "**Change of Control Offer**") on the terms set forth in the Indenture. In the Change of Control Offer, the Company will offer a payment in cash (the "**Change of Control Payment**") equal to 101% of the aggregate principal amount of Notes repurchased plus accrued and unpaid interest on the Notes repurchased to the date of purchase (the "**Change of Control Payment Date**"), subject to the rights of holders of Notes on the relevant record date to receive interest due on the relevant interest payment date. Within 30 days following any Change of Control Triggering Event, the Company will provide notice to each holder (with a copy to the Trustee) or otherwise deliver a notice (with a copy to the Trustee) in accordance with the procedures described under "*Selection and notice*," describing the transaction or transactions that constitute the Change of Control Triggering Event and offering to repurchase Notes on the Change of Control Payment Date specified in the notice, which date will be no earlier than 10 days and no later than 60 days from the date such notice is provided, pursuant to the procedures required by the Indenture and described in such notice.

On the Change of Control Payment Date, the Company will, to the extent lawful:

- (1) accept for payment all Notes or portions of Notes properly tendered pursuant to the Change of Control Offer;
- (2) deposit with an agent appointed for such purpose an amount equal to the Change of Control Payment in respect of all Notes or portions of Notes properly tendered; and
- (3) deliver or cause to be delivered to the Trustee and Paying Agent an Officer's Certificate stating the aggregate principal amount of Notes or portions of Notes being purchased by the Company in the Change of Control Offer.

The relevant agent appointed for such purpose will promptly deliver to each holder of Notes properly tendered the Change of Control Payment for such Notes, and the Trustee (or an authentication agent) upon receipt of an authentication order from the Company will promptly authenticate and provide (or cause to be transferred by book entry) to each holder a new Note equal in principal amount to any unpurchased portion of the Notes surrendered, if any; *provided* that each such new Note will be in a principal amount of \$200,000 or an integral multiple of \$1,000 in excess thereof, for each applicable series of Notes. Any Note so accepted for payment will cease to accrue interest on and after the Change of Control Payment Date unless the Company defaults in making the Change of Control Payment. The Company will publicly announce the results of the Change of Control Offer on or as soon as practicable after the Change of Control Payment Date.

The provisions described herein that require the Company to make a Change of Control Offer following a Change of Control Triggering Event will be applicable whether or not any other provisions of the Indenture are applicable.

Except as described above with respect to a Change of Control Triggering Event, the Indenture will not contain provisions that permit the holders of the Notes to require that the Company repurchase or redeem the Notes in the event of a takeover, recapitalization or similar transaction.

The Company will not be required to make a Change of Control Offer upon a Change of Control Triggering Event if (1) a third party makes the Change of Control Offer in the manner, at the time and otherwise in compliance with the requirements set forth in the Indenture applicable to a Change of Control Offer made by the Company and purchases all Notes properly tendered and not withdrawn under the Change of Control Offer, or (2) notice of redemption of all outstanding Notes has been given pursuant to the Indenture as described above under the caption "*Optional redemption*," unless and until there is a default in payment of the applicable redemption price.

The occurrence of certain events that would constitute a Change of Control could constitute a mandatory prepayment under the Corporate Facilities, the Existing Notes and the Bilateral Revolving Credit Facilities. Future debt of the Company or its Subsidiaries may also contain descriptions of certain change of control events that, if they occurred, would constitute a default under such debt or require such debt to be repurchased. In addition, the exercise by the holders of the Notes of their right to require the Company to purchase the Notes could cause a default under, or require a repurchase of, other debt, even if the Change of Control itself does not, due to the

financial effect of the purchase on the Company. If a Change of Control Offer is made, there can be no assurance that the Company will have sufficient funds or other resources to pay the Change of Control Payment for all the Notes that might be delivered by holders thereof seeking to accept the Change of Control Offer and to repurchase any other debt that may be required to be repaid or offered to be redeemed following a change of control. See “*Risk factors—Risks relating to the Notes and our structure—We may not be able to obtain the funds required to repurchase the Notes upon a change of control triggering event.*”

A Change of Control Offer may be made in advance of a Change of Control Triggering Event, and conditioned upon the occurrence of such Change of Control Triggering Event, if a definitive agreement is in place for the Change of Control Triggering Event at the time of making the Change of Control Offer.

The definition of Change of Control includes a phrase relating to the direct or indirect sale, lease, transfer, conveyance or other disposition of “all or substantially all” of the properties or assets of the Company and its Subsidiaries taken as a whole. Although there is a limited body of case law interpreting the phrase “substantially all,” there is no precise established definition of the phrase under applicable law. Accordingly, the ability of a holder of the Notes to require the Company to repurchase its Notes as a result of a sale, lease, transfer, conveyance or other disposition of less than all of the properties or assets of the Company and its Subsidiaries may be uncertain.

The provisions under the Indenture relating to the Company’s obligation to make an offer to repurchase the Notes as a result of a Change of Control Triggering Event, including the definitions of “Change of Control” and “Change of Control Triggering Event,” may be waived or modified (including after the occurrence of a Change of Control Triggering Event) with the consent of the holders of a majority in aggregate principal amount of the Notes.

If and for so long as the Notes are listed on the Securities Official List of the Exchange and the rules of the Exchange so require, the Company will notify the Exchange of such Change of Control Offer and any relevant details relating to such Change of Control Offer.

Selection and notice

If less than all of any series of Notes are to be redeemed at any time, the Company in good faith in consultation with the Trustee, the Paying Agent and the Registrar will select Notes of such series for redemption on a *pro rata* pass through distribution of principal basis (in accordance with the rules and procedures of DTC) unless otherwise required by law or applicable stock exchange or depository requirements.

For each applicable series of Notes, no Notes of \$200,000 or less can be redeemed in part. Notices of redemption will be delivered at least 10 days but not more than 60 days before the redemption date to each holder of Notes to be redeemed at its registered address, except that redemption notices may be provided more than 60 days prior to a redemption date if the notice is issued in connection with a defeasance of the Notes or a satisfaction and discharge of the Indenture.

If the Company elects to redeem the Notes or portions thereof and requests the Trustee to distribute to the holders any amounts deposited in trust (which, for the avoidance of doubt, will include accrued and unpaid interest to the date fixed for redemption) prior to the date fixed for redemption in accordance with the provisions described below under the caption “*Satisfaction and discharge*,” the applicable redemption notice will state that holders will receive such amounts deposited in trust prior to the date fixed for redemption and mention the payment date.

If any Note is to be redeemed in part only, the notice of redemption that relates to that Note will state the portion of the principal amount of that Note that is to be redeemed. In the case of Definitive Notes only, a new Note in principal amount equal to the unredeemed portion of the original Note will be issued in the name of the holder of Notes upon cancellation of the original Note. A notice of redemption shall state whether the redemption is conditioned on any events and, if so, a detailed explanation of such conditions. Subject to the satisfaction of any conditions precedent set forth in a notice of redemption, Notes called for redemption become due on the date fixed for redemption. On or after the redemption date, interest ceases to accrue on Notes or portions of Notes called for redemption.

None of the Trustee, any Paying Agent or the Registrar shall be liable for any such selections made by the Company in consultation with them or with their assistance in accordance with the provisions described in the three preceding paragraphs.

For Notes which are represented by global certificates held on behalf of DTC, notices may be given by delivery of the relevant notices to DTC for communication to entitled account holders in substitution for the aforesaid

mailing. So long as any Notes are listed on the Securities Official List of the Exchange and the rules of the Exchange so require, any such notice to the holders of the relevant Notes shall also to the extent and in the manner required by such rules, be posted on the official website of the Exchange and, in connection with any redemption, the Company will notify the Exchange of any change in the principal amount of Notes outstanding.

Certain covenants

Negative Pledge

If the Company or any Restricted Subsidiary incurs any Indebtedness secured by a Lien (other than a Permitted Lien) on any Principal Property or on any Capital Stock of a Restricted Subsidiary (a “**Restricted Lien**”), the Company or such Restricted Subsidiary, as the case may be, will secure the Notes equally and ratably with (or, at its option, prior to) the Indebtedness so secured until such time as such Indebtedness is no longer secured by a Lien, unless after giving effect thereto the aggregate principal amount of all such Indebtedness secured by a Restricted Lien then outstanding would not exceed an amount equal to 15.0% of Consolidated Total Assets. The restrictions set forth in the preceding sentence will not apply to any Indebtedness secured by a Permitted Lien, and all Indebtedness secured by a Permitted Lien shall be excluded in computing the amount of Indebtedness secured by a Lien outstanding for purposes of this covenant.

Any Lien created for the benefit of the holders of the Notes pursuant to the preceding paragraph shall provide by its terms that such Lien shall be automatically and unconditionally released and discharged upon the release and discharge of the Lien relating to such Indebtedness that gave rise to the obligation to so secure the Notes. In addition, the Indenture will provide for the release of any such Lien under any one or more of the following circumstances: (1) upon payment in full of principal, interest and all other obligations in respect of the Notes issued under the Indenture or discharge or defeasance thereof as described below under the caption “—*Legal defeasance and covenant defeasance*” and “—*Satisfaction and discharge*,” (2) in the case of a Guarantor that is released from its Note Guarantee in accordance with the Indenture, the release of the property and assets and Capital Stock of such Guarantor; (3) in connection with any disposition of the property or assets subject to such Lien, directly or indirectly, to any Person other than the Company or any of its Subsidiaries; (4) as described below under the caption “—*Amendment, supplement and waiver*” or (5) in a transaction that complies with the provisions described below under the caption “—*Merger, consolidation and sale of assets*,” provided that in such a transaction where any Guarantor ceases to exist, any then-existing Lien securing the Notes on the Capital Stock of such Guarantor will be released and will reattach (or a new Lien will be created) over the Capital Stock of the successor entity pursuant to a new share pledge (on terms substantially equivalent to the then existing Lien on the Capital Stock of such Guarantor). Each of these releases of Liens described in this paragraph shall be effected by the applicable security agent and, to the extent it is necessary, the Trustee, subject to customary protections and indemnifications, without the consent of the holders of Notes.

Merger, consolidation or sale of assets

The Company will not, directly or indirectly (i) consolidate, amalgamate or merge with or into another Person (whether or not the Company is the surviving corporation) or (ii) sell, assign, transfer, lease, convey or otherwise dispose of all or substantially all of the properties or assets of the Company and its Subsidiaries, taken as a whole, in one or more related transactions, to another Person, unless:

- (1) either: (a) the Company is the surviving corporation; or (b) the Person formed by or surviving any such consolidation, amalgamation or merger (if other than the Company) or to which such sale, assignment, transfer, lease, conveyance or other disposition has been made is an entity organized or existing under the laws of any member state of the European Union, the United Kingdom, Switzerland, Norway, Canada, Australia, Japan, any state of the United States or the District of Columbia;
- (2) the Person formed by or surviving any such consolidation, amalgamation or merger (if other than the Company) or the Person to which such sale, assignment, transfer, conveyance, lease or other disposition has been made assumes all the obligations of the Company under the Notes and the Indenture pursuant to a supplemental indenture in a form reasonably acceptable to the Trustee;
- (3) immediately after such transaction or transactions, no Default or Event of Default exists; and
- (4) the Company shall have delivered to the Trustee an Officer’s Certificate and an opinion of counsel, each stating that such consolidation, amalgamation, merger or disposition and such supplemental indenture (if

any) comply with this covenant; *provided* that in giving an opinion of counsel, counsel may rely on an Officer's Certificate as to any matters of fact.

The surviving entity will succeed to, and be substituted for, and may exercise every right and power of, the Company under the Indenture, but, in the case of a lease of all or substantially all of its properties or assets, the Company will not be released from the obligation to pay the principal of and interest and premium, if any, on the Notes.

Although there is a limited body of case law interpreting the phrase "substantially all," there is no precise established definition of the phrase under applicable law. Accordingly, in certain circumstances there may be a degree of uncertainty as to whether a particular transaction would involve "all or substantially all" of the properties or assets of a Person.

Clause (3) of the first paragraph of this covenant will not apply to any merger, consolidation or amalgamation of the Company or any Subsidiary with or into an Affiliate solely for the purpose of reincorporating the Company or such Subsidiary in another jurisdiction.

Nothing in the Indenture will prevent and this covenant will not apply to (i) the Company consolidating or amalgamating with, or merging or liquidating into a Subsidiary for the purpose of reincorporating the Company in another jurisdiction, (ii) the Company selling, assigning, transferring, leasing, conveying or otherwise disposing of all or substantially all of the properties or assets of the Company to a Subsidiary; *provided* that such Subsidiary simultaneously executes and delivers a supplemental indenture to the Indenture providing for a Guarantee of payment of the Notes by such Subsidiary, (iii) any Subsidiary consolidating or amalgamating with, merging or liquidating into or disposing of all or part of its properties or assets to the Company or another Subsidiary or (iv) any liquidation, winding up, dissolution or corporate reorganization of any Subsidiary of the Company on a solvent basis.

Limitation on Guarantees of Indebtedness by Restricted Subsidiaries

The Company will not permit any Restricted Subsidiary that is not a Guarantor, directly or indirectly, to Guarantee, assume or in any other manner become liable for the payment of any Public Indebtedness of the Company (other than the Notes), unless, subject to the limitations set forth in the Indenture, such Restricted Subsidiary executes and delivers a supplemental indenture to the Indenture providing for a Guarantee of payment of the Notes by such Restricted Subsidiary within 10 Business Days thereof, which Note Guarantee will be senior in right of payment to or *pari passu* in right of payment with such Restricted Subsidiary's Guarantee of such other Indebtedness.

The foregoing paragraph will not be applicable to any Guarantees of any Restricted Subsidiary:

- (1) existing on the date of the Indenture and identified in a schedule thereto;
- (2) that existed at the time such Person became a Restricted Subsidiary if the Guarantee was not incurred in connection with, or in contemplation of, such Person becoming a Restricted Subsidiary;
- (3) arising due to the granting of a Permitted Lien; or
- (4) given to a bank or trust company having combined capital and surplus and undivided profits of not less than \$250.0 million, whose debt has a rating, at the time such Guarantee was given, of at least "A" or the equivalent thereof by S&P and at least "A2" or the equivalent thereof by Moody's, in connection with the operation of cash management programs established for the Company's benefit or that of any Restricted Subsidiary.

In addition, notwithstanding anything to the contrary herein:

- (1) no Guarantee shall be required if such Guarantee could reasonably be expected to give rise to or result in (A) personal liability for the officers, directors or shareholders of such Restricted Subsidiary, (B) any violation of applicable law that cannot be avoided or otherwise prevented through measures reasonably available to the Company or such Restricted Subsidiary or (C) any significant cost, expense, liability or obligation (including with respect to any Taxes) other than reasonable out of pocket expenses and other than reasonable expenses incurred in connection with any governmental or regulatory filings required as a result of, or any measures pursuant to clause (B) undertaken in connection with, such Guarantee, which

cannot be avoided through measures reasonably available to the Company or the Restricted Subsidiary; and

- (2) each such Guarantee will be limited as necessary to recognize certain defenses generally available to guarantors (including those that relate to fraudulent conveyance or transfer, voidable preference, financial assistance, corporate purpose, capital maintenance or similar laws, regulations or defenses affecting the rights of creditors generally) or other considerations under applicable law.

Future Guarantees granted pursuant to this provision will be released as set forth under “—*Note Guarantees Release.*” A Note Guarantee of a future Guarantor granted pursuant to this provision will be deemed to provide by its terms that it shall be automatically and unconditionally released and discharged if at the date of such release either (i) there is no Indebtedness of such Guarantor outstanding which was incurred after the Issue Date and which could not have been incurred in compliance with the Indenture if such Guarantor had not been designated as a Guarantor, or (ii) there is no Indebtedness of such Guarantor outstanding which was incurred after the Issue Date and which could not have been incurred in compliance with the Indenture as at the date of such release if such Guarantor were not designated as a Guarantor as at that date. The Trustee shall take all necessary actions, at the request of the Company, to effectuate any to reflect the release of a Note Guarantee in accordance with these provisions, subject to customary protections and indemnifications.

Reports

- (1) The Company will make available, upon request, to any holder of Notes or prospective purchaser of Notes in the United States, in connection with any sale thereof, the information specified in Rule 144A(d)(4) under the U.S. Securities Act, unless the Company is subject to Section 13 or 15(d) of the U.S. Exchange Act at or prior to the time of such request.

- (2) So long as any Notes are outstanding, the Company shall furnish to the Trustee:

- (a) within 120 days after the end of each of the Company’s fiscal years beginning with the fiscal year ending December 31, 2022, annual reports containing the following information with respect to the Company only: (i) audited consolidated balance sheet of the Company as of the end of the two most recent fiscal years and audited consolidated income statements and statements of cash flow of the Company for the two most recent fiscal years, including complete notes to such financial statements and the report of the independent auditors on the financial statements; (ii) an operating and financial review of the audited financial statements, including a discussion of the results of operations including a discussion of financial condition and changes in liquidity and capital resources, and a discussion of changes in material commitments and contingencies and critical accounting policies; (iii) changes, in each case, in the description of the business, all material affiliate transactions, Indebtedness and material financing arrangements and all material debt instruments; and (iv) material changes in risk factors and material recent developments *provided* that for so long as the Norwegian Securities Trading Act and the Oslo Stock Exchange require annual reports and the Company is subject to such requirements any item of disclosure that complies in all material respects with the requirements of the Norwegian Securities Trading Act and the Oslo Stock Exchange for annual reports with respect to such item will be deemed to satisfy the Company’s obligations under this clause 2(a) with respect to such item and *provided further* that the information described in clauses 2(a)(iii) and 2(a)(iv) may be provided in the footnotes to the audited consolidated financial statements;

- (b) within 90 days after the end of each of the Company’s first three fiscal quarters of each fiscal year beginning with the quarter ending September 30, 2022, quarterly reports containing the following information with respect to the Company only: (a) an unaudited condensed consolidated balance sheet as of the end of such year-to-date period and unaudited condensed statements of income and cash flow for the year-to-date period ending on the unaudited condensed balance sheet date, and the comparable prior year period for the Company, together with condensed note disclosure; (b) an operating and financial review of the unaudited financial statements including a discussion of the consolidated financial condition and results of operations of the Company and any material change between the year-to-date period and the corresponding period of the prior year; and (c) material recent developments *provided* that for so long as the Norwegian Securities Trading Act and the Oslo Stock Exchange require interim reports and the Company is subject to such requirements any item of disclosure that complies in all material respects with the requirements of the Norwegian Securities Trading Act and the Oslo Stock Exchange for interim reports with respect to such item will be deemed to satisfy the Company’s obligations under this clause 2(b) with respect to such item; and *provided further* that the information

described in clauses 2(b)(ii) and 2(b)(iii) may be provided in the footnotes to the interim consolidated financial statements; and

(c) promptly after the occurrence of any material acquisition, disposition or restructuring of the Company and its Restricted Subsidiaries, taken as a whole, or any senior executive officer changes at the Company or changes in auditors of the Company or other material event that the Company announces publicly, a report containing a description of such event (but only to the extent that such acquisition, disposition, restructuring, change or event has been required to be publicly announced or disclosed by the Norwegian Securities Trading Act and the Oslo Stock Exchange for so long as the Company is subject to such requirements);

provided, however, that any reports set out in this paragraph delivered to the Trustee via e-mail or other electronic means shall be deemed to have been “furnished” to the Trustee in accordance with the terms of this paragraph.

All financial statements shall be prepared in accordance with IFRS on a consistent basis for the periods presented. Except as provided for above, no report need include separate financial statements for the Company or Subsidiaries of the Company or any disclosure with respect to the results of operations or any other financial or statistical disclosure not of a type included in this Offering Memorandum. In addition, the reports set forth above will not be required to contain any reconciliation to U.S. GAAP.

The Company will also make available copies of all reports required by clauses (2)(a)-(c) of this covenant either (i) on the Company’s website or (ii) publicly available through substantially comparable means (as determined by an Officer of the Company in good faith) (it being understood that, without limitation, making such reports available on Bloomberg or another private electronic information service will constitute substantially comparable public availability). In addition, in the case of furnishing the information pursuant to clauses (2)(a) and (2)(b) of this covenant, the Company will promptly thereafter hold a conference call with holders of the Notes hosted by an Officer of the Company to discuss the operations of the Company and its Subsidiaries in respect of the relevant period; *provided that* so long as equity securities of the Company are listed on the Oslo Stock Exchange, it shall satisfy this requirement by providing an invitation to its quarterly investor presentations by way of notices disseminated via Bloomberg or other private information system or postings on the Company’s website following the delivery of its annual and quarterly financial reports in compliance with the Norwegian Securities Trading Act.

Notwithstanding the foregoing, the Company will be deemed to have provided such information, as applicable, to the Trustee, the holders of the Notes and prospective holders of the Notes if such information referenced in clauses (1) and (2) of this covenant has been posted to the Company’s website.

The Company may satisfy its obligations and the requirements of this covenant by furnishing reports and information relating to any Parent consolidating reporting at its level in a manner consistent with that described in this covenant; *provided that* such reports and other information are accompanied by a reasonably detailed, unaudited description of any material differences between the information relating to such Parent and its Subsidiaries, on the one hand, and the information relating to the Company and its Subsidiaries, on the other hand.

Delivery of information, documents and reports to the Trustee is for informational purposes only. The Trustee’s receipt of such shall not constitute actual or constructive notice of any information contained therein, including the Company’s compliance with any of its covenants under the Indenture or documents related therein.

Events of Default and remedies

Each of the following is an “**Event of Default**”:

- (1) default for 30 days in the payment when due of interest or Additional Amounts, if any, with respect to the Notes;
- (2) default in the payment when due (at final maturity, upon redemption or otherwise) of the principal of, or premium, if any, on, the Notes;
- (3) failure by the Company or any Guarantor to comply with the provisions described above under the caption “—*Certain covenants—Merger, consolidation or sale of assets*;”

- (4) failure by the Company for 30 days after written notice (i) to the Company by the Trustee or (ii) to the Company and the Trustee by the holders of at least 25% in aggregate principal amount of the Notes then outstanding to comply with any of the provisions described above under the caption “—*Repurchase at the option of holders—Change of control triggering event*” above;
- (5) failure by the Company or relevant Guarantor for 90 days after written notice (i) to the Company by the Trustee or (ii) to the Company and the Trustee by the holders of at least 25% in aggregate principal amount of the Notes then outstanding to comply with any of the other agreements in the Indenture;
- (6) default under any mortgage, indenture or instrument under which there may be issued or by which there may be secured or evidenced any Indebtedness for money borrowed by the Company or any of its Restricted Subsidiaries (or the payment of which is Guaranteed by the Company or any of its Restricted Subsidiaries), whether such Indebtedness or Guarantee now exists, or is created, after the Issue Date, if that default:
 - (a) is caused by a failure to pay principal of such Indebtedness at final maturity thereof after giving effect to any applicable grace periods provided in such Indebtedness and such failure to make any payment has not been waived or the maturity of such Indebtedness has not been extended (a “**Payment Default**”); or
 - (b) results in the acceleration of such Indebtedness prior to its express maturity,

and, in each case, the principal amount of any such Indebtedness, together with the principal amount of any other such Indebtedness under which there has been a Payment Default or the maturity of which has been so accelerated, aggregates \$150 million or more; *provided, however*, that if (i) any such Payment Default is cured or waived, (ii) any such acceleration is rescinded, or (iii) such Indebtedness is repaid, in each case, during the 30 Business Day period commencing upon the end of any applicable grace period for such Payment Default or the occurrence of such acceleration, as the case may be, any Default or Event of Default or any acceleration of the Notes caused by such Payment Default or acceleration shall be automatically rescinded, so long as such rescission does not conflict with any judgment, decree or applicable law;

- (7) failure by the Company or any Significant Subsidiary or group of Restricted Subsidiaries that, taken together, would constitute a Significant Subsidiary, to pay final judgments entered by a court or courts of competent jurisdiction aggregating in excess of \$150 million (net of any amount with respect to which a reputable and solvent insurance company has acknowledged liability in writing), which judgments are not paid, discharged, stayed or fully bonded for a period of 60 days (or, if later, the date when payment is due pursuant to such judgment);
- (8) except as permitted by the Indenture (including with respect to any limitations), any Note Guarantee of a Significant Subsidiary is held in any judicial proceeding to be unenforceable or invalid or ceases for any reason to be in full force and effect, or any Guarantor that is a Significant Subsidiary or any Person acting on behalf of any such Guarantor that is a Significant Subsidiary, denies or disaffirms its obligations under its Note Guarantee; and
- (9) certain events of bankruptcy or insolvency described in the Indenture with respect to the Company or any Significant Subsidiary or any group of Restricted Subsidiaries that, taken together, would constitute a Significant Subsidiary, except as a result of, or in connection with, any liquidation, winding up, dissolution or corporate reorganization on a solvent basis.

In the case of an Event of Default arising from certain events of bankruptcy or insolvency, with respect to the Company, all then outstanding Notes will become due and payable immediately without further action or notice. If any other Event of Default occurs and is continuing, the Trustee or the holders of at least 25% in aggregate principal amount of the then outstanding Notes may declare all of the then outstanding Notes to be due and payable immediately by notice in writing to the Company and, in case of a notice by holders, also to the Trustee specifying the respective Event of Default and that it is a notice of acceleration.

Subject to certain limitations, holders of a majority in aggregate principal amount of the then outstanding Notes may direct the Trustee in its exercise of any trust or power. The Trustee may withhold from holders of the Notes notice of any continuing Default or Event of Default if it determines that withholding notice is in their interest,

except a Default or Event of Default relating to the payment of principal, interest or Additional Amounts or premium, if any.

Subject to the provisions of the Indenture relating to the duties of the Trustee in case an Event of Default occurs and is continuing, the Trustee will be under no obligation to exercise any of the rights or powers under the Indenture at the request or direction of any holders of Notes unless such holders have offered to the Trustee, and the Trustee has received, indemnity and/or security satisfactory to it against any loss, liability or expense. Except (subject to the provisions described under “—*Amendment, supplement and waiver*”) to enforce the right to receive payment of principal, premium, if any, or interest or Additional Amounts when due, no holder of a Note may pursue any remedy with respect to the Indenture or the Notes unless:

- (1) such holder has previously given the Trustee written notice that an Event of Default is continuing;
- (2) holders of at least 25% in aggregate principal amount of the then outstanding Notes have requested in writing the Trustee to pursue the remedy;
- (3) such holders have offered the Trustee and the Trustee has received security and/or indemnity satisfactory to it against any loss, liability or expense;
- (4) the Trustee has not complied with such request within 60 days after the receipt of the request and the offer of security or indemnity; and
- (5) holders of a majority in aggregate principal amount of the then outstanding Notes have not given the Trustee a direction inconsistent with such request within such 60-day period.

The holders of a majority in aggregate principal amount of the Notes then outstanding by written notice to the Trustee may, on behalf of the holders of all of the Notes, rescind an acceleration or waive any existing Default or Event of Default and its consequences under the Indenture, if the rescission would not conflict with any judgment or decree, except a continuing Default or Event of Default in the payment of interest or Additional Amounts or premium on, or the principal of, the Notes held by a non-consenting holder (which may be waived with the consent of holders of at least 90% of the aggregate principal amount of the then outstanding Notes).

The Indenture will provide that (i) if a Default occurs for a failure to deliver a report or a certificate in connection with another default (an “**Initial Default**”) then at the time such Initial Default is cured, such Default for a failure to deliver a report or required certificate in connection with the Initial Default will also be cured without any further action and (ii) any Default or Event of Default for the failure to comply with the time periods prescribed in the covenant described above under the caption “—*Certain covenants—Reports*” or otherwise to deliver any notice or certificate pursuant to any other provision of the Indenture shall be deemed to be cured upon the delivery (prior to acceleration of the relevant breach) of any such report, notice or certificate, even though such delivery is not within the prescribed period specified in the Indenture.

In the case of any Event of Default occurring by reason of any willful action (or inaction) taken (or not taken) by or on behalf of the Company in bad faith with the intention of avoiding payment of the premium that the Company would have had to pay if the Company then had elected to redeem the Notes pursuant to the optional redemption provisions of the Indenture or was required to repurchase the Notes, an equivalent premium shall also become and be immediately due and payable to the extent permitted by law upon the acceleration of the Notes.

The Company will be required to deliver to the Trustee annually a statement regarding compliance with the Indenture.

No personal liability of directors, officers, employees and stockholders

No director, officer, employee, incorporator or stockholder of the Company or any Guarantor, as such, will have any liability for any obligations of the Company or the Guarantors under the Notes, the Indenture or the Note Guarantees or for any claim based on, in respect of, or by reason of, such obligations or their creation. Each holder of Notes by accepting a Note waives and releases all such liability. The waiver and release are part of the consideration for the issuance of the Notes. The waiver may not be effective to waive liabilities under U.S. federal or Norwegian securities laws.

Legal Defeasance and Covenant Defeasance

The Company may at any time, at its option, elect to have all of its obligations discharged with respect to a series of the outstanding Notes and all obligations of the Guarantors of such series discharged with respect to their Note Guarantees (“**Legal Defeasance**”) except for:

- (1) the rights of holders of such series of outstanding Notes to receive payments in respect of the principal of, or interest (including Additional Amounts) or premium, if any, on, Notes of such series when such payments are due from the trust referred to below;
- (2) the Company’s obligations with respect to Notes of such series concerning registration of Notes, mutilated, destroyed, lost or stolen Notes and the maintenance of an office or agency for payment and money for security payments held in trust;
- (3) the rights, powers, trusts, duties, indemnities and immunities of the Trustee, and the Company’s and the Guarantors’ obligations in connection therewith; and
- (4) the Legal Defeasance and Covenant Defeasance provisions of the Indenture.

In addition, the Company may, at its option and at any time, elect to have the obligations of the Company and the Guarantors, if any, released with respect to certain covenants (including the Company’s obligation to make Change of Control Offers) that are described in the Indenture (“**Covenant Defeasance**”) and thereafter any omission to comply with those covenants will not constitute a Default or Event of Default with respect to such series of Notes. In the event Covenant Defeasance occurs, certain events (not including non-payment or, solely with respect to the Company, bankruptcy, receivership, rehabilitation and insolvency events) described above under the caption “—*Events of Default and remedies*” will no longer constitute an Event of Default with respect to the Notes of such series. If the Company exercises either its Legal Defeasance or Covenant Defeasance option, each Guarantor, if any, will be released and relieved of any obligations under its Note Guarantee with respect to the Notes of such series.

In order to exercise either Legal Defeasance or Covenant Defeasance:

- (1) the Company must irrevocably deposit with the Trustee (or such other entity designated or appointed as agent by the Trustee for this purpose), in trust, for the benefit of the holders of the Notes of such series, cash in U.S. dollars, non-callable U.S. Government Obligations or a combination of cash in U.S. dollars and non-callable U.S. Government Obligations, in amounts as will be sufficient to pay the principal of, or interest (including Additional Amounts) and premium, if any, on, the outstanding Notes of such series on the stated date for payment thereof or on the applicable redemption date, as the case may be, and the Company must specify whether such Notes are being defeased to such stated date for payment or to a particular redemption date;
- (2) in the case of Legal Defeasance, the Company must deliver to the Trustee an opinion of United States counsel reasonably acceptable to the Trustee confirming that (a) the Company has received from, or there has been published by, the U.S. Internal Revenue Service a ruling that the Company can rely on or (b) since the Issue Date, there has been a change in the applicable U.S. federal income tax law, in either case to the effect that, and based thereon such opinion of counsel will confirm that, the beneficial holders of the outstanding Notes of such series will not recognize income, gain or loss for U.S. federal income tax purposes as a result of such Legal Defeasance and will be subject to U.S. federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such Legal Defeasance had not occurred;
- (3) in the case of Covenant Defeasance, the Company must deliver to the Trustee an opinion of United States counsel reasonably acceptable to the Trustee confirming that the beneficial holders of the outstanding Notes of such series will not recognize income, gain or loss for U.S. federal income tax purposes as a result of such Covenant Defeasance and will be subject to U.S. federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such Covenant Defeasance had not occurred;

- (4) such Legal Defeasance or Covenant Defeasance will not result in a breach or violation of, or constitute a default under, any material agreement or instrument (other than the Indenture) to which the Company or any of its Subsidiaries is a party or by which the Company or any of its Subsidiaries is bound;
- (5) the Company must deliver to the Trustee an Officer's Certificate in form and substance reasonably satisfactory to the Trustee stating that the deposit was not made by the Company with the intent of preferring the holders of Notes of such series over the other creditors of the Company with the intent of defeating, hindering, delaying or defrauding any creditors of the Company or others; and
- (6) the Company must deliver to the Trustee an Officer's Certificate in form and substance reasonably satisfactory to the Trustee and an opinion of counsel, subject to customary assumptions and qualifications, each stating that all conditions precedent relating to the Legal Defeasance or the Covenant Defeasance have been complied with.

Amendment, supplement and waiver

Except as provided in the next two succeeding paragraphs, the Indenture, the Notes and any Note Guarantees in respect thereof may be amended or supplemented with the consent of the Company and the holders of a majority in aggregate principal amount of the relevant series of Notes then outstanding (in each case including, without limitation, consents obtained in connection with a purchase of, or tender offer or exchange offer for, the relevant Notes), and any existing Default or Event of Default or compliance with any provision of the Indenture, Notes and any Note Guarantees may be waived with the consent of the holders of a majority in aggregate principal amount of the then outstanding relevant Notes (including, without limitation, consents obtained in connection with a purchase of, or tender offer or exchange offer for, such Notes).

Unless consented to by the holders of at least 90% of the aggregate principal amount of then outstanding 2028 Notes, in the case of the 2028 Notes or the holders of at least 90% of the aggregate principal amount of then outstanding 2032 Notes, in the case of the 2032 Notes (in each case including, without limitation, consents obtained in connection with a purchase of, or tender offer or exchange offer for, the relevant Notes), without the consent of the Company and each holder of Notes affected, an amendment, supplement or waiver may not (with respect to any Notes held by a non-consenting holder):

- (1) reduce the principal amount of Notes whose holders must consent to an amendment, supplement or waiver;
- (2) reduce the principal of or change the fixed maturity of any Note or alter the provisions with respect to the redemption or repurchase of the Notes (other than provisions relating to the covenants described above under the caption "*—Repurchase at the option of holders*");
- (3) reduce the rate of or change the time for payment of interest, including default interest, on any Note;
- (4) waive a Default or Event of Default in the payment of principal of, or interest, Additional Amounts or premium, if any, on, the Notes (except a rescission of acceleration of a series of Notes by the holders of a majority in aggregate principal amount of the then outstanding Notes of such series and a waiver of the payment default that resulted from such acceleration);
- (5) make any Note payable in money other than that stated in the Notes;
- (6) waive a redemption or repurchase payment with respect to any Note (other than a payment required by one of the covenants described above under the caption "*—Repurchase at the option of holders*");
- (7) release the Note Guarantees of a Significant Subsidiary, except in accordance with the terms of the Indenture;
- (8) impair the contractual right expressly set forth in the Indenture or the Notes of any holder of Notes to institute suit for the enforcement of any payment on or with respect to such holder's Notes or any Note Guarantee in respect thereof;
- (9) make any change to the ranking of the Notes or Note Guarantees, in each case in a manner that materially adversely affects the rights of the holders of the Notes; or

- (10) make any change in the preceding amendment, supplement and waiver provisions.

Notwithstanding the preceding, without the consent of any holder of Notes, the Company, the Guarantors, if any, and the Trustee may amend or supplement the Indenture, the Notes and the Note Guarantees, if any:

- (1) to cure any ambiguity, defect or inconsistency;
- (2) to provide for uncertificated Notes in addition to or in place of certificated Notes (*provided*, that the uncertificated Notes are issued in registered form for purposes of Section 163(f) of the Code);
- (3) to provide for the assumption of the Company's or a Guarantor's obligations to holders of Notes and Note Guarantees in the case of a transaction described under "*Certain covenants—Merger, consolidation or sale of assets*;"
- (4) to make any change that would provide any additional rights or benefits to the holders of Notes or that does not adversely affect the legal rights under the Indenture of any such holder in any material respect;
- (5) to conform the text of the Indenture, the Notes or the Note Guarantees to any provision of this "*Description of the Notes*" to the extent that such provision in this "*Description of the Notes*" was intended to be a verbatim recitation of a provision of the Indenture, the Notes or the Note Guarantees;
- (6) to provide for the issuance of Additional Notes in accordance with the limitations set forth in the Indenture as of the Issue Date;
- (7) to allow any Guarantor to Guarantee the Notes or to evidence the release of Note Guarantees pursuant to the terms of the Indenture;
- (8) to the extent necessary to provide for the granting of a security interest for the benefit of any Person; *provided* that the granting of such security interest is not prohibited under the Indenture;
- (9) to evidence and provide for the acceptance and appointment of a successor trustee under the Indenture; or
- (10) to make such provisions or changes as necessary (as determined in good faith by the Company) for the issuance of Additional Notes (including, without limitation, with a view to complying with applicable securities laws).

In formulating its opinion on such matters, the Trustee shall be entitled to rely absolutely on such evidence as it deems appropriate, including opinions of counsel and Officer's Certificates.

The consent of the holders of Notes is not necessary under the Indenture to approve the particular form of any proposed amendment. It is sufficient if such consent approves the substance of the proposed amendment.

For the avoidance of doubt, no amendment to, or deletion of any of the covenants described above under the caption "*Certain covenants*," shall be deemed to impair or affect any rights of holders of the Notes to receive payment of principal of, or premium, if any, or interest on, the Notes.

Satisfaction and discharge

The Indenture and the Note Guarantees, if any, will be discharged and will cease to be of further effect with respect to either series of Notes issued thereunder (except as to surviving rights of the Trustee, Paying Agent, Transfer Agent and Registrar and the Company's obligations with respect thereto and rights to transfer or exchange Notes of such series and as otherwise specified in the Indenture), when:

- (1) either:
 - (a) all Notes of such series that have been authenticated, except lost, stolen or destroyed Notes of such series that have been replaced or paid and Notes of such series for whose payment money has been deposited in trust and thereafter repaid to the Company, have been delivered to the Registrar for cancellation; or

- (b) all Notes of such series that have not been delivered to the Registrar for cancellation have become due and payable by reason of the mailing of a notice of redemption or otherwise or will become due and payable within one year, and the Company or any Guarantor has irrevocably deposited or caused to be so deposited with the Trustee (or such other entity designated or appointed as agent by the Trustee for this purpose) as trust funds in trust solely for the benefit of the holders, cash in U.S. dollars, non-callable U.S. Government Obligations or a combination of cash in U.S. dollars and non-callable U.S. Government Obligations, in amounts as will be sufficient, without consideration of any reinvestment of any interest, to pay and discharge the entire Indebtedness on the Notes of such series not previously delivered to the Registrar for cancellation for principal, premium, Additional Amounts, if any, and accrued interest to the date of final maturity or redemption;
- (2) in the case of clause (1)(b), no Default or Event of Default has occurred and is continuing on the date of the deposit (other than a Default or Event of Default resulting from the borrowing of funds to be applied to such deposit) and the deposit will not result in a breach or violation of, or constitute a default under, any other instrument to which the Company or any Guarantor is a party or by which the Company or any Guarantor is bound;
- (3) the Company or any Guarantor has paid or caused to be paid all sums payable by it under the Indenture with respect to the Notes of such series; and
- (4) the Company has delivered irrevocable instructions to the Trustee under the Indenture to apply the deposited money toward the payment of the Notes of such series at final maturity or on the redemption date, as the case may be.

In addition, the Company must deliver an Officer's Certificate and an opinion of counsel to the Trustee stating that all conditions precedent to satisfaction and discharge have been satisfied; *provided* that any such counsel may rely on any Officer's Certificate as to matters of fact (including as to compliance with the foregoing clauses (1), (2), (3) and (4)).

If requested in writing by the Company to the Trustee and Paying Agent no later than five Business Days prior to the relevant Stated Maturity Date or the redemption date (which request may be included in the applicable notice of redemption or pursuant to the above referenced Officer's Certificate), the Trustee or Paying Agent (or such other entity directed, designated or appointed as agent by the Trustee, for this purpose) shall distribute any amounts deposited to the holders prior to the relevant Stated Maturity or the redemption date, as the case may be, provided that: (i) such distribution date shall not be prior to the record date set for the Stated Maturity Date or redemption date and (ii) the Trustee or Paying Agent shall not be required to incur any losses, fees, costs or penalties in relation to such early distribution. For the avoidance of doubt, the distribution and payment to holders prior to the maturity or redemption date as set forth above shall not include any negative interest, present value adjustment, break cost or any additional premium on such amounts. To the extent the Notes are represented by a global note deposited with a depository for a clearing system, any payment to the beneficial holders holding interests as a participant of such clearing system shall be subject to the then applicable procedures of the clearing system. The Trustee and the Paying Agent shall not be liable to any Holder by virtue of the Company instructing the Trustee or the Paying Agent to make an early distribution of funds as described in this paragraph.

Financial calculations

When calculating the availability under any basket under the Indenture (including those based upon Consolidated Total Assets), in each case, in connection with any acquisition, disposition, merger, joint venture, investment, incurrence, or other similar transaction where there is a time difference between commitment and closing or incurrence (including in respect of Indebtedness), the date of determination of such basket and of any Default or Event of Default shall, at the option of the Company, be the date the definitive agreements for such acquisition, disposition, merger, joint venture, investment, incurrence or other similar transaction are entered into and such baskets shall be calculated on a pro forma basis after giving effect to such acquisition, disposition, merger, joint venture, investment, incurrence or other similar transaction and the other transactions to be entered into in connection therewith (including any Incurrence of Indebtedness and the use of proceeds thereof) as if they occurred at the beginning of the applicable reference period for purposes of determining the ability to consummate any such transaction (and not for purposes of any subsequent availability of any basket). For the avoidance of doubt, (1) if any of such baskets are exceeded as a result of fluctuations in such basket (including due to fluctuations in Indebtedness or Consolidated Total Assets of the Company or the target company) subsequent to

such date of determination and at or prior to the consummation of the relevant transaction, such baskets will not be deemed to have been exceeded as a result of such fluctuations solely for purposes of determining whether the transactions are permitted hereunder; and (2) such baskets shall not be tested at the time of consummation of such transaction or related transactions; *provided, further*, that if the Company elects to have such determinations occur at the time of entry into such definitive agreement, any such transactions (including any repayment or redemption or incurrence of Indebtedness and the use of proceeds thereof or Incurrence of a Lien) shall be deemed to have occurred on the date the definitive agreements are entered and outstanding thereafter for purposes of calculating any baskets under the Indenture after the date of such agreement and before the consummation of such transactions.

Judgment currency

Any payment on account of an amount that is payable in U.S. dollars which is made to or for the account of any holder or the Trustee in lawful currency of any other jurisdiction (the “**Judgment Currency**”), whether as a result of any judgment or order or the enforcement thereof or the liquidation of the Company or any Guarantor, shall constitute a discharge of the Company or the Guarantor’s obligation under the Indenture and the Notes or Note Guarantee, as the case may be, only to the extent of the amount of U.S. dollars with such holder or the Trustee, as the case may be, could purchase in the London foreign exchange markets with the amount of the Judgment Currency in accordance with normal banking procedures at the rate of exchange prevailing on the first Business Day following receipt of the payment in the Judgment Currency. If the amount of U.S. dollars that could be so purchased is less than the amount of U.S. dollars originally due to such holder or the Trustee, as the case may be, the Company and the Guarantors shall indemnify and hold harmless the holder or the Trustee, as the case may be, from and against all loss or damage arising out of, or as a result of, such deficiency. This indemnity shall constitute an obligation separate and independent from the other obligations contained in the Indenture or the Notes, shall give rise to a separate and independent cause of action, shall apply irrespective of any indulgence granted by any holder or the Trustee from time to time and shall continue in full force and effect notwithstanding any judgment or order for a liquidated sum in respect of an amount due hereunder or under any judgment or order.

Concerning the trustee

Citibank, N.A., London Branch is appointed as Trustee under the Indenture. The Indenture will provide that, except for during an Event of Default, the Trustee will perform only such duties as are set forth specifically in the Indenture. The permissive rights of the Trustee to take or refrain from taking any action enumerated in the Indenture will not be construed as an obligation or duty.

The Company shall deliver written notice to the Trustee within 30 days of becoming aware of the occurrence of a Default or an Event of Default. The Trustee will be permitted to engage in other transactions; *however*, if it acquires any conflicting interest, of which it has actual knowledge, it must eliminate such conflict within 90 days or resign as Trustee.

The holders of a majority in aggregate principal amount of the then outstanding Notes will have the right to direct the time, method and place of conducting any proceeding for exercising any remedy available to the Trustee, subject to certain exceptions. In case an Event of Default occurs and is continuing of which the Trustee has written notice, the Trustee will be required, in the exercise of its rights or powers, to use the degree of care of a prudent person in the conduct of its own affairs. Subject to such provisions, the Trustee will be under no obligation to exercise any of its rights or powers under the Indenture at the request of any holder of Notes, unless such holder has offered to the Trustee, and the Trustee has received, security and/or indemnity satisfactory to it against any loss, liability or expense.

The Company and the Guarantors jointly and severally will indemnify the Trustee for certain claims, loss, Taxes, liabilities and expenses incurred without gross negligence, fraud or willful misconduct on its part, arising out of or in connection with its duties.

Additional information

Anyone who receives this Offering Memorandum may, following the Issue Date, obtain copies of the Indenture without charge by writing to Vår Energi ASA, Ida Marie Fjellheim Head of IR; ida.fjellheim@varenergi.no.

Consent to jurisdiction and service of process

The Indenture will provide that each of the Company and any Guarantors appoint CT Corporation System as its agent for service of process in any suit, action or proceeding with respect to the Indenture, the Notes and the Note

Guarantees brought in any competent U.S. federal or New York state court located in the City of New York and will submit to such non-exclusive jurisdiction.

Enforceability of judgments

Since substantially all of the assets of the Company and its Subsidiaries are outside the United States, any judgment obtained in the United States against the Company or any future Guarantor, including judgments related to payments with respect to the Notes, may not be collectable within the United States. A final judgment obtained in the United States against the Company or any Guarantor for a sum of money in relation to the Indenture, the Notes or the Note Guarantees would only be recognized by the Norwegian courts and enforceable in Norway pursuant to the Norwegian Civil Procedure Act insofar as this would not be illegal or contrary to public policy in Norway. See “*Service of process and enforcement of civil liabilities.*”

Prescription

Claims against the Company or any Guarantor for the payment of principal or Additional Amounts, if any, on the Notes will not be permitted ten years after the applicable due date for payment thereof. Claims against the Company or any Guarantor for the payment of interest on the Notes will not be permitted six years after the applicable due date for payment of interest.

Governing Law

The Indenture and the Notes, and the rights and duties of the parties thereunder, shall be governed by and construed in accordance with the laws of the State of New York.

Certain definitions

Set forth below are certain defined terms used in the Indenture. Reference is made to the Indenture for a full disclosure of all defined terms used therein, as well as any other capitalized terms used herein for which no definition is provided.

“*Affiliate*” of any specified Person means any other Person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified Person. For purposes of this definition, “control,” as used with respect to any Person, means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of such Person, whether through the ownership of voting securities, by agreement or otherwise. For purposes of this definition, the terms “controlling,” “controlled by” and “under common control with” have correlative meanings.

“*Beneficial Owner*” has the meaning assigned to such term in Rule 13d-3 and Rule 13d-5 under the U.S. Exchange Act, except that in calculating the beneficial ownership of any particular “person” (as that term is used in Section 13(d)(3) of the U.S. Exchange Act), such “person” will be deemed to have beneficial ownership of all securities that such “person” has the right to acquire by conversion or exercise of other securities, whether such right is currently exercisable or is exercisable only after the passage of time. The terms “Beneficial Ownership,” “Beneficially Owns” and “Beneficially Owned” have a corresponding meaning.

“*Board of Directors*” means:

- (1) with respect to a corporation, the board of directors of the corporation or any committee thereof duly authorized to act on behalf of such board;
- (2) with respect to a partnership, the board of directors of the general partner of the partnership;
- (3) with respect to a limited liability company, the managing member or members or any controlling committee of managing members thereof; and
- (4) with respect to any other Person, the board or committee of such Person serving a similar function.

“*Bilateral Revolving Credit Facilities*” means the (i) \$300,000,000 senior unsecured revolving credit facility with Banca IMI S.p.A, London branch, as arranger and lender and Banca IMI S.p.A, Milan Head Office, as facility agent and (ii) the \$300,000,000 senior unsecured revolving credit facility with UniCredit Bank AG as lender, arranger and facility agent, each dated March 24, 2020 and as amended and/or restated from time to time.

“*Borrowing Base Facilities*” means one or more debt facilities, instruments or arrangements incurred by the Company or any Subsidiary with banks or, *provided* that a majority of the aggregate lending commitments or debt proceeds of each, as applicable, are provided by banks, with funds or other institutions or investors, providing for revolving credit loans, term loans or letters of credit, or other Indebtedness, pursuant to a reserves and/or resources-based borrowing base or other asset-backed base and/or calculation based on the present value of estimated future oil and gas revenues and/or development financing, in each case, as amended, restated, modified, renewed, refunded, replaced, restructured, refinanced, repaid, increased or extended in whole or in part from time to time and in each case including all agreements, instruments and documents executed and delivered pursuant to or in connection with the foregoing (including any promissory notes and letters of credit issued pursuant thereto and any Guarantee and collateral agreement and other Guarantees, pledges, agreements, security agreements and collateral documents). Without limiting the generality of the foregoing, the term “Borrowing Base Facilities” shall include any agreement or instrument (1) changing the maturity of any Indebtedness incurred thereunder or contemplated thereby, (2) adding Subsidiaries of the Company as additional borrowers, issuers or guarantors thereunder, (3) increasing the amount of Indebtedness incurred thereunder or available to be borrowed thereunder or (4) otherwise altering the terms and conditions thereof.

“*Business Day*” means each day that is not a Saturday, Sunday or other day on which banking institutions in London, Oslo or New York or another place of payment under the Indenture are authorized or required by law to close.

“*Capital Lease Obligation*” means, at the time any determination is to be made, the amount of the liability in respect of a capital lease that would at that time be required to be capitalized on a balance sheet prepared in accordance with IFRS, and the Stated Maturity thereof shall be the date of the last payment of rent or any other amount due under such lease prior to the first date upon which such lease may be prepaid by the lessee without payment of a penalty.

“*Capital Stock*” means:

- (1) in the case of a corporation, corporate stock;
- (2) in the case of an association or business entity, any and all shares, interests, participations, rights or other equivalents (however designated) of corporate stock;
- (3) in the case of a partnership or limited liability company, partnership interests (whether general or limited) or, membership interests; and
- (4) any other interest or participation that confers on a Person the right to receive a share of the profits and losses of, or distributions of assets of, the issuing Person,

but excluding from all of the foregoing any debt securities convertible into Capital Stock, whether or not such debt securities include any right of participation with Capital Stock.

“*Cash Equivalents*” means:

- (1) securities issued or directly and fully guaranteed or insured by the government of the United States of America, a member state of the European Union, the United Kingdom, Switzerland, Norway, Canada, Australia or Japan (including, in each case, any agency or instrumentality thereof), as the case may be, the payment of which is backed by the full faith and credit of the United States, the relevant member state of the European Union, Switzerland, Norway, Canada, Australia or Japan, as the case may be, having maturities of not more than 15 months from the date of acquisition;
- (2) certificates of deposit, time deposits, eurodollar time deposits, money market deposits, overnight bank deposits or bankers’ acceptances (and similar instruments) having maturities of not more than 15 months from the date of acquisition thereof issued by any commercial bank, the long-term debt of which is rated at the time of acquisition thereof at least “BBB” or the equivalent thereof by S&P, or “Baa2” or the equivalent thereof by Moody’s or the equivalent rating category of another internationally recognized rating agency, or having combined capital and surplus in excess of \$250.0 million;
- (3) repurchase obligations with a term of not more than 30 days for underlying securities of the types described in clauses (1) and (2) entered into with any financial institution meeting the qualifications specified in clause (2) above;

- (4) commercial paper rated at the time of acquisition thereof at least “A-2” or the equivalent thereof by S&P or “P-2” or the equivalent thereof by Moody’s, or carrying an equivalent rating by an internationally recognized rating agency, if both of the two named rating agencies cease publishing ratings of investments, and in any case maturing within one year after the date of acquisition thereof;
- (5) in the case of any Subsidiary of the Company located outside the United States, the United Kingdom, Canada and the European Union, any substantially similar investment to the kinds described in clauses (2) and (3) of this definition obtained in the ordinary course of business and (i) with the highest ranking obtainable in the applicable jurisdiction or (ii) with any bank, trust company or similar entity, which would rank, in terms of combined capital and surplus and undivided profits or the ratings on its long-term debt, among the top five banks in such jurisdiction;
- (6) bills of exchange issued in the United States, Canada, a member state of the European Union, the United Kingdom, Switzerland, Norway, Canada, Australia or Japan eligible for rediscount at the relevant central bank and accepted by a bank (or any dematerialized equivalent); and
- (7) interests in any investment company or money market fund which invests 95% or more of its assets in instruments of the type specified in clauses (1) through (6) above.

“*Change of Control*” means the occurrence of any of the following:

- (1) the direct or indirect sale, lease, transfer, conveyance or other disposition (other than by way of merger or consolidation), in one or a series of related transactions, of all or substantially all of the properties or assets of the Company and its Restricted Subsidiaries taken as a whole to any “person” (as that term is used in Section 13(d) of the U.S. Exchange Act), other than one or more Permitted Holders;
- (2) the adoption of a plan relating to the liquidation or dissolution of the Company; or
- (3) the consummation of any transaction (including, without limitation, any merger or consolidation), the result of which is that any “person” (as defined above), other than one or more Permitted Holders, becomes the Beneficial Owner, directly or indirectly, of more than 50% of the Voting Stock of the Company, measured by voting power rather than number of shares,

provided that (i) no Change of Control shall be deemed to occur by reason of the Company becoming a Subsidiary of a Successor Parent Holding Company; and (ii) a Person or group will not be deemed to beneficially own the Voting Stock of another Person as a result of its ownership of Voting Stock or other securities of such other Person’s parent entity (or related contractual rights) unless it owns 50% or more of the total voting power of the Voting Stock entitled to vote for the election of directors of such parent entity having a majority of the aggregate votes on the Board of such parent entity.

“*Change of Control Triggering Event*” means the occurrence of both a Change of Control and a Rating Event with respect to a series of Notes.

“*Clearstream*” means Clearstream Banking S.A. and its successors.

“*Company*” means Vår Energi ASA, and its successors and assigns.

“*Consolidated Total Assets*” means the total assets of the Company and its Subsidiaries on a consolidated basis, as shown on the most recent consolidated balance sheet of the Company prepared in accordance with IFRS, *as adjusted* to give *pro forma* effect to acquisitions and dispositions made prior to or that are made on the date of determination, *provided*, that the *pro forma* calculation may give effect to anticipated acquisitions which have not yet occurred but which have become subject to a definitive purchase agreement or contract, where the Indebtedness to be Incurred is to finance such acquisitions in whole or in part and such Indebtedness, if Incurred prior to the completion of any such acquisition, is funded into escrow to be released to the Company or any Restricted Subsidiary in connection with the completion of such acquisition. Subject to the provisions set forth under “—*Financial calculations*,” Consolidated Total Assets shall be measured (a) in connection with the incurrence of Liens securing revolving facilities or Borrowing Base Facilities, on the most recent date on which the commitments are obtained or the date on which the new Indebtedness is incurred, at the Company’s option, and (b) in connection with the incurrence of Liens securing term Indebtedness, on the date on which new Indebtedness is incurred, in each case by reference to the balance sheet date of the most recent quarter for which internal consolidated financial statements of the Company are available.

“*Contingent Obligations*” means, with respect to any Person, any obligation of such Person Guaranteeing in any manner, whether directly or indirectly, any operating lease, dividend or other obligation that, in each case, does not constitute Indebtedness (“primary obligations”) of any other Person (the “primary obligor”), including any obligation of such Person, whether or not contingent:

- (1) to purchase any such primary obligation or any property constituting direct or indirect security therefor;
- (2) to advance or supply funds:
 - (a) for the purchase or payment of any such primary obligation; or
 - (b) to maintain the working capital or equity capital of the primary obligor or otherwise to maintain the net worth or solvency of the primary obligor; or
- (3) to purchase property, securities or services primarily for the purpose of assuring the owner of any such primary obligation of the ability of the primary obligor to make payment of such primary obligation against loss in respect thereof;
- (4) under or pursuant to any Decommissioning Security Arrangement or any letter of credit, guarantee or similar instrument related to decommissioning liabilities of any petroleum asset or other asset used in or useful for the Oil and Gas Business in which the Company or any Restricted Subsidiary has an interest, in each case to the extent they remain undrawn and are not called upon; or
- (5) for the avoidance of doubt, any contingent obligations in respect of workers’ compensation claims, early retirement or termination obligations, pension fund obligations or contributions, or similar claims, obligations or contributions or social security or wage taxes.

“*continuing*” means, with respect to any Default or Event of Default, that such Default or Event of Default has not been cured or waived.

“*Corporate Facilities*” means the \$6.0 billion senior unsecured multicurrency facilities agreement dated November 1, 2021, among, *inter alios*, BNP Paribas, Citibank, N.A., London Branch, DNB Markets, a part of DNB Bank ASA and ING Bank N.V. as coordinating bookrunners and mandated lead arrangers, ING Bank N.V. as documentation agent and DNB Bank ASA as agent and issuing bank;

“*Credit Facilities*” means, one or more debt facilities, instruments or arrangements incurred by the Company or any Subsidiary (including, without limitation, any Borrowing Base Facilities, the Bilateral Revolving Credit Facilities, the Corporate Facilities or commercial paper facilities, letters of credit, bankers’ acceptances and overdraft facilities) with banks or, *provided* that a majority of the aggregate lending commitments or debt proceeds of each, as applicable, are provided by banks, with funds or other institutions or investors, providing for revolving credit loans, term loans, receivables financing (including through the sale of receivables to such institutions or to special purpose entities formed to borrow from such institutions against such receivables) or letters of credit, bankers’ acceptances, notes or other Indebtedness, in each case, as amended, restated, modified, renewed, refunded, replaced (whether upon or after termination or otherwise), restructured, refinanced (in each case, without limitation as to amount), repaid, increased or extended in whole or in part from time to time (and whether in whole or in part and whether or not with the original administrative agent and lenders or another administrative agent or agents or trustees or other banks, funds, institutions or investors and whether provided under any Borrowing Base Facilities, the Bilateral Revolving Credit Facilities, the Corporate Facilities or one or more other credit or other agreements, indentures, financing agreements or otherwise) and in each case including all agreements, instruments and documents executed and delivered pursuant to or in connection with the foregoing (including any promissory notes and letters of credit issued pursuant thereto and any Guarantee and collateral agreement, patent and trademark security agreement, mortgages or letter of credit applications and other Guarantees, pledges, agreements, security agreements and collateral documents). Without limiting the generality of the foregoing, the term “Credit Facilities” shall include any agreement or instrument (1) changing the maturity of any Indebtedness incurred thereunder or contemplated thereby, (2) adding Subsidiaries of the Company as additional borrowers, issuers or guarantors thereunder, (3) increasing the amount of Indebtedness incurred thereunder or available to be borrowed thereunder or (4) otherwise altering the terms and conditions thereof.

“*Currency Exchange Protection Agreement*” means, in respect of any Person, any foreign exchange contract, currency swap agreement, currency option, cap, floor, ceiling or collar agreement or other similar

agreement or arrangement designed to protect such Person against fluctuations in currency exchange rates as to which such Person is a party.

“*Decommissioning Security Arrangement*” means any decommissioning security arrangement entered between the Company and any third party in respect of the provision of security for decommissioning liabilities of any petroleum asset or other asset used in or useful for the Oil and Gas Business in which the Company has an interest.

“*Default*” means any event that is, or with the passage of time or the giving of notice or both would be, an Event of Default.

“*Disqualified Stock*” means any Capital Stock that, by its terms (or by the terms of any security into which it is convertible, or for which it is exchangeable, in each case, at the option of the holder of the Capital Stock), or upon the happening of any event, matures or is mandatorily redeemable, pursuant to a sinking fund obligation or otherwise, or redeemable at the option of the holder of the Capital Stock, in whole or in part, on or prior to the date that is 91 days after the date on which the Notes mature; *provided*, that only the portion of Capital Stock which so matures or is mandatorily redeemable, or is so redeemable at the option of the holder thereof prior to such date, will be deemed to be Disqualified Stock.

“*Dollar-Denominated Production Payments*” means production payment obligations recorded as liabilities in accordance with IFRS, together with all undertakings and obligations in connection therewith.

“*Euroclear*” means Euroclear Bank SA/NV and its successors, as operator of the Euroclear System.

“*European Union*” means the European Union as of the Issue Date.

“*Exchange*” means the Luxembourg Stock Exchange.

“*Existing Notes*” means the \$500,000,000 in aggregate principal amount of the Company’s 5.000% Senior Notes due 2027, issued pursuant to an indenture dated May 18, 2022 between the Company and Citibank, N.A., London Branch.

“*Fair Market Value*” means the value that would be paid by a willing buyer to an unaffiliated willing seller in a transaction not involving distress or necessity of either party, as determined in good faith by a responsible accounting or financial officer of the Company.

“*Fitch*” means Fitch, Inc. or any successor to its ratings business.

“*Guarantee*” means a guarantee other than by endorsement of negotiable instruments for collection in the ordinary course of business, direct or indirect, in any manner including, without limitation, by way of a pledge of assets or through letters of credit or reimbursement agreements in respect thereof, of all or any part of any Indebtedness (whether arising by virtue of partnership arrangements, or by agreements to keepwell, to maintain financial statement conditions or otherwise), or entered into for purposes of assuring in any other manner the obligee of such Indebtedness of the payment thereof or to protect such obligee against loss in respect thereof (in whole or in part); *provided, however*, that the term “Guarantee” will not include the endorsements for collection or deposit in the ordinary course of business or any obligation to the extent it is payable only in Capital Stock of the guarantor that is not Disqualified Stock. The term “Guarantee” used as a verb has a corresponding meaning.

“*Guarantors*” means any Person that Guarantees the Notes in accordance with the provisions of the Indenture, and its respective successors and assigns, in each case, until the Note Guarantee of such Person has been released in accordance with the provisions of the Indenture.

“*Hedging Obligations*” means, with respect to any specified Person, the obligations of such Person under:

- (1) interest rate swap agreements (whether from fixed to floating or from floating to fixed), interest rate cap agreements and interest rate collar agreements, other agreements or arrangements designed to manage interest rates or interest rate risk;
- (2) any foreign exchange contract, currency swap agreement, currency option, cap, floor, ceiling or collar agreement or other similar agreement or arrangement designed to protect such Person against fluctuations in currency exchange rates;

- (3) any forward contract, commodity futures contract, commodity option agreement, commodity swap agreement, cap, floor, ceiling or collar agreement or other similar agreement or arrangement designed to protect against fluctuations in the price of commodities used, produced, processed or sold by that Person or any of its Subsidiaries at the time; and
- (4) other agreements or arrangements designed to protect such Person against fluctuations in interest rates, commodity prices, weather conditions or currency exchange rates, including Currency Exchange Protection Agreements.

“*Hydrocarbons*” means oil, gas, casing head gas, drip gasoline, natural gasoline, condensate, distillate, liquid hydrocarbons, gaseous hydrocarbons and all constituents, elements or compounds thereof and products refined or processed therefrom.

“*holder*” means each Person in whose name the Notes are registered on the Registrar’s books, which shall initially be the respective nominee of DTC.

“*IFRS*” means International Financial Reporting Standards endorsed from time to time by the European Union or any variation thereof with which the Company is, or may be, required to comply.

“*Indebtedness*” means, with respect to any specified Person, any indebtedness of such Person (excluding accrued expenses and trade payables):

- (1) in respect of borrowed money;
- (2) evidenced by bonds, notes, debentures or similar instruments or letters of credit (or reimbursement agreements in respect thereof);
- (3) in respect of bankers’ acceptances (or reimbursement obligations in respect thereof except to the extent any such reimbursement obligations relate to trade payables and such obligations are satisfied within 30 days of incurrence), in each case, other than Trade Instruments;
- (4) representing Capital Lease Obligations;
- (5) representing any Hedging Obligations;
- (6) the principal component of all Indebtedness of other Persons secured by a Lien on any asset of such Person, whether or not such Indebtedness is assumed by such Person; *provided, however*, that the amount of such Indebtedness will be the lesser of (a) the Fair Market Value of such asset at such date of determination and (b) the amount of such Indebtedness of such other Persons; and
- (7) the principal component of Indebtedness of other Persons to the extent Guaranteed by such Person (including, with respect to any Production Payment, any warranties or guarantees of production or payment by such Person with respect to such Production Payment, but excluding other contractual obligations of such Person with respect to such Production Payment);

provided that the foregoing indebtedness (other than letters of credit and Hedging Obligations) shall be included in this definition of Indebtedness only if, and to the extent that, the indebtedness would appear as a liability upon a balance sheet of such Person prepared in accordance with IFRS; *provided* that, notwithstanding any consolidation under IFRS, the preceding items shall not constitute “Indebtedness” for purposes hereof if (i) such Indebtedness is incurred by an orphan vehicle whose shares are not owned by such specified Person or any of its Subsidiaries and (ii) such Indebtedness is neither Guaranteed by, nor secured by the assets of, such specified Person or any of its Subsidiaries. Notwithstanding the foregoing, indebtedness shall be included in the definition of Indebtedness after deducting any receivable due from another Person (other than the specified Person and its Restricted Subsidiaries) who has an interest in an asset financed with such indebtedness to the specified Person or any Restricted Subsidiary in respect of such other Person’s interest in the relevant asset. Subject to clause (7) of the preceding sentence, neither Dollar-Denominated Production Payments nor Volumetric Production Payments shall be deemed to be Indebtedness.

The term “Indebtedness” shall not include:

- (1) any lease of property which would be considered an operating lease under IFRS which would have been considered an operating lease prior to January 1, 2019;
- (2) for the avoidance of doubt, Contingent Obligations;
- (3) any obligation of a Person in respect of a farm-in agreement or similar arrangement whereby such Person agrees to pay all or a share of the drilling, completion or other expenses of an exploratory or development well (which agreement may be subject to a maximum payment obligation, after which expenses are shared in accordance with the working or participation interest therein or in accordance with the agreement of the parties) or perform the drilling, completion or other operation on such well in exchange for an ownership interest in an oil or gas property;
- (4) in-kind obligations relating to net oil or natural gas balancing positions arising in the ordinary course of business;
- (5) in connection with the purchase by the Company or any Subsidiary of any business, any post-closing payment adjustments to which the seller may become entitled to the extent such payment is determined by a final closing balance sheet or such payment depends on the performance of such business after the closing;
- (6) prepayments of deposits received from clients or customers in the ordinary course of business;
- (7) Capital Lease Obligations under transport or pipeline agreements in the ordinary course of business;
- (8) obligations under any license, permit or other approval (or Guarantees given in respect of such obligations) Incurred prior to the Issue Date or in the ordinary course of business;
- (9) Subordinated Shareholder Debt; or
- (10) any obligations related to prepayments arising in the ordinary course of business, including accelerated payments under any offtake or similar agreements.

“*Investment Grade Rating*” means a rating equal to or higher than Baa3 (or equivalent) by Moody’s or BBB– (or the equivalent) by S&P and Fitch, or an equivalent rating by any other Rating Agency.

“*Issue Date*” means November 15, 2022.

“*Lien*” means, with respect to any asset, any mortgage, lien, pledge, charge, security interest or encumbrance of any kind in respect of such asset, whether or not filed, recorded or otherwise perfected under applicable law, including any conditional sale or other title retention agreement, any lease in the nature thereof.

“*Moody’s*” means Moody’s Investors Service, Inc. or any successor to its ratings business.

“*Note Guarantee*” means the Guarantee by a Guarantor of the Company’s Obligations under the Indenture and each series of Notes pursuant to the Indenture.

“*Obligations*” means any principal, interest, penalties, fees, indemnifications, reimbursements, damages and other liabilities payable under the documentation governing any Indebtedness.

“*Offering Memorandum*” means the offering memorandum dated November 8, 2022.

“*Officer*” means, with respect to any Person, a member of the Board of Directors, the chief executive officer, the president, the chief financial officer, any vice president, the treasurer, any managing director, any responsible accounting or financial officer, the secretary or the equivalent position of any of the foregoing or any other Person that the Board of Directors of such Person shall designate for such purpose.

“*Officer’s Certificate*” means a certificate signed on behalf of any Person by one or more Officers of such Person.

“*Oil and Gas Business*” means:

- (1) the acquisition, exploration, exploitation, development, servicing, production, operation and disposition of interests in oil, natural gas, natural gas liquids, liquefied natural gas and other Hydrocarbon, mineral or renewable energy properties or products produced in association with the foregoing;
- (2) the gathering, marketing, distributing, compressing, handling, developing, treating, refining, processing, storing, terminalling, selling, hedging, swapping and transporting of any production from oil, natural gas, natural gas liquids, liquefied natural gas and other Hydrocarbon, mineral and renewable energy properties (whether or not such properties are owned by the Company and/or its Subsidiaries) and products produced in association therewith, or in constructing or contracting with third parties for the construction of infrastructure in support of the same and the marketing of oil, natural gas, other Hydrocarbons and minerals obtained from unrelated Persons;
- (3) businesses, services or activities relating to the renewable energy or conventional energy business, including, without limitation, (i) power generation and electrical transmission business, directly or indirectly from renewable sources, oil, natural gas and other Hydrocarbons and minerals produced substantially from properties in which the Company or its Subsidiaries, directly or indirectly, owns or participates and (ii) providing or sourcing front end studies or other engineering solutions, subsea production equipment or offshore field design for oil and gas companies;
- (4) any business relating to renewable energy, oil and gas field seismic mapping, sales, service provision and technology development; and
- (5) any business or activity relating to, arising from, or necessary, appropriate or incidental to the activities described in clauses (1), (2), (3) or (4) of this definition.

“*Parent*” means any Person of which the Company at any time is or becomes a Subsidiary after the Issue Date and any holding companies established by any Permitted Holder for purposes of holding its investment in any Parent.

“*Parent Entity*” means any Person of which the Company at any time is or becomes a Subsidiary after the Issue Date and any holding companies established by any Permitted Holder for purposes of holding its investment, directly or indirectly, in the Company.

“*Pari Passu Debt*” means Indebtedness of the Company or any Guarantor that ranks equally in right of payment to the Notes or the applicable Note Guarantee.

“*Permitted Holder*” means (1) Vår Energi ASA or any one of its Subsidiaries; (2) Eni International B.V. or any one of its Subsidiaries; (3) Point Resources Holding AS; (4) any of the officers, directors, and other members of senior management of the Company or any of its Subsidiaries who at any date Beneficially Own or have the right to acquire, directly or indirectly, Capital Stock of the Company or any Parent; (5) any Person who is acting as an underwriter in connection with a public or private offering of Capital Stock of any Parent Entity or the Company, acting in such capacity; (6) any group (within the meaning of Section 13(d)(3) or Section 14(d)(2) of the Exchange Act, or any successor provision) the members of which include any Permitted Holder specified in clause (1), (2), (3) or (4) above, provided that, without giving effect to the existence of such group or any other group, any of the Persons described in clauses (1), (2), (3) and (4), collectively, Beneficially Own Voting Stock representing 50% or more of the total voting power of the Voting Stock of the Company (or any Parent Entity) then held by such group; and (7) any Affiliate or Related Person of a Permitted Holder described in either of clause (1), (2) or (3) above, and any successor to such Permitted Holder, Affiliate or Related Person.

“*Permitted Liens*” means, with respect to any Person:

- (1) Liens securing Indebtedness incurred under any Credit Facilities other than Public Indebtedness and Syndicated Term Facilities; *provided* that no such Liens are contractually subordinated to any other such Lien;
- (2) Liens other than Liens permitted by clause (1) of this definition of “Permitted Liens” in favor of the Company or any Restricted Subsidiary;
- (3) Liens on property of a Person existing at the time such Person is merged with or into or consolidated or amalgamated with the Company or any Subsidiary of the Company; *provided* that such Liens were in existence prior to the contemplation of such merger, consolidation or amalgamation and do not extend

to any assets other than those of the Person merged into or consolidated or amalgamated with the Company or the Subsidiary;

- (4) Liens on property (including Capital Stock) existing at the time of acquisition of the property by the Company or any Subsidiary of the Company; *provided* that such Liens were in existence prior to such acquisition, and not incurred in contemplation of, such acquisition;
- (5) Liens existing on the Issue Date (other than any Liens described in clause (1) of this definition);
- (6) Liens on Capital Stock of and assets of any Restricted Subsidiary that is not a Guarantor that secures Indebtedness of such Restricted Subsidiary or any other Restricted Subsidiary that is not a Guarantor;
- (7) Liens for Taxes, assessments or governmental charges or claims that (x) are not yet due and payable or (y) that are being contested in good faith by appropriate proceedings;
- (8) survey exceptions, easements or reservations of, or rights of others for, licenses, rights of way, gas and oil pipelines, sewers, electric lines, telegraph and telephone lines and other similar purposes, or zoning or other restrictions as to the use of real property that were not incurred in connection with Indebtedness and that do not in the aggregate materially adversely affect the value of said properties or materially impair their use in the operation of the business of such Person;
- (9) Liens encumbering property or assets under construction arising from progress or partial payments by a customer of the Company or its Restricted Subsidiaries relating to such property or assets;
- (10) Liens in favor of customs and revenue authorities arising as a matter of law to secure payments of customs duties in connection with the importation of goods;
- (11) any attachment, prejudgment or judgment Lien that does not constitute an Event of Default and notices of *lis pendens* and associated rights related to litigation being contested in good faith by appropriate proceedings and for which adequate reserves have been made;
- (12) Liens created for the benefit of (or to secure) the Notes (or the Note Guarantees);
- (13) Liens for the purpose of securing (a) all or any part of the purchase price, lease expense, rental payments or cost of design, construction, installation or improvement of, or any other capital expenses or operating expenses in relation to, any FPSO, rig or production facility, used or useful in the Oil and Gas Business and (b) the payment of all or a part of the purchase price or lease expense of, or Capital Lease Obligations, mortgage financings or purchase money obligations or other Indebtedness with respect to, or the repair, improvement, construction cost or cost of design, development, transportation, installation, migration or drydocking of property, plant or equipment or other assets used in the ordinary course of business of the Company or any of its Restricted Subsidiaries;
- (14) Liens arising solely by virtue of any statutory or common law provisions relating to banker's Liens, rights of set-off or similar rights and remedies as to deposit accounts or other funds maintained or deposited with a depositary institution;
- (15) Liens on cash, Cash Equivalents or other property arising in connection with the defeasance, discharge or redemption of Indebtedness;
- (16) Liens in respect of Production Payments and Reserve Sales, *provided* such Liens are limited to the property that is the subject of such Production Payment and Reserve Sale;
- (17) Liens on pipelines and pipeline facilities that arise by operation of law;
- (18) Liens arising under oil and gas leases or subleases, assignments, farm-out agreements, farm-in agreements, division orders, contracts for the sale, purchase, exchange, transportation, gathering or processing of Hydrocarbons, unitizations and pooling designations, declarations, orders and agreements, development agreements, partnership agreements, operating agreements, royalties, royalty trusts, working interests, carried working interests, net profit interests, joint interest billing arrangements, joint venture agreements, participation agreements, production sales contracts, area of mutual interest

agreements, gas balancing or deferred production agreements, injection, repressuring and recycling agreements, salt water or other disposal agreements, seismic or geophysical permits or agreements, licenses, sublicenses and other agreements which are customary in the Oil and Gas Business; *provided, however*, in all instances that such Liens are limited to the assets that are subject to the relevant agreement, program, order or contract;

- (19) any (a) interest or title of a lessor or sublessor under any lease, Liens reserved in oil, gas or other Hydrocarbons, mineral leases for bonus, royalty or rental payments and for compliance with the terms of such leases; (b) restriction or encumbrance that the interest or title of such lessor or sublessor may be subject to (including without limitation, ground leases or other prior leases of the demised premises, mortgages, mechanics' liens, tax liens, and easements); or (c) subordination of the interest of the lessee or sublessee under such lease to any restrictions or encumbrance referred to in the preceding subclause (b);
- (20) Liens arising under the Indenture in favor of the Trustee for its own benefit and similar Liens in favor of other trustees, agents and representatives arising under instruments governing Indebtedness permitted to be incurred under the Indenture, *provided, however*, that such Liens are solely for the benefit of the trustees, agents or representatives in their capacities as such and not for the benefit of the holders of the Indebtedness;
- (21) Liens securing Indebtedness arising as a result of (the establishment of) a fiscal unity for corporate income tax or value added tax purposes of which any Restricted Subsidiary is a member;
- (22) Liens securing Hedging Obligations incurred not for speculative purposes, including in connection with any commodities hedging or marketing activities or any permitted Oil and Gas Business activities;
- (23) Liens upon specific items of inventory, receivables or other goods (or the proceeds thereof) of any Person securing such Person's obligations in respect of bankers' acceptances or receivables securitizations issued or created for the account of such Person to facilitate the purchase, shipment or storage of such inventory, receivables or other goods (or the proceeds thereof);
- (24) Liens arising out of conditional sale, title retention, consignment or similar arrangements for the sale of assets entered into in the ordinary course of business;
- (25) (i) mortgages, liens, security interests, restrictions, encumbrances or any other matters of record that have been placed by any developer, landlord, contractor or other third party on property over which the Company or any Restricted Subsidiary has easement rights or on any real property leased by the Company or any Restricted Subsidiary (including those arising from progress or partial payments by a third party relating to such property or assets) and subordination or similar agreements relating thereto and (ii) any condemnation or eminent domain proceedings or compulsory purchase order affecting real property;
- (26) Liens (including put and call arrangements) on Capital Stock or other securities of any Subsidiary that is not a Restricted Subsidiary that secure Indebtedness of Subsidiaries other than Restricted Subsidiaries;
- (27) pledges of goods, the related documents of title or other related documents arising or created in the ordinary course of the Company or any Restricted Subsidiary's business or operations as Liens only for Indebtedness to a bank or financial institution directly relating to the goods or documents on or over which the pledge exists;
- (28) limited recourse Liens in respect of the ownership interests in, or assets owned by, any joint ventures which are not Restricted Subsidiaries securing obligations of such joint ventures;
- (29) Liens on any proceeds loan made by the Company or any Restricted Subsidiary in connection with any future incurrence of Indebtedness permitted under the Indenture and securing that Indebtedness;
- (30) Liens created on any asset of the Company or a Restricted Subsidiary established to hold assets of any stock option plan or any other management or employee benefit or incentive plan or unit trust of the Company or a Restricted Subsidiary securing any loan to finance the acquisition of such assets;

- (31) Liens over treasury stock of the Company or a Restricted Subsidiary purchased or otherwise acquired for value by the Company or such Restricted Subsidiary pursuant to a stock buy-back scheme or other similar plan or arrangement;
- (32) the following ordinary course items:
- (a) leases or subleases granted to others that do not materially interfere with the ordinary course of business of the Company and its Restricted Subsidiaries, taken as a whole;
 - (b) landlords', carriers', warehousemen's, mechanics', materialmen's, repairmen's or the like Liens arising by contract or statute in the ordinary course of business;
 - (c) pledges or deposits made in the ordinary course of business (A) in connection with leases, tenders, bids, statutory obligations, surety or appeal bonds, government contracts, performance bonds and similar obligations, (B) in connection with workers' compensation, unemployment insurance and other social security legislation (including, in each case, Liens to secure letters of credit issued to assure payment of such obligations) or (C) to secure plugging and abandonment obligations;
 - (d) Liens arising from Uniform Commercial Code financing statement filings under U.S. state law (or similar filings under applicable jurisdictions) regarding operating leases entered into by the Company and its Restricted Subsidiaries in the ordinary course of business;
 - (e) Liens on insurance policies and proceeds thereof, or other deposits, to secure insurance premium financings in the ordinary course of business;
 - (f) leases, licenses, subleases and sublicenses of assets in the ordinary course of business;
 - (g) Liens securing or arising by reason of any netting or set-off arrangement entered into in the ordinary course of banking or other trading activities; and
 - (h) Liens securing Trade Instruments; and
- (33) any extension, renewal, refinancing or replacement, in whole or in part, of any Lien described in the foregoing clauses (2) through (32) (but excluding clause (14)); *provided* that any such Lien is limited to all or part of the same property or assets (plus improvements, accessions, proceeds or dividends or distributions in respect thereof) that secured (or, under the written arrangements under which the original Lien arose, could secure) the Indebtedness being refinanced.

"Person" means any individual, corporation, partnership, joint venture, association, joint-stock company, trust, unincorporated organization, limited liability company or government or other entity.

"Principal Property" means any property interest in oil, natural gas or other minerals in place or in geothermal resources in place owned by the Company or any of its Subsidiaries and the net book value of which property interest or interests exceeds 2.5% of Consolidated Total Assets (unless the Board of Directors determines that any such property interest is not material to the Company and its Subsidiaries taken as a whole).

"Production Payments" means, collectively, Dollar-Denominated Production Payments and Volumetric Production Payments.

"Production Payments and Reserve Sales" means the grant or transfer by the Company or a Subsidiary of the Company to any Person of a royalty, overriding royalty, net profits interest, Production Payment, partnership or other interest in oil and gas properties, reserves or the right to receive all or a portion of the production or the proceeds from the sale of production attributable to such properties, in each case, where the holder of such interest has recourse solely to such production or proceeds of production, subject to the obligation of the grantor or transferor to operate and maintain, or cause the subject interests to be operated and maintained, in a reasonably prudent manner or other customary standard or subject to the obligation of the grantor or transferor to indemnify for environmental, title or other matters customary in the Oil and Gas Business, including any such grants or transfers pursuant to incentive compensation programs on terms that are reasonably customary in the Oil

and Gas Business for geologists, geophysicists and other providers of technical services to the Company or a Subsidiary of the Company.

“*Public Indebtedness*” means any capital markets Indebtedness consisting of bonds, debentures, notes or other similar debt securities issued in (x) a public offering or (y) a private placement to institutional investors that is underwritten for resale in accordance with Rule 144A under the U.S. Securities Act (or Rule 144A and Regulation S under the U.S. Securities Act) whether or not it includes registration rights entitling the holders of such debt securities to registration thereof with the SEC for public resale. For the avoidance of doubt, the term “Public Indebtedness” shall not be construed to include any Indebtedness issued to institutional investors in a direct placement of such Indebtedness that is not underwritten by an intermediary (it being understood that, without limiting the foregoing, a financing that is distributed to not more than fifteen Persons (provided that multiple managed accounts and affiliates of any such Persons shall be treated as one Person for the purposes of this definition) shall be deemed not underwritten), or any commercial bank or similar Indebtedness, receivables financing, Capital Lease Obligation or recourse transfer of any financial asset or any other type of Indebtedness incurred in a manner not customarily viewed as a “securities offering.”

“*Rating Agencies*” means (1) S&P, (2) Moody’s, (3) Fitch and (4) if S&P, Moody’s, Fitch or any of these shall not make a rating of the Notes available, an internationally recognized securities rating agency or agencies, as the case may be, selected by the Company, which shall be substituted for S&P, Moody’s, Fitch or any of these, as the case may be.

“*Rating Category*” means (1) with respect to S&P, any of the following categories: AAA, AA, A, BBB, BB, B, CCC, CC, C and D (or equivalent successor categories); (2) with respect to Moody’s any of the following categories: Aaa, Aa, A, Baa, Ba, B, Caa, Ca, C and D (or equivalent successor categories); and (3) the equivalent of any such category of S&P or Moody’s used by another Rating Agency. In determining whether the rating of the applicable series of Notes has decreased by one or more category, a single decrease in gradation within a Rating Category as well as between Rating Categories (+ and – for S&P; 1, 2 and 3 for Moody’s; or the equivalent gradations for another Rating Agency) shall be treated as a decrease in one category but changes in outlook shall not. For example, in the case of S&P, a rating decline from BB+ to BB will constitute a decrease in one Rating Category.

“*Rating Event*” means (1) if on the date of the first public announcement of an event that constitutes a Change of Control the applicable series of Notes is then rated by two or more Rating Agencies as having an Investment Grade Rating, there is a decrease in the rating of the applicable series of Notes by one or more of the Rating Agencies on or within 60 days of the date of the Change of Control (which period shall be extended for an additional 60 days if any Rating Agency has publicly announced that it is considering a possible downgrade of the applicable series of Notes) which causes the applicable series of Notes to no longer have an Investment Grade Rating from one or more Rating Agencies or (2) if on the date of first public announcement of an event that constitutes a Change of Control the applicable series of Notes are not then rated by two or more Rating Agencies as having an Investment Grade Rating, there is a decrease in the Rating Category of the applicable series of Notes by at least one of the Rating Agencies on or within 60 days of the date of the Change of Control (which period shall be extended for an additional 60 days if any Rating Agency has publicly announced that it is considering a possible downgrade of the applicable series of Notes) which decrease results in the rating on the applicable series of Notes by such Rating Agency to be at least one Rating Category below the rating of the applicable series of Notes issued by such Rating Agency immediately preceding the public announcement of the event that continues the relevant Change of Control.

“*Related Person*” means:

- (1) any controlling equity holder or majority (or more) owned Subsidiary of such Permitted Holder; or
- (2) in the case of an individual, any spouse, family member or relative of such individual, any trust or partnership for the benefit of one or more of such individual and any such spouse, family member or relative, or the estate, executor, administrator, committee or beneficiaries of any thereof;
- (3) any trust, corporation, partnership or other Person for which one or more of the Permitted Holders and other Related Persons of any thereof constitute the beneficiaries, stockholders, partners or owners thereof, or Persons beneficially holding in the aggregate a majority (or more) controlling interest therein; or

- (4) any investment fund or vehicle managed or sponsored by such Person or any successor thereto, or by any Affiliate of such Person or any such successor.

“*Restricted Subsidiary*” of a Person means any Subsidiary of the referent Person that, as of the applicable date of determination, (i) is a Guarantor or (ii) directly, or indirectly through ownership in another Subsidiary of such Person, owns or leases any Principal Property.

“*S&P*” means Standard & Poor’s Investor Ratings Services and any successor to its ratings business.

“*SEC*” means the U.S. Securities and Exchange Commission.

“*Significant Subsidiary*” means, at the date of determination, any Restricted Subsidiary that, together with its Subsidiaries which are Restricted Subsidiaries, (i) for the most recent fiscal year, accounted for more than 10% of the consolidated revenues of the Company or (ii) as of the end of the most recent fiscal year, was the owner of more than 10% of the consolidated assets of the Company.

“*Stated Maturity*” means, with respect to any installment of interest or principal on any series of Indebtedness, the date on which the payment of interest or principal was scheduled to be paid in the original documentation governing such Indebtedness, and will not include any contingent obligations to repay, redeem or repurchase any such interest or principal prior to the date originally scheduled for the payment thereof.

“*Subordinated Shareholder Debt*” means, collectively, any funds provided to the Company by any Parent Entity or any Permitted Holder in exchange for or pursuant to any security, instrument or agreement other than Capital Stock, together with any such security, instrument or agreement and any other security or instrument other than Capital Stock issued in payment of any obligation under any Subordinated Shareholder Debt; *provided, however, that* such Subordinated Shareholder Debt:

(a) does not (including upon the happening of any event) mature or require any amortization, redemption or other repayment of principal or any sinking fund payment prior to the first anniversary of the Stated Maturity of any series of Notes outstanding (other than through conversion or exchange of such funding into Capital Stock (other than Disqualified Stock) of the Company or any funding meeting the requirements of this definition);

(b) does not (including upon the happening of any event) require, prior to the first anniversary of the Stated Maturity of any series of Notes outstanding, payment of cash interest, cash withholding amounts or other cash gross-ups, or any similar cash amounts;

(c) contains no change of control or similar provisions and does not (including upon the happening of any event) accelerate and has no right (including upon the happening of any event) to declare a default or event of default or take any enforcement action or otherwise require any cash payment, in each case, prior to the first anniversary of the Stated Maturity of any series of Notes outstanding;

(d) does not provide for or require any security interest or encumbrance over any asset of the Company or any of its Subsidiaries and is not guaranteed by any Subsidiary of the Company;

(e) is subordinated in right of payment to the prior payment in full in cash of the Notes in the event of any default, bankruptcy, reorganization, liquidation, winding up or other disposition of assets of the Company;

(f) does not (including upon the happening of any event) restrict the payment of amounts due in respect of the Notes or compliance by the Company with its obligations under the Notes and the Indenture;

(g) does not (including upon the happening of an event) constitute Voting Stock; and

(h) is not (including upon the happening of any event) mandatorily convertible or exchangeable, or convertible or exchangeable at the option of the holder thereof; in whole or in part, prior to the date on which any series of Notes outstanding mature, other than into or for Capital Stock (other than Disqualified Stock) of the Company.

“*Subsidiary*” means, with respect to any specified Person:

- (1) any corporation, association or other business entity (other than a partnership, joint venture, limited liability company or similar entity) of which more than 50% of the total ordinary voting power of its

Voting Stock is at the time owned or controlled, directly or indirectly, by that Person or one or more of the other Subsidiaries of that Person (or a combination thereof);

- (2) any corporation, association or other business entity of which that Person or one or more of the other Subsidiaries of that Person (or any combination thereof), directly or indirectly, has the right to appoint a majority of the directors, managers or trustees, as applicable, or has the operational control of the corporation, association or other business entity and the financial results of such corporation, association or other business entity are consolidated with the financial results of such Person or one or more of the other Subsidiaries of that Person (or any combination thereof); and
- (3) any partnership, joint venture, limited liability company or similar entity of which (a) more than 50% of the capital accounts, distribution rights, total equity and voting interests or general and limited partnership interests, as applicable, are owned or controlled, directly or indirectly, by such Person or one or more of the other Subsidiaries of that Person or a combination thereof, whether in the form of membership, general, special or limited partnership interests or otherwise, and (b) such Person or any Subsidiary of such Person is a controlling general partner or otherwise controls such entity.

“*Successor Parent Holding Company*” with respect to any Person means any other Person of which more than 50% of the total voting power of the Voting Stock is, at the time the first Person becomes a Subsidiary of such other Person, Beneficially Owned by one or more Persons that Beneficially Owned more than 50% of the total voting power of the Voting Stock of the first Person immediately prior to the first Person becoming a Subsidiary of such other Person.

“*Syndicated Term Facilities*” means one or more debt facilities with banks or other institutional lenders providing for term loans that are underwritten or arranged by mandated arrangers with the primary goal of being distributed and broadly syndicated to institutional investors in the international syndication loan markets. For the avoidance of doubt and without limitation, (1) revolving credit facilities, (2) Borrowing Base Facilities, (3) bilateral facilities, (4) club credit facilities provided by relationship banks, and (5) Trade Instruments will not be deemed to be Syndicated Term Facilities for purposes of this definition.

“*Tax*” means any tax, duty, levy, impost, assessment or other governmental charge of whatever nature (including penalties, interest and any other additions thereto). “*Taxes*” and “*Taxation*” shall be construed to have corresponding meanings.

“*Trade Instruments*” means any performance bonds, advance payment bonds, letters of credit, bankers’ acceptances or similar instruments issued in respect of the obligations of the Company or any of its Subsidiaries arising in the ordinary course of business.

“*U.S. dollars*” or “*\$*” means the lawful currency of the United States of America.

“*U.S. Exchange Act*” means the United States Securities Exchange Act of 1934, as amended, and the rules and regulations of the SEC promulgated thereunder.

“*U.S. Government Obligations*” means direct obligations of, or obligations guaranteed by, the United States of America, and the payment for which the United States pledges its full faith and credit.

“*U.S. Securities Act*” means the United States Securities Act of 1933, as amended, and the rules and regulations of the SEC promulgated thereunder.

“*Volumetric Production Payments*” means production payment obligations recorded as deferred revenue in accordance with IFRS, together with all related undertakings and obligations.

“*Voting Stock*” of any specified Person as of any date means the Capital Stock of such Person that is at the time entitled to vote in the election of the Board of Directors of such Person.

BOOK-ENTRY, DELIVERY AND FORM

General

The Notes sold outside the United States pursuant to Regulation S under the U.S. Securities Act will initially be represented by a global note in registered form without interest coupons attached (the “**Regulation S Global Note**”).

The Notes sold within the United States to qualified institutional buyers, pursuant to Rule 144A, will initially be represented by a global note in registered form without interest coupons attached (the “**144A Global Note**” and, together with the Regulation S Global Note, the “**Global Notes**”). On the closing date the Global Notes will be deposited with a custodian of DTC and registered in the name of Cede & Co., as nominee of DTC.

Investors who are qualified institutional buyers and who purchase Notes in reliance on Rule 144A may hold their interests in a Rule 144A Global Note directly through DTC if they are DTC participants, or indirectly through organizations that are DTC participants. Investors who hold beneficial interests in a Regulation S Global Note may hold such interests directly through DTC if they are DTC participants, or indirectly through organizations that are DTC participants. DTC will hold interests in the Regulation S Global Note on behalf of their participants through their respective depositories, which in turn will hold the interests in the Regulation S Global Note in customers’ securities accounts in the depositories’ names on the books of DTC. Book-Entry Interests will be shown on, and transfers thereof will be effected only through, records maintained in book-entry form by DTC and its participants. The Book-Entry Interests in the Global Notes will be issued only in denominations of \$200,000 and integral multiples of \$1,000 in excess thereof.

The Book-Entry Interests will not be held in definitive form. Instead, DTC will credit on its book-entry registration and transfer systems a participant’s account with the interest beneficially owned by such a participant. The laws of some jurisdictions, including certain states of the United States, may require that certain purchasers of securities take physical delivery of such securities in definitive form. The foregoing limitations may impair the ability to own, transfer or pledge Book-Entry Interests. In addition, while the Notes are in global form, owners of interests in the Global Notes will not have the Notes registered in their names, will not receive physical delivery of the Notes in certificated form and will not be considered the registered owners or “holder” of Notes under the Indenture for any purpose.

So long as the Notes are held in global form, DTC (or its nominee) will be considered the holder of Global Notes for all purposes under the Indenture. As such, participants must rely on the procedures of DTC and indirect participants must rely on the procedures of DTC and the participants through which they own Book-Entry Interests to exercise any rights of holders under the Indenture.

None of the Company, any future Guarantor, the Trustee, the Paying Agent, the Registrar or the Transfer Agent under the Indenture governing each series of the Notes, nor any of their respective agents will have any responsibility or be liable for any aspect of the records relating to the Book-Entry Interests.

Issuance of Definitive Registered Notes

Under the terms of the Indenture governing each series of the Notes, owners of Book-Entry Interests will receive definitive Notes in registered form (the “**Definitive Registered Notes**”):

- if DTC notifies the Company that it is unwilling or unable to continue to act as depository and the Company does not appoint a successor depository within 120 days;
- if the Company, at its option but subject to DTC’s rules, notifies the Trustee in writing that it elects to exchange in whole, but not in part, the Global Note for Definitive Registered Notes; or
- if DTC so requests following an event of default under the Indenture.

In such an event, the Company will issue Definitive Registered Notes, registered in the name or names and issued in any approved denominations, requested by or on behalf of DTC or the Company, as applicable (in accordance with its customary procedures and based upon directions received from participants reflecting the beneficial ownership of Book-Entry Interests), and such Definitive Registered Notes will bear the restrictive legend referred to in “*Notice to Investors*,” unless that legend is not required by the Indenture governing the Notes or applicable law.

Redemption of Global Notes

In the event any Global Note, or any portion thereof, is redeemed, DTC will distribute the amount received by it in respect of the Global Note so redeemed to the holders of the Book-Entry Interests in such Global Note from

the amount received by it in respect of the redemption of such Global Note. The redemption price payable in connection with the redemption of such Book-Entry Interests will be equal to the amount received by DTC in connection with the redemption of such Global Note (or any portion thereof). The Company understands that under existing practices of DTC if fewer than all of the Notes are to be redeemed at any time, DTC will credit their respective participants' accounts on a proportionate basis (with adjustments to prevent fractions) or by lot or on such other basis as they deem fair and appropriate; *provided, however*, that no Book-Entry Interest of less than \$200,000 in principal amount may be redeemed in part.

Payments on Global Notes

The Company will make payments of amounts owing in respect of the Global Notes (including principal, premium, interest and additional amounts) to the Paying Agent. The Paying Agent will, in turn, make such payments to DTC or its nominee, which will distribute such payments to participants in accordance with their respective procedures.

Under the terms of the Indenture governing the Notes, the Company, the Trustee, the Paying Agent, the Transfer Agent and the Registrar will treat the registered holder of the Global Notes (i.e., the nominee for DTC) as the owner thereof for the purpose of receiving payments and for all other purposes. Consequently, neither the Company nor the Trustee, the Paying Agent, the Transfer Agent, the Registrar or any of their respective agents has or will have any responsibility or liability for:

- any aspects of maintaining, supervising or reviewing the records of DTC or any participant or indirect participant relating to, or payments made on account of, a Book-Entry Interest; or
- DTC or any participant or indirect participant.

Payments by participants to owners of Book-Entry Interests held through participants are the responsibility of such participants, as is now the case with securities held for the accounts of subscribers registered in "street name."

To tender Book-Entry Interests in a change of control offer, the holder of the applicable Global Note must, within the period specified in such offer, give notice of such tender to the tender agent or depository for such offer and specify the principal amount of Book-Entry Interests to be tendered.

The principal of, premium, if any, and interest on, and all other amounts payable in respect of, the Global Notes will be paid to holders of interests in such Notes through DTC in dollars.

Action by owners of book-entry interests

DTC has advised the Company that it will take any action permitted to be taken by a holder of Notes (including the presentation of Notes for exchange as described above) only at the direction of one or more participants to whose account the Book-Entry Interests in the Global Notes are credited and only in respect of such portion of the aggregate principal amount of Notes as to which such participant or participants has or have given such direction. DTC will not exercise any discretion in the granting of consents, waivers or the taking of any other action in respect of the Global Notes. However, if there is an event of default under the Notes, DTC reserves the right to exchange the Global Notes for Definitive Registered Notes in certificated form, and to distribute such Definitive Registered Notes to their respective participants.

Transfers

Transfers between participants in DTC will be done in accordance with DTC rules and will be settled in immediately available funds. If a holder requires physical delivery of Definitive Registered Notes for any reason, including to sell the Notes to persons in jurisdictions which require physical delivery of such securities or to pledge such securities, such holder must transfer its interest in the Global Notes in accordance with the normal procedures of DTC and in accordance with the provisions of the Indenture governing the Notes.

The Global Notes will bear a legend to the effect set forth in "*Notice to investors.*" Book-Entry Interests in the Global Notes will be subject to the restrictions on transfer discussed in "*Notice to Investors.*"

During the period ending 40 days after the commencement of the Offering of the Notes (the "**40-Day Period**"), beneficial interests in a Regulation S Global Note may be transferred to a U.S. person only if such transfer is made pursuant to Rule 144A and the transferor first delivers to the Transfer Agent a certificate (in the form provided in the Indenture governing the Notes) to the effect that such transfer is being made to a person who the transferor reasonably believes is a "qualified institutional buyer" within the meaning of Rule 144A in a transaction meeting the requirements of Rule 144A or otherwise in accordance with the transfer restrictions described under "*Notice to Investors*" and in accordance with all applicable securities laws of the states of the United States and other jurisdictions.

Subject to the foregoing, and as set forth in “*Notice to investors*,” Book-Entry Interests may be transferred and exchanged as described under “*Description of the Notes—Transfer and exchange*.” Any Book-Entry Interest in one of the Global Notes that is transferred to a person who takes delivery in the form of a Book-Entry Interest in the other Global Note will, upon transfer, cease to be a Book-Entry Interest in the first-mentioned Global Note and become a Book-Entry Interest in the other Global Note, and accordingly, will thereafter be subject to all transfer restrictions, if any, and other procedures applicable to Book-Entry Interests in such other Global Note for as long as it retains such a Book-Entry Interest.

Definitive Registered Notes may be transferred and exchanged for Book-Entry Interests in a Global Note only as described under “*Description of the Notes—Transfer and exchange*” and, if required, only if the transferor first delivers to the Trustee and the Registrar a written certificate (in the form provided in the Indenture governing the Notes) to the effect that such transfer will comply with the appropriate transfer restrictions applicable to such Notes. See “*Notice to Investors*.”

Transfers involving an exchange of a Regulation S Book-Entry Interest for 144A Book-Entry Interest will be done by DTC by means of an instruction originating from the Transfer Agent through the DTC Deposit/Withdrawal at Custodian system. Accordingly, in connection with any such transfer, appropriate adjustments will be made to reflect a decrease in the principal amount of the Regulation S Global Note and a corresponding increase in the principal amount of the 144A Global Note. The policies and practices of DTC may prohibit transfers of Book-Entry Interests in the Regulation S Global Note prior to the expiration of the 40-Day Period.

Information concerning DTC

All Book-Entry Interests will be subject to the operations and procedures of DTC. The Company provides the following summaries of those operations and procedures solely for the convenience of investors. The operations and procedures of each settlement system are controlled by that settlement system and may be changed at any time. Neither the Company nor the Initial Purchasers nor the Trustee, the Paying Agent, the Transfer Agent or the Registrar is responsible for those operations or procedures. DTC has advised the Company that it is:

- a limited purpose trust company organized under New York Banking Law;
- a “banking organization” under New York Banking Law;
- a member of the Federal Reserve System;
- a “clearing corporation” within the meaning of the New York Uniform Commercial Code; and
- a “clearing agency” registered under Section 17A of the U.S. Exchange Act.

DTC was created to hold securities for its participants and to facilitate the clearance and settlement of transactions among its participants. It does this through electronic book-entry changes in the accounts of securities participants, eliminating the need for physical movement of securities certificates. DTC participants include securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations (including Euroclear and Clearstream). DTC’s owners are the NYSE Euronext and the Financial Industry Regulatory Authority, Inc. and a number of its direct participants. Other parties, such as banks, brokers and dealers and trust companies, who clear through or maintain a custodial relationship with a direct participant, also have access to the DTC system and are known as indirect participants.

Because DTC can only act on behalf of participants, who in turn act on behalf of indirect participants and certain banks, the ability of an owner of a beneficial interest to pledge such interest to persons or entities that do not participate in DTC or otherwise take actions in respect of such interest, may be limited by the lack of a definite certificate for that interest. The laws of some jurisdictions require that certain persons take physical delivery of securities in definitive form. Consequently, the ability to transfer beneficial interests to such person may be limited.

Global clearance and settlement under the book-entry system

The Notes represented by the Global Notes are expected to be admitted to listing on the Securities Official List of the Exchange and to trade in DTC’s Same-Day Funds Settlement System, and any permitted secondary market trading activity in such Notes will, therefore be required by DTC to be settled in immediately available funds. You should be aware that investors will only be able to make and receive deliveries, payments and other communications involving Notes through DTC on days when such system is open for business. Such system may not be open for business on days when banks, brokers and other institutions are open for business in the United States.

Although DTC currently follows the foregoing procedures to facilitate transfers of interests in the Global Notes among participants in DTC, it is under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued or modified at any time. None of the Company, any future Guarantor, the Trustee, the Paying Agent, the Transfer Agent or the Registrar or any of their respective agents will have any responsibility for the performance by DTC or its respective participants or indirect participants, of their respective obligations under the rules and procedures governing their operations.

Initial settlement

Initial settlement for the Notes will be made in U.S. dollars. Book-Entry Interests owned through DTC accounts will follow the settlement procedures applicable to conventional bonds in registered form. Book-Entry Interests will be credited to the securities custody accounts of DTC participants on the Business Day following the settlement date against payment for value on the settlement date.

Secondary market trading

The Book-Entry Interests will trade through participants of DTC and will settle in same-day funds. Since the purchase determines the place of delivery, it is important to establish at the time of trading of any Book-Entry Interests where both the purchaser's and the seller's accounts are located to ensure that settlement can be made on the desired value date.

TAXATION

Certain United States federal income tax considerations to U.S. holders

The following discussion is a summary of certain U.S. federal income tax consequences of the purchase, ownership and disposition of the Notes, but does not purport to be a complete analysis of all potential tax effects. The summary is limited to consequences relevant to a U.S. holder (as defined below), except for discussions on Additional Notes (as defined under “*Description of the Notes—Principal, maturity and interest*”) and FATCA (as defined under “—*Foreign account tax compliance act*”), and does not address the effects of any U.S. federal tax laws other than U.S. federal income tax laws (such as estate and gift tax laws) or any state, local or non-U.S. tax laws. This discussion is based upon the U.S. Internal Revenue Code of 1986, as amended (the “**Code**”), Treasury regulations issued thereunder, and judicial and administrative interpretations thereof, each as in effect on the date hereof, and all of which are subject to change, possibly with retroactive effect. No rulings from the U.S. Internal Revenue Service (the “**IRS**”) have been or are expected to be sought with respect to the matters discussed below. There can be no assurance that the IRS will not take a different position concerning the tax consequences of the purchase, ownership or disposition of the Notes or that any such position would not be sustained.

This discussion does not address all of the U.S. federal income tax consequences that may be relevant to a holder in light of such holder’s particular circumstances, including the impact of the alternative minimum tax or the unearned income Medicare contribution tax, or to holders subject to special rules, such as certain financial institutions, U.S. expatriates, insurance companies, dealers in securities or currencies, traders in securities, U.S. holders whose functional currency is not the U.S. dollar, tax exempt organizations, regulated investment companies, real estate investment trusts, partnerships or other pass through entities or arrangements and investors in such entities or arrangements, persons subject to special tax accounting rules as a result of any item of gross income with respect to the Notes being taken into account in an applicable financial statement, U.S. holders that hold Notes through non-U.S. brokers or other non-U.S. intermediaries and persons holding the Notes as part of a “straddle,” “hedge,” “conversion transaction” or other integrated transaction for U.S. federal income tax purposes. In addition, this discussion is limited to persons who purchase the Notes in the offering hereby for cash at original issue and at their “issue price” (the first price at which a substantial amount of the Notes is sold to the public for cash, excluding sales to bond houses, brokers or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers) and who hold the Notes as capital assets within the meaning of Section 1221 of the Code (generally, property held for investment).

For purposes of this discussion, a “U.S. holder” is a beneficial owner of a Note that is, for U.S. federal income tax purposes, (i) an individual who is a citizen or resident of the United States; (ii) a corporation or any entity taxable as a corporation for U.S. federal income tax purposes created or organized in the United States or under the laws of the United States, any state thereof or the District of Columbia; (iii) any estate the income of which is subject to U.S. federal income taxation regardless of its source; or (iv) any trust if a court within the United States is able to exercise primary supervision over the administration of the trust and one or more U.S. persons have the authority to control all substantial decisions of the trust, or if a valid election is in place to treat the trust as a U.S. person.

If any entity or arrangement treated as a partnership for U.S. federal income tax purposes holds the Notes, the U.S. federal income tax treatment of a partner in the partnership generally will depend upon the status of the partner and the activities of the partner and the partnership. A partnership considering an investment in the Notes, and partners in such a partnership, should consult their tax advisors regarding the U.S. federal income tax consequences of the purchase, ownership and disposition of the Notes.

Prospective purchasers of the Notes should consult their tax advisors concerning the tax consequences of holding Notes in light of their particular circumstances, including the application of the U.S. federal income tax considerations discussed below, as well as the application of other U.S. federal tax laws (such as estate and gift tax laws) and state, local, non-U.S. or other tax laws.

Characterization of the Notes

In certain circumstances, we may be obligated to make payments on the Notes in excess of stated principal and interest (see “*Description of the Notes—Additional amounts*” and “*Description of the Notes—Repurchase at the option of holders—Change of Control Triggering Event*”). We intend to take the position that the foregoing contingencies should not cause the Notes to be treated as contingent payment debt instruments. This position is based, in part, on assumptions regarding the likelihood of such payments as of the date of issuance of the Notes. Assuming such position is respected, a U.S. holder would be required to include in income the amount of any such additional payments at the time such payments are received or accrued in accordance with such U.S. holder’s method of accounting for U.S. federal income tax purposes. Our position is binding on a holder unless the holder discloses in the proper manner to the IRS that it is taking a different position. If the IRS successfully challenged

our position, and the Notes are treated as contingent payment debt instruments, U.S. holders could be required to accrue interest income at a rate higher than their yield to maturity and to treat as ordinary income, rather than capital gain, any gain recognized on a sale, exchange, retirement or redemption of a Note. This disclosure assumes that the Notes will not be considered contingent payment debt instruments. U.S. holders are urged to consult their tax advisors regarding the potential application of the contingent payment debt instrument rules to the Notes and the consequences thereof.

Payments of stated interest

Payments of stated interest on the Notes (as well as any Additional Amounts and without reduction for any taxes withheld) generally will be includible in the gross income of a U.S. holder as ordinary income at the time that such payments are received or accrued, in accordance with such U.S. holder's method of accounting for U.S. federal income tax purposes.

Foreign tax credit

A U.S. holder may be able to claim a credit (or, at such holder's election, a deduction in lieu of such credit) with respect to any non-U.S. withholding taxes deducted from a payment on the Notes in computing such holder's U.S. federal income tax liability. Interest income on a Note generally will constitute foreign source income and generally will be considered "passive category income" in computing the foreign tax credit. There are significant complex limitations on a U.S. holder's ability to claim foreign tax credits. U.S. holders should consult their tax advisors regarding the creditability or deductibility of any withholding taxes.

Sale, exchange, retirement, redemption or other taxable disposition of Notes

Upon the sale, exchange, retirement, redemption or other taxable disposition of a Note, a U.S. holder generally will recognize gain or loss equal to the difference, if any, between the amount realized upon such disposition (less any amount equal to any accrued but unpaid stated interest, which will be taxable as stated interest income as discussed above to the extent not previously included in income by the U.S. holder) and such U.S. holder's adjusted tax basis in the Note. A U.S. holder's adjusted tax basis in a Note generally will be the purchase price of such Note paid by such U.S. holder. Any gain or loss recognized upon the sale, exchange, retirement, redemption or other taxable disposition of a Note generally will be U.S. source capital gain or loss and generally will be long-term capital gain or loss if the U.S. holder held the Note for more than one year on the date of disposition. Long-term capital gains of non-corporate U.S. holders (including individuals) are generally eligible for reduced rates of taxation. The deductibility of capital losses is subject to limitations.

Additional Notes

The Company may issue Additional Notes as described under "*Description of the Notes—Principal, maturity and interest.*" In some cases, these Additional Notes may be treated as a separate series of notes for U.S. federal income tax purposes, even if they are treated for non-tax purposes as part of the same series as the applicable series of Notes offered hereunder. In such case, the Additional Notes may be considered to be issued with original issue discount for U.S. federal income tax purposes, which may adversely affect the market value of the applicable series of Notes offered hereby if the Additional Notes are not otherwise distinguishable from such Notes.

Information reporting and backup withholding

In general, payments of interest on the Notes and the proceeds of the sale or other disposition (including a retirement or redemption) of a Note paid to a U.S. holder may be required to be reported to the IRS unless the U.S. holder properly establishes that it is a corporation or other exempt recipient. Backup withholding may apply to such payments if the U.S. holder fails to provide the applicable withholding agent with a taxpayer identification number or a certification that it is not subject to backup withholding. U.S. Holders may be required to provide such certification on IRS Form W-9.

Backup withholding is not an additional tax and any amounts withheld under the backup withholding rules may be allowed as a refund or a credit against a U.S. holder's U.S. federal income tax liability provided the required information is timely furnished to the IRS.

Tax return disclosure requirements

Individuals (and certain entities treated as individuals for this purpose) that own "specified foreign financial assets" (which includes debt of foreign entities) with an aggregate value in excess of certain thresholds generally are required to file an information report on IRS Form 8938 with respect to such assets, or the accounts in which they are held, with their tax returns. If a U.S. holder does not file a required IRS Form 8938, such holder may be

subject to substantial penalties and the statute of limitations on the assessment and collection of all U.S. federal income taxes of such holder for the related tax year may not close before the date which is three years after the date on which such report is filed. The Notes may constitute specified foreign financial assets subject to these reporting requirements unless the Notes are held in an account at certain financial institutions.

U.S. holders are urged to consult their tax advisors regarding the application of the foregoing disclosure requirements to their ownership of the Notes, including the significant penalties for noncompliance.

Foreign account tax compliance act

Pursuant to Sections 1471 through 1474 of the Code (provisions commonly known as “**FATCA**”) and subject to the proposed regulations discussed below, a “foreign financial institution” may be required to withhold U.S. tax on certain payments treated as attributable to certain U.S. source payments (so-called “foreign passthru payments”). Currently, the term “foreign passthru payment” is not defined and it is unclear whether or to what extent payments on the Notes would be considered foreign passthru payments, assuming the Company were treated as a foreign financial institution. If and when final regulations are filed defining such term, the Notes will be considered “grandfathered” from FATCA because they were issued on or prior to the date that is six months after the date on which such final regulations are published, unless the Notes are materially modified after such date. However, if Additional Notes are issued after the expiration of the grandfather period, have the same CUSIP or ISIN as the applicable series of Notes offered hereby, and are subject to withholding under FATCA, then withholding agents may treat all Notes of the applicable series, including the applicable series of Notes offered hereby, as subject to withholding under FATCA. Under proposed regulations, any FATCA withholding on foreign passthru payments on debt instruments that are not otherwise grandfathered would only apply to foreign passthru payments made on or after the date that is two years after the date on which final regulations are published in the Federal Register defining foreign passthru payments. Taxpayers generally may rely on these proposed regulations until final regulations are issued. In the event any FATCA withholding is imposed with respect to any payments on the Notes, there will be no Additional Amounts payable to compensate for the withheld amount.

Norway has entered into an intergovernmental agreement with the United States to implement FATCA in a manner that may alter the rules described herein. Under the intergovernmental agreement, the Company may be required to report certain information regarding investors to tax authorities in Norway, which information may be shared with taxing authorities in the United States. Holders should consult their tax advisors on how these rules may apply to their investment in the Notes.

Certain ERISA considerations

Overview

The U.S. Employee Retirement Income Security Act of 1974, as amended (“**ERISA**”), imposes requirements on “employee benefit plans” within the meaning of Section 3(3) of ERISA that are subject to Title I of ERISA, such as pension plans, retirement plans, profit-sharing plans, 401(k) plans, health and welfare plans, medical plans, certain voluntary employee’s beneficiary associations and certain look-through entities, such as tax-exempt group trusts, common or collective trust funds of banks, collective investment funds, and insurance company separate accounts whose underlying assets include the assets of such employee benefit plans, certain insurance company general accounts, separately managed accounts whose underlying assets include the assets of such employee benefit plans and other funds and investment vehicles that are treated as holding plan assets because of plans’ investment in the entities (each, an “**ERISA Plan**”), and on those persons who are fiduciaries with respect to ERISA Plans. ERISA also imposes limits on transactions between ERISA Plans and the ERISA Plan’s service providers or other related parties.

Each fiduciary of an ERISA Plan should consider ERISA and the regulations and guidance thereunder when considering an investment in the Notes. Fiduciaries of ERISA Plans, as well as other “plans” and other retirement arrangements within the meaning of Section 4975(e)(1) of the Code that are subject to Section 4975 of the Code, such as individual retirement accounts, health savings accounts and “Keogh” plans (together with an ERISA Plan, a “**Plan**”), should also consider, among other items, the issues described below when considering an investment in the Notes.

When evaluating the prudence of an investment, the ERISA Plan’s fiduciary should consider the U.S. Department of Labor (the “**DOL**”) regulation on investment duties. Under ERISA, a person who exercises discretionary authority or control regarding the management or disposition of an ERISA Plan’s assets is generally considered a fiduciary of such an ERISA Plan. Investments by ERISA Plans are subject to ERISA’s general fiduciary requirements, which should be taken into account with regards to each ERISA Plan’s particular facts and circumstances. For example, when considering an investment in the Notes with an ERISA Plan’s assets, the ERISA Plan’s fiduciary would typically determine, particularly in light of the risks and limited liquidity inherent

in an investment in the Notes, whether the investment in the Notes would (i) satisfy the diversification requirements of Section 404(a)(1)(C) of ERISA, (ii) be in accordance with the documents and instruments governing the ERISA Plan pursuant to Section 404(a)(1)(D) of ERISA and (iii) be prudent with respect to the structure and nature of the Offering.

Fiduciaries of ERISA Plans should consider whether an investment in the Notes might constitute or give rise to a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code.

Prohibited transactions

Section 406 of ERISA and Section 4975 of the Code prohibit certain transactions involving the assets of a Plan and persons and their affiliates that have certain relationships to the Plan, including the Plan's fiduciaries and other service providers (referred to as "parties in interest" under Section 3(14) of ERISA and "disqualified persons" under Section 4975 of the Code, and each, a "**Party in Interest**"). An investment in the Notes by a Plan with respect to which any of the Company, the Initial Purchasers or their respective affiliates (each, a "**Transaction Party**") is considered a Party in Interest may constitute or result in a direct or indirect prohibited transaction under Section 406 of ERISA or Section 4975 of the Code, unless a statutory or administrative exemption is applicable to the transaction.

The Transaction Parties may be Parties in Interest with respect to many Plans, and if an acquisition, holding or disposition of the Notes were determined to be a prohibited transaction between a Plan and a Party in Interest, a statutory or administrative prohibited transaction exemption would be required. Included among the exemptions are the statutory exemption of Section 408(b)(17) of ERISA and Section 4975(d)(20) of the Code (relating to certain transactions between a Plan and a service provider to the Plan, provided that neither the service provider nor its affiliate has or exercises any discretionary authority or control or renders any investment advice with respect to the assets of any Plan involved in the transaction (in other words, not a fiduciary) and provided further that the Plan pays no more than, and receives no less than, "adequate consideration" in connection with the transaction) and the administrative exemptions of Prohibited Transaction Class Exemption ("**PTCE**") 91-38 (relating to investments made by bank collective investment funds), PTCE 84-14 (relating to transactions effected by independent "qualified professional asset managers"), PTCE 95-60 (relating to transactions involving insurance company general accounts), PTCE 90-1 (relating to investments by insurance company pooled separate accounts) and PTCE 96-23 (relating to transactions determined by certain "in-house asset managers"). Each fiduciary of a Plan should consider in an investment in the Notes, among other things, whether such an investment would involve (i) a direct or indirect extension of credit to a Party in Interest, (ii) a sale or exchange of any property between a Plan and a Party in Interest or (iii) a transfer to, or use by or for the benefit of, a Party in Interest of the Plan's assets. In this regard, there can be no assurance that any of these or other exemptions will be available with respect to any particular transaction involving an investment in the Notes.

The investment class exemptions described above cover per se prohibited transactions between Plans and Parties in Interest. Most of the exemptions do not provide relief from some or all of the self-dealing prohibitions under Section 406 of ERISA or Section 4975 of the Code, and Plan fiduciaries should consider whether any of the self-dealing prohibitions could be relevant here.

Each fiduciary of a Plan that has engaged in a non-exempt prohibited transaction may be required to, among other potential actions, (i) restore to the Plan any profit realized on the transaction, (ii) reimburse the Plan for any losses suffered by the Plan as a result of the transaction or (iii) unwind the transaction. Under Section 4975 of the Code, a Party in Interest may be required to pay excise taxes based on the amount involved in the transaction (including a 100% excise tax if the transaction is not corrected within a certain time period).

Similar Law plans

"Governmental plans" within the meaning of Section 3(32) of ERISA, "church plans" within the meaning of Section 3(33) of ERISA that have made no election under Section 410(d) of the Code and non-U.S. plans described in Section 4(b)(4) of ERISA, while not subject to the fiduciary responsibility and prohibited transaction provisions of Title I of ERISA and Section 4975 of the Code, may nevertheless be subject to a U.S. federal, state, local or non-U.S. law or regulation that contains one or more provisions that are similar to the fiduciary responsibility and prohibited transaction provisions of Title I of ERISA or Section 4975 of the Code ("**Similar Law**").

Representations and warranties.

By acceptance of a Note, you will be deemed to have represented and agreed that (A) either (i) no portion of the assets used by you to acquire and hold the Notes or an interest therein constitutes assets of (a) any Plans or (b) governmental plans, church plans or non-U.S. plans that are subject to Similar Law or (ii) (a) the acquisition and holding by you of the Notes or an interest therein will not constitute or result in a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code or violation of any applicable Similar Law, and (b) if a portion of the assets used by you to acquire and hold the Notes or an interest therein constitutes assets of a Plan, none of the Transaction Parties has acted as the Plan's fiduciary (within the meaning of Section 3(21) of ERISA or Section 4975(e)(3) of the Code), or has been relied on for advice, with respect to your decision to acquire and hold the Notes or an interest therein, and (B) you will not sell or otherwise transfer such Note or any interest therein otherwise than to a purchaser or transferee that is deemed to make these same representations, warranties and agreements with respect to its acquisition and holding of such Note or any interest therein.

Certain Norwegian considerations

The following is a general description of certain Norwegian tax consequences resulting from the acquisition, ownership and disposition of the Notes. This description is based on the assumption that the Notes are regarded as debt instruments under Norwegian law. Further, this description does not purport to be a comprehensive description of all tax considerations that may be relevant to a decision to purchase the Notes. In particular, this discussion does not consider any specific facts or circumstances that may apply to a particular purchaser subject to special tax regimes, such as banks, insurance companies or tax-exempt organizations. This summary is based on the laws (including tax treaties) currently in force and as applied on the date of this Offering Memorandum in the Kingdom of Norway which are subject to change, possibly with retroactive effect.

PROSPECTIVE PURCHASERS OF THE NOTES ARE ADVISED TO CONSULT THEIR OWN TAX ADVISORS AS TO THE TAX CONSEQUENCES OF THE PURCHASE, OWNERSHIP AND DISPOSITION OF THE NOTES, INCLUDING THE EFFECT OF ANY STATE OR LOCAL TAXES UNDER THE TAX LAWS APPLICABLE IN THE KINGDOM OF NORWAY AND EACH COUNTRY OF WHICH THEY ARE RESIDENTS OR WHOSE TAX LAWS APPLY TO THEM FOR OTHER REASONS.

Please note that for the purpose of the summary below, a reference to a Norwegian or non-Norwegian holder of the Notes refers to the tax residency and not the nationality of the holder of the Notes. The Norwegian Government has recently implemented a tax reform in Norway.

Taxation of interest

Norwegian Holders of the Notes

Both corporate and individual holders of the Notes who are residents in Norway for tax purposes ("**Norwegian Holders**") are subject to Norwegian tax on interest accrued with a flat tax rate currently at 22%.

If the Notes are not listed in a regulated market within six months following issuance, Norwegian Holders who are individuals resident in Norway for tax purposes will be subject to additional Norwegian taxes on the interest received. The deemed additional interest income is calculated on the basis of the interests accrued reduced by the tax rate (22%) less a risk-free interest rate ("*skjermingsfradrag*"). The additional taxable income will equal the calculated additional interest income adjusted upwards with 1.60 (which is proposed to increase to 1.72 as of January 1, 2023). The risk-free interest rate is determined by the Norwegian Directorate of Taxes based on the interest rate published by Norges Bank on a bi-monthly basis.

Any interest accrued in U.S. dollars under the Notes is converted to Norwegian kroner when calculating the taxable interest income.

Non-Norwegian Holders of the Notes

In general, payments of interest on the Notes issued to holders of the Notes who are not resident in Norway for tax purposes ("**Non-Norwegian Holders**") are not subject to Norwegian tax. Exemption is made for interest payments to related parties (50% ownership/control) resident in low tax jurisdictions. For such holders of Notes interests payments will be subject to withholding tax at a rate of 15%. Norway's right to levy withholding tax on interests payments may be limited, and the tax rate may be reduced, through the regulations in the relevant tax treaty between Norway and state of which the holder of Notes is tax resident.

If the Notes are held by an individual or by a company not resident of Norway, that is performing business activities in Norway, and the Notes are effectively connected with such business activities in Norway, interest accrued will be taxed in Norway with a tax rate of 22%.

Taxation of capital gains or losses on disposal of the notes

Norwegian holders of the notes

Capital gains realized by Norwegian Holders upon the sale, disposal or other redemption of the Notes will be subject to Norwegian taxation at the rate of 22%. Losses will be tax deductible.

The taxable gain or deductible loss is calculated per Note and is equal to the sales price less the Norwegian Holder's cost price of the Note, including costs incurred in relation to the acquisition or realization of the Note. Any gain received in U.S. dollars when realizing the Notes is converted to Norwegian kroner when calculating the taxable gain.

If the Norwegian Holder owns Notes acquired at different points in time, the Notes that were acquired first will be regarded as the first to be disposed of, on a first-in first-out basis.

Non-Norwegian holders of notes

Capital gains or profits realized on the sale, disposal or other redemption of the Notes by Non-Norwegian Holders are not subject to Norwegian taxes or duties.

A tax liability in Norway will arise if the Non-Norwegian Holder is performing a business activity in Norway and the Notes are effectively connected with such business activities, see “*—Taxation of interest—Non-Norwegian holders of the Notes,*” above.

Net wealth tax

Corporate holders of the Notes that are resident in Norway for tax purposes are exempt from Norwegian net wealth tax.

Individual holders of the Notes who are tax resident in Norway are liable to net wealth tax. The value of the Notes is included in the basis for the computation of net wealth tax imposed on individual Norwegian holders of the Notes. As of January 1, 2022, the marginal net wealth tax rate is 0.95% (which is proposed to increase to 1.00% as of January 1, 2023) on net wealth exceeding NOK 1,700,000 and up to NOK 19,999,999, and a current rate of 1.1% on net wealth of NOK 20,000,000 and above. The tax value of listed Notes is set equal to the quoted value as of January 1 in the year of the tax assessment (i.e., the year following the relevant fiscal year). The tax value of unlisted Notes is equal to the presumed market value of the Notes as of January 1 in the year of the tax assessment.

Non-Norwegian Holders are not liable to Norwegian net wealth tax on the holding of the Notes unless the Non-Norwegian Holder is an individual and the Notes are effectively connected with a business that the individual holder of the Notes carries out in Norway.

VAT and transfer taxes

No VAT, stamp or similar duties are currently imposed in Norway on the transfer or issuance of the Notes.

PLAN OF DISTRIBUTION

Subject to the terms and conditions set forth in a purchase agreement (the “**Purchase Agreement**”) by and among the Company and the Initial Purchasers, we have or will have agreed to sell to each Initial Purchaser, and each Initial Purchaser has or will have agreed, severally and not jointly, to purchase from us, together with all other Initial Purchasers, the entire principal amount of the Notes as set forth below:

	Principal Amount of 2028 Notes	Principal Amount of 2032 Notes
Barclays Capital Inc.	\$86,420,000	\$90,909,000
Citigroup Global Markets Inc.	\$86,420,000	\$90,908,000
DNB Markets, Inc.	\$86,420,000	\$90,909,000
J.P. Morgan Securities LLC	\$86,420,000	\$90,909,000
BNP Paribas Securities Corp.	\$44,444,000	\$36,364,000
BofA Securities, Inc.	\$86,420,000	\$90,909,000
Credit Agricole Securities (USA) Inc.	\$86,420,000	\$90,909,000
ING Bank N.V.	\$44,444,000	\$36,364,000
Intesa Sanpaolo S.p.A.	\$44,444,000	\$36,364,000
Natixis Securities Americas LLC	\$44,444,000	\$36,364,000
SG Americas Securities, LLC	\$86,420,000	\$90,909,000
SMBC Nikko Securities America, Inc.	\$86,420,000	\$90,909,000
UniCredit Capital Markets LLC	\$44,444,000	\$36,364,000
Wells Fargo Securities, LLC	\$86,420,000	\$90,909,000
Total	\$1,000,000,000	\$1,000,000,000

The Purchase Agreement provides that the obligations of the Initial Purchasers to pay for and accept delivery of the Notes are subject to customary closing conditions.

The Initial Purchasers propose to offer the Notes initially at the price indicated on the cover page hereof. After the initial offering of the Notes, the offering price and other selling terms of the Notes may from time to time be varied by the Initial Purchasers without notice. Sales in the United States may be made through certain affiliates (as defined under Rule 501(b) of Regulation D of the U.S. Securities Act) of the Initial Purchasers.

If a jurisdiction requires that the Offering of Notes be made by a licensed broker or dealer and an Initial Purchaser or any affiliate (as defined in Rule 501(b) of Regulation D of the U.S. Securities Act) of the applicable Initial Purchaser is a licensed broker or dealer in that jurisdiction, the Offering shall be deemed to be made by the Initial Purchasers or such affiliate on behalf of the Company in such jurisdiction.

To the extent that the Initial Purchasers intend to effect any sales of the Notes in the United States, they will do so through their respective selling agents, or through one or more U.S. registered broker-dealers or as otherwise permitted by applicable U.S. law.

Persons who purchase Notes from the Initial Purchasers may be required to pay stamp duty, taxes and other charges in accordance with the laws and practice of the country of purchase in addition to the offering price set forth on the cover page hereof.

The Purchase Agreement provides that we will indemnify and hold harmless the Initial Purchasers against certain liabilities, including liabilities under the U.S. Securities Act, and will contribute to payments that the Initial Purchasers may be required to make in respect thereof. The Company has agreed, subject to certain limited exceptions, that during the period from the date hereof through and including the date that is 45 days after the date hereof, neither the Company nor any of its subsidiaries will, without the prior written consent of the Global Coordinators (not to be unreasonably withheld or delayed), offer, sell, contract to sell, issue or otherwise dispose of, except as provided in the Purchase Agreement, any debt securities issued or guaranteed by the Company or its subsidiaries that are (i) substantially similar to the Notes and (ii) are offered and sold pursuant to Rule 144A and/or Regulation S of the Securities Act (other than the Notes).

The Notes have not been and will not be registered under the U.S. Securities Act and may not be offered or sold within the United States except to qualified institutional buyers in reliance on Rule 144A under the U.S. Securities Act and to persons who are not U.S. persons in offshore transactions in reliance on Regulation S under the U.S. Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the U.S. Securities Act. Resales of the Notes are restricted as described under “*Notice to investors.*”

Each Initial Purchaser has represented, warranted and agreed that it:

- has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which section 21(1) of the FSMA does not apply to us; and
- has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Notes in, from or otherwise involving the U.K.

No action has been taken in any jurisdiction, including the United States, Norway and the U.K., by us or the Initial Purchasers that would permit a public offering of the Notes or the possession, circulation or distribution of this Offering Memorandum or any other material relating to us or the Notes in any jurisdiction where action for this purpose is required. Accordingly, the Notes may not be offered or sold, directly or indirectly, and neither this Offering Memorandum nor any other offering materials or advertisements in connection with the Notes may be distributed or published, in or from any country or jurisdiction, except in compliance with any applicable rules and regulations of any such country or jurisdiction. This Offering Memorandum does not constitute an offer to sell or a solicitation of an offer to purchase in any jurisdiction where such offer or solicitation would be unlawful. Persons into whose possession this Offering Memorandum comes are advised to inform themselves about and to observe any restrictions relating to the Offering of the Notes, the distribution of this Offering Memorandum and resale of the Notes. See “*Notice to investors.*”

We have also agreed that we will not at any time offer, sell, contract to sell, pledge or otherwise dispose of, directly or indirectly, any securities under circumstances in which such offer, sale, pledge, contract or disposition would cause the exemption afforded by Section 4(a)(2) of the U.S. Securities Act or the safe harbor of Rule 144A and Regulation S under the U.S. Securities Act to cease to be applicable to the offer and sale of the Notes.

The Notes are a new issue of securities for which there currently is no market. We intend to list the Notes on the Securities Official List of the Luxembourg Stock Exchange, however, we cannot assure you that the Notes will be approved for listing or that such listing will be maintained.

The Initial Purchasers have advised us that they intend to make a market in the Notes as permitted by applicable law. The Initial Purchasers are not obligated, however, to make a market in the Notes, and any market-making activity may be discontinued at any time at the sole discretion of the Initial Purchasers without notice. In addition, any such market-making activity will be subject to the limits imposed by the U.S. Exchange Act. Accordingly, we cannot assure you that any market for the Notes will develop, that it will be liquid if it does develop, or that you will be able to sell any Notes at a particular time or at a price which will be favorable to you. See “*Risk factors—Risks relating to the Notes and our structure—There may not be an active trading market for the Notes, in which case your ability to sell the Notes may be limited.*”

We expect that delivery of the Notes will be made against payment on the Notes on or about the date specified on the cover page of this Offering Memorandum, which will be four business days (as such term is used for purposes of Rule 15c6-1 of the U.S. Exchange Act) following the date of pricing of the Notes (“**T+4**”). Under Rule 15c6-1 of the U.S. Exchange Act, trades in the secondary market generally are required to settle in two business days, unless the parties to any such trade expressly agree otherwise. Accordingly, purchasers who wish to trade Notes on the date of pricing or the next two business days will be required, by virtue of the fact that the Notes initially will settle in four business days, to specify an alternate settlement cycle at the time of any such trade to prevent a failed settlement. Purchasers of the Notes who wish to make such trades should consult their own legal advisor.

In connection with the offering, issue and sale of the Notes, Citigroup Global Markets Inc. (the “**Stabilizing Manager**”), or persons acting on its behalf, may engage in transactions that stabilize, maintain or otherwise affect the price of the Notes. Specifically, the Stabilizing Manager, or persons acting on its behalf, may bid for and purchase Notes in the open markets to stabilize the price of the Notes. The Stabilizing Manager, or persons acting on its behalf, may also over allot the offering, creating a syndicate short position, and may bid for and purchase Notes in the open market to cover the syndicate short position. In addition, the Stabilizing Manager, or persons acting on its behalf, may bid for and purchase Notes in market making transactions as permitted by applicable laws and regulations and impose penalty bids. These activities may stabilize or maintain the respective market price of the Notes above market levels that may otherwise prevail. The Stabilizing Manager is not required to engage in these activities, and may end these activities at any time. Accordingly, no assurances can be given as to the liquidity of, or trading markets for, the Notes.

The Initial Purchasers may engage in over-allotment, stabilizing transactions, covering transactions and penalty bids in accordance with Regulation M under the U.S. Exchange Act. Over-allotment involves sales in excess of the offering size, which creates a short position for the relevant Initial Purchaser. Stabilizing transactions permit bidders to purchase the underlying security so long as the stabilizing bids do not exceed a specified maximum. Covering transactions involve purchase of the Notes in the open market after the distribution has been completed

to cover short positions. Penalty bids permit the Initial Purchasers to reclaim a selling concession from a broker or dealer when the Notes originally sold by that broker or dealer are purchased in a stabilizing or covering transaction to cover short positions.

These stabilizing transactions, covering transactions and penalty bids may cause the price of the Notes to be higher than it would otherwise be in the absence of these transactions. These transactions, if commenced, may be discontinued at any time.

Additionally, certain of the Initial Purchasers or their respective affiliates from time to time have provided in the past, may currently provide and may provide in the future investment banking, financial advisory, mergers and acquisitions and commercial banking services to us and our affiliates in the ordinary course of business for which they have received or may receive customary fees and commissions. Furthermore, certain of the Initial Purchasers have issued financial instruments linked to Eni SpA Group. In addition, in the ordinary course of their business activities, the Initial Purchasers and their affiliates may make or hold a broad array of investments, including serving as counterparties to certain derivative and hedging arrangements, and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. In addition, certain of the Initial Purchasers or their affiliates that have a lending relationship with us routinely hedge, and certain other of the Initial Purchasers or their affiliates that have a lending relationship with us may hedge, their credit exposure to us consistent with their respective customary risk management policies. Typically, such Initial Purchasers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in our securities, including potentially the Notes offered hereby. Any such credit default swaps or short positions could adversely affect future trading prices of the Notes offered hereby. The Initial Purchasers and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments. In addition, the Initial Purchasers may, now or in the future, own, acquire or dispose of securities of us and our affiliates in the ordinary course of business for their own account or for the account of others and act as counterparties in any hedging arrangements we have entered into, or may enter into in the future, and receive customary fees for their services in such capacities. The Company has agreed to pay the Initial Purchasers certain customary fees for their services in connection with this offering and to reimburse them for certain costs and expenses incurred.

Certain of the Initial Purchasers and their affiliates are acting as mandated arrangers, lenders and/or agents under the Corporate Facilities and other debt financing arrangements, including without limitation, acting as initial purchasers under the Existing Notes, and in connection therewith such entities will receive customary fees and commissions. As such, they have received, or they will be entitled to receive, customary fees and reimbursement of certain expenses in connection therewith. Therefore, certain of the Initial Purchasers and/or their respective affiliates, will receive the net proceeds of this Offering as we intend to repay in part the Bridge Facility. See “*Use of Proceeds*.” For the purposes of this paragraph, the term “affiliates” includes parent companies.

NOTICE TO INVESTORS

You are advised to consult legal counsel prior to making any offer, resale, pledge or other transfer of any of the Notes offered hereby.

The Notes have not been and will not be registered under the U.S. Securities Act, or any state securities laws, and, unless so registered, may not be offered or sold except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable state securities laws. Accordingly, the Notes offered hereby are being offered and sold only to qualified institutional buyers (as defined in Rule 144A under the U.S. Securities Act) in reliance on Rule 144A under the U.S. Securities Act and to non-U.S. persons in offshore transactions in reliance on Regulation S under the U.S. Securities Act.

We have not registered and will not register the Notes under the U.S. Securities Act and, therefore, the Notes may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act. Accordingly, we are offering and selling the Notes to the Initial Purchasers for re-offer and resale only:

- in the United States to “qualified institutional buyers,” commonly referred to as “QIBs,” as defined in Rule 144A in compliance with Rule 144A; and
- outside the United States in an offshore transaction in accordance with Regulation S.

We use the terms “offshore transaction,” “U.S. person” and “United States” with the meanings given to them in Regulation S.

Each purchaser of Notes, by its acceptance thereof, will be deemed to have acknowledged, represented to and agreed with us and the Initial Purchasers as follows:

- (1) You understand and acknowledge that the Notes have not been registered under the U.S. Securities Act or any other applicable securities laws and that the Notes are being offered for resale in transactions not requiring registration under the U.S. Securities Act or any other securities laws, including sales pursuant to Rule 144A under the U.S. Securities Act, and, unless so registered, may not be offered, sold or otherwise transferred except in compliance with the registration requirements of the U.S. Securities Act or any other applicable securities laws, pursuant to an exemption therefrom or in any transaction not subject thereto and in each case in compliance with the conditions for transfer set forth in paragraphs (4) and (5) below.
- (2) You are not our “affiliate” (as defined in Rule 144 under the U.S. Securities Act) or acting on our behalf and you are either:
 - (a) a QIB, within the meaning of Rule 144A under the U.S. Securities Act and are aware that any sale of these Notes to you will be made in reliance on Rule 144A under the U.S. Securities Act, and such acquisition will be for your own account or for the account of another QIB; or
 - (b) you are not a U.S. person and purchasing the Notes in an offshore transaction in accordance with Regulation S under the U.S. Securities Act.
- (3) You acknowledge that none of us or the Initial Purchasers, nor any person representing any of them, has made any representation to you with respect to us or the offer or sale of any of the Notes, other than the information contained in this Offering Memorandum, which has been delivered to you and upon which you are relying in making your investment decision with respect to the Notes. You acknowledge that neither the Initial Purchasers nor any person representing the Initial Purchasers make any representation or warranty as to the accuracy or completeness of this Offering Memorandum. You have had access to such financial and other information concerning us and the Notes as you have deemed necessary in connection with your decision to purchase any of the Notes, including an opportunity to ask questions of, and request information from, us and the Initial Purchasers.
- (4) You are purchasing the Notes for your own account, or for one or more investor accounts for which you are acting as a fiduciary or agent, in each case for investment, and not with a view to, or for offer or sale in connection with, any distribution thereof in violation of the U.S. Securities Act or any state securities laws, subject to any requirement of law that the disposition of your property or the property of such investor account or accounts be at all times within your

or their control and subject to your or their ability to resell such Notes pursuant to Rule 144A, Regulation S or any other exemption from registration available under the U.S. Securities Act.

- (5) You agree on your own behalf and on behalf of any investor account or accounts for which you are purchasing the Notes, and each subsequent holder of the Notes by its acceptance thereof will be deemed to agree, to offer, sell or otherwise transfer such Notes prior to the date (the “**Resale Restriction Termination Date**”) that is one year (in the case of Rule 144A Notes) or 40 days (in the case of Regulation S Notes) after the later of the date of the original issue and the last date on which we or any of our affiliates (as defined under Rule 501(b) of Regulation D of the U.S. Securities Act) were the owner of such Notes (or any predecessor thereto) only (i) to us, (ii) pursuant to a registration statement that has been declared effective under the U.S. Securities Act, (iii) for so long as the Notes are eligible pursuant to Rule 144A under the U.S. Securities Act, to a person you reasonably believe is a QIB that purchases for its own account or for the account of a QIB to whom notice is given that the transfer is being made in reliance on Rule 144A under the U.S. Securities Act, (iv) pursuant to offers and sales that occur outside the United States in compliance with Regulation S under the U.S. Securities Act or (v) pursuant to any other available exemption from the registration requirements of the U.S. Securities Act, subject in each of the foregoing cases to any requirement of law that the disposition of your property or the property of such investor account or accounts be at all times within your or their control and to compliance with any applicable state securities laws, and any applicable local laws and regulations, and further subject to our and the Trustee’s rights prior to any such offer, sale or transfer (I) pursuant to clause (v) to require the delivery of an opinion of counsel, certification and/or other information satisfactory to each of them and (II) in each of the foregoing cases, to require that a certificate of transfer in the form appearing in the Indenture is completed and delivered by the transferor to the Transfer Agent. The foregoing restrictions on resale will not apply subsequent to the Resale Restriction Termination Date.

By acceptance of a Note, you will be deemed to have represented and agreed that (A) either (i) no portion of the assets used by you to acquire and hold the Notes or an interest therein constitutes assets of (a) any employee benefit plans that are subject to Title I of the United States Employee Retirement Income Security Act of 1974, as amended (“**ERISA**”), (b) plans, individual retirement accounts (“**IRAs**”) and other arrangements that are subject to Section 4975 of the Code, (c) entities whose underlying assets are considered to include “plan assets” (within the meaning of 29 C.F.R. 2510.3-101, as modified by Section 3(42) of ERISA) of such employee benefit plans, plans, accounts or arrangements (each item described in clauses (a) through (c), an “**ERISA Plan**”), or (d) benefit plans that are governmental plans (as defined in Section 3(32) of ERISA), certain church plans (as defined in Section 3(33) of ERISA) and non-US plans (as described in Section 4(b)(4) of ERISA) that are not subject to ERISA or Section 4975 of the Code but which may be subject to non-US, federal, state, or local laws or regulations (“**Similar Laws**”) that are substantially similar to Section 406 of ERISA or Section 4975 of the Code (together with ERISA Plans, “**Plans**”) or (ii) (a) the acquisition and holding by you of the Notes or an interest therein will not constitute or result in a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code or violation of any applicable Similar Laws, and (b) if a portion of the assets used by you to acquire and hold the Notes or an interest therein constitutes assets of an ERISA Plan, neither we, the Initial Purchasers nor any of our or their respective affiliates (the “**Transaction Parties**”) has acted as the ERISA Plan’s fiduciary (within the meaning of ERISA or the Code), or has been relied on for advice, with respect to your decision to acquire and hold the Notes or an interest therein, and (B) you will not sell or otherwise transfer such Note or any interest therein otherwise than to a purchaser or transferee that is deemed to make these same representations, warranties and agreements with respect to its acquisition and holding of such Note or any interest therein.

Each purchaser acknowledges that each Note will contain a legend substantially to the following effect:

THIS SECURITY HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE “**U.S. SECURITIES ACT**”), OR THE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION. NEITHER THIS SECURITY NOR ANY INTEREST OR PARTICIPATION HEREIN MAY BE OFFERED, SOLD, ASSIGNED, TRANSFERRED, PLEDGED, ENCUMBERED OR OTHERWISE DISPOSED OF IN THE ABSENCE OF SUCH REGISTRATION OR UNLESS SUCH

TRANSACTION IS EXEMPT FROM, OR NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE U.S. SECURITIES ACT.

THE HOLDER OF THIS SECURITY BY ITS ACCEPTANCE HEREOF (1) REPRESENTS THAT (A) IT IS A “QUALIFIED INSTITUTIONAL BUYER” (“**QIB**”) (AS DEFINED IN RULE 144A UNDER THE U.S. SECURITIES ACT) (“**RULE 144A**”) OR (B) IT IS NOT A U.S. PERSON AND IS ACQUIRING THIS SECURITY IN AN “OFFSHORE TRANSACTION” PURSUANT TO RULE 903 OR 904 OF REGULATION S UNDER THE U.S. SECURITIES ACT, (2) AGREES ON ITS OWN BEHALF AND ON BEHALF OF ANY INVESTOR FOR WHICH IT HAS PURCHASED SECURITIES TO OFFER, SELL OR OTHERWISE TRANSFER SUCH SECURITY, PRIOR TO THE DATE (THE “**RESALE RESTRICTION TERMINATION DATE**”) WHICH IS [IN THE CASE OF RULE 144A NOTES: ONE YEAR AFTER THE LATER OF THE ORIGINAL ISSUE DATE HEREOF AND THE LAST DATE ON WHICH THE COMPANY OR ANY AFFILIATE OF THE COMPANY WAS THE OWNER OF THIS SECURITY (OR ANY PREDECESSOR OF THIS SECURITY)] [IN THE CASE OF REGULATION S NOTES: 40 DAYS AFTER THE LATER OF THE ORIGINAL ISSUE DATE HEREOF AND THE DATE ON WHICH THIS SECURITY WAS FIRST OFFERED TO PERSONS OTHER THAN DISTRIBUTORS (AS DEFINED IN RULE 902 OF REGULATION S)], ONLY (A) TO THE COMPANY, (B) PURSUANT TO A REGISTRATION STATEMENT WHICH HAS BEEN DECLARED EFFECTIVE UNDER THE U.S. SECURITIES ACT, (C) FOR SO LONG AS THE SECURITIES ARE ELIGIBLE FOR RESALE PURSUANT TO RULE 144A, TO A PERSON IT REASONABLY BELIEVES IS A QIB AS DEFINED IN RULE 144A THAT PURCHASES FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QIB TO WHOM NOTICE IS GIVEN THAT THE TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, (D) PURSUANT TO OFFERS AND SALES THAT OCCUR OUTSIDE THE UNITED STATES IN COMPLIANCE WITH REGULATION S UNDER THE U.S. SECURITIES ACT OR (E) PURSUANT TO ANY OTHER AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE U.S. SECURITIES ACT, SUBJECT IN EACH OF THE FOREGOING CASES TO ANY REQUIREMENT OF LAW THAT THE DISPOSITION OF ITS PROPERTY OR THE PROPERTY OF SUCH INVESTOR ACCOUNT OR ACCOUNTS BE AT ALL TIMES WITHIN ITS OR THEIR CONTROL AND IN COMPLIANCE WITH ANY APPLICABLE STATE SECURITIES LAWS, AND ANY APPLICABLE LOCAL LAWS AND REGULATIONS AND FURTHER SUBJECT TO THE COMPANY’S AND THE TRUSTEE’S RIGHTS PRIOR TO ANY SUCH OFFER, SALE OR TRANSFER PURSUANT TO CLAUSE (E) TO REQUIRE THE DELIVERY OF AN OPINION OF COUNSEL, CERTIFICATION AND/OR OTHER INFORMATION SATISFACTORY TO EACH OF THEM AND IN EACH OF THE FOREGOING CASES, TO REQUIRE THAT A CERTIFICATE OF TRANSFER IN THE FORM APPEARING IN THE INDENTURE IS COMPLETED AND DELIVERED BY THE TRANSFEROR TO THE TRANSFER AGENT AND (3) AGREES THAT IT WILL GIVE TO EACH PERSON TO WHOM THIS SECURITY IS TRANSFERRED A NOTICE SUBSTANTIALLY TO THE EFFECT OF THIS LEGEND.

If you purchase Notes, you will also be deemed to acknowledge that the foregoing restrictions apply to holders of beneficial interests in these Notes as well as to holders of these Notes.

- (6) You agree that you will give to each person to whom you transfer the Notes notice of any restrictions on the transfer of such Notes.
- (7) You acknowledge that until 40 days after the commencement of the offering, any offer or sale of the Notes within the United States by a dealer (whether or not participating in the offering) may violate the registration requirements of the U.S. Securities Act if such offer or sale is made otherwise than in accordance with Rule 144A under the U.S. Securities Act.
- (8) You acknowledge that the Registrar will not be required to accept for registration or transfer any Notes acquired by you except upon presentation of evidence satisfactory to us and the Registrar that the restrictions set forth therein have been complied with.
- (9) You acknowledge that we, the Initial Purchasers and others will rely upon the truth and accuracy of your acknowledgements, representations, warranties and agreements and agrees that if any of the acknowledgements, representations, warranties and agreements deemed to have been

made by your purchase of the Notes is no longer accurate, you shall promptly notify us and the initial purchasers. If you are acquiring any Notes as a fiduciary or agent for one or more investor accounts, you represent that you have sole investment discretion with respect to each such investor account and that you have full power to make the foregoing acknowledgements, representations and agreements on behalf of each such investor account.

- (10) You understand that no action has been taken in any jurisdiction (including the United States) by us or the Initial Purchasers that would result in a public offering of the Notes or the possession, circulation or distribution of this Offering Memorandum or any other material relating to us or the Notes in any jurisdiction where action for such purpose is required. Consequently, any transfer of the Notes will be subject to the selling restrictions set forth under “*Plan of distribution.*”

LEGAL MATTERS

The validity of the Notes and certain other legal matters are being passed upon for us by Latham & Watkins (London) LLP with respect to matters of U.S. federal and New York state law, and certain other legal matters are being passed upon for us by Advokatfirmaet Schjødt AS with respect to matters of Norwegian law. Certain legal matters will be passed upon for the Initial Purchasers by Clifford Chance LLP with respect to matters of U.S. federal and New York state law and by Advokatfirmaet Wiersholm AS with respect to matters of Norwegian law.

INDEPENDENT AUDITORS

The consolidated financial statements of Vår Energi ASA as of and for the years ended December 31, 2020 and 2021, included in this Offering Memorandum, have been audited by PricewaterhouseCoopers AS, independent auditors, as stated in their reports included thereon.

INDEPENDENT PETROLEUM ENGINEERS

Estimates of our 2P reserves were independently evaluated by DeGolyer and MacNaughton, independent reserve engineers. Estimates of 2C contingent resources as of December 31, 2021 are either (i) based on reserve reports prepared by management or (ii) independently evaluated by DeGolyer and MacNaughton.

AVAILABLE INFORMATION

Each purchaser of Notes from an Initial Purchaser will be furnished a copy of this Offering Memorandum and any related amendments or supplements to this Offering Memorandum. Each person receiving this Offering Memorandum and any related amendments or supplements to this Offering Memorandum acknowledges that:

- (1) such person has been afforded an opportunity to request from us and to review and has received, all additional information considered by it to be necessary to verify the accuracy and completeness of the information herein;
- (2) such person has not relied on the Initial Purchasers or any person affiliated with the Initial Purchasers in connection with its investigation of the accuracy of such information or its investment decision; and
- (3) except as provided pursuant to clause (1) above, no person has been authorized to give any information or to make any representation concerning the Notes offered hereby other than those contained herein and, if given or made, such other information or representation should not be relied upon as having been authorized by either us or the Initial Purchasers.

For so long as any of the Notes remain outstanding and are “restricted securities” within the meaning of Rule 144(a)(3) under the U.S. Securities Act, we will, unless we are then subject to Section 13 or 15(d) under the U.S. Exchange Act, make available to any holder or beneficial holder of a Note, or to any prospective purchaser of a Note designated by such holder or beneficial holder, the information specified in, and meeting the requirements of, Rule 144A(d)(4) under the U.S. Securities Act upon the written request of any such holder or beneficial owner. Any such request should be directed to Vår Energi ASA, Vestre Svanholmen 1, 4313 Sandnes, Norway, Attention: Head of Investor Relations. Pursuant to the Indenture that will govern the Notes, we will agree to furnish periodic information to the holders of the Notes. See “*Description of the Notes—Certain covenants—Reports.*”

As a listed company on the Oslo Stock Exchange, we are subject to continuous disclosure and other obligations applicable to Norwegian reporting issuers under applicable Norwegian securities laws. We file annual and quarterly reports, management’s discussion and analyses, and other information with the governing securities authority in Norway.

SERVICE OF PROCESS AND ENFORCEMENT OF CIVIL LIABILITIES

We are incorporated under the laws of the Kingdom of Norway. All our directors and executive officers live outside the United States. Substantially all our and their assets are located outside the United States. As a result, although we have appointed an agent for service of process under the Indenture governing the Notes, it may be difficult for you to serve process on those persons or us in the United States or to enforce judgments obtained in U.S. courts against them or us based on civil liability provisions of the securities laws of the United States.

Norway

As a general matter, Norwegian courts will not recognize or enforce judgments rendered by a foreign court. According to the Norwegian Dispute Act of 2005 No. 90 (Nw. *Tvisteloven*) (the “**Dispute Act**”) section 19-16 and the Norwegian Enforcement Act of 1992 No. 86 (Nw. *Tvangsfullbyrdelsesloven*) (the “**Enforcement Act**”) 4-1 second paragraph, litra f) and g), foreign judgments will only be recognized or enforced in Norway:

- to the extent provided by statute or agreement with the said state, or
- if the parties to the dispute have entered into a written agreement submitting the matter to the jurisdiction of the court that rendered the judgment.

The foreign judgment also needs to be final and enforceable in and pursuant to the laws of the country where it was issued, and the recognition and enforcement of the judgment in Norway must not be contrary to Norwegian public policy.

There is currently no treaty or bilateral agreement in place between the United States and Norway that provides for reciprocal recognition and enforcement of judgments in civil and commercial matters. Further, grounds to recognize and enforce foreign judgments rarely follow from statutory provisions. Thus, a judgment from a U.S. federal or state court would as a main rule not be enforceable in Norway without an independent review of the merits of the case.

However, a judgment rendered by a U.S. federal or state court may nevertheless be recognized and enforced in Norway if the parties to the dispute have entered into a written agreement submitting the matter to the jurisdiction of the court that rendered the judgment.

In any other event, judgments by a U.S. federal or state court would not be recognized or enforced in Norway without a retrial on the merits of the case. A retrial is dependent on Norwegian courts having jurisdiction.

CERTAIN INSOLVENCY LAW CONSIDERATIONS

The following is a brief description of certain insolvency law considerations. The descriptions below do not purport to be complete or discuss all of the limitations or considerations that may affect the Notes or any future Note Guarantees. Proceedings of bankruptcy, insolvency or a similar event could be initiated in any of these jurisdictions and in the jurisdiction of organization of a future Guarantor of the Notes. The application of these various laws in multiple jurisdictions could trigger disputes over which jurisdiction's law should apply and could adversely affect your ability to enforce your rights and to collect payment in full under the Notes or any future Note Guarantees. Prospective investors in the Notes should consult their own legal advisors with respect to such limitations and considerations. See "Risk factors—Risks Relating to the Notes and Our Structure—The insolvency laws of Norway may not be as favorable to you as insolvency laws of jurisdictions with which you may be familiar and may preclude holders of the Notes from recovering payments due on the Notes."

Insolvency

The primary legislation on insolvency and bankruptcy in Norway is found in the Norwegian Act on Debt Arrangement and Bankruptcy of 8 June 1984 no. 58 (Nw. *konkursloven*) (the "**Norwegian Bankruptcy Act**") and the Norwegian Act on Creditors' Recovery of 8 June 1984 no. 59 (Nw. *dekningloven*) (the "**Norwegian Recovery Act**"). It is a formal requirement for the opening of Norwegian bankruptcy proceedings that a company (or person) is deemed to be insolvent, meaning that the debtor is both illiquid (i.e., unable to pay its debt as it becomes due, such payment difficulties not being of a temporary nature), and with negative net assets (i.e. the debt must exceed the sum of its assets and revenue, based on real, not book, values).

Further, relevant rules are laid down in a temporary reorganization act implemented on May 11, 2020 by the Norwegian Parliament (hereinafter the "**Temporary Restructuring Act**") to aid businesses facing economic difficulties as a consequence of the COVID-19 outbreak. The Temporary Restructuring Act is temporarily replacing Part 1 on debt negotiations of the current Norwegian Bankruptcy Act and will apply from the effective date until July 1, 2023 (as extended), see further details below.

Insolvency proceedings

Upon receipt of a petition for bankruptcy proceedings from the company's board or a creditor, the court shall make an appraisal of the company's economic situation, taking into account all relevant factors in the particular case. The company shall be deemed insolvent if the value of the company's debt exceeds the value of the company's assets and the company is unable to pay its debts when due (unless the company's inability to pay its debts is temporary), cf. the above statements on "Insolvency."

Once the company is declared bankrupt, the court shall appoint a bankruptcy administrator (Nw. *bostyrer*). The bankruptcy administrator is often assisted and supervised by a creditors' committee, also appointed by the court. The bankruptcy administrator shall manage the bankruptcy estate in the manner most beneficial to both secured and unsecured creditors and take all measures to ensure a swift and advantageous realization of the assets of the company. Hence, the primary objective of the bankruptcy administrator will, under Norwegian law, be to realize all assets, distribute the proceeds to the creditors and dissolve and de-register the company. The company will cease to exist after bankruptcy has been declared.

The bankruptcy administrator normally sends out an information letter to all known creditors at an early stage of the bankruptcy proceedings. Further, a public announcement is made in a local newspaper commonly read in the community where the debtor is located and on the Brønnøysund Register Centre's website. An initial meeting of creditors is held in the bankruptcy court, normally within four weeks of the opening of bankruptcy proceedings.

Further court meetings are usually not held and must be requested by the court or the bankruptcy administrator or a member of the creditors' committee. Creditors can only request such meetings when they represent at least one-fifth of the creditors, both with regard to number and amount.

As a general rule, the bankruptcy estate seizes all assets and rights of the company at the time the company was declared bankrupt, and all assets acquired thereafter, as well as any assets that can be recovered by the bankruptcy administration. The rights of the bankruptcy estate include the right to sell the assets, continue the business, enter into or start legal proceedings to obtain assets, reverse transactions (under specific circumstances) and enter into various types of agreements. The bankruptcy estate has a statutory first lien of up to 5% of the estimated value or sales value of all assets (except financial collateral) secured by the debtor for its own debt or by a third-party for the debtor's indebtedness. Norwegian bankruptcy legislation has rules whereby certain transactions by the debtor made within a certain period of time prior to the opening of bankruptcy proceedings may be set aside or reversed. A distinction can be made between objective and subjective rules. Objective rules apply to transactions regardless of whether the company was insolvent at the time of the transaction and whether the company or the counterparty

can be reproached for having entered into the transaction. In the main, only transactions entered into within a three-month period prior to the bankruptcy proceeding can be set aside, according to an objective rule. The objective rules apply to, for example, gift transactions, security for older debt and extraordinary payments (such as payments before due time, payments made by unusual means or payments that have considerably weakened the company's ability to meet payments). Pursuant to the subjective rule a transaction made in bad faith or negligently which improperly (i) gives preference to one creditor at the expense of the others, (ii) prevents the debtor's assets from being used to cover the creditor's claims, or (iii) increases the debtor's liabilities in a manner which is detrimental to the creditors, may be avoided if the debtor's financial situation was weak or became seriously weakened by the transaction. A condition to the application of the rule is that the other party knew or should have known of the debtor's financial difficulties and the circumstances which rendered the transaction improper. The subjective rule applies to transactions made 10 years prior to the bankruptcy.

Pursuant to the Temporary Restructuring Act, debtors that are facing or that in the near future will face serious economic problems may petition to the court for the commencement of debt negotiation proceedings. The goal of such proceedings is to enable the debtor to restructure its debts, following either unanimous creditor consent ("**Unanimous Reorganization**") or consent from a requisite majority of the creditors affected (a "**Non-unanimous Reorganization**"). The commencement of reorganization proceedings results in the appointment of a reorganization official and a creditor committee that together form a reorganization committee. The reorganization committee is charged with supervising the debtor during the proceedings and assisting it with putting forward a reorganization proposal to its creditors. Subject to certain exceptions, the enforcement rights of creditors are suspended during the proceedings.

A debtor in reorganization proceedings has certain possibilities for securing new financing with security interests over its assets that rank ahead of existing security interests. First, the debtor may, subject to the consent of the reorganization committee, offer superpriority security interests over its plant and machinery, inventory and trade receivables to lenders financing the continuation of the debtor's business activities during the proceedings and the associated expenses. There is no numerical limit to the sums that may be secured on a superpriority basis, but existing secured creditors may petition for the reversal of the reorganization committee's consent if the superpriority security interest has a material adverse effect on their position. Second, loans obtained to finance the continuation of the debtor's business activities during the proceedings and the associated expenses enjoy a statutory first lien over all of the debtor's assets. This lien is subject to the same limitations as the bankruptcy estate's statutory lien described above.

Limitations on guarantees—financial assistance

A Norwegian company's legal capacity or ability to provide financial assistance (including placing funds at disposal, granting loans, or providing security or guarantees) may be limited by applicable law, including, but not limited to, the mandatory provisions of sections 8-7 and 8-10 of the Norwegian Limited Companies Act of June 13, 1997 no. 44 (Nw. *aksjeloven*) (the "**Norwegian Companies Act**"). If any of these limitations apply to the financial assistance, such financial assistance (in whole or in part) may be deemed invalid and the value of e.g. the underlying guarantee or security interest may be significantly reduced or fall away all together.

Section 8-7 of the Norwegian Companies Act restricts a Norwegian limited liability company from granting financial assistance in favor of its (direct or indirect) shareholder (or any affiliates of its shareholders) beyond its distributable reserves (free equity) and only if adequate security is provided for the company's recourse claim against that shareholder or affiliate. The restrictions in Section 8-7 of the Norwegian Companies Act are, however, subject to exceptions and pursuant to such exception such restrictions does not apply to financial assistance granted by a Norwegian company to (i) its direct or indirect Norwegian incorporated parent company (and its Norwegian incorporated subsidiaries), or (ii) to any other non-Norwegian incorporated company who has decisive influence over the Norwegian company, and Norwegian and non-Norwegian incorporated subsidiaries of such company, provided that such financial assistance serves the economic interest of the group.

Pursuant to section 8-10 (1) of the Norwegian Companies Act, a Norwegian company may, as a starting point, only provide financial assistance in connection with a third party's acquisition of its shares, or in connection with the acquisition of shares in its parent company, within the scope of its distributable reserves (free equity). As of January 1, 2020 the regulations were amended to permit financial assistance above the scope of a Norwegian company's distributable reserves where the acquirer will form part of the company's group following the acquisition (i.e. acquirer following the acquisition will have decisive influence over the Norwegian company (i.e. typically having, as a result of an agreement or by the ownership of shares or other ownership interests in the other company (directly or indirectly)), (i) a majority of the voting rights in the company, or (ii) a right to elect or remove a majority of the members of the board of directors of the company) subject to the following conditions:

- the acquirer is domiciled in an EEA-country;

- the financial assistance is provided on customary terms and principles and relate to fully paid-up shares;
- the board makes a credit evaluation of the beneficiary of the financial assistance;
- the financial assistance is approved by the Norwegian company's general meeting prior to the financial assistance being provided;
- the board prepares a report which at a minimum include the background to the proposal for financial assistance, the terms related thereto, the price to be paid by the third party for the shares or the right to the shares, an assessment of the company's interest in providing the financial assistance and an assessment of the consequences of the financial assistance as to the equity and liquidity of the company;
- the board shall issue a declaration stating that it is in the company's interest to provide the financial assistance and that the company will meet its legal requirements to sound equity and liquidity; and
- the report and the declaration shall without undue delay be sent to the Norwegian Business Register before the financial assistance is provided.

The principle of corporate benefit also exists in Norway and may, inter alia, impose a restriction on a Norwegian company's ability to offer a guarantee in favor of shareholders in addition to the restrictions on financial assistance and upstream/cross-stream guarantees described above.

Limitations on guarantees—other limitations

According to the Norwegian Enforcement Act (Nw. *tvangsfullbyrdelsesloven*), enforcement of claims is contingent upon the existence of an enforcement basis (Nw. *tvangsgrunnlag*), which may require a relevant party to obtain a court judgment, arbitral award or similar decisions. Obtaining such awards may be a lengthy and costly process. A Norwegian court may reject a mere technical or minor default under an agreement without a payment default as a proper basis for execution, unless the relevant event of default is held to be material. Enforcement of rights under Norwegian law may furthermore be or become limited by prescription, lapse of time or barred under the Norwegian Limitation Act, and claims under a document may become subject to set-off, counterclaim or other defences.

Furthermore, the Financial Agreements Act (Nw. *finansavtaleloven*) includes certain provisions applicable to a company incorporated in Norway when granting guarantees for the debt of other parties and, inter alia, requires that a maximum amount is specified in respect of each guarantee.

Foreign currency

Norwegian courts may award judgment in currencies other than Norwegian Kroner, but the debtor is nevertheless in relation to such judgment entitled to make payment in Norwegian Kroner at the rate of exchange prevailing at the date of such payment.

LISTING AND GENERAL INFORMATION

- (1) Application has been made to list the Notes on the Securities Official List of the Luxembourg Stock Exchange. There can be no assurance that such listing of the Notes will be maintained.
- (2) We accept responsibility for the information contained in this Offering Memorandum. To the best of our knowledge, except as otherwise noted, the information contained in this Offering Memorandum is in accordance with the facts and does not omit anything likely to affect the import of this Offering Memorandum.
- (3) Neither we nor any of our subsidiaries is a party to any litigation that, in our judgment, is material in the context of the issue of the Notes, except as disclosed herein.
- (4) We have appointed Citibank N.A., London Branch, as our Paying Agent, Registrar and Transfer Agent.
- (5) The 2028 Notes have been accepted for clearance and settlement through the facilities of DTC. The 2028 Rule 144A Global Notes have a CUSIP of 92212WAD2 and an ISIN of US92212WAD20. The 2028 Regulation S Global Notes have a CUSIP of R9576ZAD0 and an ISIN of USR9576ZAD08.
- (6) The 2032 Notes have been accepted for clearance and settlement through the facilities of DTC. The 2032 Rule 144A Global Notes have a CUSIP of 92212WAE0 and an ISIN of US92212WAE03. The 2032 Regulation S Global Notes have a CUSIP of R9576ZAE8 and an ISIN of USR9576ZAE80.
- (7) The Company is a Norwegian public limited liability company (Nw. *allmennaksjeselskap* or “**ASA**”), incorporated under the laws of Norway. The Company was incorporated on May 20, 1965. Its registration number is 919 160 675. Its registered office is at Vestre Svanholmen 1, 4313 Sandnes, Norway. Its principal telephone number is +47 51 60 60 60.

GLOSSARY

For additional definitions, see “*Definitions*.”

“ 1P ”	Proved reserves. Quantities of petroleum, which, by analysis of geoscience and engineering data, can be estimated with reasonable certainty to be commercially recoverable, from a given date forward, from known reservoirs and under defined economic conditions, operating methods, and government regulations. If deterministic methods are used, the term reasonable certainty is intended to express a high degree of confidence that the quantities will be recovered. If probabilistic methods are used, there should be at least a 90% probability that the quantities actually recovered will equal or exceed the 1P estimate
“ 2C ”	Contingent resources. Quantities of estimated contingent resources (being those quantities estimated, as of a given date, to be potentially recoverable from known accumulations by application of development projects but which are not, as of such date, considered to be commercially recoverable due to one or more contingencies) that in the “best estimate” scenario have a probability of at least 50% of equaling or exceeding the amounts actually recovered
“ 2P ”	Proved reserves plus probable reserves. Reserves which analysis of geoscience and engineering data indicate are less likely to be recovered than 1P reserves. It is equally likely that actual remaining quantities recovered will be greater than or less than the sum of the estimated proved plus probable reserves. In this context, when probabilistic methods are used, there should be at least a 50% probability that the actual quantities recovered will equal or exceed the 2P reserves estimate
“ accumulation ”	an individual body of moveable petroleum. A known accumulation (one determined to contain Reserves) must have been penetrated by a well
“ APA ”	awards in predefined areas (relates to licensing rounds on the NCS)
“ barrel ” or “ b ” or “ bbl ”	a stock tank barrel, a standard measure of volume for oil, condensate and natural gas liquids, which equals 42 U.S. gallons
“ Bbls ”	barrels
“ block ”	a designated area of 250 square kilometers or a subpart thereof, comprising one-thirtieth of the quadrant
“ boe ”	barrels of oil equivalent
“ boepd ”	barrels of oil equivalent per day
“ Brent ”	a particular type of crude oil that is a light, sweet oil produced in the North Sea with most of it being refined in Northwest Europe. Brent is a benchmark oil
“ burner tip ”	the physical point at which gas is consumed
“ contingent resources ”	Contingent resources. Quantities of estimated contingent resources (being those quantities estimated, as of a given date, to be potentially recoverable from known accumulations by application of development projects but which are not currently considered to be commercially recoverable due to one or more contingencies) that in the “best estimate” scenario have a probability of at least 50% of equaling or exceeding the amounts actually recovered
“ crude oil ”	unrefined oil
“ decision gate ”	a process management technique in which an initiative or project is divided into several stages or phases, separated by gates. Entry and exit criteria are established for each decision gate; continuation beyond the decision gate is contingent on the agreement of the decision makers.

“drill” or “drop”	exploration license whereby licensees have a prescribed period of time to either drill a well or drop a license
“E&P”	exploration and production
“exploration well”	a well drilled to find hydrocarbons in an unproved area or to extend significantly a known oil or natural gas reservoir
“farm-in”	to acquire an interest in a license from another party
“farm-out”	to assign an interest in a license to another party
“field”	an area consisting of either a single reservoir or multiple reservoirs, all grouped on or related to the same individual geological structural feature and/or stratigraphic condition
“FOB”	free on board prices exclude all insurance and freight charges. Most oil is sold either FOB (effectively priced at the loading point) or CIF (effectively priced at the delivery port).
“formation”	a body of rock that is sufficiently distinctive and continuous that it can be mapped
“FPSO”	a floating production, storage and offloading vessel used by the offshore oil and gas industry for the processing of hydrocarbons and for storage of oil
“HSEQ”	Health, Safety, Environment and Quality
“HSSE”	Health, Safety, Security and Environment
“hydrocarbons”	compounds formed primarily from the elements hydrogen and carbon and existing in solid, liquid or gaseous forms
“IFRS”	International Financial Reporting Standards as adopted by the EU
“JOA”	joint operating agreement
“kboepd”	thousand barrels of oil equivalent per day
“license”	each and all licenses in which the Company holds a Participating Interest prior to or following the Notes Issue, as the case may be
“lifting”	the process of loading a tanker with oil or otherwise transporting production from a production site to a terminal or place of sale
“MMboe”	million barrels of oil equivalent
“MPE”	Norwegian Ministry of Petroleum and Energy
“net reserves”	reserves net to our working interest in a given field
“NOK”	Norwegian kroner
“Norm price”	the price for oil produced on the NCS set by the Norwegian Government for taxation purposes—the Norm price is based on the price at which unrelated parties could sell their oil production in a free market
“NPD”	Norwegian Petroleum Directorate
“Oslo Stock Exchange”	Oslo Børs ASA

“participating interest”	the participating interest and other rights and benefits under a given License and/or JOA conferred by that License and/or JOA on the Company, together with all rights and obligations attaching to the same
“PDO”	Plan for Development and Operation
“Petroleum Act”	The Norwegian Act 29 November 1996 No. 72 relating to Petroleum Activities
“PIO”	Plan for Installation and Operation
“PL”	Production License on the NCS
“Pollution Control Act”	The Norwegian Act 13 March 1981 No. 6 relating to Pollution Control
“probable reserves” ...	those additional reserves that are less certain to be recovered than proved reserves. It is equally likely that the actual remaining quantities recovered will be greater or less than the sum of the estimated proved plus probable reserves
“production well”	a well drilled to obtain production from a proven oil or gas field. Production wells may be used either to extract hydrocarbons from a field or to inject water or gas into a reservoir to improve production
“production”	the cumulative quantity of oil and gas that has been recovered at a given date
“production costs per barrel”	for Vår Energi ASA: the production costs for the period divided by the amount of production in the same period
“production efficiency”	the achieved production for a given period as a percentage of total production capacity for such period
“prospect”	a project associated with a potential accumulation that is sufficiently well defined to represent a viable drilling target
“proved reserves”	those reserves that can be estimated with a high degree of certainty to be recoverable. It is likely that the actual remaining quantities recovered will exceed the estimated proved reserves
“PSA”	(Norwegian) Petroleum Safety Authority
“Petroleum Tax Act” ..	Norwegian Act 13 June 1975 No. 35 relating to the Taxation of Subsea Petroleum Deposits
“quadrant”	a designated area of one degree longitude by one degree latitude
“recoverable reserves”	the proportion of oil and/or gas in a reservoir that can be removed using currently available techniques
“reservoir”	a porous and permeable subsurface rock formation that contains a separate accumulation of petroleum that is confined by impermeable rock or water barriers and is characterized by a single pressure system
“SDFI”	State’s Direct Financial Interest (relates to the Norwegian State)
“seismic survey”	a method by which an image of the earth’s subsurface is created through the generation of shockwaves and analysis of their reflection from rock strata. Such surveys can be done in two, three or four dimensional form. See “3D seismic” and “4D seismic”
“Sm³”	standard cubic meter
“SURF-SPS”	Subsea Umbilicals, Risers, and Flowlines & Subsea Production Systems

“UOA”	Unitization Agreement
“USD”	United States dollar
“workover”	refers to any kind of oil well intervention involving invasive techniques, such as repairing lines and casing or removing sand build up

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**Unaudited consolidated financial statements of Vår Energi
ASA for the nine months ended September 30, 2022**

Unaudited consolidated statement of comprehensive income

USD 1000, except earnings per share data	Note	Q3 2022	
Petroleum revenues	2	2 519 830	2
Other operating income	2	6 614	
Total income		2 526 443	2
Production costs	1, 3	(114 480)	
Exploration expenses	5, 8	(11 897)	
Depreciation and amortisation	9, 10	(345 503)	
Impairment loss and reversals	8, 9, 11	(572 531)	
Other operating expenses	4	(28 459)	
Total operating expenses		(1 072 870)	
Operating profit / (loss)		1 453 573	1
Net financial income / (expenses)	6	(34 324)	
Net exchange rate gain / (loss)	6	(258 099)	
Profit/(loss) before taxes		1 161 151	1
Income tax (expense) / income	1, 7	(1 191 320)	(*)
Profit / (loss) for the period		(30 170)	
Other comprehensive income:			
Items that may be reclassified subsequently to the income statement:			
Currency translation differences		(106 453)	
Net gain / (loss) on put options used for hedging		(5 068)	
Other comprehensive income for the period, net of tax		(111 521)	
Total comprehensive income		(141 691)	
Earnings per share			
EPS Basic	1, 16	(0.01)	
EPS Diluted	1, 16	(0.01)	

Unaudited consolidated balance sheet statement

USD 1000	Note	30 Sep 2022	30 Jun 2022	Restated 31 Dec 2021	Restated 30 Sep 2021
ASSETS					
Non-current assets					
Intangible assets					
Goodwill	8	1 835 231	2 241 297	2 531 897	2 706 638
Capitalised exploration wells	8	166 028	180 484	199 981	191 773
Other intangible assets	8	84 901	92 524	104 520	104 710
Tangible fixed assets					
Property, plant and equipment	9	12 725 525	13 927 344	15 188 917	15 050 992
Right of use assets	10	181 183	222 066	298 432	105 855
Financial assets					
Investment in shares		693	755	853	857
Other non-current assets		729	1 064	1 809	2 012
Total non-current assets		14 994 290	16 665 533	18 326 409	18 162 838
Current assets					
Inventories		273 522	257 458	301 329	294 559
Trade receivables	12, 22	677 804	560 015	745 921	340 662
Other current receivables and financial assets	1, 13	220 842	246 135	201 809	197 825
Cash and cash equivalents	15	1 499 006	892 046	223 588	263 671
Total current assets		2 671 174	1 955 653	1 472 647	1 096 717
TOTAL ASSETS		17 665 464	18 621 185	19 799 056	19 259 555

Unaudited consolidated balance sheet statement – continued

USD 1000	Note	30 Sep 2022	30 Jun 2022	Restated 31 Dec 2021	Restated 30 Sep 2021
EQUITY AND LIABILITIES					
Equity					
Share capital	16	45 972	45 972	45 972	45 972
Share premium		2 158 181	2 418 181	2 643 181	2 905 181
Other equity	1	(1 046 918)	(905 446)	(1 186 278)	(1 397 629)
Total equity		1 157 234	1 558 706	1 502 874	1 553 523
Non-current liabilities					
Interest-bearing loans and borrowings	17	2 977 073	2 977 463	4 493 426	4 711 979
Deferred tax liabilities	7,1	6 939 035	7 444 464	7 907 749	7 851 674
Asset retirement obligations	18	2 738 078	2 947 552	3 235 640	3 266 246
Lease liabilities, non-current	21	130 417	160 305	216 208	95 168
Other non-current liabilities		146 378	151 930	162 870	156 383
Total non-current liabilities		12 930 981	13 681 714	16 015 893	16 081 451
Current liabilities					
Asset retirement obligations, current	18	13 390	18 016	61 536	58 917
Accounts payables	22	313 620	344 327	422 155	411 642
Taxes payable	7	2 378 317	2 033 759	801 432	549 890
Interest-bearing loans, current	17	348 276	343 202	333 149	-
Lease liabilities, current	21	98 974	103 301	108 880	37 395
Other current liabilities	1, 19	424 670	538 160	553 136	566 737
Total current liabilities		3 577 248	3 380 765	2 280 289	1 624 581
Total liabilities		16 508 229	17 062 479	18 296 182	17 706 032
TOTAL EQUITY AND LIABILITIES		17 665 464	18 621 185	19 799 056	19 259 555

Unaudited consolidated statement of changes in equity

USD 1000	Note	Share capital	Share premium
Balance at 1 January 2021 before restatement		45 972	3 593 181
Impact of restatement	1	-	-
Balance at 1 January 2021 after restatement		45 972	3 593 181
Profit / (loss) for the period		-	-
Other comprehensive income / (loss)		-	-
Total comprehensive income / (loss)		-	-
Dividends paid		-	(688 000)
Other		-	-
Balance at 30 Sept 2021		45 972	2 905 181
Profit / (loss) for the period		-	-
Other comprehensive income / (loss)		-	-
Total comprehensive income / (loss)		-	-
Dividends paid		-	(262 000)
Other		-	-
Balance at 31 December 2021		45 972	2 643 181
Profit / (loss) for the period		-	-
Other comprehensive income / (loss)		-	-
Total comprehensive income / (loss)		-	-
Dividends paid		-	(485 000)
Share-based payments	16	-	-
Balance at 30 Sept 2022		45 972	2 158 181

Unaudited consolidated statement of cash flows

USD 1000	Note	Q3 2022
Profit / (loss) before income taxes	<u>1</u>	1 161 151
Adjustments to reconcile profit before tax to net cash flows		
- Depreciation and amortisation	<u>9, 10</u>	345 503
- Impairment loss and reversals	<u>8, 9</u>	572 531
- (Gain) / loss on sale and retirement of assets	<u>2</u>	(300)
- Impairment of exploration wells	<u>5, 8</u>	2 276
- Accretion expenses (asset retirement obligation)	<u>6, 18</u>	23 519
- Unrealised (gain) / loss on foreign currency transactions and balances	<u>6</u>	286 807
- Other non-cash items and reclassifications		(75 831)
Working capital adjustments		
- Changes in inventories, accounts payable and receivables		(221 106)
- Changes in other current balance sheet items		(67 183)
Contingent consideration paid related to prior business combination	<u>19</u>	-
Income tax received / (paid)	<u>7</u>	(524 208)
Net cash flows from operating activities		1 503 159
Cash flows from investing activities		
Expenditures on exploration and evaluation assets	<u>8</u>	(2 734)
Expenditures on property, plant and equipment	<u>9</u>	(596 313)
Payment for decommissioning of oil and gas fields	<u>18</u>	(3 879)
Proceeds from sale of assets (sales price)		300
Net cash used in investing activities		(602 626)

Unaudited consolidated statement of cash flows – continued

USD 1000	Note	Q3 2022
Cash flows from financing activities		
Dividends paid		(260 000)
Net proceeds from bond issue		-
Net proceeds/(payments) of revolving credit facilities	17	-
Net proceeds/(payments) of reserve based lending facility	17	-
Payment of principal portion of lease liability	21	(27 719)
Interest paid	1	(21 952)
Net cash from financing activities		(309 672)
Net change in cash and cash equivalents		
		590 862
Cash and cash equivalents, beginning of period		892 046
Effect of exchange rate fluctuation on cash held		16 098
Cash and cash equivalents, end of period		1 499 006

Notes

(All figures in USD 1000 unless otherwise stated)

The interim condensed consolidated financial statements for the period ended 30 September 2022 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 group's 2021 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's Board of Directors on 24 October 2022.

Note 1 Summary of IFRS accounting principles and restatements

The accounting principles adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2021, except for a change in presentation of payment of borrowing costs in the statement of cash flows. The Group has not early adopted any standard, interpretation or amendment.

Restatement of interest paid in cash flow statement

During Q2 2022, the group decided to change its accounting principles related to presentation of interest payments in the cash flows statement. Interest payment are restated to be shown in financing activities. During the reporting periods, these cash flows were presented as operational activities. The reason behind the change is that interest payments are directly linked to the group's financing activities and not to its operating activities. Comparative figures have been restated accordingly and the impact on relevant previous periods is included in the table below.

USD 1000

Restating impact on Statement of Cash Flow

Q1 2021

Net cash flows from operating activities

Before restatement	930 347
Impact of restatement	39 466
After restatement	969 812

Net cash from financing activities

Before restatement	(578 434)
Impact of restatement	(39 466)
After restatement	(617 900)

Note 1 Summary of IFRS accounting principles and restatements – continued

Restatement of over/underlift of NGL lifted at the Kårstø terminal

Effective from the second quarter 2022, Vår Energi has corrected calculation of over/underlift of NGL lifted at the Kårstø terminal due to data quality issues in allocation of liftings at field level. The terminal is recognised at the net position of the company's total portfolio. This was previously calculated at field level.

The impact of the restatement on the financial statement of previous quarters is summarized in the table below. The changes affect the relevant balance sheet line items; Other current receivables and Other current liabilities. The line items Production costs and Income tax on the Statement of comprehensive income are affected.

USD 1000				
Restating impact on Balance Sheet Statement	Note	01 Jan 2021	31 Mar 2021	
Underlift before restatement		142 257	210 866	
Impact of restatement		(67 948)	(61 455)	
Underlift after restatement	13	74 309	149 411	
Overlift before restatement		166 175	168 011	
Impact of restatement		(108 388)	(124 951)	
Overlift after restatement	19	57 788	43 060	
Equity before restatement		1 854 877	1 800 228	
Impact of restatement		8 897	13 969	
Equity after restatement		1 863 773	1 814 197	
Deferred tax before restatement		7 342 952	7 579 941	
Impact of restatement		31 543	49 527	
Deferred tax after restatement	7	7 374 495	7 629 468	

Note 1 Summary of IFRS accounting principles and restatements – continued

USD 1000		
Restating impact on Statement of Comprehensive Income	Note	Q1 2021
Adjustment of (over)/under lift before restatement		61 139
Impact of restatement		23 048
Adjustment of (over)/under lift after restatement	3	84 187
Income tax (expense) / income before restatement		(337 045)
Impact of restatement		(17 977)
Income tax (expense) / income after restatement	7	(355 022)
Earnings per share before restatement		0.06
Impact of restatement		-
Earnings per share after restatement		0.07

Difference between impact in P&L vs. change in equity is related to translation effects.

Note 2 Income

Petroleum revenues (USD 1000)	Q3 2022	
Revenue from crude oil sales	1 092 481	1
Revenue from gas sales	1 339 028	1
Revenue from NGL sales	88 321	
Total petroleum revenues	2 519 830	2
Sales of crude (boe 1000)	10 133	
Sales of gas (boe 1000)	6 567	
Sales of NGL (boe 1000)	1 428	
Other operating income (USD 1000)	Q3 2022	
Gain/(loss) from sale of assets	300	
Other operating income	6 314	
Total other operating income	6 614	

The majority of sales are to international customers in EU and the UK.

Other operating income mainly consist of partner's share of lease cost recovered by the Company in addition to a Q2 2022 insurance proceed of USD 4 million related to loss of production following the Balder subsea incident in the first quarter 2022.

Note 3 Production costs

USD 1000	Note	Q3 2022
Cost of operations		167 334
Transportation and processing		54 761
Environmental taxes		30 074
Insurance premium		11 443
Production cost based on produced volumes		263 613
Back-up cost shuttle tankers		6 650
Changes in over/(underlift)	1	(164 635)
Premium expense for crude put options	14	8 852
Production cost based on sold volumes		114 480
Total produced volumes (boe 1000)		19 737
Production cost per boe produced (USD/boe)		13.4

The changes in over/(underlift) are mainly due to allocation of liftings at field level and timing of liftings.

Note 4 Other operating expenses

USD 1000		Q3 2022
R&D expenses		9 485
Pre-production costs		5 206
Guarantee fee decommissioning obligation		6 863
Administration expenses		6 906
Other expenses		-
Total other operating expenses		28 459

Note 5 Exploration expenses

USD 1000	Note	Q3 2022
Seismic		1 366
Area Fee		2 069
Dry well expenses	8	2 276
Other exploration expenses		6 186
Total exploration expenses		11 897

Dry well expenses are mainly related to the wells PL901 7122/6-3 S Rødhetta, PL209 6305/5-C-3 H Ormen Lange Deep and the 34/4-18 S Statfjord Kile Well.

Note 6 Financial items

USD 1000	Note	Q3 2022
Other financial income		2 929
Interests on debts and borrowings	17	(35 378)
Interest on lease debt		(1 992)
Capitalised interest cost, development projects		27 865
Amortisation of fees and expenses		(2 513)
Accretion expenses (asset retirement obligation)	18	(23 519)
Other financial expenses		(1 716)
Net financial income / (expenses)		(34 324)
Unrealised exchange rate gain / (loss)		(286 807)
Realised exchange rate gain / (loss)		28 709
Net exchange rate gain / (loss)		(258 099)
Net financial items		(292 423)

Vår Energi's functional currency is NOK, whilst interest bearing loans are in USD. Due to weakening of NOK vs. USD, significant unrealised foreign exchange losses were recognised in 2022. Of the USD 640 818 thousand reported YTD September 2022, USD 640 282 thousand is unrealised foreign exchange loss directly linked the loans in USD.

Note 7 Income taxes

USD 1000	Q3 2022	
Current year tax payable / (receivable)	1 063 507	
Prior period adjustments to current tax	238	
Current tax expense / (income)	1 063 745	
Deferred tax expense / (income)	127 575	
Tax expense / (income) in profit and loss	1 191 320	1
Effective tax rate in %	103%	
Tax expense / (income) in put option used for hedging	529	
Tax expense / (income) in other comprehensive income	1 191 849	1

The tax calculation in the second and third quarter is based on the new cash flow based petroleum tax legislation, enacted by the Norwegian Parliament in June 2022 with effect from 01 January 2022. Investments from 1 January 2022 can be expensed when incurred for special petroleum tax purposes, replacing the 6 years depreciation. The uplift deduction will be discontinued for investments made before 1 January 2022. The change in the new tax regime in the second quarter on first quarter figures was a reduction of payable taxed of USD 198 million, more than offset by an increase of USD 229 million in deferred taxes.

Reconciliation of tax expense	Tax rate	Q3 2022	
Corporate (78%) tax rate on profit / loss before tax ¹	78%	905 744	
Tax effect of uplift	71.8%	(49 478)	
Tax effects of new legislation on uplift ¹		-	
Impairment of goodwill	78%	182 528	
Tax effects of items taxed at other than corporate (78%) tax rate ²	56%	146 591	
Tax effects of new legislation on other items ¹		-	
Other permanent differences, prior period adjustments and change in estimates of uncertain tax positions	78%	5 935	
Tax expense / (Income)		1 191 320	1

¹ Tax effects in the second quarter of the new legislation is USD 20.5 million related to valuation allowance for lack of statutory tax deduction at effective rate 6.204% related to abandonment of the last field, and USD 10.5 million related to reduced uplift deduction recognised in the first quarter. Effective tax rate has changed from 78% in the old tax regime to 78.004% in the new tax regime.

² The effects of items taxed at other than corporate (78%) tax rate in second and third quarter 2022 is mainly impacted by fluctuation in USD/NOK exchange rate on the company's external borrowings.

Note 7 Income taxes – continued

Deferred tax asset / (liability)	Q3 2022	
Deferred tax asset / (liability) at beginning of period	(7 444 464)	(8)
Current year deferred tax income / (expense)	(127 575)	
Deferred taxes recognised directly in OCI or equity	(529)	
Currency translation effects	633 533	
Net deferred tax asset / (liability) as of closing balance	(6 939 035)	(7)
Calculated tax (payable) / receivable	Q3 2022	
Tax (payable) / receivable at beginning of period	(2 033 759)	(1)
Current year payable taxes	(1 063 507)	
Net tax payment / (tax refund)	524 208	
Prior period adjustments and change in estimate of uncertain tax positions	(238)	
Currency translation effects	194 979	
Net tax (payable) / receivable as of closing balance	(2 378 317)	(2)

A tax payment of USD 924 million related to 2022 net income was made 3 October 2022.

Note 8 Intangible assets

USD 1000	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	-	-	27 347	27 347
Disposals / expensed exploration wells	-	-	(23 130)	(23 130)
Currency translation effects	(574 957)	(11 996)	(23 714)	(610 667)
Cost as at 30 June 2022	4 434 433	92 524	180 484	4 707 440
Depreciation and impairment as at 1 January 2022	(2 477 492)	-	-	(2 477 492)
Currency translation effects	284 356	-	-	284 356
Depreciation and impairment as at 30 June 2022	(2 193 136)	-	-	(2 193 136)
Net book value as at 30 June 2022	2 241 297	92 524	180 484	2 514 304

USD 1000

Cost as at 1 July 2022

Additions

Disposals / expensed exploration wells

Currency translation effects

Cost as at 30 September 2022

Depreciation and impairment as at 1 July 2022

Impairment loss

Currency translation effects

Depreciation and impairment as at 30 September 2022

Net book value as at 30 September 2022

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

Note 9 Tangible assets

USD 1000	Note	Wells and production facilities	Facilities under construction	Other property, plant and equipment	Total
Cost as at 1 January 2022		14 617 577	5 113 429	39 350	19 770 356
Additions		266 882	893 019	7 260	1 167 161
Estimate change asset retirement cost	18	78 038	-	-	78 038
Reclassification		65 912	(29 551)	-	36 361
Currency translation effects		(1 732 799)	(657 355)	(5 104)	(2 395 257)
Cost as at 30 June 2022		13 295 611	5 319 542	41 506	18 656 659
Depreciation and impairment as at 1 January 2022		(4 567 768)	-	(13 671)	(4 581 439)
Depreciation		(748 379)	-	(3 282)	(751 662)
Impairment reversal / (loss)		10 865	-	-	10 865
Currency translation effects		591 038	-	1 884	592 922
Depreciation and impairment as at 30 June 2022		(4 714 245)	-	(15 070)	(4 729 314)
Net book value as at 30 June 2022		8 581 366	5 319 542	26 437	13 927 344

USD 1000

Cost as at 1 July 2022

Additions
Estimate change asset retirement cost
Reclassification
Currency translation effects

Cost as at 30 September 2022

Depreciation and impairment as at 1 July 2022

Depreciation
Impairment reversal / (loss)
Currency translation effects

Depreciation and impairment as at 30 September 2022

Net book value as at 30 September 2022

Capitalised interests for facilities under construction were USD 19 882 thousand in the second quarter and USD 28 172 thousand in the third quarter 2022.

Rate used for capitalisation of interests was 1.9% in the second quarter 2022 and 2.4% in the third quarter.

Effective from 1 January 2022, Vår Energi has changed reserves classification system from U.S. Securities and Exchange Commission (SEC) to SPE-PRMS (Petroleum Resources Management System). The impact in UOP-depreciation rates are limited with increased total proved reserves of 0.7%.

Note 10 Right of use assets

USD 1000	Offices	Rigs, helicopters and supply vessels	Warehouse	Total
Cost as at 1 January 2022	75 830	304 182	13 546	393 558
Additions	4 081	2 596	-	6 677
Reclassification	-	(36 361)	-	(36 361)
Currency translation effects	(13 615)	(30 643)	1 399	(42 859)
Cost as at 30 June 2022	66 296	239 774	14 945	321 015
Depreciation and impairment as at 1 January 2022	(15 707)	(72 924)	(6 496)	(95 126)
Depreciation	(1 597)	(15 784)	(987)	(18 368)
Currency translation effects	1 703	12 002	841	14 545
Depreciation and impairment as at 30 June 2022	(15 600)	(76 706)	(6 642)	(98 950)
Net book value as at 30 June 2022	50 696	163 068	8 303	222 066

USD 1000

Cost as at 1 July 2022

Reclassification

Currency translation effects

Cost as at 30 September 2022

Depreciation and impairment as at 1 July 2022

Depreciation

Currency translation effects

Depreciation and impairment as at 30 September 2022

Net book value as at 30 September 2022

Note 11 Impairment

Impairment testing

Impairment tests of individual cash-generating units (CGUs) are performed when impairment triggers are identified. Impairment tests were initiated in Q3 2022 due to updated cost and schedule for the Balder X project and the significant goodwill on the balance sheet.

Impairment testing of fixed assets and related intangible assets, including technical goodwill were performed as of September 30 2022. There were no impairment indicators for ordinary goodwill as of September 30 2022.

Impairment is recognised when the book value of an asset or a cash-generating unit exceeds the recoverable amount. The recoverable amount is the higher of the asset's fair value less cost of disposal and its value in use. The fair value less cost of disposal estimates are level 3 fair value estimates in the fair value hierarchy. Impairments are correspondingly reversed if the conditions for the impairment are no longer present. Upper limit of reversal is the historical impairments less estimated depreciation as if the impairment had not taken place. Impairments of goodwill are not reversed.

The impairment testing is performed based on discounted cash flows. The expected future cash flow is discounted to the net present value by applying a discount rate after tax that reflects the current market valuation of the time value of money, and the specific risk related to the asset. The discount rate is derived from the weighted average cost of capital (WACC) for a market participant. Cash flows are projected for the estimated lifetime of the fields.

Key assumptions applied for impairment testing purposes as of 30 September 2022 are based on Vår Energi's macroeconomic assumptions. Below is an overview of the key assumptions applied:

Prices

Future price level is a key assumption and has significant impact on the net present value. 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 increased from 65 USD/BBL to 70 USD/BBL (real 2022) and long-term gas price increased from 33.6 USD/BOE to 56.2 USD/BOE (real 2022) in Q3 2022 mainly due to structural changes in the European energy market impacted by the phase out of Russian oil and gas.

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

Year
2022
2023
2024

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

Year
2022
2023
2024

Oil and gas reserves

Future cash flows are calculated based on expected production and possible reserves.

Production (mboe) per period as applied in the impairment test are as follows:

Year
2022 – 2026
2027 – 2031
2032 – 2036
2037 – 2041
2042 – 2054

Note 11 Impairment – continued

Future expenditure

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

Discount rate

The post tax nominal discount rate used is 8.0 percent, unchanged vs. Q2 2022.

Currency rates

The currency rates used are 9.50 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. The NOK/USD rate for 2023 is up from 9.00 NOK/USD as applied per 30 June 2022.

Inflation

Inflation for 2023 is assumed to be 4%. The long-term inflation rate beyond 2023 is assumed to be 2.0%. Impairment testing per 30 June 2022 assumed yearly inflation rate of 2% from 2022.

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 and technical goodwill as of the assessment date. In the impairment test performed, carrying value is adjusted by the remaining part of deferred tax from which the technical goodwill arose, to avoid an immediate impairment of all technical goodwill. When deferred tax liabilities from the acquisitions decreases as a result of depreciation, more goodwill is as such exposed for impairment. This may lead to future impairment charges even though other assumptions remain stable.

Impairment charge/reversal

The impairment testing per 30 September 2022 identified impairment to the Balder CGU of USD 572 531 thousand due to updated cost, schedule and production profile related to the Balder X project. Historical impairments, excluding goodwill, were fully reversed per 31 March 2022.

Cash generating unit (USD 1000)	Net carrying value	Reversal
Balder Area	1 281 283	

Sensitivity analysis

The table below shows how the impairment or reversal changes by changes in the various assumptions, given that the

Assumption USD 1000
Oil and gas prices
Production profile
Discount rate

The sensitivities are created for illustration purposes, based on input factors. Significant reductions are likely to result in lower impairment when estimating an asset's recoverable amount. Changes in the impairment amount compared to the illustrative sensitivity analysis for the Balder Area.

Climate related risks

The climate related risk assessment is generally described in the climate related risk assessment and impairment testing includes a step up of CO₂ tax/

Note 12 Trade receivables

USD 1000	Note	30 Sep 2022	30 Jun 2022	31 Dec 2021	30 Sep 2021
Trade receivables - related parties	22	221 086	361 750	424 834	320 649
Trade receivables - external parties		456 718	364 548	412 627	296 625
Sale of trade receivables		-	(166 283)	(91 540)	(276 612)
Total trade receivables		677 804	560 015	745 921	340 662

As part of the Group's working capital optimisation and finance cost minimisation procedures, Vår Energi has entered into 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, an 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.

As per 30 September 2022, no active agreements are in place.

Note 13 Other current receivables and financial assets

USD 1000
Net underlift of hydrocarbons
Prepaid expenses
Brent crude put options - financial assets
Other
Total other current receivables and financial assets

Note 14 Financial instruments

Derivative financial instruments

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

As of 30 September 2021 and 30 September 2022, the Group had the following volumes of Brent crude oil put options in place and with the following strike prices:

Hedging instruments	Volume (no of put options outstanding at balance sheet date) in thousands (BBL)	Exercise price (USD per BBL)
Brent crude oil put options 30 Sep 2021, exercisable in 2021	4 220	40
Brent crude oil put options 30 Sep 2021, exercisable in 2022	11 051	47
Brent crude oil put options 30 Sep 2022, exercisable in 2022	3 298	47
Brent crude oil put options 30 Sep 2022, exercisable in 2023	9 388	50

Brent crude put options – financial assets

USD 1000	Note	Q3 2022	2021	Q3 2021
The beginning of the period		18 046	26 354	16 927
Cost of hedge	3	(8 852)	(60 492)	(17 083)
Effective portion recognised in OCI		3 659	9 976	5 306
New Brent crude put options		7 000	39 339	4 970
FX-effect		148	2 230	1 865
The end of the period		20 001	17 407	11 985

As of 30 September 2022, the fair value of outstanding Brent Crude oil put options amounted to USD 20 001 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 premium

USD 1000	Note
The beginning of the period	
Cost of hedge	3
New Brent crude put options	
FX-effect	
The end of the period	

The full intrinsic value ("in the money value") of the options is recognised in the period in which the hedged revenues are realised. The premiums paid for the put options are accounted for in the period in which the hedged revenues are realised.

Reconciliation of liabilities arising from financing activities

The table below shows a reconciliation between the opening and closing position for liabilities arising from financing activities.

USD 1000	31 Dec 2021
Bond USD Senior Notes (22/27)	-
Long-term interest-bearing debt (RCF)	4 520 500
Deferred payment ExxonMobil ¹	333 149
Prepaid loan expenses	(27 074)
Totals	4 826 575

¹ Deferred payment to ExxonMobil is due 30 December 2022. It includes accrued interest.

Note 15 Cash and cash equivalents

USD 1000	30 Sep 2022	30 Jun 2022	31 Dec 2021	30 Sep 2021
Bank deposits, unrestricted	1 494 595	885 366	214 133	257 296
Bank deposit, restricted, employee taxes	4 411	6 679	9 454	6 375
Total bank deposits	1 499 006	892 046	223 588	263 671

Note 16 Share capital and shareholders

Vår Energi ASA was listed on the Oslo Stock Exchange on 1 October 2021. The voting rights and composition of the board was changed on the same date.

In 2021, the share capital was 399 425 shares at par value of NOK 0.16. Each share corresponded to 1 vote.

As of 30 September 2022, the total share capital of the company was NOK 63 908 000. The share capital is divided into 2 496 406 246 ordinary shares with a par value of NOK 0.16. The ordinary shares represent NOK 399 424 500, which is 62.5% of the total share capital. The remaining 24 483 500 NOK 0.64 of the total share capital.

All shares rank pari passu and have equal rights in all matters relating to distributions, except from the class B shares. 4 million shares are reserved for the class B shares, which have a simple majority among the votes cast for Class B shares. The class B shares hold less shares of the company.

Earnings per share are calculated by dividing the net result by the number of shares after the listing on Oslo Stock Exchange. The calculation is retrospective to the new number of shares.

Vår Energi ASA's share saving program gives employees the opportunity to save shares through salary deductions. If the shares are retained for two full years after the saving year, the employees will be awarded a bonus share. The bonus share is awarded by Vår Energi ASA buying shares in the market. The award is 1 share for every 10 shares saved.

Note 17 Financial liabilities and borrowings

Interest-bearing loans and borrowings

USD 1000	Coupon/ Int. Rate	Maturity	30 Sep 2022	30 Jun 2022	31 Dec 2021	30 Sep 2021
Bond USD Senior Notes (22/27)	5%		500 000	500 000	-	-
RBL credit facility			-	-	-	4 440 000
Bridge facility	0.80%+SOFR +CAS	Nov 2023	2 500 000	2 500 000	3 000 000	-
Working capital facility	1.08%+SOFR +CAS	Nov 2024	-	-	1 420 500	-
Liquidity facility	1.13%+SOFR +CAS	Nov 2026	-	-	-	-
Credit facility	1.13%+SOFR +CAS	Mar 2023	-	-	100 000	-
Deferred payment ExxonMobil			348 276	343 202	333 149	329 301
Prepaid loan expenses			(22 927)	(22 537)	(27 074)	(57 322)
Total interest-bearing loans and borrowings			3 325 349	3 320 665	4 826 575	4 711 979
Of which current and non-current						
Interest-bearing loans, current			348 276	343 202	333 149	-
Interest-bearing loans and borrowings			2 977 073	2 977 463	4 493 426	4 711 979

Credit facilities – utilised and unused amount

USD 1000	30 Sep 2022	30 Jun 2022	31 Dec 2021	30 Sep 2021
Drawn amount RCF credit facility	2 500 000	2 500 000	4 520 500	4 440 000
Undrawn amount credit facilities ¹	3 600 000	3 600 000	2 079 500	1 394 500

¹ Where current share is 600 mUSD in Q3 2022

On 1 November 2021, Vår Energi signed a senior unsecured revolving credit facility with a group of 12 international banks, refinancing the reserve

On 18 May 2022 Vår Energi ASA issued USD 500 million of Senior Notes on the Luxembourg Stock Exchange ("LuxSE"). The coupon is 5% and the proceeds were used for partial repayment of the Bridge Facility.

Per 30 September the facilities agreement contains of (1) a revolving credit facility of USD 2.5 billion which including extension option until 30 Sep 2023, (2) working capital revolving credit facility of USD 1.5 billion maturing 1 Nov 2026. The facilities have covenants covering leverage ratio (EBITDA to total debt) not exceed 3.5 and interest coverage (EBITDA to 12 month interest) not less than 1.5 at the end of each calendar quarter.

The interest rate payable for each of the facilities is determined as the sum of the Secured Overnight Financing Rate (SOFR) and a margin for the present period as shown in the table above.

On 24 March 2020, Vår Energi signed two unsecured revolving credit facilities of USD 600 million with a tenor of 3 years. The agreements are part of the Corporate Facilities with no changes to tenor or total capacity.

Deferred payment to ExxonMobil is part of the consideration for the acquisition of Partner-Operated fields and licenses on the Norwegian continental shelf.

Note 18 Asset retirement obligations

USD 1000	Q3 2022	Q1 – Q2 2022	2021
Beginning of period	2 965 568	3 297 176	4 286 451
Change in estimate	12 840	78 038	(922 730)
Accretion discount	23 519	46 358	94 733
Payment for decommissioning of oil and gas fields	(3 879)	(51 625)	(70 418)
Currency translation effects	(246 580)	(404 379)	(90 860)
Total asset retirement obligations	2 751 468	2 965 568	3 297 176
Short-term	13 390	18 016	61 536
Long-term	2 738 078	2 947 552	3 235 640
Breakdown by decommissioning period	30 Sep 2022	30 Jun 2022	31 Dec 2021
2022 – 2030	214 090	215 008	269 534
2031 – 2040	1 647 302	1 790 513	1 989 456
2041 – 2057	890 076	960 047	1 038 186

Change in estimate include updated discount rates and revised cost estimates for Balder and Goliat.

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 inflation rates of 5.7% in 2022, 4.0% in 2023 and 2.0% from 2024 onwards and discount rates between 3.2% – 3.4% per 30 September 2022. For year end 2021 the inflation rates were 1.8% – 2.3% and the discount rates between 1.15% – 3.0%. The discount rates are based on risk-free interest without addition of credit margin.

Third quarter 2022 payment for decommissioning of oil and gas fields (abex) is mainly related to Ekofisk/Tor.

Vår Energi has a retirement obligation as a shipper in Gassled booked to other non-current liabilities in the balance sheet statement. The Group has accrued USD 61 359 thousand for this purpose per 30 September 2022.

Note 19 Other current liabilities

USD 1000
Net overlift of hydrocarbons
Net payables to joint operations
Employees, accrued public charges and other payable
Deferred payment for option premiums - oil puts
Total other current liabilities
The liability for oil put options relates to cost of oil put at the time of settlement of the option (exercise/expiry) and

Note 20 Commitments, provisions and contingencies

During the normal course of its business, the company has made accruals for probable liabilities related to litigation with IAS37 and IAS12.

The company has significant contractual commitments for operated and partner operated exploration, development and production. The most significant commitments are Johan Castberg, Balder Future, Breidablikk and Ferar.

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 Group 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 and warehouses. The most significant are for the supply vessels operating at Goliat.

Two new lease agreements commenced in Q1 2022 for supply vessels. There were no new lease agreements in Q3 2022.

USD 1000

Opening Balance lease debt

New lease debt in period

Payments of lease debt

Interest expense on lease debt

Currency exchange differences

Total lease debt

Breakdown of the lease debt to short-term and long-term liabilities

Short-term

Long-term

Total lease debt

Lease debt split by activities

Offices

Rigs, helicopters and supply vessels

Warehouse

Total

Note 22 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 is with entities owned or controlled by the shareholders. 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 Sep 2022	30 Jun 2022	31 Dec 2021	30 Sep 2021
Trade receivables				
Eni Trade & Biofuels SpA	33 781	110 883	160 533	193 700
Eni SpA	137 657	199 327	123 884	85 960
Eni Global Energy Markets	47 576	49 436	138 342	38 581
Other	2 072	2 104	2 075	2 409
Total trade receivables	221 086	361 750	424 834	320 649

All receivables are due within 1 year.

Current liabilities

USD 1000	30 Sep 2022	30 Jun 2022	31 Dec 2021	30 Sep 2021
Account Payables				
Eni International BV	16 304	10 868	21 336	16 076
Eni Global Energy Markets	12 704	11 152	24 547	9 694
Eni SpA	10 407	6 763	19 387	16 963
Other	644	1 099	915	93
Total account payables	40 058	29 882	66 185	42 826

Sales revenue

USD 1000	Q3 2022
Eni Trade & Biofuels SpA	647 000
Eni SpA	459 000
Eni Global Energy Markets	134 000
Total sales revenue	1 241 000

Operating and capital expenditures

USD 1000	Q3 2022
Eni Trade & Biofuels SpA	12 000
Eni International BV	6 000
Eni SpA	6 000
Eni Global Energy Markets	(3 000)
Eni International Resources Ltd.	1 000
Other	2 000
Total operating and capital expenditures	24 000

Note 23 License ownerships

Vår Energi has the following new licenses since year end 2021.

Fields	WI %	Operator
PL091F	41%	Vår Energi
PL209 BS	10%	Equinor
PL586B	45%	Neptune
PL1025SB	30%	Vår Energi
PL1043B	40%	Vår Energi
PL1139	20%	Lundin
PL1154	40%	Vår Energi
PL1163	20%	ConocoPhillips
PL1168	50%	Vår Energi
PL1169	30%	Equinor
PL229H	50%	Vår Energi

Asset transactions/Other changes

Fields	WI %
Additions	
PL393	30%
PL917	20%
PL917B	20%
Disposals	
PL027HS	10%
PL956	20%
PL985	10%
Other changes	
PL947/PL947B	

The asset transactions are in licenses in the exploration

Note 24 Subsequent events

Vår Energi has elected to sell part of its gas on a fixed price of 10.5% of the estimated gas production on a fixed price chosen to forward sell 15% of its estimated gas production in boe. The current market situation is very much impacted by Russia into the European market.

Vår Energi operates only on the Norwegian Continental Shelf in EU and UK. While not directly exposed to Russia's invasion, the impact on safe and reliable energy supply, as well as to the impact on future operations and results.

**Audited consolidated financial statements of Vår Energi ASA
for the year ended December 31, 2021**

Consolidated statement of comprehensive income

USD 1000, except earnings per share data	Note	2021	2020
Petroleum revenues	4	6 043 375	2 868 635
Other operating income	4	29 357	25 205
Total income		6 072 732	2 893 840
Production costs	5	(1 289 981)	(1 028 506)
Exploration expenses	8	(57 138)	(57 183)
Depreciation and amortisation	13, 14	(1 704 561)	(1 706 740)
Impairment loss and reversals	12, 13, 15	(982)	(2 178 108)
Other operating expenses	9	(110 483)	(176 204)
Total operating expenses		(3 163 146)	(5 146 741)
Operating profit/(loss)		2 909 586	(2 252 901)
Net financial income/(expenses)	10	(269 489)	(238 058)
Net exchange rate gain/(loss)	10	(142 371)	286 955
Profit/(loss) before taxes		2 497 727	(2 204 004)
Income tax (expense)/income	11	(1 876 143)	577 380
Profit/(loss) for the year		621 585	(1 626 625)
Other comprehensive income:			
Items that may be reclassified subsequently to the income statement:			
Currency translation differences		(62 122)	(114 548)
Net gain/(loss) on put options used for hedging		6 919	(11 617)
Other comprehensive income for the period, net of tax		(55 203)	(126 165)
Total comprehensive income		566 382	(1 752 789)
Earnings per share			
EPS Basic	22	1 556	(4 072)
EPS Diluted	22	1 556	(4 072)

Consolidated balance sheet statement

USD 1000	Note	31 Dec 2021	31 Dec 2020
ASSETS			
Non-current assets			
Intangible assets			
Goodwill	12	2 531 897	2 820 840
Capitalised exploration wells	12	199 981	113 327
Other intangible assets	12	104 520	107 732
Tangible fixed assets			
Property, plant and equipment	13	15 188 917	15 593 975
Right of use assets	14	298 432	133 846
Financial assets			
Investment in shares	16	853	881
Other non-current assets	16	1 809	2 694
Total non-current assets		18 326 409	18 773 295
Current assets			
Inventories	17	301 329	283 199
Trade receivables	18, 29	745 921	165 984
Other receivables, prepaid assets and financial instruments	19	280 697	241 938
Tax receivable	11	-	522 854
Cash and cash equivalents	21	223 588	272 411
Total current assets		1 551 534	1 486 385
TOTAL ASSETS		19 877 943	20 259 680

Consolidated balance sheet statement

USD 1000	Note	31 Dec 2021	31 Dec 2020
EQUITY AND LIABILITIES			
Equity			
Share capital	22	45 972	45 972
Share premium		2 643 181	3 593 181
Other equity		(1 216 783)	(1 784 276)
Total equity		1 472 369	1 854 877
Non-current liabilities			
Interest-bearing loans and borrowings	23	4 493 426	5 583 552
Deferred tax liabilities	11	7 799 594	7 342 952
Abandonment obligation	24	3 235 640	4 260 181
Lease liabilities, non-current	28	216 208	123 404
Other non-current liabilities	25	162 870	156 865
Total non-current liabilities		15 907 737	17 466 952
Current liabilities			
Abandonment obligation, current	24	61 536	26 270
Accounts payables	29	422 155	252 801
Taxes payable	11	801 432	16 505
Interest-bearing loans, current	23	333 149	-
Lease liabilities, current	28	108 880	41 078
Other current liabilities	26	770 685	601 197
Total current liabilities		2 497 837	937 851
Total liabilities		18 405 574	18 404 803
TOTAL EQUITY AND LIABILITIES		19 877 943	20 259 680

Consolidated statement of changes in equity

USD 1000	Share capital	Share premium	Other equity		
			Other equity	Translation differences	Hedge reserve
Balance at 1 January 2020	45 972	4 043 181	27 303	(45 625)	(17 120)
Profit/(loss) for the period	-	-	(1 626 625)	-	-
Other comprehensive income/(loss)	-	-	-	(114 548)	(11 617)
Total comprehensive income/(loss)	-	-	(1 626 625)	(114 548)	(11 617)
Dividends paid	-	(450 000)	-	-	-
Other	-	-	3 955	-	-
Balance at 31 December 2020	45 972	3 593 181	(1 595 366)	(160 173)	(28 737)
Balance at 1 January 2021	45 972	3 593 181	(1 595 366)	(160 173)	(28 737)
Profit/(loss) for the period	-	-	621 585	-	-
Other comprehensive income/(loss)	-	-	-	(62 122)	6 919
Total comprehensive income/(loss)	-	-	621 585	(62 122)	6 919
Dividends paid	-	(950 000)	-	-	-
Other	-	-	1 111	-	-
Balance at 31 December 2021	45 972	2 643 181	(972 671)	(222 295)	(21 818)

Consolidated statement of cash flows

USD 1000	Note	2021	2020
Profit/(loss) before income taxes		2 497 727	(2 204 004)
Adjustments to reconcile profit before tax to net cash flow:			
– Depreciation and amortisation	13, 14	1 704 561	1 706 740
– Impairment loss and reversals	15	982	2 178 108
– (Gain)/loss on sale and retirement of assets	4	(2 232)	(1 043)
– Impairment of exploration wells	8	5 887	20 024
– Accretion expenses (asset retirement obligation)	10	94 733	74 427
– Unrealised (gain)/loss on foreign currency transactions and balances	10	558 940	(319 964)
– Other non-cash items and reclassifications		(171 439)	371 554
Working capital adjustments:			
– Changes in inventories, accounts payable and receivables		(440 481)	280 532
– Changes in other current balance sheet items		183 695	136 203
Contingent consideration paid related to prior business combination	26	(30 000)	-
Income tax received/(paid)	11	164 439	(342 304)
Interest received	10	13 090	32 224
Interest paid	10	(141 532)	(188 638)
Net cash flow from operating activities		4 438 371	1 743 857

USD 1000

Cash flow from investing activities

Expenditures on exploration and evaluation assets
Expenditures on property, plant and equipment
Payment for decommissioning of oil and gas fields
Proceeds from sale of assets (sales price)
Expenditures on other intangible assets
Net cash used on business combination

Net cash used in investing activities

Cash flow from financing activities

Dividends paid
Net proceeds/(payments) of revolving credit facility
Net proceeds/(payments) of reserve based lending facility
Payment of other loans and borrowings
Payment of principal portion of lease liability

Net cash from financing activities

Net change in cash and cash equivalents

Cash and cash equivalents, beginning of period
Effect of exchange rate fluctuation on cash held

Cash and cash equivalents, end of period

Notes to the consolidated financial statements

Note 1 Corporate information

The consolidated financial statements of Vår Energi ASA and its subsidiaries (collectively, "the Group" or "Vår Energi") for the twelve months period ended 31 December 2021 were authorised for issue in accordance with a Board resolution on 29 March 2022.

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 Group's head office is located at Vestre Svanholmen 1, 4313 Sandnes, Norway.

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

Group structure

The consolidated financial statements of the Group include:

Shares in subsidiaries

Name	Business location	Voting/Ownership 2021
Point Resources FPSO Holding AS	Sandnes, Norway	100%
Vår Energi Marine AS	Sandnes, Norway	100%

Shares in subsidiaries indirectly owned

Name	Business location	Voting/Ownership 2021
Point Resources FPSO AS	Sandnes, Norway	100%
PR Jotun DA	Sandnes, Norway	100%

Note 2 Summary of IFRS accounting principles

2.1 Basis of preparation

The financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by The European Union (EU).

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.

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 Group 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 valued 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 by using spot rates of exchange at the balance sheet date. Items within profit & loss and other comprehensive income are translated from functional currency to presentation currency by using quarterly 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

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 Group 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. In accordance with IAS 12 Income Taxes, 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 the Group'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 Group has lifted and sold more than its entitled share of production based on the ownership interest, an accrual is recognised for the fair value. To the extent the Group has lifted and sold less than its entitled share of production, costs are deferred for the underlift.

Interests in joint arrangements

The Group has interests in licences on the Norwegian Continental Shelf. IFRS defines a joint arrangement 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.

Under IFRS 11 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. The Group recognises investments in joint operations (oil and gas production licenses) by reporting its share of related revenues, expenses, assets, liabilities and cash flows under the respective items in the Group's financial statements.

For those licenses that are not deemed to be joint arrangements pursuant to the definition in IFRS 11 as there is no joint control ("undivided interests"), the Group recognises its share of related expenses, assets, liabilities and cash flows in the same way as under IFRS 11. 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 basis are recognised. Deferred tax assets relating to earned uplift on incurred investments are not recognised because of the initial recognition exemption in IAS 12 Income Taxes. 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 have also been recognised in OCI.

Exploration

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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 life-time 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

Spare parts and consumables are measured at the average cost price of the inventory items. Physical stock of crude oil is valued at production cost.

Asset retirement obligations

The Group recognises an asset retirement obligation (ARO) to the extent it has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the obligation amount can be made. The obligation generally arises when the 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 an interest rate that reflects current market assessments and the risks specific to the liability. 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. These liabilities are presented in Other non-current liabilities against which the charges from Gassled will be recognised when invoiced.

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, the Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

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Other lease contracts, such as offices and supply vessels not linked to specific fields, are recognised on a gross basis even when parts of the related cash-flows are charged to the license partners. For such contracts, the partner's share of the cost recovered by the Group 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 licenses. 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). No such sublease arrangements with a term longer than 12 months have been identified in the portfolio of lease arrangements.

Financial assets and liabilities

The Group's financial assets and liabilities comprise non-listed equity instruments, derivative financial instruments (assets and liabilities), receivables, cash and cash equivalents, payables, other short term liabilities 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 Group's business model for managing them.

The Group classified 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

The Group measures financial instruments at amortized cost if both of the following conditions are met:

- The financial instrument is held within a business model with the objective to hold financial instruments in order to collect or pay 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 instruments 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 Group's financial instruments at amortized 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 impairment losses. Accounts receivables that do not contain a significant financing component are measured at the transaction price determined under IFRS 15. Cash and cash equivalents are measured at fair value, loans and borrowings and other liabilities are measured at amortised cost.

Derivative financial instruments

The Group 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 at fair value on the balance sheet date, using market inputs 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 Group 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), while any ineffective portion is recognised immediately in profit or loss. Amounts recognised in OCI are transferred 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. Option premium costs are deferred and paid at the time of exercise or expiry. These deferred payments 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 contract is a financial instrument, the Group recognises it as a financial instrument at fair value. If the contract is not a financial instrument, the Group recognises it as a non-financial asset or liability at fair value. If the contract is a financial instrument, the Group recognises it as a financial instrument at fair value. If the contract is not a financial instrument, the Group recognises it as a non-financial asset or liability at fair value.

Current v

The Group classifies its financial instruments in the following categories:

- Expected future production and sales of crude oil, and applied hedge accounting.
- Held for trading
- Expected future production and sales of crude oil, and applied hedge accounting.

Or

- Cash and cash equivalents
- settle a financial liability

All other financial instruments are classified as financial assets or liabilities.

- It is expected to be recovered within 12 months
- It is held for trading
- It is due within 12 months

Or

- There is a significant increase in the value of the asset or liability
- least two

The Group classifies its financial instruments in the following categories:

Cash flow

The statement of cash flows is prepared using the indirect method. Cash flows are classified into three categories: operating activities, investing activities and financing activities.

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. The effective date for tax purposes is set to 1 January, while revenues and costs are recognised by Vår Energi as seller until transfer of control to the buyer (completion date).

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 the effective date for tax purposes).

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 license in the 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 license are included in the purchaser's Income statement from the acquisition date, as defined above.

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 licenses 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 full in Other income in the statement of income.

Important accounting judgments, estimates and assumptions

The preparation of financial statements in accordance with IFRS requires management to make judgments, estimates and assumptions that have an effect on the application of accounting principles and the reported assets, liabilities,

income and expenses. The main significant judgments management has made regarding the application of accounting principles are the following:

Goodwill allocation

For the purpose of impairment testing, goodwill is allocated to a cash-generating unit (CGU), or groups of CGUs that are expected to benefit from the synergies of the business combination from which it arose. The allocation of goodwill requires judgment and may significantly impact any subsequent impairment charge. Technical goodwill and deferred tax is recognised for the after-tax consideration paid in business combinations for assets acquired under section 10 of the Norwegian Petroleum Tax Act. Technical goodwill is allocated to the field level (CGU) from which it arose.

Identifying a lease within joint operating arrangements

When applying IFRS 16 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 Group'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. 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 license-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

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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 recognized 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 judgment 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 and decommissioning costs. 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 ARO 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 2021. These standards and amendments are not expected to have a material impact on the group in the current or future reporting periods.

Note 3

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Note 4 Income

Petroleum revenues (USD 1000)	Note	EU/UK	Norway	2021	2020
Revenue from crude oil sales		3 448 157	-	3 448 157	1 945 461
Revenue from gas sales		2 118 534	108 798	2 227 332	540 995
Revenue from NGL sales		353 551	14 335	367 885	213 561
Gains on cash flow hedge - crude put options	19, 20			-	168 617
Total petroleum revenues		5 920 243	123 132	6 043 375	2 868 635
Sales of crude (boe 1000) (unaudited)				49 006	50 977
Sales of gas (boe 1000) (unaudited)				28 011	31 116
Sales of NGL (boe 1000) (unaudited)				8 180	10 034
Other operating income (USD 1000)				2021	2020
Gain/loss (-) from sale of assets				2 232	1 043
Other operating income				27 125	24 161
Total other operating income				29 357	25 205

The majority of sales are to international customers in EU/UK.

Vår Energi was fully hedged for oil production after tax at a strike price of 50 USD/bbl in 2020. Gain on cash flow hedge in 2020 relates to exercised put options during the year, especially the period March - May with prices below 35 USD/BBL.

Asset sale in 2021 relates to 10% ownership interest in the Jotun FPSO to Mime Petroleum AS.

Other operating income is mainly related to other partner's share of lease cost recovered by the company.

Note 5 Production costs

USD 1000
Cost of operations
Transportation and processing
Environmental taxes
Insurances
Production cost based on produced volumes
Back-up cost shuttle tankers
Adjustment of over/underlift (-)
Premium expense for crude put options
Production cost based on sold volumes
Total produced volumes (boe 1000) (unaudited)
Production cost per boe produced (USD/boe) (unaudited)

Vår Energi has in 2021 updated the classification of costs to better align type of cost. The company has reallocated fee (USD 20 570 thousand in 2020) from Cost of operations to Production cost based on sold volumes (USD 11 726 thousand in 2020) from Cost of operations.

Note 6 Staff costs and remuneration

USD 1000	2021	2020
Salary expenses	195 324	143 742
Social security tax (incl. pension and social charges for foreign personnel)	25 262	20 274
Pension cost, defined benefit scheme	-	1 319
Pension cost, defined contribution scheme	14 976	10 345
Other personnel expenses	4 945	4 096
Total	240 508	179 776
Average number of employees	921	889

The share charged to partners in operated joint ventures amounted to USD 41 306 thousand (USD 36 355 thousand in 2020).

Pension cost and pension fund/-obligations

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 income statement in the period to which the contributions relate. Once the contributions have been paid, there are no further payment obligations.

Personnel employed in Eni Norge AS before the merger with Point Resources AS had a defined benefit pension scheme. This scheme was terminated end of 2019, and effective from 1 January 2020 all employees in Vår Energi AS have a defined contribution pension plan.

Key management personnel compensation 2021¹

Name	Position
Torger Rød ²	Chief Executive Officer
Kristin Kragseth ³	Chief Executive Officer
Stefano Pujatti ⁴	Chief Financial Officer
Rune Oldervoll	Vice President Operations
Ove André Årdal	Vice President Commercial
Alessandro Barberis ⁵	Vice President Exploration
Denis Palermo ⁶	Vice President Exploration
Ørjan Jentoft	Vice President Partner Operated Assets
Annethe Gjerde	Vice President Contracts & Procurement
Bjørn Thore Ribesen	Vice President Field Development & Projects
Aksel Luhr	General Counsel
Charlotte V. Saunders	Vice President Corporate Services
Ove M. Helle	Vice President Safety & Sustainability
Tor B. Tangvald	Vice President Internal Audit
Total compensation	

¹ Remuneration is paid in NOK and converted to USD using a yearly average USD/NOK-rate.

² Employed since June 2021.

³ Employed until end of May 2021

⁴ Paid by Eni S.p.A. Inpat on shadow payroll – figures are based on contract. Amount is gross paid. Pension is handled by EIRL.

⁵ Seconded from Eni S.p.A to Vår Energi since September 2021.

⁶ Employed until end of October 2021, figures are based on contract. Amount is gross paid. Pension is handled by EIRL.

Key management personnel compensation 2020¹

Name	Position	Salary	Bonus	Payment in kind	Pension costs
Kristin Kragseth	Chief Executive Officer	614 113	264 455	10 755	88 226
Stefano Pujatti ²	Chief Financial Officer	520 061	31 567	-	-
Rune Oldervoll	Vice President Operations	290 203	118 957	4 726	41 391
Ove André Årdal	Vice President Commercial	235 438	96 953	7 955	70 843
Denis Palermo ³	Vice President Exploration	523 797	-	-	-
Ørjan Jentoft	Vice President Partner Operated Assets	294 995	-	10 219	44 656
Annethe Gjerde	Vice President Contracts & Procurement	215 031	50 031	1 836	32 700
Bjørn Thore Ribesen ⁴	Vice President Field Development & Projects	192 543	31 913	1 032	20 138
Aksel Luhr	General Counsel	224 302	72 137	1 836	138 035
Charlotte V. Saunders	Vice President Corporate Services	227 799	71 178	10 431	71 345
Ove M. Helle	Vice President Safety & Sustainability	231 241	93 143	1 836	32 888
Tor B. Tangvald	Vice President Internal Audit	253 289	79 265	1 836	93 807
Total compensation		3 822 811	909 599	52 463	634 030

¹ Remuneration is paid in NOK and converted to USD using a yearly average USD/NOK-rate.

² Paid by Eni S.p.A. Inpat on shadow payroll – figures are based on contract. Amount is gross paid. Pension is handled by Eni S.p.A.

³ Paid by Eni S.p.A. Inpat on shadow payroll – figures are based on contract. Amount is gross paid. Pension is handled by EIRL (Eni International Resources Ltd)

⁴ Employed since June 2020.

None of the members of the Board, including the Chair, received any remuneration from Vår Energi for their responsibility as a Director in 2021. None of the members of the Board or the Management has received remuneration or economical benefits from other companies in the Group.

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 Management.

The CEO shall receive severance pay equal to 12 months' salary if the board of directors decide that the CEO shall withdraw from his position and terminate his employment. VP Internal Audit had an option to end his employment with the company as of 26 March 2022 with a 24 months compensation – equivalent to USD 498 thousand. The option was not exercised. No other employee, including any member of Management, has entered into employment agreements which provide for any special benefits upon termination. None of the Directors has a service contract and none will be entitled to any benefits upon termination.

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Note 7 Auditors fee

USD 1000	2021	2020
Statutory audit	445	607
Other attestations	434	10
Other services	70	163
Total fee	949	780

Services other than audit in 2021 provided by the auditors related to assistance with prospectus. In 2020 services other than audit mainly related to project support and assistance to offshore operations department and non-financial process improvement activities.

Note 8 Exploration expenses

USD 1000	Note	2021	2020
Seismic		2 989	4 447
Area Fee		9 762	10 098
Dry well expenses	12	5 887	20 024
Other exploration expenses		38 501	22 614
Total exploration costs		57 138	57 183

Note 9 Other operating expenses

USD 1000
R&D expenses
Legal provisions
Pre-production costs
Guarantee fee decommissioning obligation
Value adjustment contingent considerations
Administration expenses
Other expenses
Total other operating expenses

Vår Energi has in 2021 updated the classification of cost to better align type of cost. The company has reallocated fee (USD 20 570 thousand in 2020) from Cost of operation

Movement in value adjustment contingent considerations structure.

R&D cost

Vår Energi participates in a variety of research and development future activities carried out by the company in the areas

Vår Energi is engaged in large scale projects aiming to capture and storage (CCS) and low emissions technology

Vår Energi's R&D portfolio includes about 40 projects, consortia, but also as bilateral R&D contracts.

Note 10 Financial items

USD 1000	Note	2021	2020
Interest income on bank accounts and receivables		13 090	32 224
Dividends		232	34
Other financial income		721	-
Interests on debts and borrowings		(143 462)	(188 638)
Interest on lease debt		(7 819)	(7 288)
Capitalised interest cost, development projects		49 034	29 824
Amortisation of fees and expenses		(73 495)	(17 336)
Accretion expenses (asset retirement obligation)	24	(94 733)	(74 427)
Other financial expenses		(13 056)	(12 451)
Net financial income/(expenses)		(269 489)	(238 058)
Currency forward contracts gain/(loss)		-	(11 468)
Unrealised exchange rate gain/(loss)		(558 940)	319 964
Realised exchange rate gain/(loss)		416 570	(21 541)
Net exchange rate gain/(loss)		(142 371)	286 955
Net financial items		(411 859)	48 897

Due to extinguishment of debt and new debt in November 2021, the prepayments of fees related to the loans which were terminated are fully recognised through P&L in 2021 and presented as increased amortisation of fees and expenses.

2021 exchange rate gains and losses relates mainly to substantial realised exchange rate gain due to the realisation of the RBL loan in November 2021 (refer to [note 23](#)). This exchange rate gain was offset by reversal of prior period unrealised exchange rate gains for the same loan.

Note 11 Income Taxes

USD 1000
Current year tax payable/receivable
Prior period adjustments to current tax
Current tax expense/(income)
Change in deferred taxes
Deferred tax expense/(income)
Tax expense/(income) in profit and loss
Effective tax rate in %
Tax expense/(income) in put option used for hedging
Tax expense/(income) in other comprehensive income
Reconciliation of tax expense
Corporate (78%) tax rate on profit/loss before tax
Tax effect of uplift
Impairment of goodwill
Tax effects of items taxed at other than corporate (78%) rate
Other permanent differences, prior period adjustments and estimates of uncertain tax positions
Tax expense/(income)

Temporary timing differences at end of period	2021	2020
Tangible fixed assets	10 919 602	11 915 092
Capitalised exploration cost	199 981	113 327
Other intangible assets	104 520	107 732
Abandonment obligation	(3 357 278)	(4 334 898)
Other	(82 362)	796 320
Basis for deferred ordinary taxes	7 784 463	8 597 573
Uplift recognised as part of business combinations	(19 607)	(54 903)
Additional depreciation for special tax	3 304 522	1 793 207
Temporary differences not relevant for special taxes	(199 716)	(689 362)
Basis for deferred special taxes	10 869 664	9 646 515
Ordinary tax 22%	(1 712 582)	(1 891 466)
Special tax 56%	(6 087 012)	(5 402 048)
Items taxed at other tax rates	-	(49 437)
Net deferred tax asset/(liability) as of closing balance	(7 799 594)	(7 342 952)

Breakdown of tax effect on temporary differences	2021	2020
Tangible fixed assets	(10 320 384)	(10 282 280)
Capitalised exploration cost	(155 985)	(88 395)
Other intangible assets	(81 526)	(84 031)
Abandonment obligation	2 618 677	3 381 220
Lease liabilities	246 074	112 234
Financial instruments	4 825	7 023
Other provisions	(111 275)	(388 723)
Net deferred tax asset/(liability) as of closing balance	(7 799 594)	(7 342 952)

Deferred tax asset/(liability)

Deferred tax liability/asset at beginning of period
Current year deferred tax income/(expense)
Deferred taxes related to business combinations
Deferred taxes recognised directly in OCI or equity
Currency translation effects
Net deferred tax asset/(liability) as of closing balance

Calculated tax receivable/(payable)

Tax payable/receivable at beginning of period
Current year payable taxes
Payable taxes related to business combinations
Net tax payment/tax refund
Prior period adjustments and change in estimate of uncertain tax positions
Currency translation effects
Net tax receivable/(payable) as of closing balance

Note 12 Intangible assets

USD 1000	Note	Goodwill	Other intangible assets	Capitalised exploration wells	Total	USD 1000
Cost as at 1 January 2020		5 023 547	104 692	87 535	5 215 774	Cost as at 1 January 2021
Additions		-	-	41 038	41 038	Additions
Additions through business combination		4 960	-	-	4 960	Additions through business combination
Reclassification		-	-	-	-	Reclassification
Disposals/expensed exploration wells		-	-	(20 024)	(20 024)	Disposals/expensed exploration wells
Currency translation effects		147 002	3 039	4 777	154 819	Currency translation effects
Cost as at 31 December 2020		5 175 509	107 732	113 327	5 396 567	Cost as at 31 Desember 2021
Depletion and impairment as at 1 January 2020		(161 995)	-	-	(161 995)	Depletion and impairment as at 1 January 2021
Depreciation		-	-	-	-	Depreciation
Provision for impairment		(2 009 462)	-	-	(2 009 462)	Provision for impairment
Disposals		-	-	-	-	Disposals
Currency translation effects		(183 212)	-	-	(183 212)	Currency translation effects
Depletion and impairment as at 31 December 2020		(2 354 669)	-	-	(2 354 669)	Depletion and impairment as at 31 December 2021
Net book value as at 31 December 2020		2 820 840	107 732	113 327	3 041 898	Net book value as at 31 December 2021

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

Goodwill increase of USD 2 208 thousand in 2021 relates to purchase of 6% share of Statfjord Øst from Wintershall Dea Norge AS.

Note 13 Tangible assets

USD 1000	Note	Wells and production facilities	Facilities under construction	Other property, plant and equipment	Total	USD 1000
Cost as at 1 January 2020		13 029 059	2 689 889	14 308	15 733 257	Cost as at 1 January 2021
Additions		650 841	1 112 650	7 848	1 771 339	Additions
Estimate change asset retirement obligation		658 419	-	-	658 419	Estimate change asset retirement cost
Additions through business combinations		(28 685)	-	-	(28 685)	Additions through business combinations
Reclassification		200 231	(200 231)	-	-	Reclassification
Disposals		-	-	-	-	Disposals
Currency translation effects		535 482	175 794	854	712 130	Currency translation effects
Cost as at 31 December 2020		15 045 348	3 778 102	23 011	18 846 461	Cost as at 31 December 2021
Depletion and impairment as at 1 January 2020		(1 131 822)	-	(3 353)	(1 135 174)	Depletion and impairment as at 1 January 2021
Depreciation		(1 671 549)	-	(3 366)	(1 674 915)	Depreciation
Provision/reversal of impairment		(168 646)	-	-	(168 646)	Provision/reversal of impairment
Disposals		-	-	-	-	Disposals
Currency translation effects		(273 369)	-	(381)	(273 750)	Currency translation effects
Depletion and impairment as at 31 December 2020		(3 245 385)	-	(7 100)	(3 252 485)	Depletion and impairment as at 31 December 2021
Net book value as at 31 December 2020		11 799 962	3 778 102	15 911	15 593 975	Net book value as at 31 December 2021

As at 31 December 2021 USD 96 841 thousand of the gross book value relates to capitalised interest. Rate used for capitalisation was 3.252% in 2020 and 2.731% in 2021.

Reduction in asset retirement cost in 2021 mainly relates to increased discount rates. Increase asset retirement cost in 2020 relates to change in discount rate and updated cost estimate.

Note 14 Right of use assets

USD 1000	Note	Offices	Rigs and supply vessels	Warehouse	Total
Cost as at 1 January 2020		69 755	115 320	12 360	197 434
Additions		7 481	-	-	7 481
Additions through business combinations		-	-	-	-
Reclassification		-	-	-	-
Disposals		-	(12 058)	-	(12 058)
Currency translation effects		-	5 466	-	5 466
Cost as at 31 December 2020		77 236	108 728	12 360	198 323
Depletion and impairment as at 1 January 2020		(3 131)	(30 158)	(2 006)	(35 295)
Depreciation		(5 675)	(24 277)	(1 874)	(31 825)
Provision/reversal of impairment		-	-	-	-
Disposals		-	7 001	-	7 001
Currency translation effects		-	(4 358)	-	(4 358)
Depletion and impairment as at 31 December 2020		(8 806)	(51 792)	(3 880)	(64 477)
Net book value as at 31 December 2020		68 430	56 937	8 480	133 846

USD 1000

Cost as at 1 January 2021

Additions
Reclassification
Disposals
Currency translation effects

Cost as at 31 December 2021

Depletion and impairment as at 1 January 2021

Depreciation
Provision/reversal of impairment
Disposals
Currency translation effects

Depletion and impairment as at 31 December 2021

Net book value as at 31 December 2021

Note 15 Impairment

Impairment testing

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

Impairment is recognised when the book value of an asset or a cash-generating unit exceeds the recoverable amount. The recoverable amount is the higher of the asset's fair value less cost of disposal and its value in use. The fair value less cost of disposal estimates are level 3 fair value estimates in the fair value hierarchy. Impairments are correspondingly reversed if the conditions for the impairment are no longer present. Upper limit of reversal is the historical impairments less estimated depreciation as if the impairment had not taken place. Impairments of goodwill are not reversed.

The impairment testing is performed based on discounted cash flows. The expected future cash flow is discounted to the net present value by applying a discount rate after tax that reflects the current market valuation of the time value of money, and the specific risk related to the asset. The discount rate is derived from the weighted average cost of capital (WACC) for a market participant. Cash flows are projected for the estimated lifetime of the fields.

Key assumptions applied for impairment testing purposes as of 31 December 2021 are based on Vår Energi's macroeconomic assumptions. From 2021, Vår Energi has updated its process for estimating future prices and currency rates. Prior to 2021, the price and exchange rate assumptions were based on input from the main shareholder Eni SpA, while for 2021 the price and currency rate assumptions are generated independently by Vår Energi. 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 long term oil price assumption is 65 usd /bbl (real 2022) and long-term gas price is 1.9 NOK/SM³.

Following is an overview of the key assumptions applied:

Prices

Future price level is a key assumption and has significant impact on the value of the company. Vår Energi's long-term price estimates and available market data are used.

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

Year
2022
2023
2024

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

Year
2022
2023
2024

Oil and gas reserves

Future cash flows are calculated based on expected production profiles and estimated proven, probable and risked possible reserves. The recoverable amount is sensitive to changes in reserves.

Production (mboe) per period as applied in the impairment test:

Year	MBOE
2022–2026	542
2027–2031	325
2032–2036	156
2037–2041	83
2042–2054	59

Future expenditure

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

Discount rate

The discount rate is derived from the Group's weighted average cost of capital ("WACC"). The capital structure considered in the WACC calculation is derived from the capital structures of an identified peer group and market participants with consideration given to optimal structures. The cost of equity is derived from the expected return 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. 7% discount rate used for both 2020 and 2021.

Currency rates (NOK/USD)

While there are inherent uncertainties in the assumptions, the foreign currency assumptions reflect management's best estimate of the foreign currency development over the life of the Group's assets. The impairment testing is using 8.50 NOK/USD and 9.90 NOK/EUR exchange rates for both short and long term.

Inflation

The long-term inflation rate is assumed to be 1.9% on the functional currency NOK

Impairment testing of goodwill

The technical goodwill recognised in previous business impairment testing. Hence, technical goodwill is included in the carrying value of the asset. The carrying value of the goodwill as of the assessment date. In the impairment test, the carrying value of the goodwill is compared to the recoverable amount. If the carrying value exceeds the recoverable amount, the goodwill is impaired. The impairment is recorded as a charge to the profit or loss. The impairment of goodwill is not deductible for tax purposes. The impairment of goodwill is not deductible for tax purposes. The impairment of goodwill is not deductible for tax purposes.

The ordinary goodwill is tested for impairment on an open market basis. The carrying value of the goodwill is compared to the recoverable amount. If the carrying value exceeds the recoverable amount, the goodwill is impaired. The impairment is recorded as a charge to the profit or loss. The impairment of goodwill is not deductible for tax purposes.

Impairment charge/reversal

Below is an overview of the impairment charge/reversal recognized in 2021:

Cash generating unit (USD 1000)	Net carrying value	Recoverable amount
Balder	1 472 504	1 360 451
Fenja	385 944	313 744
Goliat	435 452	585 086
Tor	28 000	39 184
Other	431 601	555 278
Total	2 753 501	2 853 743

Impairments were USD 203 million in 2021 mainly related to the Balder and Fenja fields. Reversals of impairments were USD 202 million in 2021.

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%	(179 000)	2 921 000
Production profile	+/- 5%	(141 000)	141 000
Discount rate	+/- 1% point	98 000	(87 000)

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.

Climate related risks

The climate related risk assessment is generally described in the company's sustainability reporting. 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.

Maturing decarbonation projects in order to meet the goal to become climate neutral by 2030 and future changes in how the world will react in light of the goals set in the Paris Agreement could have negative effects on the value of Vår Energi's oil and gas assets with additional impairments.

Impairment testing in 2020

In 2020, the impairment charge was mainly related to technical and ordinary goodwill. The methodology for impairment testing was the same as in 2020 as described in this note.

Vår Energi has updated its process for estimating future prices and currency rates from 2021 as described earlier. The 2020 assumptions for prices and exchange rates are shown in comparable tables in this note. Discount rate of 7% and inflation of 1.9% also used in 2020 testing.

Summary of impairments

The following impairments was recorded in 2020:

Cash generating unit (USD 1000)

Åsgard
Balder Area
Grane
Goliat
Trestakk
Snorre/Vigdis
Greater Ekofisk
Fram
Kristin
Tyrihans
Ormen Lange
Other
Operating segment
Total

Note 16 Investment in shares and other non-current assets

USD 1000	Business Location	Ownership	31 Dec 2021	31 Dec 2020
Norpipe Oil AS	Tananger, Norway	6.52%	173	179
Tjeldbergodden Utvikling AS	Kjørsvikbugen, Norway	0.48%	68	70
Ormen Lange Eiendom DA	Tananger, Norway	6.34%	612	632
Investment in shares			853	881
Alve slot fee			1 809	2 694
Total other non-current assets			1 809	2 694

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

Note 17 Inventories

USD 1000	31 Dec 2021	31 Dec 2020
Spare parts & drilling material	258 726	233 077
Physical oil inventory	42 603	50 122
Total inventory	301 329	283 199

Note 18 Trade receivables

USD 1000
Trade receivables - related parties
Trade receivables - external parties
Sale of trade receivables
Total trade receivables

As part of the Group's working capital optimisation and Credit Discount Agreements with several banks. Under oil cargos sold are transferred to the respective banks, from Vår Energi's balance sheet. Payments to the bank. Trade receivables are presented net of payments received the right to receive payments from the customers, an o but only to the extent Vår Energi collects the payments

Note 19 Other receivables and financial assets

USD 1000
Underlift of hydrocarbons
Prepaid expenses
Brent crude put options - financial assets
Other
Total current receivables

Note 20 Financial instruments

Capital management

For the purpose of the Group's capital management, capital includes equity attributable to the equity holders and current and non-current financing. The primary objective of the Group'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 Group manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders, or issue new shares. As part of the refinancing to an unsecured financing structure, obtaining external credit rating and the initial public offering, the Group's financial policies were reviewed and updated.

In order to achieve this overall objective, the Group'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 Group monitors the leverage ratio using net interest bearing debt (NIBD) divided by 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 23](#) for more details related to financial liabilities and borrowings.

Risk Management

Vår Energi recognises that effectively managing risks and opportunities is essential to the Group'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 Group. This includes approving the annual budget and four-year business plan, evaluating risks to the delivery of the plan and agreeing financial and operational targets. Key strategic risks and opportunities are also reviewed quarterly by the Risk and Compliance Committee and on a regular basis by the Board.

Vår Energi 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 Group's operational assets. The regulation of activities on the NCS provides a sound framework for handling these risks, and the Group takes an active and responsible approach as a partner. Future production of oil and gas is dependent on the Group'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 Group may incur costs that could adversely affect the Group's financial position or its reputation as a player on the NCS. The Group intends to act as a sound, responsible and technically competent partner across the whole spectrum of activities in all its operations. Vår Energi works actively with our partners and has established mitigating actions to reduce the possibility of operational incidents occurring.

Financial

The Group's exchange

The main

- Commo
- Fluctua
- income
- Fluctua
- Funding
- income
- Credit ri

Commo

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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. Loans and borrowings are in USD. Currency risk is mainly linked to a change in the USD/NOK fx rate. The main currency risk relates to the long term borrowings in USD and this is the only item which has been included in the below sensitivity tables, with the exception of deferred consideration to ExxonMobil which is now current as it is due 30 December 2022 and also included below.

The table below shows the Group's main exposure in USD as of 31 December:

Exposure (USD 1 000)	31 Dec 2021	31 Dec 2020
Interest-bearing loans	4 826 575	5 583 552

The following table demonstrates the sensitivity to a reasonably possible change in the foreign exchange rate, with all other variables held constant, of the Group's profit before tax due to changes in the carrying value of monetary assets and liabilities at the reporting date.

Exposure (USD 1 000)	Effect on profit before tax for the year ended 31 Dec 2021 Increase/(Decrease)	Effect on profit before tax for the year ended 31 Dec 2020 Increase/(Decrease)
Increase/decrease in foreign exchange rate USD/NOK		
10%	(482 657)	(558 355)
-10%	482 657	558 355

Interest rate sensitivity

Interest rate risk arises from the effects fluctuations in interest rates have on the Group's profit before tax. The main source of interest rate risk for Vår Energi is the

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Group's profit before tax from the impact of changes in interest rates (above) with all other variables held constant. Note that the sensitivity is calculated using the Secured Overnight Financing Rate (SOFR) + CAS (Compound Annual Simple Interest) being equal to the agreed margin, hence downward sensitivity

Exposure (USD 1 000)
Increase/decrease in interest rate
1.00%
-0.50%
-0.15%

Liquidity risk

The Group's future capital requirements depend on many factors, and the Group may need additional funds to fulfil its commitments and further develop exploration and development programmes to support the strategic direction of the Group. Liquidity risk is the risk that the Group 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 Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts and bank loans.

See [note 23](#) for an overview of available credit facilities.

The table below shows the payment structure for the Group's financial commitments, based on undiscounted contractual payments (excluding lease liabilities):

Year ended 31 December 2021						
USD 1000	On demand	< 1 year	1–2 years	2–5 years	> 5 years	Total
Interest-bearing loans and borrowings	-	45 263	3 159 085	1 435 376	-	4 639 724
Deferred payment ExxonMobil 2022	-	333 149	-	-	-	333 149
	-	378 412	3 159 085	1 435 376	-	4 972 873

Year ended 31 December 2020						
USD 1000	On demand	< 1 year	1–2 years	2–5 years	> 5 years	Total
Interest-bearing loans and borrowings	-	-	-	5 335 000	-	5 335 000
Deferred payment ExxonMobil 2022	-	-	320 490	-	-	320 490
	-	-	320 490	5 335 000	-	5 655 490

As mentioned in details in [note 23](#), the long-term loans using LIBOR interest rate as reference. The reference rate is the 3-month LIBOR (the Financing Rate).

For the deferred payment to ExxonMobil LIBOR is still used. The LIBOR is ment to be published until 30 June 2023, after which the rate will be a synthetic liability.

So no consequence for Vår Energi related to IBOR-reform.

Credit risk

Credit risk is the risk that a counterparty will not meet its obligations leading to a financial loss. Vår Energi is exposed to credit risk from receivables, including deposits with banks and financial institutions. Credit risk is considered limited as Vår Energi sells the oil and gas to trading entities and other major international oil and gas companies as counterparties.

The Group considers its credit risk related to customer receivables to be low, as it is diversified across many companies.

Categories of financial assets and liabilities

The Group has the following financial assets and liabilities: derivative financial assets and liabilities recognized at fair value through profit or loss, derivative financial assets and liabilities for which the effective portion is recognized at fair value through other comprehensive income, accounts receivables that do not contain a significant financing component are measured at amortised cost, cash equivalents measured at fair value, loans and borrowings and other liabilities measured at amortised cost.

2021		Financial assets/ liabilities at fair value through profit and loss	Cash, cash equivalents and receivables, payables	Financial liabilities measured at amortised cost
USD 1000	Note			
Assets				
Trade receivable	18	-	745 921	
Investments in shares	16	853	-	
Cash and cash equivalents	21	-	223 588	
Oil put options asset	19	-	-	
Other short term receivables	19	-	65 880	
Total financial assets		853	1 035 389	
Liabilities				
Accounts payable		-	422 155	
Net payables to joint operations	26	-	408 426	
Employees, accrued public charges and other payables	26	-	5 314	
Oil put options liability	26	-	-	
RCF credit facility	23	-	-	
Prepaid RBL/RCF loan expenses	23	-	-	
Deferred payment ExxonMobil 2022	23	333 149	-	
Total financial liabilities		333 149	835 895	

2020

USD 1000

Note

Financial assets/ liabilities at
fair value through
profit and lossCash, cash equivalents and
receivables, payablesFinancial
m
amo**Assets**

Trade receivable	18	-	165 984
Investments in shares	16	881	-
Cash and cash equivalents	21	-	272 411
Oil put options asset	19	-	-
Other short term receivables	19	-	48 923
Total financial assets		881	487 318

Liabilities

Accounts payable		-	252 801
Net payables to joint operations	26	-	309 352
Employees, accrued public charges and other payables	26	-	18 595
Oil put options liability	26	-	-
RBL credit facility	23	-	-
Prepaid RBL loan expenses	23	-	-
Deferred payment ExxonMobil 2022	23	320 490	-
Total financial liabilities		320 490	580 748

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. Carrying amount of long term liabilities are also assumed to approximate fair value due to floating interest rate and short term interest rate periods. 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.

Derivative financial instruments

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

As of 31 December 2020 and 2021, the Group had the following volumes of Brent crude oil put options in place and with the following strike prices:

Hedging instruments	Volume (no of put options outstanding at balance sheet date) in thousands (BBL)	Exercise price (USD per BBL)
Brent crude oil put options 31 Dec 2020, exercisable in 2021	15 576	40
Brent crude oil put options 31 Dec 2021, exercisable in 2022	14 349	47

Brent crude put options - financial assets

USD 1000

The beginning of the period
Increased market value on realised put options
Realised gain brent crude put options
Cost of hedge
Effective portion recognised in OCI
New Brent crude put options
FX-effect

The end of the period

As of 31 December 2021, the fair value of outstanding Brent crude put options is USD 168 617 thousand. Unrealised gains and losses are recognized in OCI. Notional amount of the options is paid at the time of realisation of the options. The fair value of the options is presented as current liabilities in the balance sheet, see page 100.

Brent crude put options – deferred premiums

USD 1 000

The beginning of the period
Cost of hedge
New Brent crude put options
FX-effect

The end of the period

All outstanding put option contracts at 31 December 2021 have a notional amount of USD 168 617 thousand. Realised gains in the amount of USD 168 617 thousand (USD 168 617 thousand divided by 1000) are included in petroleum revenue for 2021 (the time of expiry, if any, has been presented in petroleum revenue for 2021). No gain included in petroleum revenue for 2020. The time of expiry, if any, has been presented in petroleum revenue for 2020 and USD 58 263 thousand in 2021 has been presented in the income statement in the period in which the hedge was terminated.

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 2020	Cash flow	Amortisation	Non-cash changes Currency	Other	31 Dec 2021
Long-term interest-bearing debt (RCF)	-	4 520 500	-	-	-	4 520 500
Long-term interest-bearing debt (RBL)	5 335 000	(5 335 000)	-	-	-	-
Deferred payment ExxonMobil ¹	320 490	-	12 659	-	-	333 149
Prepaid loan expenses	(71 939)	(26 396)	73 495	(2 234)	-	(27 074)
Totals	5 583 551	(840 896)	86 154	(2 234)	-	4 826 575

¹ Deferred payment to ExxonMobil is due 30 December 2022 and is classified as current liability as of December 2021. It includes interest payment.

USD 1000	31 Dec 2019	Cash flow	Amortisation	Non-cash changes Currency	Other	31 Dec 2020
Long-term interest-bearing debt (RBL)	4 370 428	964 572	-	-	-	5 335 000
Deferred payment ExxonMobil*	519 450	(205 139)	6 179	-	-	320 490
Prepaid loan expenses	(86 976)	(3 383)	17 336	1 084	-	(71 939)
Totals	4 802 902	756 050	23 515	1 084	-	5 583 551

¹ Deferred payment to ExxonMobil includes interest payment.

Fair value hierarchy

The fair value of the financial instruments is included as a liability in an orderly transaction between market participants. The assumptions were used to estimate the fair values:

The Group enters into derivative financial instruments with investment grade credit ratings. Derivatives valued using commodity option contracts. The most frequently applied that use present value calculations. The models incorporate forward rate curves of the underlying commodity. All derivatives, both counterparty and the Group's own non-performance derivative asset positions is net of a credit valuation adjustment. Changes in counterparty credit risk had no material effect.

All assets and liabilities, for which fair value is measured, are classified in the fair value hierarchy, described as follows, based on the level of input used in the valuation:

- Level 1 input in the form of listed (unadjusted) prices of assets and liabilities, either directly (i.e. as prices) or indirectly (i.e. derived from prices)
- Level 2 – input other than listed prices of assets and 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

Note 21 Cash and cash equivalents

USD 1000	31 Dec 2021	31 Dec 2020
Bank deposits, unrestricted	214 133	262 938
Bank deposit, restricted, employee taxes	9 454	9 473
Total bank deposits	223 588	272 411

Note 22 Share capital and shareholders

Share capital amounted to USD 45 972 thousand (NOK 399 425 shares at par value NOK 1 000. Every share has

Shareholders at 31 December 2021 was Eni International AS with 120 427 (30.15%).

Ultimate owner of Eni International BV is Eni SpA. Ultimate owner of Eni International AS is Eni International BV, LP.

Earnings per share are calculated by dividing the net result by the weighted average number of shares for the year. There is no difference between the ordinary and the weighted average number of shares, meaning there is no difference between the ordinary and the weighted average number of shares.

USD 1000

Profit for the year attributable to ordinary equity holders

The year's average number of ordinary shares (in thousands)

Earnings per share in USD

Earnings per share in USD diluted

The company was listed on the Oslo Stock Exchange 1 January 2021. The voting rights and composition of the board have changed since the listing.

An overview of the 20 largest shareholders registered as of 31 December 2021 is available on our website: [Vår Energi - Share Info - Largest shareholders \(varenergis.no\)](#)

Note 23 Financial liabilities and borrowings

Interest-bearing loans and borrowings

USD 1000	Note	Maturity	31 Dec 2021	31 Dec 2020
RBL credit facility			-	5 335 000
RCF bridge facility	32	2023	3 000 000	-
RCF working capital facility	32	2024	1 420 500	-
RCF liquidity facility	32	2026	-	-
RCF credit facility	32	2023	100 000	-
Deferred payment ExxonMobil, non-current		2022	-	320 490
Prepaid loan expenses			(27 074)	(71 938)
Total non-current interest-bearing loans and borrowings			4 493 426	5 583 552

USD 1000	Note	Maturity	31 Dec 2021	31 Dec 2020
Deferred payment ExxonMobil, current			333 149	-
Total current interest-bearing loans and borrowings			333 149	-
Total interest-bearing loans and borrowings			4 826 575	5 583 552

On 1 November 2021, Vår Energi signed a senior unsecured multicurrency facilities agreement for USD 6.0 billion with a group of 12 international banks, refinancing the reserve based lending ("RBL") facility. The agreement contains of 3 separate facilities; (1) bridge to bond facility of USD 3 billion which including extension options at the borrower's discretion has a tenor of up to 2 years, (2) working capital revolving credit facility of USD 1.5 billion with a tenor 3 years and (3) liquidity facility of USD 1.5 billion with a tenor 5 years. 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. Vår Energi has been and is compliant with these covenants at 31 December 2021.

The interest conditions for the facilities are determined by the following interest rate conditions applied: Bridge to bond: 0.5% margin plus the CAD and SOFR rate. Liquidity facility: 1.13% margin plus the

On 24 March 2020, Vår Energi signed two unsecured revolving credit facilities for a total of USD 600 million with a tenor of 3 years. The agreement includes two separate facilities with no changes to tenor or total capacity.

Deferred payment to ExxonMobil is part of the consideration for the acquisition of Partner-Operated fields and licenses on the Norwegian continental shelf.

Credit facilities - utilised and unused amount

USD 1000

Drawn amount RCF credit facility
Undrawn amount credit facilities

Net proceeds of revolving credit facility is offset with prepayments of interest.

Note 24 Provision for abandonment liabilities

USD 1000

Total provision as of 1 January 2020	3 474 281
Change in estimate	658 419
Accretion discount	74 427
Payment for decommissioning of oil and gas fields	(101 687)
Currency translation effects	181 011
Total provision as of 31 December 2020	4 286 451
Change in estimate	(922 730)
Accretion discount	94 733
Payment for decommissioning of oil and gas fields	(70 418)
Currency translation effects	(90 860)
Total provision as of 31 December 2021	3 297 176

Estimated abandonment period: 2022–2056

Breakdown of the provision by decommissioning period	31 Dec 2021
2022–2030	269 534
2031–2040	1 989 456
2041–2057	1 038 186

Breakdown of the provision to short-term and long-term

Short-term
Long-term

Total provision as of 31 December 2021

Change in estimate mainly relates to updated discount

Estimates are based on executing a concept for abandonment regulations and guidelines. The calculations assume discount rates of 1.15% and 3.00%. The discount rates are based on risk

Payment for decommissioning of oil and gas fields (abandonment) Ringhorne USD 29 054 thousand.

Vår Energi has a retirement obligation as a shipper in G. The Group has accrued USD 73 832 thousand in the balance sheet statement. The Group has accrued USD 73 832 thousand

Note 25 Other non-current liabilities

USD 1000	Note	31 Dec 2021	31 Dec 2020
Contingent consideration	27	78 187	77 876
Deferred gain ¹		10 852	12 023
Removal provision Gassled	24	73 832	66 965
Total other non-current liabilities		162 870	156 865

¹ Deferred gain

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

Note 26 Other current liabilities

USD 1000
Overlift of hydrocarbons
Net payables to joint operations
Employees, accrued public charges and other payable
Contingent consideration, current
Deferred payment for option premiums - oil puts
Total other current liabilities

The liability for oil put options relates to cost of oil put options at time of settlement of the option (exercise/expiry) and is

Note 27 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 2021 are 6 wells, with an estimated cost of USD 30 864 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, Balder Future and Brediablikk. The table below excludes contracts reported as lease, as disclosed in [note 28](#) Lease agreements.

USD 1000	31 Dec 2021	31 Dec 2020
Within one year	266 234	254 876
After one year but not more than five years	199 463	363 401
More than five years	3 273	2 379
Total commitments other than leases	468 970	620 656

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 provided guarantees with USD 2 090 thousand in connection with the acquisition of Snorre.

Vår Energi has contingent liabilities in respect of agreements with companies that are required to provide such companies with additional funding for the production of oil and natural gas delivered by Vår Energi to these companies.

Eni International B.V. has issued a guarantee to ExxonMobil in connection with the acquisition of Snorre. Under Norwegian Law, in connection with Vår Energi's asset acquisition, Vår Energi is required to pay a contingent consideration related to possible development event exceed USD 110 000 thousand, and will be paid out of the P50 reserves estimate exceeds 15 million BOE. As of 31 December 2021 is USD 309 000 thousand, with a payment of USD 78 187 thousand and a payment of USD 78 187 thousand in connection with the decommissioning of asset acquired from ExxonMobil in connection with the acquisition of Snorre.

Provisions and Contingencies

As part of the purchase agreement between Point Reservoir and Vår Energi, Vår Energi will pay a contingent consideration related to possible development event exceed USD 110 000 thousand, and will be paid out of the P50 reserves estimate exceeds 15 million BOE. As of 31 December 2021 is USD 309 000 thousand, with a payment of USD 78 187 thousand and a payment of USD 78 187 thousand in connection with the decommissioning of asset acquired from ExxonMobil in connection with the acquisition of Snorre.

During the normal course of its business, Vår Energi will accrue provisions for probable liabilities related to litigation and other contingencies in accordance with IAS12.

Note 28 Lease agreements

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

The Group has lease agreements for offices in Sandnes, Oslo and Hammerfest. 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 and warehouses supporting operation at Balder and Goliat, where the most significant are for the supply vessels operating at Goliat.

A new lease agreement commenced in Q4 2021 for the West Phoenix drilling rig. The rig will support the Balder Future drilling campaign in the North Sea.

Non-lease components such as the service element of rig commitments are not included as part of the lease debt. As at 31 December 2021 the service share of rig contracts amounts to USD 136 million.

The total expenditure relating to short-term leases which are not recognized as part of lease liabilities was USD 18 million in 2021.

USD 1000	Note	2021	2020
Opening Balance lease debt		164 482	168 428
New lease debt in period		208 819	34 479
Payments of lease debt		(48 401)	(48 384)
Lease debt derecognized in period		-	(5 416)
Interest expense on lease debt		7 819	7 288
Currency exchange differences		(7 631)	8 085
Total lease debt		325 088	164 482

Breakdown of the lease debt to short-term and long-term

Short-term
Long-term

Total lease debt

Lease debt split by activities

Offices
Rigs and Supply vessels
Warehouse

Total

Nominal lease debt maturity breakdown

Within one year
Two to five years
After five years

Total

Note 29 Related party transactions

Vår Energi has a number of transaction with other wholly owned or controlled companies by the shareholders. The related party transactions reported is owned/controlled by the majority owner of Vår Energi, Eni International BV. 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 2021	31 Dec 2020
Trade receivables		
Eni Trade & Biofuels SpA	160 533	-
Eni Global Energy Markets	138 342	173 599
Eni SpA	123 884	30 285
Other	2 075	2 814
Total trade receivables	424 834	206 698

All receivables are due within 1 year.

Current liabilities

USD 1000	31 Dec 2021	31 Dec 2020
Account Payables		
Eni Global Energy Markets	24 547	4 471
Eni International BV	21 336	21 533
Eni SpA	19 387	21 660
Other	915	148
Total account payables	66 185	47 812

Sales revenue

USD 1000

Eni Trade & Biofuels SpA
Eni SpA
Eni Global Energy Markets

Total sales revenue

Operating and capital expenditures

USD 1000

Eni SpA
Eni Trade & Biofuels SpA
Eni International BV
Eni Global Energy Markets
Eni International Resources Ltd.
Other

Total operating and capital expenditures

Note 30 License ownerships

Fields	WI %	Operator	Licenses	Concession period expires	Fields	WI %	Operator
BALDER	90.00%	Vår Energi	PL 001/PL 027/PL 027C/PL 169/PL 028	2030	NORNE	6.90%	Equinor
BAUGE	17.50%	Equinor	PL 348/PL 348B	2029	ORMEN LANGE	6.34%	Norske Shell
BRAGE	12.26%	Wintershall Dea	PL 053B/PL 055/PL 185/PL 055B/PL 055D	2030	RINGHORNE ØST	69.98%	Vår Energi
BREIDABLIKK	34.40%	Equinor	PL 169/PL 169 BS/PL 001 DS/ PL 027 FS	2030	SIGYN	40.00%	Equinor
BØYLA	20.00%	Aker BP	PL 340/PL 340BS	2029	SKULD	11.50%	Equinor
EKOFISK	12.39%	ConocoPhillips	PL 018/PL 018 B	2028	SLEIPNER VEST	17.24%	Equinor
ELDFISK	12.39%	ConocoPhillips	PL 018	2028	SLEIPNER ØST	15.40%	Equinor
EMBLA	12.39%	ConocoPhillips	PL 018	2028	SNORRE	18.55%	Equinor
FENJA	45.00%	Neptune Energy	PL 586	2039	STATFJORD	21.37%	Equinor
FRAM	25.00%	Equinor	PL 090/090E	2024	STATFJORD NORD	25.00%	Equinor
GOLIAT	65.00%	Vår Energi	PL 229	2042	STATFJORD ØST	20.55%	Equinor
GRANE	28.32%	Equinor	PL 001CS/PL 169B1	2030	SVALIN	13.00%	Equinor
GUNGNE	13.00%	Equinor	PL 046	2028	SYGNA	21.00%	Equinor
HEIDRUN	5.18%	Equinor	PL 095/PL 124	2024/2025	TOR	10.82%	ConocoPhillips
HYME	17.50%	Equinor	PL 348	2029	TORDIS	16.10%	Equinor
JOHAN CASTBERG	30.00%	Equinor	PL 532	2049	TRESTAKK	40.90%	Equinor
KRISTIN	16.66%	Equinor	PL 134D	2027	TYRIHANS	18.02%	Equinor
MARULK	20.00%	Vår Energi	PL 122	2025	URD	11.50%	Equinor
MIKKEL	48.38%	Equinor	PL 092/PL 121	2024	VIGDIS	16.10%	Equinor
MORVIN	30.00%	Equinor	PL 134B/P L034C	2027	ÅSGARD	22.06%	Equinor

Licenses	WI %	Operator	Licenses	WI %	Operator	Licenses	WI %	Operator	Licenses	WI %	Operator
PL001	90.00%	Vår Energi	PL074 B	39.20%	Equinor	PL134 B	30.00%	Equinor	PL348 B	17.50%	Equinor
PL001 CS	100.00%	Vår Energi	PL074 CS	39.20%	Equinor	PL134 C	30.00%	Equinor	PL375	20.00%	Equinor
PL001 DS	100.00%	Vår Energi	PL074 DS	39.20%	Equinor	PL134 D	30.00%	Equinor	PL393	50.00%	Equinor
PL018	12.39%	ConocoPhillips	PL074 ES	39.20%	Equinor	PL145	20.00%	ConocoPhillips	PL473	39.20%	Equinor
PL018 B	12.39%	ConocoPhillips	PL089	16.10%	Equinor	PL169	13.00%	Equinor	PL479	34.30%	Equinor
PL027	90.00%	Vår Energi	PL090	25.00%	Equinor	PL169 B1	7.00%	Equinor	PL489	40.00%	Vår Energi
PL027 C	90.00%	Vår Energi	PL090 E	25.00%	Equinor	PL169 B2	10.00%	Equinor	PL532	30.00%	Equinor
PL027 FS	100.00%	Vår Energi	PL090 I	25.00%	Equinor	PL169 E	13.00%	DNO Norge	PL554	30.00%	Equinor
PL027 HS	100.00%	Vår Energi	PL091	40.90%	Equinor	PL185	12.26%	Wintershall Dea	PL554 B	30.00%	Equinor
PL028	90.00%	Vår Energi	PL091 D	40.90%	Equinor	PL199	15.00%	Equinor	PL554 C	30.00%	Equinor
PL028 C	13.00%	Equinor	PL091 E	40.90%	Equinor	PL209	10.00%	Equinor	PL554 D	30.00%	Equinor
PL028 S	90.00%	Vår Energi	PL092	54.90%	Equinor	PL219	50.00%	Equinor	PL586	45.00%	Norsk
PL029	85.00%	Vår Energi	PL094	34.30%	Equinor	PL220	15.00%	Equinor	PL608	30.00%	Equinor
PL037	25.00%	Equinor	PL094 B	22.06%	Equinor	PL229	65.00%	Vår Energi	PL740	50.00%	DNO Norge
PL044	13.12%	ConocoPhillips	PL095	5.00%	ConocoPhillips	PL229 B	65.00%	Vår Energi	PL784	20.00%	Aker BP
PL046	13.00%	Equinor	PL107 B	5.00%	Equinor	PL229 E	50.00%	Vår Energi	PL822 S	40.00%	Aker BP
PL053 B	12.26%	Wintershall Dea	PL107 D	5.00%	Equinor	PL229 G	50.00%	Vår Energi	PL869	20.00%	Aker BP
PL055	12.26%	Wintershall Dea	PL121	34.90%	Equinor	PL237	22.06%	Equinor	PL901	50.00%	Vår Energi
PL055 B	12.26%	Wintershall Dea	PL122	20.00%	Vår Energi	PL250	5.91%	Shell	PL917	20.00%	ConocoPhillips
PL055 D	12.26%	Wintershall Dea	PL122 B	20.00%	Vår Energi	PL257	15.00%	Equinor	PL917 B	20.00%	ConocoPhillips
PL055 E	12.26%	Wintershall Dea	PL122 C	20.00%	Vår Energi	PL263 C	9.80%	Equinor	PL938	20.00%	Norsk
PL057	4.90%	Equinor	PL122 D	20.00%	Vår Energi	PL275	12.39%	ConocoPhillips	PL946	40.00%	Equinor
PL062	9.80%	Equinor	PL124	10.00%	Equinor	PL293	25.00%	Equinor	PL947	40.00%	Equinor
PL072	40.00%	Equinor	PL128	11.50%	Equinor	PL312	41.00%	Equinor	PL947 B	40.00%	Equinor
PL072 B	50.00%	Equinor	PL128 B	6.90%	Equinor	PL312 B	41.00%	Equinor	PL956	70.00%	Vår Energi
PL073	12.09%	Equinor	PL128 D	11.50%	Equinor	PL340	20.00%	Aker BP	PL984	30.00%	DNO Norge
PL073 B	14.50%	Equinor	PL128 E	11.50%	Equinor	PL340 BS	20.00%	Aker BP	PL984 BS	30.00%	DNO Norge
PL074	39.20%	Equinor	PL134	30.00%	Equinor	PL348	17.50%	Equinor	PL985	40.00%	Vår Energi

Note 31 Proved developed reserves (unaudited)

Production 2020	(97.1)
Changes in estimate 2020	(12.6)
Proved developed reserves as at 31 December 2020	363.5
Production 2021	(89.7)
Changes in estimate 2021	100.0
Proved developed reserves as at 31 December 2021	373.8

Proved developed reserves are Vår Energi ASA's own evaluation based on U.S. Securities and Exchange Commission (SEC). Reference is also made to the 2021 Annual Statement of Reserves Report.

Total proved reserves at 31 December 2021 were 718 million BOE.

At the end of the 2021, the Company's total proved and probable reserves (2P) net to Vår Energi were 1 119 million BOE, slightly down from 1 147 million BOE at year-end 2020.

The minor reduction from 2020 to 2021 is mainly due to a combination of high production (90 million BOE) in 2021 partly offset by additional reserves maturation and upward revisions of reserves following the better commodity prices during 2021.

Total contingent resources (3C) at year-end 2021 were 562 million BOE, an increase of 141 million BOE compared to year-end 2020. The main reasons were the recent Isflak, Blasto and King/Prince discoveries as well as new project/drilling activities being planned in some of our developed fields.

More than 75% of Vår Energi's total proved and probable reserves are coming from four major hubs: Balder/Grane Area with 31%, Barents Sea Area with 19%, Åsgard Area with 15% and Tampen Area with 12%. 71% of the Company's proved and probable reserves were oil, whereas nearly 24% were gas and 5% were NGL.

The Company's 5 largest fields - Balder, Ringhorne, Goliat, Johan Castberg and Snorre combined amounts to approximately 47% of total proved and probable reserves.

The Company's reserve life index (RLI) at year-end 2021, calculated on the basis of proved and probable reserves, was 12.5 years.

Note 32 Subsequent events

In January 2022, Vår Energi was awarded 10 licenses in the North Sea. The licenses have a good strategic fit with existing portfolio and provide opportunities into new prospective sectors on the NCS.

On 26 January 2022, following an extraordinary General Meeting, Vår Energi ASA became a public limited liability company (ASA - Allmennaksjeselskap).

On 15 February 2022, the voting rules were amended and the required majority for two-thirds of the votes cast and of the share capital repurchased.

On 16 February 2022, Vår Energi ASA was listed on the Oslo Stock Exchange.

In 2022 Vår Energi has entered into forward gas sales contracts, ensuring gas production on a fixed price, generating sales revenues and reducing the market situation is very much impacted by the war in Ukraine and the European market. There is currently not sufficient liquidity in the market.

Vår Energi operates only on the Norwegian Continental Shelf and in the EU and UK. While not directly exposed to Russia's invasion of Ukraine, the impact on safe and reliable energy supply, as well as to the market, may impact future operations and results.

Parent company

Statement of comprehensive income

USD 1000, except earnings per share data	Note	2021	2020
Petroleum revenues	4	6 043 375	2 868 635
Other operating income	4	18 834	16 758
Total income		6 062 209	2 885 393
Production costs	5	(1 270 616)	(1 044 360)
Exploration expenses	8	(57 138)	(57 183)
Depreciation and amortisation	13, 14	(1 703 544)	(1 706 523)
Impairment loss and reversals	12, 13, 15	63 419	(2 267 556)
Other operating expenses	9	(110 483)	(176 204)
Total operating expenses		(3 078 362)	(5 251 826)
Operating profit/(loss)		2 983 847	(2 366 433)
Net financial income/(expenses)	10	(266 223)	(238 410)
Net exchange rate gain/(loss)	10	(152 092)	290 674
Profit/(loss) before taxes		2 565 532	(2 314 169)
Income tax (expense)/income	11	(1 871 832)	568 930
Profit/(loss) for the year		693 700	(1 745 239)
Other comprehensive income:			
Items that may be reclassified subsequently to the income statement:			
Currency translation differences		(60 257)	(120 047)
Net gain/(loss) on put options used for hedging		6 924	(11 586)
Other comprehensive income for the period, net of tax		(53 332)	(131 633)
Total comprehensive income		640 367	(1 876 871)
Earnings per share			
EPS Basic	22	1 737	(4 369)
EPS Diluted	22	1 737	(4 369)

Parent company

Balance sheet statement

USD 1000	Note	31 Dec 2021	31 Dec 2020
ASSETS			
Non-current assets			
Intangible assets			
Goodwill	12	2 528 510	2 726 208
Capitalised exploration wells	12	199 981	113 327
Other intangible assets	12	104 520	107 732
Tangible fixed assets			
Property, plant and equipment	13	15 203 397	15 782 612
Right of use assets	14	298 432	133 846
Financial assets			
Investment in shares	16	224 285	257 103
Other non-current assets	16	1 809	2 694
Total non-current assets		18 560 933	19 123 522
Current assets			
Inventories	17	301 694	283 199
Trade receivables	18, 29	754 939	166 026
Other receivables, prepaid assets and financial instruments	19	272 261	222 919
Tax receivable	11	-	522 854
Cash and cash equivalents	21	190 229	245 150
Total current assets		1 519 123	1 440 148
TOTAL ASSETS		20 080 056	20 563 670

Parent company

Balance sheet statement

USD 1000	Note	31 Dec 2021	31 Dec 2020
EQUITY AND LIABILITIES			
Equity			
Share capital	22	45 972	45 972
Share premium		2 643 181	3 593 181
Other equity		(1 216 602)	(1 858 074)
Total equity		1 472 550	1 781 078
Non-current liabilities			
Interest-bearing loans and borrowings	23	4 493 426	5 583 552
Deferred tax liabilities	11	7 783 909	7 320 822
Abandonment obligation	24	3 235 640	4 260 181
Lease liabilities, non-current	28	216 208	103 763
Other non-current liabilities	25	162 870	156 865
Total non-current liabilities		15 892 053	17 425 182
Current liabilities			
Abandonment obligation, current	24	61 536	26 270
Accounts payables	29	641 261	688 855
Taxes payable	11	791 518	-
Interest-bearing loans, current	23	333 149	-
Lease liabilities, current	28	99 272	41 078
Other current liabilities	26	788 717	601 206
Total current liabilities		2 715 452	1 357 410
Total liabilities		18 607 506	18 782 592
TOTAL EQUITY AND LIABILITIES		20 080 056	20 563 670

Parent company

Statement of changes in equity

USD 1000	Share capital	Share premium	Other equity		
			Other equity	Translation differences	Hedge reserve
Balance at 1 January 2020	45 972	4 043 181	80 025	(46 063)	(17 393)
Profit/(loss) for the period	-	-	(1 745 239)	-	-
Other comprehensive income/(loss)	-	-	-	(120 047)	(11 586)
Total comprehensive income/(loss)	-	-	(1 745 239)	(120 047)	(11 586)
Dividends paid	-	(450 000)	-	-	-
Other	-	-	2 228	-	-
Balance at 31 December 2020	45 972	3 593 181	(1 662 986)	(166 110)	(28 978)
Balance at 1 January 2021	45 972	3 593 181	(1 662 986)	(166 110)	(28 978)
Profit/(loss) for the period	-	-	693 700	-	-
Other comprehensive income/(loss)	-	-	-	(60 257)	6 924
Total comprehensive income/(loss)	-	-	693 700	(60 257)	6 924
Dividends paid	-	(950 000)	-	-	-
Other	-	-	1 105	-	-
Balance at 31 December 2021	45 972	2 643 181	(968 181)	(226 367)	(22 054)

Parent company

Statement of cash flows

USD 1000	Note	2021	2020
Profit/(loss) before income taxes		2 565 532	(2 314 169)
Adjustments to reconcile profit before tax to net cash flow:			
– Depreciation and amortisation	13, 14	1 703 544	1 706 523
– Impairment loss and reversals	15	(63 419)	2 267 556
– (Gain)/loss on sale and retirement of assets	4	-	(1 043)
– Impairment of exploration wells	8	5 887	20 024
– Accretion expenses (asset retirement obligation)	10	94 733	74 427
– Unrealised (gain)/loss on foreign currency transactions and balances	10	568 521	(321 940)
– Other non-cash items and reclassifications		(18 648)	359 554
Working capital adjustments:			
– Changes in inventories, accounts payable and receivables		(648 249)	288 747
– Changes in other current balance sheet items		219 944	151 937
Contingent consideration paid related to prior business combination	26	(30 000)	-
Income tax received/(paid)	11	181 758	(334 099)
Interest received	10	10 662	32 108
Interest paid	10	(141 531)	(188 415)
Net cash flow from operating activities		4 432 734	2 127 364

USD 1000

Cash flow from investing activities

Expenditures on exploration and evaluation assets
Expenditures on property, plant and equipment
Payment for decommissioning of oil and gas fields
Proceeds from sale of assets (sales price)
Expenditures on other intangible assets
Net cash used on business combination

Net cash used in investing activities

Cash flow from financing activities

Dividends paid
Net proceeds/(payments) of revolving credit facility
Net proceeds/(payments) of reserve based lending facilities
Payment of other loans and borrowings
Payment of principal portion of lease liability

Net cash from financing activities

Net change in cash and cash equivalents

Cash and cash equivalents, beginning of period
Effect of exchange rate fluctuation on cash held

Cash and cash equivalents, end of period

Parent company

Notes to the financial statements

Note 1 Corporate information

The financial statements of Vår Energi ASA for the twelve months period ended 31 December 2021 were authorised for issue in accordance with a Board resolution on 29 March 2022.

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 Company's head office is located at Vestre Svanholmen 1, 4313 Sandnes, Norway.

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

The Vår Energi parent IFRS annual financial statements for 2020 is available [here](#).

Note 2 Summary of IFRS accounting principles

These parent company financial statements should be read in connection with the Consolidated financial statements of Vår Energi, published together with these financial statements. With the exceptions described below, Vår Energi ASA applies the accounting policies of the group, as described in Vår Energi's disclosure [note 2](#) Summary of IFRS accounting principles, and reference is made to this note for further details.

Subsidiaries

Shareholdings in subsidiaries are accounted for using the cost method. Investments in subsidiaries are tested for impairment following the same principles as the impairment testing of Property, plant and equipment in the financial statements of the Group. Dividends received from subsidiaries are presented in Net financial income.

Note 3

Refer to [note 2](#) to the Consolidated financial statements for further details.

Note 4 Income

Petroleum revenues (USD 1000)	Note	EU/UK	Norway	2021	2020
Revenue from crude oil sales		3 448 157	-	3 448 157	1 945 461
Revenue from gas sales		2 118 534	108 798	2 227 332	540 995
Revenue from NGL sales		353 551	14 335	367 885	213 561
Gains on cash flow hedge - crude put options	19, 20			-	168 617
Total petroleum revenues		5 920 243	123 132	6 043 375	2 868 635
Sales of crude (boe 1000) (unaudited)				49 006	50 977
Sales of gas (boe 1000) (unaudited)				28 011	31 116
Sales of NGL (boe 1000) (unaudited)				8 180	10 034
Other operating income (USD 1000)				2021	2020
Gain/loss (-) from sale of assets				-	1 043
Other operating income				18 834	15 714
Total other operating income				18 834	16 758

The majority of sales are to international customers in EU/UK.

Vår Energi was fully hedged for oil production after tax at a strike price of 50 USD/bbl in 2020. Gain on cash flow hedge in 2020 relates to exercised put options during the year, especially the period March - May with prices below 35 USD/BBL.

Other operating income is mainly related to other partner's share of lease cost recovered by the company.

Note 5 Production costs

USD 1000
Cost of operations
Transportation and processing
Environmental taxes
Insurances
Production cost based on produced volumes
Back-up cost shuttle tankers
Adjustment of over/underlift (-)
Premium expense for crude put options
Production cost based on sold volumes
Total produced volumes (boe 1000) (unaudited)
Production cost per boe produced (USD/boe) (unaudited)

Vår Energi has in 2021 updated the classification of cost to better align type of cost. The company has reallocated fee (USD 20 570 thousand in 2020) from Cost of operation (USD 11 726 thousand in 2020) from Cost of operation

Note 6 Staff costs and remuneration

Refer to [note 6](#) in the Consolidated Financial Statements disclosing information to the Company's staff costs and remuneration.

Note 7 Auditors fee

USD 1000	2021	2020
Statutory audit	427	586
Other attestations	434	10
Other services	70	163
Total fee	931	759

Services other than audit in 2021 provided by the auditors related to assistance with prospectus. In 2020 services other than audit mainly related to project support and assistance to offshore operations department and non-financial process improvement activities.

Note 8 Exploration expenses

Refer to [note 8](#) in the Consolidated Financial Statements disclosing information to the Company's exploration expenses.

Note 9 Other operating expenses

Refer to [note 9](#) in the Consolidated Financial Statements disclosing information to the Company's other operating expenses.

Note 10 Financial items

USD 1000	Note	2021	2020
Interest income on bank accounts and receivables		10 662	32 108
Dividends		5 963	34
Other financial income		-	-
Interests on debts and borrowings		(143 461)	(188 415)
Interest on lease debt		(7 136)	(7 747)
Capitalised interest cost, development projects		49 034	29 824
Amortisation of fees and expenses		(73 495)	(17 336)
Accretion expenses (asset retirement obligation)	24	(94 733)	(74 427)
Other financial expenses		(13 056)	(12 451)
Net financial income/(expenses)		(266 223)	(238 410)
Currency forward contracts gain/(loss)		-	(11 468)
Unrealised exchange rate gain/(loss)		(568 521)	321 940
Realised exchange rate gain/(loss)		416 429	(19 797)
Net exchange rate gain/(loss)		(152 092)	290 674
Net financial items		(418 315)	52 265

Due to extinguishment of debt and new debt in November 2021, the prepayments of fees related to the loans which were terminated are fully recognised through P&L in 2021 and presented as increased amortisation of fees and expenses.

2021 exchange rate gains and losses relates mainly to substantial realised exchange rate gain due to the realisation of the RBL loan in November 2021 (refer to [note 23](#)). This exchange rate gain was offset by reversal of prior period unrealised exchange rate gains for the same loan.

Note 11 Income Taxes

USD 1000
Current year tax payable/receivable
Prior period adjustments to current tax
Current tax expense/(income)
Change in deferred taxes
Deferred tax expense/(income)
Tax expense/(income) in profit and loss
Effective tax rate in %
Tax expense/(income) in put option used for hedging
Tax expense/(income) in other comprehensive income
Reconciliation of tax expense
Corporate (78%) tax rate on profit/loss before tax
Tax effect of uplift
Impairment of goodwill and shares in subsidiaries
Tax effects of items taxed at other than corporate (78%) rate
Other permanent differences, prior period adjustments
estimates of uncertain tax positions
Tax expense/(income)

Temporary timing differences at end of period	2021	2020
Tangible fixed assets	10 934 083	12 373 346
Capitalised exploration cost	199 981	(113 327)
Other intangible assets	104 520	(107 732)
Abandonment obligation	(3 357 278)	(4 334 898)
Other	(204 993)	638 520
Basis for deferred ordinary taxes	7 676 312	8 455 909
Uplift recognised as part of business combinations	(19 607)	(54 903)
Additional depreciation for special tax	3 304 522	1 793 207
Temporary differences not relevant for special taxes	(77 084)	(531 562)
Basis for deferred special taxes	10 884 144	9 662 651
Ordinary tax 22%	(1 688 789)	(1 860 300)
Special tax 56%	(6 095 121)	(5 411 085)
Items taxed at other tax rates	-	(49 437)
Net deferred tax asset/(liability) as of closing balance	(7 783 909)	(7 320 822)

Breakdown of tax effect on temporary differences	2021	2020
Tangible fixed assets	(10 331 678)	(10 294 770)
Capitalised exploration cost	(155 985)	(88 395)
Other intangible assets	(81 526)	(84 031)
Abandonment obligation	2 618 677	3 381 220
Lease liabilities	246 074	112 234
Financial instruments	4 825	7 023
Other provisions	(84 296)	(354 104)
Net deferred tax asset/(liability) as of closing balance	(7 783 909)	(7 320 822)

Deferred tax asset/(liability)

Deferred tax liability/asset at beginning of period
Current year deferred tax income/(expense)
Deferred taxes related to business combinations
Deferred taxes recognised directly in OCI or equity
Currency translation effects
Net deferred tax asset/(liability) as of closing balance

Calculated tax receivable/(payable)

Tax payable/receivable at beginning of period
Current year payable taxes
Payable taxes related to business combinations
Net tax payment/tax refund
Prior period adjustments and change in estimate of uncertain tax positions
Currency translation effects
Net tax receivable/(payable) as of closing balance

Note 12 Intangible assets

USD 1000	Note	Goodwill	Other intangible assets	Capitalised exploration wells	Total	USD 1000
Cost as at 1 January 2020		5 023 547	104 692	87 535	5 215 774	Cost as at 1 January 2021
Additions		-	-	41 038	41 038	Additions
Additions through business combination		4 960	-	-	4 960	Additions through business combination
Reclassification		-	-	-	-	Reclassification
Disposals/expensed exploration wells		-	-	(20 024)	(20 024)	Disposals/expensed exploration wells
Currency translation effects		147 002	3 039	4 777	154 819	Currency translation effects
Cost as at 31 December 2020		5 175 509	107 732	113 327	5 396 567	Cost as at 31 Desember 2021
Depletion and impairment as at 1 January 2020		(161 995)	-	-	(161 995)	Depletion and impairment as at 1 January 2021
Depreciation		-	-	-	-	Depreciation
Provision for impairment		(2 098 910)	-	-	(2 098 910)	Provision for impairment
Disposals		-	-	-	-	Disposals
Currency translation effects		(188 396)	-	-	(188 396)	Currency translation effects
Depletion and impairment as at 31 December 2020		(2 449 301)	-	-	(2 449 301)	Depletion and impairment as at 31 December 2021
Net book value as at 31 December 2020		2 726 208	107 732	113 327	2 947 267	Net book value as at 31 December 2021

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

Goodwill increase of USD 2 208 thousand in fourth quarter relates to purchase of 6% share of Statfjord Øst from Wintershall Dea Norge AS.

Note 13 Tangible assets

USD 1000	Note	Wells and production facilities	Facilities under construction	Other property, plant and equipment	Total	USD 1000
Cost as at 1 January 2020		12 749 720	2 689 889	14 308	15 453 918	Cost as at 1 January 2021
Additions		1 036 996	1 112 650	7 848	2 157 494	Additions
Asset retirement cost - Estimate change		658 419	-	-	658 419	Estimate change asset retirement cost
Additions through business combinations		(27 553)	-	-	(27 553)	Additions through business combinations
Reclassification		200 231	(200 231)	-	-	Reclassification
Disposals		-	-	-	-	Disposals
Currency translation effects		549 832	175 794	854	726 480	Currency translation effects
Cost as at 31 December 2020		15 167 645	3 778 102	23 011	18 968 758	Cost as at 31 December 2021
Depletion and impairment as at 1 January 2020		(1 089 402)	-	(3 353)	(1 092 754)	Depletion and impairment as at 1 January 2021
Depreciation		(1 651 601)	-	(3 366)	(1 654 967)	Depreciation
Provision/reversal of impairment		(168 646)	-	-	(168 646)	Provision/reversal of impairment
Disposals		-	-	-	-	Disposals
Currency translation effects		(269 397)	-	(381)	(269 778)	Currency translation effects
Depletion and impairment as at 31 December 2020		(3 179 046)	-	(7 100)	(3 186 146)	Depletion and impairment as at 31 December 2021
Net book value as at 31 December 2020		11 988 599	3 778 102	15 911	15 782 612	Net book value as at 31 December 2021

As at 31 December 2021 USD 96 841 thousand of the gross book value relates to capitalised interest. Rate used for capitalisation was 3.252% in 2020 and 2.731% in 2021.

Reduction in asset retirement cost in 2021 mainly relates to increased discount rates. Increase asset retirement cost in 2020 relates to change in discount rate and updated cost estimate.

Note 14 Right of use assets

USD 1000	Note	Offices	Rigs and supply vessels	Warehouse	Total
Cost as at 1 January 2020		69 755	177 833	12 360	259 948
Additions		7 481	-	-	7 481
Additions through business combinations		-	-	-	-
Reclassification		-	-	-	-
Disposals		-	(12 058)	-	(12 058)
Currency translation effects		-	7 281	-	7 281
Cost as at 31 December 2020		77 236	173 056	12 360	262 652
Depletion and impairment as at 1 January 2020		(3 131)	(72 386)	(2 006)	(77 523)
Depreciation		(5 675)	(44 007)	(1 874)	(51 556)
Provision/reversal of impairment		-	-	-	-
Disposals		-	7 001	-	7 001
Currency translation effects		-	(6 728)	-	(6 728)
Depletion and impairment as at 31 December 2020		(8 806)	(116 120)	(3 880)	(128 805)
Net book value as at 31 December 2020		68 430	56 936	8 480	133 846

USD 1000
Cost as at 1 January 2021
Additions
Reclassification
Disposals
Currency translation effects
Cost as at 31 December 2021
Depletion and impairment as at 1 January 2021
Depreciation
Provision/reversal of impairment
Disposals
Currency translation effects
Depletion and impairment as at 31 December 2021
Net book value as at 31 December 2021

Note 15 Impairment

Refer to [note 15](#) in the Consolidated Financial Statements disclosing information to the Company's impairment testing process, assumptions and sensitivity analysis.

Impairment charge/reversal of goodwill and PP&E

Below is an overview of the impairment charge/reversal and the carrying value per cash generating unit where impairment/reversal was recognized in 2021 for Vår Energi ASA:

Cash generating unit (USD 1000)	Net carrying value	Recoverable amount	Impairment/ reversal (-)	Impairment allocated		Deferred tax impact
				Goodwill	PP&E	
Balder	1 384 338	1 360 451	24 148	24 148	-	-
Fenja	385 944	313 744	72 200	72 200	-	-
Goliat	435 452	585 086	(137 410)	-	(137 410)	107 181
Tor	28 000	39 184	(39 790)	-	(39 790)	31 036
Other	431 601	555 278	(7 291)	17 588	(24 879)	19 405
Total impairment	2 665 335	2 853 743	(88 143)	113 936	(202 079)	157 621

Impairments were USD 114 million in 2021 mainly related to a revised baseline for sanctioned projects updated in Q4 2021. Reversals of impairments were USD 202 million in 2021 mainly related to higher price assumptions.

Impairment of investments in subsidiaries

The company's investments in subsidiaries (see [note 16](#)) are carried at cost and therefore applicable for impairment testing under IAS 36. After the Jotun FPSO sale from PR Jotun DA to Vår Energi ASA in 2020 and the corresponding arbitration in 2021 to set final consideration, the carry value of the investment in Vår Energi ASA is lower than the underlying value. Impairment of USD 24 724 thousand has therefore been recognized in Vår Energi ASA per 31 December 2021.

Impairment testing in 2020

The following impairments was recorded in 2020:

Cash generating unit
(USD 1000)

Åsgard
Balder Area
Grane
Goliat
Trestakk
Snorre/Vigdis
Greater Ekofisk
Fram
Kristin
Tyrihans
Ormen Lange
Other
Operating segment
Total

Note 16 Investment in shares and other non-current assets

Investment in subsidiaries

The subsidiaries are owned 100% by Vår Energi.

USD 1000	Business Location	Subsidiaries		Net book value	
		Profit (loss) 2021	Equity 31 Dec 2021	31 Dec 2021	31 Dec 2020
Point Resources FPSO Holding AS	Sandnes, Norway	(6 922)	45 981	214 878	240 361
Vår Energi Marine AS	Sandnes, Norway	664	8 548	8 554	15 861
Shares in subsidiaries		(6 258)	54 529	223 432	256 222

The value of the Jotun FPSO-transaction in 2020 is not reflected in the equity in Point Resources FPSO Holding.

USD 1000	2021	2020
Investments 1 January	256 222	250 171
Value adjustments	-	(1 211)
Impairments	(24 724)	-
Translation differences	(8 066)	7 262
Investments 31 December	223 432	256 222

Other investments

USD 1000	Business Location
Norpipe Oil AS	Tananger, Norway
Tjeldbergodden Utvikling AS	Kjørsvikbugen, Norway
Ormen Lange Eiendom DA	Tananger, Norway
Investment in shares	

Non-current assets

USD 1000
Alve slot fee
Total other non-current assets

Other mainly consists of non-current slot fee prepayment

Note 17 Inventories

USD 1000	31 Dec 2021	31 Dec 2020
Spare parts & drilling material	259 091	233 077
Physical oil inventory	42 603	50 122
Total inventory	301 694	283 199

Note 18 Trade receivables

USD 1000	Note	31 Dec 2021	31 Dec 2020
Trade receivables - related parties	29	424 873	206 723
Trade receivables - external parties		421 606	97 482
Sale of trade receivables		(91 540)	(138 179)
Total trade receivables		754 939	166 026

Please see [note 18](#) for Group Financial Statement for details about factoring arrangements.

Note 19 Other receivables and financial assets

USD 1000
Underlift of hydrocarbons
Prepaid expenses
Brent crude put options - financial assets
Other
Total current receivables

Note 20 Financial instruments

Please refer to [note 20](#) in Group Financial Statement for more information, approximately same information for both.

Below please find information where there is difference between Group and Company.

Categories of financial assets and liabilities

The Company has the following financial assets and liabilities: derivative financial assets and liabilities recognized at fair value through profit or loss, derivative financial assets and liabilities which the effective portion is recognized at fair value through other comprehensive income, accounts receivables that do not contain a significant financing component are measured at the amortised cost, loans measured at fair value, loans and borrowings and other liabilities measured at amortised cost.

2021

USD 1000	Note	Financial assets/ liabilities at fair value through profit and loss	Cash, cash equivalents and receivables, payables	Financial liabilities measured at amortised cost
Assets				
Trade receivable	18	-	754 939	
Investments in shares	16	224 285	-	
Cash and cash equivalents	21	-	190 229	
Oil put options asset	19	-	-	
Other short term receivables	19	-	55 771	
Total financial assets		224 285	1 000 938	
Liabilities				
Accounts payable		-	641 261	
Net payables to joint operations	26	-	408 426	
Employees, accrued public charges and other payables	26	-	23 346	
Oil put options liability	26	-	-	
RCF credit facility	23	-	-	4 000 000
Prepaid RBL/RCF loan expenses	23	-	-	
Deferred payment ExxonMobil 2022	23	333 149	-	
Total financial liabilities		333 149	1 073 032	4 000 000

2020

USD 1 000

Note

Financial assets/ liabilities at
fair value through
profit and lossCash, cash equivalents and
receivables, payablesFinancial
m
amo**Assets**

Trade receivable	18	-	166 026
Investments in shares	16	257 103	-
Cash and cash equivalents	21	-	245 150
Oil put options asset	19	-	-
Other short term receivables	19	-	28 254
Total financial assets		257 103	439 430

Liabilities

Accounts payable		-	688 855
Net payables to joint operations	26	-	328 057
Employees, accrued public charges and other payables	26	-	18 586
Oil put options liability	26	-	-
RBL credit facility	23	-	-
Prepaid RBL loan expenses	23	-	-
Deferred payment ExxonMobil 2022	23	320 490	-
Total financial liabilities		320 490	1 035 499

Note 21 Cash and cash equivalents

USD 1000	31 Dec 2021	31 Dec 2020
Bank deposits, unrestricted	180 774	235 677
Bank deposit, restricted, employee taxes	9 454	9 473
Total bank deposits	190 229	245 150

Note 22 Share capital and shareholders

Refer to [note 22](#) in the Consolidated Financial Statements disclosing information to the Company's share capital and shareholders.

Note 23 Financial liabilities and borrowings

Refer to [note 23](#) in the Consolidated Financial Statements disclosing information to the Company's financial liabilities and borrowings.

Note 24 Provision for abandonment liabilities

Refer to [note 24](#) in the Consolidated Financial Statements disclosing information to the Company's provision for abandonment liabilities.

Note 25 Other non-current liabilities

Refer to [note 25](#) in the Consolidated Financial Statements disclosing information to the Company's other non-current liabilities.

Note 26 Other current liabilities

USD 1000	Note	31 Dec 2021	31 Dec 2020
Overlift of hydrocarbons		317 606	166 175
Net payables to joint operations		408 426	328 057
Employees, accrued public charges and other payables		23 346	18 586
Contingent consideration, current	27	-	30 125
Deferred payment for option premiums - oil puts	20	39 339	58 263
Total other current liabilities		788 717	601 206

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 27 Commitments, provisions and contingent consideration

Refer to [note 27](#) in the Consolidated Financial Statements disclosing information to the Company's commitments, provisions and contingent considerations.

Note 28 Lease agreements

Refer to [note 28](#) in the Consolidated Financial Statements disclosing information about the Vår Energi lease agreements. The difference in the Parent Financial Statement is that the Jotun FPSO lease is included in 2020 and that the Ingrid Knutsen lease is excluded in both years.

USD 1000

Opening Balance lease debt
New lease debt in period
Payments of lease debt
Lease debt derecognized in period
Interest expense on lease debt
Currency exchange differences

Total lease debt

Breakdown of the lease debt to short-term and long-term

Short-term
Long-term

Total lease debt

Lease debt split by activities

Offices
Rigs and Supply vessels
Warehouse

Total

Nominal lease debt maturity breakdown

Within one year
Two to five years
After five years

Total

Note 29 Related party transactions

Refer to [note 29](#) in the Consolidated Financial Statements disclosing information to the Company's related party transactions. Intragroup transactions showed below

Current assets		
USD 1000	31 Dec 2021	31 Dec 2020
Trade receivables		
Other	39	25
Current liabilities		
USD 1000	31 Dec 2021	31 Dec 2020
Account Payables		
PR Jotun DA ¹	226 484	434 407
Other	2	-
Operating and capital expenditures		
USD 1000	2021	2020
PR Jotun DA ¹	(183 058)	414 888
Other	(187)	1 211

¹ Relates to Jotun FPSO sale from PR Jotun DA to Vår Energi ASA. The decrease in liabilities and credit in operating and capital expenditures reflects the adjustment after an arbitration to set final consideration.

Note 30 License ownerships

Refer to [note 30](#) in the Consolidated Financial Statements

Note 31 Proved developed reserves (unaudited)

Refer to [note 31](#) in the Consolidated Financial Statements for details on proved developed reserves.

Note 32 Subsequent events

Refer to [note 32](#) in the Consolidated Financial Statements

Auditor's report

 Independent Auditor's Report - Vär Energi ASA To the General Meeting of Vär Energi ASA <i>Independent Auditor's Report</i> <i>Report on the Audit of the Financial Statements</i> <i>Opinion</i> We have audited the financial statements of Vär Energi ASA, which comprise: • The financial statements of the parent company Vär Energi ASA (the Company), which comprise the balance sheet as at 31 December 2021, 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 a summary of significant accounting policies, and • The consolidated financial statements of Vär Energi ASA and its subsidiaries (the Group), which comprise the balance sheet as at 31 December 2021, 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 a summary of significant accounting policies. In our opinion: • the financial statements comply with applicable statutory requirements, • the financial statements give a true and fair view of the financial position of the Company as at 31 December 2021, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU, and (1)	
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 Independent Auditor's Report - Vär Energi ASA • the financial statements give a true and fair view of the financial position of the Company as at 31 December 2021, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU, and Our opinion is consistent with our additional report to the Audit Committee. <i>Basis for Opinion</i> We conducted our audit in accordance with International Standards on Auditing (ISAs) issued by the International Ethics Standards Board for Accountants (IESBA) and the International Federation of Accountants (IFAC), and we have also followed the International Standards on Auditing (ISAs) issued by the International Ethics Standards Board for Accountants (IESBA) and the International Federation of Accountants (IFAC). 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 have been provided to the Company. We have been the auditor of the Company for 3 years from the election of the Board of Directors. <i>Key Audit Matters</i> Key audit matters are those matters that, in our professional judgement, are considered to be of significant importance to the financial statements of the Company for the year ended 31 December 2021. These matters were addressed in the context of our audit of the financial statements, and the results of our audit work are included in our opinion on the financial statements. We do not provide a separate opinion on these matters.	
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Auditor's report

 Independent Auditor's Report - Vår Energi ASA	
Key Audit Matter <i>Impairment of goodwill and property, plant and equipment</i> Vår Energi ASA has property, plant and equipment with a carrying amount of USD 15 189 million at 31 December 2021. In addition, the carrying value of goodwill (including technical goodwill) was USD 2 532 million at 31 December 2021. In line with Vår Energi's accounting policies for impairment of non-financial assets, management has assessed whether there are impairment or impairment reversal indicators. Based on identified impairment indicators, an impairment calculation was prepared. 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 judgement. In addition, the calculation of recoverable amounts requires financial modelling of the cash flows related to the cash generating units, which can be inherently complex, and may require use of additional judgement. Based on the results of the assessment of impairment triggers and the corresponding calculation of recoverable	How our audit addressed the Key Audit Matter We assessed management's identification of impairment or impairment reversal indicators and agreed that indicators were present. We obtained management's impairment calculation as of 31 December 2021. Management's identification of cash generating units were in line with our expectations. For each cash generating unit, including allocated technical goodwill, we assessed the key inputs into 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; • Tested CGU and underlying asset specific assumptions underlying the impairment test model (e.g. production profiles, capital expenditures, operating costs, removal costs); • Assessing the reasonableness of CGU and underlying asset specific assumptions by comparing current year actual data to data that were forecasted for the current year and comparing current year actual data to data forecasted for future years; • Reconciling removal costs and years in the impairment models towards the removal costs applied in the calculation of asset removal liability;

(3)

 Independent Auditor's Report - Vår Energi ASA	amounts, a total net impairment charge of USD 1 million was recognised in 2021. The impairment charges relate to impairments of technical goodwill of USD 203 million offset by reversals of impairments on property, plant and equipment of USD 202 million. 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 judgement which may have a direct impact on net profit. Please refer to note 15 for a description of management's assessment of impairment.
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Auditor's report

 Independent Auditor's Report - Vår Energi ASA	
Estimation of abandonment obligations Abandonment obligations as of 31 December 2021 were calculated for operated and non-operated assets. Abandonment obligations represent USD 3 297 million in the balance sheet as of 31 December 2021 and is accounted for as a non-current provision of USD 3 236 million and current provision of USD 62 million. The estimation and measurement of abandonment obligations requires a number of estimates and judgments to be applied. This includes timing of actual cash flows, amount of abandonment 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 abandonment obligations requires financial modelling of cash flows related to the removal and decommissioning cost. Such modelling can be complex and may require use of additional judgement. We focused on this area due to the significant value the provision for abandonment obligations represents in the balance sheet, and the level of management judgement used in determining the provision for abandonment obligations.	We obtained management's assessment and model for calculation of abandonment obligations at 31 December 2021 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 IFRS. The decommissioning cost estimates for the non-operated assets are based on the respective Operators cost estimate. We obtained the cost estimate prepared by the external Operators of the non-operated fields from management. We checked that the external cost estimates were included as input in the calculation of the abandonment obligation for the non-operated fields and challenged assumptions applied. For the operated Balder and Goliat fields, the cost estimates are based on Vår Energi's internal calculation and assessment. Vår Energi has involved a multi-discipline project team with professionals from various technical areas. The calculation of cost estimates for the Vår Energi operated fields are based on several cost inputs. We assessed the cost estimate assumptions applied for reasonableness. This included, but were 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 abandonment obligations and found that the model makes calculations as expected. We received 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

(5)

 Independent Auditor's Report - Vår Energi ASA	
Please refer to note 24 for a description of how management has accounted for the abandonment obligations.	abandonment obligations. We have
Other Information The Board of Directors and the Managing Director (management) are responsible for the preparation of the financial statements. The other information accompanying the financial statements and the financial statements or other information accompanying the financial statements otherwise approved or misstatement in the Board of Directors' report or the other information. In connection with our audit of the financial statements, our responsibility is to provide an independent opinion on the financial statements. The purpose is to consider if there is material misstatement in the financial statements or other information accompanying the financial statements otherwise approved or misstatement in the Board of Directors' report or the other information. Based on our knowledge obtained in the audit, it is our opinion that the financial statements: - is consistent with the financial statements and - contains the information required by applicable legal requirements. Our opinion on the Board of Director's report applies correspondingly to the report on payments to governments.	

Auditor's report

 Independent Auditor's Report - Vär Energi ASA <i>Responsibilities of Management for the Financial Statements</i> Management is responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting 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 and the Group'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 Group or to cease operations, or has no realistic alternative but to do so. <i>Auditor's Responsibilities for the Audit of the Financial Statements</i> 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 judgement 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. (7)	
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 Independent Auditor's Report - Vär Energi ASA • obtain an understanding of internal control relevant to the audit for the purpose of expressing an opinion on the effectiveness of internal control. • evaluate the appropriateness of accounting policies used and management. • conclude on the appropriateness of management's use of the going concern basis of accounting. If we conclude that a material uncertainty exists related to events or conditions that may cast doubt on the Group's ability to continue as a going concern, we will disclose the matter in our auditor's report, the financial statements or, if such disclosures are inadequate, the date of our auditor's report. However, future events or conditions may cause the Group to cease operations. • evaluate the overall presentation, structure and content of the financial statements to represent the underlying transactions and events in a manner that is fair and balanced. • obtain sufficient appropriate audit evidence regarding the financial statements to support our opinion on the consolidated financial statements. We are responsible for our audit opinion. We communicate with the Board of Directors regarding, among other things, the results of the audit, including any significant deficiencies in internal control that we identify. We also provide the Audit Committee with a statement that we have communicated with them all relationships and other matters that may be relevant to the audit. From the matters communicated with the Board of Directors, we determine the matters that are of significance to the financial statements of the current period and are therefore the key audit matters.	
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Auditor's report



Independent Auditor's Report - Vår Energi ASA

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 Regulation on European Single Electronic Format (ESEF)

Opinion

We have performed an assurance engagement to obtain reasonable assurance that the financial statements with file name "20220329 Vår Energi Annual Report 2021" have been prepared in accordance with Section 3-5 of the Norwegian Securities Trading Act (Verdipapirhandelloven) and the accompanying Regulation on European Single Electronic Format (ESEF).

In our opinion, the financial statements have been prepared, in all material respects, in accordance with the requirements of ESEF.

Management's Responsibilities

Management is responsible for preparing, tagging and publishing the financial statements in the single electronic reporting format required in ESEF. This responsibility comprises an adequate process and the internal control procedures which management determines is necessary for the preparation, tagging and publication of the financial statements.

Auditor's Responsibilities

Our responsibility is to express an opinion on whether the financial statements have been prepared in accordance with ESEF. We conducted our work in accordance with the International Standard for Assurance Engagements (ISAE) 3000 – "Assurance engagements other than audits or reviews of historical financial information". The standard requires us to plan and perform procedures to obtain reasonable assurance that the financial statements have been prepared in accordance with the European Single Electronic Format.

As part of our work, we performed procedures to obtain an understanding of the company's processes for preparing its financial statements in the European Single Electronic Format. We evaluated the completeness and accuracy of the iXBRL tagging and assessed management's use of judgement. Our work

(9)



Independent Auditor's Report - Vår Energi ASA

comprised reconciliation of the financial statements tagged under the human-readable format. We believe that the evidence we have obtained is sufficient to support our opinion.

Stavanger, 29 March 2022
PricewaterhouseCoopers AS


Gunnar Skeltvebø
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 and the group's financial statements for 2021 have been prepared in accordance with IFRS, 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 uncertainty factors facing the Company and the Group.

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.

Sand
The Board of

Thorhild Widvey
Chair

Francesco Gattei
Director

Clara Andreoletti
Director

Fabio Romeo
Director

Kjersti Selvik
Director,
employee representative

Jan Inge Nesheim
Director,
employee representative

Chi

**Audited consolidated financial statements of Vår Energi AS
for the year ended December 31, 2020**

VÅR ENERGI AS

Consolidated Financial Statements
for the year ended 31 December 2020



VÅR ENERGI AS

CONSOLIDATED FINANCIAL STATEMENTS 2020

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Consolidated statement of comprehensive income

USD 1000, except Earnings per share data	Note	2020	2019
Petroleum revenues	6	2 868 635	2 821 056
Other operating income	6	25 205	44 090
Total income		2 893 840	2 865 145
Production costs	7, 8	-1 057 223	-948 562
Exploration expenses	11, 14	-57 183	-74 959
Depreciation and Amortization	15, 16	-1 706 740	-1 168 298
Impairments	14, 15, 17	-2 178 108	-156 000
Other operating expenses	10	-147 487	-60 188
Total operating expenses		-5 146 741	-2 408 007
Operating profit (loss)		-2 252 901	457 138
Net financial items	12	-238 058	-137 534
Net exchange rate gain / (loss)	12	286 955	131 833
Profit/(loss) before taxes		-2 204 004	451 437
Income tax (expense)/income	13	577 380	-373 011
Profit/(loss) for the year		-1 626 625	78 427
Other comprehensive income:			
<i>Items that may be reclassified subsequently to the income statement:</i>			
Currency translation differences		-114 548	-45 625
Net gain/(loss) on put options used for hedging		-11 617	-17 120
Other comprehensive income for the period, net of tax		-126 165	-62 745
Total comprehensive income		-1 752 789	15 682
Earnings per share			
EPS Basic	24	-4 072	196
EPS Diluted	24	-4 072	196

Consolidated balance sheet statement

USD 1000	Note	31.12.2020	31.12.2019	01.01.2019
ASSETS				
Non-current assets				
Intangible assets				
Goodwill	14	2 820 840	4 861 552	2 182 433
Capitalised exploration wells	14	113 327	87 535	66 206
Other intangible assets	14	107 732	104 692	0
Tangible fixed assets				
Property, plant and equipment	15	15 593 975	14 598 083	9 822 033
Right of use assets	16	133 846	162 139	176 662
Financial assets				
Investment in shares	18	881	856	245
Other non-current assets	18	2 694	7 996	71 503
Total non-current assets		18 773 295	19 822 854	12 319 083
Current assets				
Inventories	19	283 199	230 099	151 794
Trade receivables	20, 31	165 984	514 576	240 638
Other receivables, prepaid assets and financial instruments	21	241 938	749 864	121 917
Tax receivable	13	522 854	0	0
Cash and cash equivalents	23	272 411	203 969	1 010 152
Total current assets		1 486 385	1 698 508	1 524 501
TOTAL ASSETS		20 259 680	21 521 362	13 843 583

Consolidated balance sheet statement

USD 1000	Note	31.12.2020	31.12.2019	01.01.2019
EQUITY AND LIABILITIES				
Equity				
Share capital		45 972	45 972	45 972
Share premium		3 593 181	4 043 181	4 043 181
Other equity		-1 784 276	-35 441	1 648 596
Total equity		1 854 877	4 053 711	5 737 748
Non-current liabilities				
Interest-bearing loans and borrowings	25	5 583 552	4 598 338	614 359
Deferred tax liabilities	13	7 342 952	6 593 335	4 395 208
Abandonment obligation	26	4 260 181	3 373 807	2 160 101
Pension liabilities	8	0	0	30 007
Lease liabilities, non-current	30	123 404	131 198	121 305
Other non-current liabilities	27	156 865	77 129	63 972
Total non-current liabilities		17 466 952	14 773 807	7 384 952
Current liabilities				
Abandonment obligation, current	26	26 270	100 474	50 181
Accounts payables	31	252 801	253 489	208 261
Taxes payable	13	16 505	1 185 247	119 719
Interest-bearing loans, current	25	0	204 564	34 408
Lease liabilities, current	30	41 078	37 230	55 344
Other current liabilities	28	601 197	912 840	252 969
Total current liabilities		937 851	2 693 845	720 883
Total liabilities		18 404 803	17 467 651	8 105 835
TOTAL EQUITY AND LIABILITIES		20 259 680	21 521 362	13 843 583

Sandnes, 14 December 2021

Signed electronically

Philip D. Hemmens
Chairman

Guido Brusco
Board member

Hogne Tunland
Board member

Stefano Maione
Board member

Jan Inge Nesheim
Board member

Tor Espedal
Board member

Laurits Hosar
Board member

Francesco Gattei
Board member

Torger Rød
Chief Executive Officer

Consolidated statement of changes in equity

USD 1000	Share capital	Share premium	Other equity			Total equity
			Other equity	Translation differences	Hedge reserve	
Balance at 1 January 2019	45 972	4 043 181	1 648 596	0	0	5 737 748
Profit/(loss) for the period	0	0	78 427	0	0	78 427
Other comprehensive income/(loss)	0	0	0	-45 625	-17 120	-62 745
Total comprehensive income/(loss)	0	0	78 427	-45 625	-17 120	15 682
Dividends paid	0	0	-1 700 000	0	0	-1 700 000
Other	0	0	280	0	0	280
Balance at 31 December 2019	45 972	4 043 181	27 303	-45 625	-17 120	4 053 711
Balance at 1 January 2020	45 972	4 043 181	27 303	-45 625	-17 120	4 053 711
Profit/(loss) for the period	0	0	-1 626 625	0	0	-1 626 625
Other comprehensive income/(loss)	0	0	0	-114 548	-11 617	-126 165
Total comprehensive income/(loss)	0	0	-1 626 625	-114 548	-11 617	-1 752 789
Dividends paid	0	-450 000	0	0	0	-450 000
Other	0	0	3 955	0	0	3 955
Balance at 31 December 2020	45 972	3 593 181	-1 595 366	-160 173	-28 737	1 854 877

Consolidated statement of cash flow

USD 1000	Note	2020	2019
Profit / (loss) before income taxes		-2 204 004	451 437
Adjustments to reconcile profit before tax to net cash flows:			
- Depreciation and amortisation	15, 16	1 706 740	1 168 298
- Impairments	14, 15	2 178 108	156 000
- (Gain) / loss on sale and retirement of assets	6	-1 043	-14 969
- Impairment of exploration wells	11, 14	20 024	17 969
- Accretion expenses (asset retirement obligation)	12, 26	74 427	59 949
- Other non-cash items and reclassifications		51 590	10 531
Working capital adjustments:			
- Changes in inventories, accounts payable and receivables		280 532	-308 119
- Changes in other current balance sheet items		136 203	226 043
Income tax received / (paid)	13	-342 304	-208 292
Interest received	12	32 224	13 134
Interest paid	12	-188 638	-72 039
Net cash flows from operating activities		1 743 857	1 499 943
Cash flows from investing activities			
Expenditures on exploration and evaluation assets	14	-40 515	-40 213
Expenditures on property, plant and equipment	15	-1 771 339	-1 242 228
Payment for decommissioning of oil and gas fields	26	-101 687	-60 561
Proceeds from sale of assets (sales price)		0	144 604
Expenditures on goodwill and other intangible assets		0	0
Net cash used on business combination	4	-33 498	-3 264 867
Net cash used in investing activities		-1 947 039	-4 463 264
Cash flows from financing activities			
Proceeds from issuance of shares		0	0
Dividends paid		-450 000	-1 700 000
Net proceeds/(payments) of reserve based lending facility	25	964 572	3 912 878
Payment of other loans and borrowings	25	-197 571	-31 714
Payment of principal portion of lease liability	30	-43 703	-26 208
Net cash from financing activities		273 297	2 154 956
Net change in cash and cash equivalents		70 116	-808 365
Cash and cash equivalents, beginning of period		203 969	1 010 152
Effect of exchange rate fluctuation on cash held		-1 675	2 182
Cash and cash equivalents, end of period		272 411	203 969

Notes to the Consolidated Financial Statements

Note 1 Corporate information

The consolidated financial statements of Vår Energi AS and its subsidiaries (collectively, "the Group" or "Vår Energi") for the year ended 31 December 2020 were authorised for issue in accordance with a Board resolution on 14 December 2021. Vår Energi AS is a limited liability company incorporated and domiciled in Norway and the Company's shares are privately held. The Group's head office is located at Vestre Svanholmen 1, 4313 Sandnes, Norway.

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

Group structure

The consolidated financial statements of the Group include:

Shares in subsidiaries

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

Shares in subsidiaries indirectly owned

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

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 International Financial Reporting Standards (IFRSs) as adopted by The European Union (EU).

For all periods up to and including the year ended 31 December 2020, Vår Energi has prepared its financial statements in accordance with Norwegian Generally Accepted Accounting Principles (NGAAP). This set of financial statements for the year ended 31 December 2020 is the first Vår Energi has prepared in accordance with IFRS.

The financial statements have been prepared on a historical cost basis, except for certain financial instruments that have been measured at fair value. All assets and liabilities were measured at fair value at the time of formation of Vår Energi as a joint venture between Eni and HitecVision, see Note 3 for more information on the transition to IFRS. The financial statements have been prepared based on the assumption of going concern.

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. Monthly exchange rates are used as a practical approach when there are no material differences in the exchange rates from the transaction date. Monetary items are valued at year-end exchange rates and the corresponding currency loss / gain is recognised in profit or loss and presented in financial items.

For presentation purposes, balance sheet items are translated from functional currency to presentation currency by using spot rates of exchange at the balance sheet date. Items within profit & loss and other comprehensive income are translated from functional currency to presentation currency by using quarterly 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 revaluation gains or cash flow hedging reserves.

Comparative information has been provided for the previous period. In addition, Vår Energi AS has presented an additional balance sheet as at 1 January 2019, which is the date of transition to IFRS, in these financial statements as these are the first set of IFRS financial statements being issued. Refer to [Note 3](#) for information related to first time adoption.

2.2 Basis of consolidation

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

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

2.3 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 Group 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. In accordance with IAS 12 *Income Taxes*, 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 tested for impairment when there are indications of impairment and at least annually.

Revenue and over and underlift balances

Revenue from the sale of liquids or gas is recognised at the point in time when the company'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 for the fair value less costs to sell of the overlift. 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

The company has interests in licences on the Norwegian Continental Shelf. IFRS defines a joint arrangement 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.

Under IFRS 11 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. The company recognizes investments in joint operations (oil and gas production licenses) 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 licenses that are not deemed to be joint arrangements pursuant to the definition in IFRS 11 as there is no joint control ("undivided interests"), the company recognizes its share of related expenses, assets, liabilities and cash flows in the same way as under IFRS 11. 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 basis are recognised. Deferred tax assets relating to earned uplift on incurred investments are not recognized because of the initial recognition exemption in IAS 12 *Income Taxes*. 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 have also been 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 finds are capitalized 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 are plans 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 income statement. Other exploration costs, including seismic studies, are expensed as incurred.

Development expenditures

The development phase commences when the licence partners have decided the concept selection. Direct and indirect expenditures related to development projects are capitalised.

Property, plant and equipment

Property, plant and equipment (PPE) are valued at acquisition cost less accumulated depreciations and impairments or reversal of impairments. When the asset is sold or retired, the net book value is derecognised and a potential loss or profit is recognised in the statement of income. Gains and losses on disposals or retirements are determined by comparing proceeds with carrying amounts. These are included in profit or loss.

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. Impairment is recognized 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 recognized impairment can only be reversed if changes to the estimates used for the calculation of the recoverable amount have been observed. Reversals are recognized in the Income statement. 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

Spare parts and consumables are measured at cost on a first-in/first-out basis. Physical stock of crude oil is valued at production cost.

Asset retirement obligations

The Group recognises an asset retirement obligation (ARO) to the extent it has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the obligation amount can be made. The obligation generally arises when the 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 an interest rate that reflects current market assessments and the risks specific to the liability. 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. These liabilities are presented in Other non-current liabilities against which the charges from Gassled will be recognised when invoiced.

Pension liability

Vår Energi AS has a defined contribution pension plan that satisfies the statutory requirements in the Norwegian law on required occupational pension ("lov om obligatorisk tjenestepensjon"). Contributions are paid to pension insurance plans and charged to the income statement in the period to which the contributions relate. Once the contributions have been paid, there are no further payment obligations. Prior to 1 January 2020 Vår Energi also had defined benefit plans. These plans were settled and a gain on settlement was recognised in the 2019 income statement.

Leasing commitments

At the inception of a contract, the company assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The lease liability is recognized 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. RoU assets are depreciated over the lease term as this is ordinarily shorter than the useful life of the assets. The lease term represents the non-cancellable period of the lease, together with periods covered by an option either to extend or to terminate the lease when the company is reasonably certain to exercise this option.

The company applies the exemption for short term leases (12 months or less) and low value leases. As such, related lease payments are not recognized in the balance sheet but expensed or capitalized 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), 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 license is subject to a contract specific assessment.

Other lease contracts, such as offices and supply vessels not linked to specific fields, are recognized on a gross basis even when the related cashflows are charged to the license partners. For such contracts, the partner's share of the cost 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 licenses. 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). No such sublease arrangements with a term longer than 12 months have been identified in the portfolio of lease arrangement in 2019, 2020, or subsequent to year end 2020.

Financial assets and liabilities

The Group's financial assets and liabilities comprise non-listed equity instruments, derivative financial instruments (assets and liabilities), receivables, cash and cash equivalents, payables, other short term liabilities 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 Group's business model for managing them.

The Group classified its financial instruments in the following categories:

- Financial assets and liabilities at amortized cost
- Derivative financial assets and liabilities designated as accounting hedge instruments (cash flow hedges) for which the effective portion is recognized at fair value through other comprehensive income
- Financial assets at fair value through profit and loss

The Group measures financial instruments at amortized cost if both of the following conditions are met:

- The financial instrument is held within a business model with the objective to hold financial instruments in order to collect or pay 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 instruments at amortized cost are subsequently measured using the effective interest (EIR) method and are subject to impairment testing. Gains and losses are recognized in profit or loss when the instrument is derecognized, modified or impaired. The Group's financial instruments at amortized 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 impairment losses. Accounts receivables that do not contain a significant financing component are measured at the transaction price determined under IFRS 15. Cash and cash equivalents are measured at fair value, loans and borrowings and other liabilities are measured at amortised cost.

Put options used for hedging (cash flow hedges)

The Group uses derivative financial instruments, such as Brent Crude put options, to hedge its commodity price risks on future production volumes (cash flow hedges). The put options are measured at fair value on the balance sheet date, using market inputs as observable forward curves, interest rates and time to maturity.

In addition, implied volatilities from market observable option prices are used when the price of the option is modeled. Vår Energi has designated these put options as cash flow hedges relating to expected future production and sale of crude oil, and has applied hedge accounting. The effective portion of the gain or loss on the hedging instrument is recognised in other comprehensive income (OCI), while any ineffective portion is recognised immediately in the profit or loss. Amounts recognised in OCI are transferred to profit or loss when the hedged transaction affects profit or loss.

Option premiums paid (time value) 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. Option premium costs are deferred and paid at the time of exercise or expiry. These deferred payments are presented as current liabilities in the balance sheet.

Factoring (sale of trade receivables)

As part of the group's working capital optimization and finance cost minimization procedures Vår Energi has entered into 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, an 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.

Current versus non-current classification of assets and liabilities

The Company presents assets and liabilities in the balance sheet based on the current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period

Or

- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period

Or

- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Company classifies all other liabilities as non-current. Deferred tax assets and liabilities are classified as non-current assets and liabilities.

Cash flows

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. The effective date for tax purposes is set to 1 January, while revenues and costs are recognised by Vår Energi as seller until transfer of control to the buyer (completion date).

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 the effective date for tax purposes).

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 license in the 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 license are included in the purchaser's Income statement from the acquisition date, as defined above.

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 licenses 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 full in Other income in the statement of income.

Important accounting judgments, estimates and assumptions

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

Goodwill allocation

For the purpose of impairment testing, goodwill is allocated to a cash-generating unit (CGU), or groups of CGUs that are expected to benefit from the synergies of the business combination from which it arose. The allocation of goodwill requires judgment and may significantly impact any subsequent impairment charge. Technical goodwill and deferred tax is recognised for the after-tax consideration paid in business combinations for assets acquired under section 10 of the Norwegian Petroleum Tax Act. Technical goodwill is allocated to the field level (CGU) from which it arose.

Identifying a lease within joint operating arrangements

When applying IFRS 16 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. 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 license-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 license-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 recognized on the balance sheet as capitalized 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 capitalized 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. The group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing 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 judgment, 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 recognized 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 judgment 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 and decommissioning costs. 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 ARO 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 2020. These standards and amendments are not expected to have a material impact on the group in the current or future reporting periods.

Note 3 IFRS1 transition note

IFRS and first time adoption

These financial statements, for the year ended 31 December 2020 represent the first financial statements of Vår Energi AS in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union (EU). For periods up to and including the year ended 31 December 2019, Vår Energi AS prepared its financial statements in accordance with Norwegian Generally Accepted Accounting Principles (NGAAP).

The Company has prepared financial statements that comply with IFRSs applicable as at 31 December 2020, together with the comparative period data for the year ended 31 December 2019, as described in the Basis for preparation (2.1). In preparing the financial statements, the Company's opening statement of financial position was prepared as at 1 January 2019, the Company's date of transition to IFRS.

This note explains the principal adjustments made by Vår Energi in restating its financial statements, including the statement of financial position as at 1 January 2019 and the financial statements for the year ended 31 December 2019.

Exemptions applied

IFRS 1 allows first-time adopters certain exemptions from the retrospective application of certain requirements under IFRS. Vår Energi AS has applied the following exemptions:

Business Combinations and fair values as deemed cost at the time of transition to IFRSs

In accordance with IFRS 1 Appendix C, IFRS 3 Business Combinations has not been applied to business combinations, or acquisitions of interests in associates and joint ventures that occurred before 1 January 2019. The substance of the transaction when establishing Vår Energi AS as a Joint Venture between Eni and HitecVision was that Eni and HitecVision reorganized their previously wholly owned businesses and merged them into a joint venture. For such a transaction IFRS 3 does not apply. Several options for accounting treatment, including carry-over values and full fair values have been determined to be acceptable measurement bases. Vår Energi AS elected to measure all assets and liabilities, including goodwill, in the financial statements at the date of transition from NGAAP to IFRS, 1 January 2019, at fair values. The valuation technique and inputs used to develop those measurements are aligned with those applied for impairment testing purposes, see note 17, and constitute level 3 measurements in the fair value hierarchy, see note 22.

After the date of transition, measurement is done in accordance with the applicable IFRSs. Assets and liabilities that do not qualify for recognition under IFRS are excluded from the opening IFRS statement of financial position. The Company did not recognise or exclude any previously recognised amounts as a result of the IFRS recognition requirements.

Due to the fact that fair values were applied at the date of transition, there was no requirement to perform impairment testing on property, plant and equipment or goodwill for any cash generating units at the date of the transition to IFRS.

Currency translation differences

Cumulative currency translation differences related to presentation currency being different from functional currency are deemed to zero as at 1 January 2019.

Leases

The Company has applied the transitional provisions in IFRS 1.D9A which states that if a first-time adopter made an assessment of whether an arrangement contained a lease in accordance with previous GAAP as that required by IFRIC 4, the first-time adopter need not reassess that determination when it adopts IFRS. It is however required that that determination would have given the same outcome as that resulting from applying IAS 17 and IFRIC 4. As NRS 14 *Leieavtaler* is substantially aligned with IAS 17 and IFRIC 4 (NRS 14 refers to IFRIC 4) related to determination of a lease, no new assessment of lease agreements is considered needed.

Borrowing costs

The Company has applied the transitional provisions related to IAS 23 Borrowing Costs and does not restate borrowing costs capitalised under NGAAP on qualifying assets prior to the date of transition to IFRSs.

Estimates

The estimates at 1 January 2019 and at 31 December 2019 are consistent with those made for the same dates in accordance with NGAAP (after adjustments to reflect any differences in accounting policies).

Consolidated balance sheet

Reconciliation of equity as at 1 January 2019 (date of transition to IFRS)						
		NGAAP KNOK	NGAAP KUSD			IFRS KUSD
	Note	Dec 31 2018	Jan 1 2019	Reallocation	Remeasurements	Jan 1 2019
ASSETS						
Non-current assets						
Intangible assets						
Goodwill	14	236 350	27 203		2 155 231	2 182 433
Capitalised exploration wells	14	575 231	66 206		0	66 206
Other intangible assets	14	0	0		0	0
Tangible fixed assets						
Property, plant and equipment	15	67 525 383	7 771 811	-57 033	2 107 255	9 822 033
Right of use assets	16	0	0		176 662	176 662
Financial assets						
Investment in shares	18	2 126	245		0	245
Other non-current assets	18	1 116 787	128 536	57 033	-114 066	71 503
Total non-current assets		69 455 876	7 994 001	0	4 325 082	12 319 083
Current assets						
Inventories	19	766 139	88 178		63 615	151 794
Trade receivables	20, 31	2 091 485	240 719	80	-160	240 638
Other receivables, prepaid assets and financial instruments	21	1 088 918	125 329	-80	-3 332	121 917
Tax receivable	13	0	0		0	0
Cash and cash equivalents	23	8 776 703	1 010 152		0	1 010 152
Total current assets		12 723 246	1 464 378	0	60 123	1 524 501
TOTAL ASSETS		82 179 121	9 458 378	0	4 385 205	13 843 583
	Note	NGAAP KNOK	NGAAP KUSD			IFRS KUSD
		Dec 31 2018	Jan 1 2019	Reallocation	Remeasurements	Jan 1 2019
EQUITY AND LIABILITIES						
Equity						
Share capital		399 425	45 972		0	45 972
Share premium		21 151 241	2 434 395		1 608 786	4 043 181
Other equity			0		1 648 596	1 648 596
Total equity		21 550 666	2 480 367	0	3 257 382	5 737 748
Non-current liabilities						
Interest-bearing loans and borrowings	25	5 337 859	614 359		0	614 359
Deferred tax liabilities	13	15 546 559	1 789 326		2 605 882	4 395 208
Abandonment obligation	26	18 768 035	2 160 101		0	2 160 101
Pension liability	8	260 713	30 007		0	30 007
Lease liabilities, non-current	30	0	0		121 305	121 305
Other non-current liabilities	27	733 489	84 421		-20 448	63 972
Total non-current liabilities		40 646 655	4 678 213	0	2 706 739	7 384 952
Current liabilities						
Abandonment obligation, current	26	436 000	50 181		0	50 181
Accounts payables	31	1 809 479	208 261		0	208 261
Taxes payable	13	889 776	102 408		17 310	119 719
Interest-bearing loans, current	25	298 957	34 408		0	34 408
Lease liabilities, current	30	0	0		55 344	55 344
Dividend accrued		14 770 399	1 699 994		-1 699 994	0
Other current liabilities	28	1 777 189	204 545		48 424	252 969
Total current liabilities		19 981 800	2 299 799	0	-1 578 916	720 883
Total liabilities		60 628 455	6 978 012	0	1 127 823	8 105 835
TOTAL EQUITY AND LIABILITIES		82 179 121	9 458 378	0	4 385 205	13 843 583

Reconciliation of equity as at 31 December 2019

		NGAAP KNOK	NGAAP KUSD			IFRS KUSD
	Note	Dec 31 2019	Dec 31 2019	Reallocation	Remeasurements	Dec 31 2019
ASSETS						
Non-current assets						
Intangible assets						
Goodwill	14	5 673 107	646 118		4 215 434	4 861 552
Capitalised exploration wells	14	768 588	87 536		0	87 535
Other intangible assets	14	921 867	104 993	300	-600	104 692
Tangible fixed assets						
Property, plant and equipment	15	112 064 641	12 763 190	-300	1 835 192	14 598 083
Right of use assets	16		0		162 139	162 139
Financial assets						
Investment in shares	18	7 520	856		0	856
Other non-current assets	18	70 204	7 996		0	7 996
Total non-current assets		119 505 927	13 610 688	0	6 212 165	19 822 854
Current assets						
Inventories	19	1 730 336	197 070		33 028	230 099
Trade receivables	20, 31	4 519 261	514 705		-128	514 576
Other receivables and financial assets	21	5 956 391	678 381		71 483	749 864
Tax receivable	13		0		0	0
Cash and cash equivalents	23	1 790 911	203 969		0	203 969
Total current assets		13 996 898	1 594 125	0	104 383	1 698 508
TOTAL ASSETS		133 502 825	15 204 814	0	6 316 548	21 521 362

		NGAAP KNOK	NGAAP KUSD			IFRS KUSD
	Note	Dec 31 2019	Dec 31 2019	Reallocation	Remeasurements	Dec 31 2019
EQUITY AND LIABILITIES						
Equity						
Share capital		399 425	45 491	481	0	45 972
Share premium		21 151 241	2 408 943	-481	1 634 719	4 043 181
Other equity		560 348	63 819		-99 260	-35 441
Total equity		22 111 014	2 518 253	0	1 535 459	4 053 711
Non-current liabilities						
Interest-bearing loans and borrowings	25	40 462 433	4 608 320		-9 982	4 598 338
Deferred tax liabilities	13	16 722 022	1 904 493		4 688 840	6 593 335
Abandonment obligation	26	29 623 036	3 373 807		0	3 373 807
Pension liability	8	226 559	25 803		-25 803	0
Lease liabilities, non-current	30		0		131 198	131 198
Other non-current liabilities	27	886 522	100 967		-23 838	77 129
Total non-current liabilities		87 920 572	10 013 390	0	4 760 415	14 773 807
Current liabilities						
Abandonment obligation, current	26	882 192	100 474		0	100 474
Accounts payables	31	2 225 712	253 489		0	253 489
Taxes payable	13	10 110 920	1 151 546		33 701	1 185 247
Interest-bearing loans, current	25	1 796 132	204 564		0	204 564
Lease liabilities, current	30				37 230	37 230
Dividend accrued		1 800 000	205 004		-205 004	0
Other current liabilities	28	6 656 284	758 093		154 747	912 840
Total current liabilities		23 471 240	2 673 171	0	20 674	2 693 845
Total liabilities		111 391 812	12 686 561	0	4 781 089	17 467 651
TOTAL EQUITY AND LIABILITIES		133 502 825	15 204 814	0	6 316 548	21 521 362

Consolidated statements of income

Reconciliation of total comprehensive income for the year ended 31 December 2019

		NGAAP KNOK	NGAAP KUSD		IFRS KUSD	
	Notes	2019	2019	Reallocation	Remeasurements	2019
Petroleum revenues	6	24 866 949	2 817 631	3 425	0	2 821 056
Other operating income	6	255 930	36 413	-3 425	11 102	44 090
Total income		25 122 879	2 854 043	0	11 102	2 865 145
Production costs	7, 8	-8 625 183	-983 478		34 916	-948 562
Other operating expenses	11, 14	-428 823	-48 039		-12 149	-60 188
Exploration expenses	15, 16	-932 128	-104 459		29 500	-74 959
Depreciation and Amortization	14, 15, 1	-9 007 373	-1 025 364		-142 934	-1 168 298
Impairments	10	573 089	62 855		-218 855	-156 000
Total operating cost		-18 420 418	-2 098 484	0	-309 523	-2 408 007
Operating profit (loss)		6 702 461	755 559	0	-298 421	457 138
Net financial items	12	-1 112 269	-126 230		-11 304	-137 534
Net exchange rate gain / (loss)	12	1 208 862	131 833		0	131 833
Profit/(loss) for the year		6 799 054	761 163	0	-309 725	451 437
Income tax (expense)/income	13	-4 288 393	-479 610		106 600	-373 011
Profit / (loss) for the year		2 510 661	281 552	0	-203 126	78 427

Consolidated cash flow

		NGAAP KNOK	NGAAP KUSD		IFRS KUSD	
	Notes	2019	2019	Reallocation	Remeasurement	2019
Profit / (Loss) before income taxes		6 799 054	761 163	0	-309 725	451 437
Adjustments to reconcile profit before tax to net cash flows:						
Depreciation, depletion and amortisation	15, 16	9 007 373	1 025 364	0	142 934	1 168 298
Impairment / reversal of tangible fixed assets	14, 15	-573 089	-62 855	0	218 855	156 000
Inventory write-down					0	0
(Gain) / loss on sale and retirement of assets	6	-159 794	-18 151	0	3 181	-14 969
Impairment of exploration wells	11, 14	157 756	17 969	0	0	17 969
Utilization of decommissioning provision	12, 26	-533 160	-60 561	60 561	0	0
Accretion expenses (asset retirement obligation)		535 573	59 949	0	0	59 949
Other non-cash income and expenses		0	0	10 531	0	10 531
Working capital adjustments:						
- Changes in inventories, accounts payable and receivables		-1 359 762	-127 130	-117 237	-63 752	-308 119
- Changes in other current balance sheet items		0	0	161 581	64 462	226 043
- Accrued pension cost		-35 482	-4 030	4 030	0	0
Income tax received / (paid)	13	-1 859 239	-211 188	0	2 896	-208 292
Interest received	12	0	0	13 134	0	13 134
Interest paid	12	0	0	-72 039	0	-72 039
Net cash flows from operating activities		11 979 230	1 380 530	60 560	58 852	1 499 943
Expenditures on exploration and evaluation assets	14	-351 314	-39 905	0	-308	-40 213
Expenditures on other property, plant and equipment	15	-10 727 919	-1 218 569	0	-23 658	-1 242 228
Utilization of decommissioning provision	26	0	0	-60 561	0	-60 561
Proceeds from sale of assets (sales price)		1 273 053	144 604	0	0	144 604
Business combination	4	-28 666 514	-3 256 189	0	-8 678	-3 264 867
Net cash used in investing activities		-38 472 694	-4 370 060	-60 561	-32 644	-4 463 264
Dividends paid		-14 712 310	-1 700 000	0	0	-1 700 000
Net proceeds/(payments) of reserve based lending facility	25	34 471 761	3 912 878	0	0	3 912 878
Payment of other loans and borrowings	25	-270 990	-31 714	0	0	-31 714
Payment of principal portion of lease liability	30	0	0	0	-26 208	-26 208
Net cash from financing activities		19 488 461	2 181 164	0	-26 208	2 154 956
Net change in cash and cash equivalents		-7 005 003	-808 365	0	0	-808 365
Cash and cash equivalents, beginning of period		8 776 704	1 010 152	0	0	1 010 152
Effect of exchange rate fluctuation on cash held		19 210	2 182	0	0	2 182
Cash and cash equivalents, end of period		1 790 911	203 969	0	0	203 969

Notes to the IFRS transition tables

a) Property, plant and equipment

The formation of the joint venture between Point Resources AS and Eni Norge AS just prior to year end 2018 required fair values of the underlying assets in Vår Energi AS to be established for accounting purposes at the Eni group level. Vår Energi has at the date of transition to IFRS, 1 January 2019, applied these fair value measurements as the basis for deemed cost at the Vår Energi group level. The fair values established are level 3 estimates under the fair value hierarchy, for more details on the fair value hierarchy see note 22. Deferred taxes have been provided for relating to the remeasurements.

Subsequent to 1 January 2019, the depreciations of property, plant and equipment recognized have been made in accordance with IFRS (generally based on industry standards such as unit of production), including depreciations on the fair value as deemed cost remeasurement values.

The impairment testing and resulting impairment write-downs subsequent to 1 January 2019 have been performed in accordance with the provisions in IAS 36, see note 17. The starting point for impairment testing are the fair values (deemed cost) from the formation of Vår Energi as a joint venture. The recoverable amount estimates have been made for the relevant cash-generating units (CGUs) represented by the smallest identifiable group of assets that generate cash inflows that are largely independent of the cash inflows from other assets or groups of assets. The recoverable amount, which is the higher of the CGU's fair values less costs of disposal and the value in use of the CGU, is compared to the carrying amount (net book value), and the carrying amount is written down to the recoverable amount if higher. Value in use is the present value of the future cash flows expected to be derived from continuing use of the CGU and, if significant and reliably measurable, the cash flows expected to be obtained from its disposal at the end of its useful life, after deducting the costs of disposal.

Subsequent to 1 January 2019 property, plant and equipment have been subject to impairment write-downs.

b) Goodwill

Goodwill is generally resulting from business combinations and consists of goodwill from synergies and technical goodwill resulting from the consideration being higher than the fair values of the acquired identifiable assets and liabilities in a business combination. At the date of transition to IFRSs Vår Energi measured and recognised goodwill at fair value based on provisions in IFRS 1 using the transaction at the time of formation of Vår Energi as the basis for the goodwill amount. Technical goodwill is a result of the deferred tax effects arising from assets being recognized at fair values which are higher than the tax written down values. Under NGAAP no technical goodwill was recognised. This means that the technical goodwill recognised when acquiring ownership interests in ExxonMobil's partner operated licences in 2020, see note 4, also constitute a GAAP difference. Subsequent impairment testing of technical goodwill is done using the same methodology as for impairment of property, plant and equipment, see note 17. For impairment purposes, technical goodwill is allocated to each CGU (generally field level). Impairment write-downs will first reduce the carrying amount of goodwill if net book value of each asset including technical goodwill exceeds its recoverable amount.

c) Deferred tax assets relating to uplift (friinntekt)

Under NGAAP Vår Energi AS has been recognizing deferred tax assets relating to the amounts of deferred uplift. I.e. the nominal tax value of the amounts which are to be deducted in the taxable profit in the special tax regime in subsequent accounting periods.

Under IFRS the initial recognition exemption in IAS 12 *Income Taxes* prohibits the recognition of deferred tax assets on uplift amounts earned at the date of investments in qualifying assets. However, as part of the purchase price allocation in business combinations a deferred tax asset is identified and recognised for uplift amounts which will be used in subsequent accounting periods.

d) Leases

Under NGAAP, leases were classified as finance leases or operating leases. Operating lease payments are recognised as an operating expense in the statement of profit or loss on a straight-line basis over the lease term. Under IFRS, Vår Energi as lessee applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets and recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

At the date of transition, Vår Energi applied the transitional provision and measured lease liabilities at the net present value of future payments on all leases that were classified as leases under IFRS 16, discounted using the incremental borrowing rate prevailing at the date of transition, in the financing currency that the lease payments are made (meaning e.g. USD incremental borrowing rate to USD lease contracts). Right-of-use assets have been measured at an amount equal to the lease liability.

In the oil and gas sector offshore Norway operators and partners in the licenses collaboratively perform exploration, development and/or production activities using an unincorporated joint operation (JO) structure. The operator is appointed to be responsible for undertaking the operations on behalf of all the parties to the JO (i.e. the lead operator). The arrangement is governed by a joint operating agreement (JOA). There may also be other contractual arrangements that govern the relationship and activities between the non-operator parties and the lead operator, some arrangements may involve specific agreements such as rig sharing agreements in various forms. These agreements generally provide the lead operator with a right to recover the costs it incurs on behalf of the non-operator parties, including costs related to leasing assets to be used in the JO.

Vår Energi has concluded to recognize 100% of the lease agreements which have been entered into in the name of Vår Energi. This is because the JOA and other arrangements are separately negotiated with the non-operators and do not extinguish Vår Energi's primary obligation for the lease with the third-party supplier.

Furthermore, Vår Energi has concluded that there are no significant sublease arrangements with a lease term of more than 12 months in Vår Energi's current portfolio, generally because the JO's have been determined not to be controlling the use of a specified asset in the relevant licenses. I.e. the rig assignments have been determined to constitute executory contracts for the partners in the licenses.

e) Functional Currency

According to IFRS 1, functional currency should be evaluated as part of the IFRS implementation.

For Vår Energi the cash flows from revenue and capex/opex are in various currencies. Revenues from the sale of crude oil are in USD and gas sales primarily in EUR and GBP. Operating expenditures and capital expenditures are mainly in NOK. Taxes are denominated in NOK and long term debt is denominated in USD. The review of the primary factors for relevant cash flows in various currencies did not result in an obvious functional currency. However, an overall analysis of all relevant factors has led to the conclusion that NOK is best representing the primary economic environment in which Vår Energi operates. I.e. no change has been made to the functional currency when converting from NGAAP to IFRS.

f) Pension costs

Prior to 1 January 2020 Vår Energi had defined benefit plans. These plans were settled and a gain on settlement, of USD 25 734, was recognised in the 2019 IFRS financial statements. In the NGAAP financial statements this gain on settlement was recognised in 2020.

g) Income Tax

The remeasurment (GAAP) differences of income tax expenses mainly relate to the reversal of deferred taxes on depreciation of asset remeasurements, partly offset by unrecognised deferred uplift amounts, see c) above. In addition certain tax charges have been moved from 2020 to 2019, e.g. taxes related to the gain on settlement of the defined benefit plan see f) above. Certain tax effects on sale of assets in the post-tax regime have been reclassified from taxes to gain on sale of assets (Other operating income).

Note 4 Business combinations (including pro-forma)

Acquisition of ExxonMobil's Partner Operated Assets in Norway

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

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

The transaction with ExxonMobil is recorded as a Business Combination and was completed on 10 December 2019.

For tax and economic purposes, the effective date of the assets transferred was 1 January 2019.

The credit in 2020 reflects final Completion Statement from ExxonMobil.

USD 1000	2020	2019
Purchase consideration		
Cash consideration	-30 089	3 156 059
Deferred payment*	-	317 462
Payment for acquired assets and liabilities	-30 089	3 473 521

* Described in the section below

Deferred payments

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

Assets acquired and liabilities assumed

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

USD 1000	2020	2019
ASSETS		
Non-current assets		
Oil and gas properties	-28 685	4 757 174
Goodwill	-22 374	2 165 571
Exploration prospects	-	100 818
Financial assets	-	592
Total non-current assets	-51 059	7 024 155
USD 1000		
ASSETS		
Current assets		
Inventories	-	182 416
Net working capital	9 772	24 251
Cash and short term deposits	-	12 008
Deferred tax asset	-	82 290
Total current assets	9 772	300 965
Total assets	-41 287	7 325 120
Non-current liabilities		
Shippers Liability Gassled	-	46 103
Provision for abandonment	-	1 282 941
Deferred tax liabilities	-22 374	2 210 431
Total non-current liabilities	-22 374	3 539 476
Current liabilities		
Taxes payable	-21 669	961 271
Total current liabilities	-21 669	961 271
Total liabilities	-44 043	4 500 747
Total identifiable net assets at fair value	2 756	2 824 373
Consideration paid on acquisition	30 089	3 473 521
Goodwill arising on acquisition	27 334	649 148

According to § 10 in the Norwegian Petroleum Tax Act transaction shall be done after tax and the buyer is therefore not entitled to claim tax deduction for the part of consideration that exceeds the tax position acquired from the seller.

None of the goodwill recognised is deductible for income tax purposes.

Purchase price allocation

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

Net cash flow from acquisition	2020	2019
Net cash acquired	-	12 008
Cash paid / (received)	-30 089	3 156 059
Net cash flow on acquisition	30 089	-3 144 051

Pro-forma figures (Un-audited):

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

Pro-forma	
1 January - 31 December (USD 1000)	2019
Sales revenue	4 901 465
Other operating revenue	29 071
Production costs	-1 485 283
EBITDAX	3 445 252
Exploration costs	-106 785
EBITDA	3 338 468
Production (1000 boe/day)	296,0

Note 5 Segment information

The Group operates on the Norwegian Continental Shelf (NCS) and the group's business is entirely related to exploration for and production of petroleum in Norway. The group's activities are considered to have a homogeneous risk and return profile before tax. The group operates within a single operating segment which matches the internal reporting to the group's executive management.

Note 6 Income

Petroleum revenues (USD 1000)	Notes	EU	Norway	2020	2019
Revenue from crude oil sales		1 944 716	745	1 945 461	2 209 066
Revenue from gas sales		540 381	615	540 995	445 526
Revenue from NGL sales		204 097	9 464	213 561	162 979
Gains on cash flow hedge - crude put options	21, 22			168 617	3 484
Total Petroleum revenues		2 689 194	10 824	2 868 635	2 821 056
Sales of liquids (boe 1000) (unaudited)				61 011	39 822
Sales of gas (boe 1000) (unaudited)				31 116	16 271
Other operating income (USD 1000)				2020	2019
Gain/loss (-) from sale of assets				1 043	14 969
Other operating income				24 161	29 120
Total Other operating income				25 205	44 090

Vår Energi was fully hedged for oil production after tax at a strike price of 50 USD/bbl for the period. Gain on cash flow hedge in relates to exercised put options during the year, especially the period March - May with prices below 35 USD/BBL.

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

Other operating income is mainly related to other partner's share of lease cost recovered by the company. 2019 also includes a reimbursement of insurance on Goliat.

Note 7 Production costs

USD 1000	2020	2019
Cost of operations	602 035	646 314
Transportation and processing	269 679	141 840
Environmental taxes	68 065	45 950
Insurances	65 177	26 167
Production cost based on produced volumes	1 004 956	860 272
Adjustment of over/underlift (-)	19 158	77 720
Premium expense for crude put options	33 110	10 571
Production cost based on sold volumes	1 057 223	948 562
Total produced volumes (boe 1000) (unaudited)	97 076	56 678
Production cost per boe produced (USD/boe) (unaudited)	10,4	15,2

The 2019 Costs of operations includes a reversal of pension liabilities of USD 25 734 thousand.

Note 8 Staff costs and remuneration

USD 1000	2020	2019
Salary expenses	143 742	141 039
Social security tax (incl. pension and social charges for foreign personnel)	20 274	19 323
Pension cost, defined benefit scheme	1 319	12 332
Pension cost, curtailment of defined benefit scheme	-	-25 734
Pension cost, defined contribution scheme	10 345	6 612
Other personnel expenses	4 096	15 391
Total	179 776	168 962

The share charged to partners in operated joint ventures amounted to USD 36 355 thousand (USD 36 873 thousand in 2019).

Pension cost and pension fund/-obligations

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

Personnel employed in Eni Norge AS before the merger with Point Resources AS had a defined benefit pension scheme. This scheme was terminated end of 2019, and effective from 1 January 2020 all employees in Vår Energi AS have a defined contribution pension plan. The pension liability recognised at 01 January 2019 of USD 30 007 thousand was reversed in 2019.

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

Remuneration to Managing Director*

Managing Director has received the following remuneration:

USD 1000	2020	2019
Salary	608	671
Bonus	264	414
Other	74	77
Pension costs	87	93
Total remuneration to Managing Director	1 034	1 255

Managing Director is part of the defined contribution pension plan.

None of the Members of the Board, including the Chairman received any remuneration for their responsibility as Board members in 2019 or 2020. Furthermore, no loans or guarantees have been granted to the Managing Director, the Chairman of the Board, or any of their related parties. The company has no commitments with regard to severance schemes to the Managing Director or the Chairman of the Board.

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

*) Remuneration is paid in NOK and converted to USD using a yearly average USD/NOK-rate.

Key management personnel compensation *

Vår Energi AS has a leadership team consisting of 11 members .

USD 1000	2020	2019
Short-term employee benefits	3 326	3 413
Post-employment benefits	320	800
Other long-term benefits	325	310
Termination benefits	-	479
Total	3 971	5 003

*) Remuneration is paid in NOK and converted to USD using a yearly average USD/NOK-rate.

Note 9 Auditors fee

USD 1000	2020	2019
Statutory audit	586	510
Other attestations	10	17
Other services	163	308
Total fee	759	835

Services other than audit provided by the auditors mainly related to project support and assistance to offshore operations department and non-financial process improvement activities.

Note 10 Other operating expenses

USD 1000	Note	2020	2019
R&D expenses		25 170	19 009
Legal provisions		18 571	15 146
Value adjustment contingent considerations	29	63 967	147
Administration expenses		20 210	12 149
Other expenses		19 570	13 738
Total other operating expenses		147 487	60 188

Movement in value adjustment contingent considerations in 2020 mainly relates to updated reserves estimate in the Forseti structure.

R&D cost

Vår Energi participates in a variety of research and development (R&D) projects. The objective is to support ongoing and future activities carried out by the company in the areas of exploration, development and production.

Vår Energi is engaged in large scale projects aiming to develop climate emissions reduction capabilities, such as carbon capture and storage (CCS) and low emissions technologies.

Vår Energi's R&D portfolio includes more than 60 projects, mainly administered in the form of Joint Industry Projects (JIPs) or consortia, but also as bilateral R&D contracts.

Note 11 Exploration expenses

USD 1000	Note	2020	2019
Seismic		4 447	17 680
Area Fee		10 098	9 795
Dry / uncommercial well expenses	14	20 024	17 969
Other exploration expenses		22 614	29 514
Total exploration costs		57 183	74 959

Note 12 Financial items

USD 1000	Note	2020	2019
Interest income on bank accounts and receivables		32 224	13 134
Dividends		34	205
Other financial income		-	-
Interests on debts and borrowings		-188 638	-72 039
Interest on lease debt		-7 288	-5 551
Capitalized interest cost, development projects		29 824	14 686
Amortization of fees and expenses		-17 336	-12 613
Accretion expenses (asset retirement obligation)	26	-74 427	-59 949
Other financial expenses		-12 451	-15 406
Net financial income / (expenses)		-238 058	-137 534
Currency forward contracts gain / (loss)		-11 468	12 526
Unrealized exchange rate gain / (loss)		319 964	246 865
Realized exchange rate gain / (loss)		-21 541	-127 558
Net exchange rate gain / (loss)		286 955	131 833
Net financial items		48 897	-5 700

Unrealized exchange rate gain / (loss) mainly relates to the Group's US dollar credit facility.

Note 13 Taxes

USD 1000	2020	2019
Current year tax payable/receivable	-1 144 253	280 042
Prior period adjustments to current tax	6 250	1 981
Current tax expense (+)/ income(-)	-1 138 004	282 023
Change in deferred taxes	560 624	90 987
Deferred tax expense (+)/ income (-)	560 624	90 987
Tax expense (+)/income (-) in profit & loss	-577 380	373 011
Effective tax rate in %	26 %	83 %
Tax expense (+)/income (-) in put option used for hedging	-2 959	-4 412
Tax expense (+)/income (-) in pension	640	-684
Tax expense (+)/income (-) in other comprehensive income	-579 698	367 915

Reconciliation of tax expense	Tax rate	2020	2019
78% tax rate on profit/loss before tax*	78 %	-1 719 123	352 121
Tax effect of uplift	56 %	-328 293	-92 390
Impairment of goodwill	78 %	1 567 380	121 680
Currency translation effects		-17 271	1 151
Tax effect of financial and other 22% items	56 %	-138 077	-58 401
Effect of tax reclassified to gain from sale of assets*	22 %	-	12 464
Other permanent differences, prior period adjustments and change in estimates of uncertain tax positions	78 %	58 005	36 385
Tax expense (+)/Income(-)		-577 380	373 011

*) Deferred tax income of 56.6 MUSD is recognized as part of gain from sale of assets in 2019.

Temporary timing differences at end of period	2020	2019
Properties, plant and equipment	12 136 151	11 985 744
Decommissioning/environmental liabilities	-4 334 898	-3 466 136
Other	796 320	216 394
Basis for deferred ordinary taxes	8 597 572	8 736 001
Uplift recognized in PPA	-54 903	-100 133
Tax depreciation special tax	1 793 207	-
Onshore activity	-689 362	-346 015
Ordinary tax 22%	-1 891 466	-1 921 920
Special tax 56%	-5 402 048	-4 642 318
Items taxed at other tax rates	-49 437	-29 097
Net deferred tax liability as of closing balance	-7 342 952	-6 593 335

Breakdown of tax effect on temporary differences	2020	2019
Tangible fixed assets	-10 282 280	-9 069 445
Capitalized exploration cost	-88 395	-68 278
Other intangible assets	-84 031	-81 660
Abandonment provisions	3 381 220	2 703 586
Lease debt	112 234	131 374
Financial instruments	7 023	3 657
Other Provisions	-388 723	-212 569
Net deferred tax liability (-) / deferred asset (+)	-7 342 952	-6 593 335

Deferred tax liability (-)/deferred tax asset (+)	2020	2019
Deferred tax liability/asset at beginning of period	-6 593 335	-4 395 208
Change in current year deferred taxes	-560 624	-90 987
Deferred taxes related to acquisitions/sales	22 374	-2 071 488
Prior period adjustments	-	-
Deferred taxes recognized in OCI and equity	2 319	5 096
Currency movements	-213 686	-40 747
Net deferred tax liability(-)/deferred tax asset(+)	-7 342 952	-6 593 335

Calculated tax payable (-)/ tax receivable (+)	2020	2019
Tax payable/receivable at beginning of period	-1 185 247	-119 719
Current year payable taxes	1 144 253	-280 042
Payable taxes related to acquisitions/sales	21 669	-961 271
Net tax payment/tax refund	342 304	208 292
Prior period adjustments and change in estimate of uncertain tax positions	-6 250	-1 981
Currency movements	189 619	-30 525
Net tax payable (-)/ receivable (+)	506 349	-1 185 247

Taxes in 2020 was impacted by the internal transfer of Jotun FPSO within the Vår Group. The tax impact related to differences in tax rates between seller and buyer, and uplift tax credit for buyer. Net positive tax impact for 2020 was 42,5 MUSD.

Note 14 Intangible assets

USD 1000	Note	Goodwill	Other intangible assets	Capitalized exploration wells	Total
Cost as at 1 January 2019		2 182 433	0	66 206	2 248 639
Additions		-0	-0	40 213	40 213
Additions through business combination		2 814 719	100 818	-	2 915 538
Reclassification		-	-	-	-
Disposals / expensed exploration wells		-59 858	-	-17 969	-77 828
Currency translation effects		86 253	3 874	-914	89 213
Cost as at 31 December 2019		5 023 547	104 692	87 535	5 215 774
Depletion and impairment as at 1 January 2019		-	0	-	0
Depreciation		-0	0	-	0
Provision for impairment		-156 000	-	-	-156 000
Disposals		-	-	-	-
Currency translation effects		-5 995	-0	-	-5 995
Depletion and impairment as at 31 December 2019		-161 995	0	-	-161 995
Net book value as at 31 December 2019		4 861 552	104 692	87 535	5 053 780
Cost as at 1 January 2020		5 023 547	104 692	87 535	5 215 774
Additions		-	-0	41 038	41 038
Additions through business combination		4 960	-	-	4 960
Reclassification		-	-	-	-
Disposals / expensed exploration wells		-	-	-20 024	-20 024
Currency translation effects		147 002	3 039	4 777	154 819
Cost as at 31 December 2020		5 175 509	107 732	113 327	5 396 567
Depletion and impairment as at 1 January 2020		-161 995	-	-	-161 995
Depreciation		0	-	-	0
Provision for impairment	17	-2 009 462	-	-	-2 009 462
Disposals		-	-	-	-
Currency translation effects		-183 212	-	-	-183 212
Depletion and impairment as at 31 December 2020		-2 354 669	-	-	-2 354 669
Net book value as at 31 December 2020		2 820 840	107 732	113 327	3 041 898

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

Note 15 Tangible assets

USD 1000	Note	Wells and production facilities	Facilities under construction	Other property, plant and equipment	Total
Cost as at 1 January 2019		8 357 433	1 462 155	2 445	9 822 033
Additions		437 579	793 074	11 574	1 242 228
Asset retirement cost - Estimate change		25 739	-	-	25 739
Additions through business combinations		4 285 340	471 834	-	4 757 174
Reclassification		46 078	-46 078	-	0
Disposals		-203 915	-	-	-203 915
Currency translation effects		80 805	8 904	289	89 998
Cost as at 31 December 2019		13 029 059	2 689 889	14 308	15 733 257
Depletion and impairment as at 1 January 2019		0	-	-	0
Depreciation		-1 129 719	0	-3 239	-1 132 957
Provision / reversal of impairment		-	-	-	-
Disposals		3 786	-	-	3 786
Currency translation effects		-5 889	0	-114	-6 003
Depletion and impairment as at 31 December 2019		-1 131 822	0	-3 353	-1 135 174
Net book value as at 31 December 2019		11 897 238	2 689 889	10 956	14 598 083
Cost as at 1 January 2020		13 029 059	2 689 889	14 308	15 733 257
Additions		650 841	1 112 650	7 848	1 771 339
Estimate change asset retirement cost		658 419	-	-	658 419
Additions through business combinations		-28 685	-	-	-28 685
Reclassification		200 231	-200 231	-	-
Disposals		-	-	-	-
Currency translation effects		535 482	175 794	854	712 130
Cost as at 31 December 2020		15 045 348	3 778 102	23 011	18 846 461
Depletion and impairment as at 1 January 2020		-1 131 822	-0	-3 353	-1 135 174
Depreciation		-1 671 549	-	-3 366	-1 674 915
Provision / reversal of impairment	17	-168 646	-0	-	-168 646
Disposals		-	-	-	-
Currency translation effects		-273 369	-0	-381	-273 750
Depletion and impairment as at 31 December 2020		-3 245 385	-0	-7 100	-3 252 485
Net book value as at 31 December 2020		11 799 962	3 778 102	15 911	15 593 975

As at 31 December 2020 USD 49 395 thousand of the gross book value relates to capitalised interest. Rate used for capitalization was 3,252% for 2020 and 5,49% for 2019.

Increase in asset retirement cost in 2020 relates to change in discount rate and updated cost estimates.

All wells and production facilities and facilities under construction are pledged under the RBL credit facility disclosed in note 25.

Note 16 Right of use assets

USD 1000	Note	Offices	Supply Vessels	Warehouse	Total
Cost as at 1 January 2019		70 428	93 744	12 491	176 662
Additions			22 396		22 396
Additions through business combinations					-
Reclassification					-
Disposals					-
Currency translation effects		-673	-820	-131	-1 624
Cost as at 31 December 2019		69 755	115 320	12 360	197 434
Depletion and impairment as at 1 January 2019					-
Depreciation		-3 131	-30 204	-2 006	-35 341
Provision / reversal of impairment					-
Disposals					-
Currency translation effects			46		46
Depletion and impairment as at 31 December 2019		-3 131	-30 158	-2 006	-35 295
Net book value as at 31 December 2019		66 624	85 162	10 354	162 139
Cost as at 1 January 2020		69 755	115 320	12 360	197 434
Additions		7 481			7 481
Reclassification					-
Disposals			-12 058		-12 058
Currency translation effects			5 466		5 466
Cost as at 31 December 2020		77 236	108 728	12 360	198 323
Depletion and impairment as at 1 January 2020		-3 131	-30 158	-2 006	-35 295
Depreciation		-5 675	-24 277	-1 874	-31 825
Provision / reversal of impairment					-
Disposals			7 001		7 001
Currency translation effects			-4 358		-4 358
Depletion and impairment as at 31 December 2020		-8 806	-51 792	-3 880	-64 477
Net book value as at 31 December 2020		68 430	56 937	8 480	133 846

Note 17 Impairment

Impairment testing

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

Impairment is recognised when the book value of an asset or a cash-generating unit exceeds the recoverable amount. The recoverable amount is the higher of the asset's fair value less cost of disposal and value in use. The fair value less cost of disposal estimates are level 3 fair value estimates in the fair value hierarchy, see note 22 for more details of the fair value hierarchy. Impairments are correspondingly reversed if the conditions for the impairment are no longer present. Upper limit of reversal is the historical impairments less estimated depreciation as if the impairment had not taken place. Impairments of goodwill are not reversed.

The impairment testing is performed based on discounted cash flows. The expected future cash flow is discounted to the net present value by applying a discount rate after tax that reflects the current market valuation of the time value of money, and the specific risk related to the asset. The discount rate is derived from the weighted average cost of capital (WACC) for a market participant. Cash flows are projected for the estimated lifetime of the fields.

Key assumptions applied for impairment testing purposes as of 31 December 2020 are based on Vår Energi's assumptions. Below is an overview of the key assumptions applied:

Prices

Future price level is a key assumption and has significant impact on the net present value. Forecasted prices are based on Vår Energi's long-term price estimates and available market data as of year-end 2020.

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

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

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

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

From 2025 prices are kept at 2024 level (in real terms).

Oil and gas reserves

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

Production (mboe) per period as applied in the impairment test:

Year	MBOE
2021-2025	585
2026-2030	372
2031-2035	166
2036-2040	78
2040-2053	54

Future expenditure

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

Discount rate

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

Currency rates (NOK/USD)

Year	2019	2020
2021	8.19	8.66
2022	7.83	8.53
2023	7.69	8.33
2024	7.48	7.80

From 2025 the NOK is expected to further appreciate over the Dollar to 7.00 in 2030.

Inflation

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

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 and technical goodwill as of the assessment date.. In the impairment test performed, carrying value is adjusted by the remaining part of deferred tax from which the technical goodwill arose, to avoid an immediate impairment of all technical goodwill. When deferred tax liabilities from the acquisitions decreases as a result of depreciation, more goodwill is as such exposed for impairment. This will lead to future impairment charges even though other assumptions remain stable.

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. Due to the reduced price scenarios, an impairment of USD 564 million was recognised per 31.12.2020 for ordinary goodwill.

Impairment charge/reversal

The asset base is sensitive to change assumptions as all assets were incorporated to fair value with the IFRS transition and the acquired ExxonMobil assets in 2019 were incorporated to fair value.

Below is an overview of the impairment charge and the carrying value per cash generating unit where impairment has been recognized in 2020:

Cash generating unit (USD million)	Net carrying value	Recoverable amount	Impairment/ reversal (-)	Impairment allocated		Deferred tax impact
				Goodwill	PP&E	
Åsgard	569	316	252	252		
BalderRinghorne	1 397	1 205	191	191		
Grane	1 112	924	189	189		
Goliat	629	514	115	8	107	-83
Trestakk	399	257	143	143		
Snorre/Vigdis	931	798	133	133		
Greater Ekofisk	445	323	122	117	5	-4
Fram	300	195	105	105		
Kristin	106	51	55	55		
Tyrihans	216	162	54	54		
Ormen Lange	201	147	54	54		
Tor	39	10	29	1	29	-23
Mikkell	179	142	36	36		
Brage	12	10	22		22	-17
Fenja	431	403	28	28		
Heidrun	117	94	24	24		
Sleipner Area	58	44	15	15		
Morvin	39	25	14	14		
Tordis Area	54	44	10	10		
Statfjord Area	109	103	7	5	2	-1
Marulk	16	12	4	0	4	-3
Svalin	29	25	4	4		
Urd/Skuld	13	9	4	4		
Bøyla/Frosk	18	14	4	4	0	0
Operating segment	808	244	564	564		
Total impairment	8 229	6 051	2 178	2 009	169	-132

The main reason for the impairment is decrease in oil and gas price assumptions vs. 2019.

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%	-1 294 945	4 069 827
Production profile	+/- 5%	-565 295	627 633
Discount rate	+/- 1% point	345 092	-184 886

The sensitivities are created for illustration purposes, based on a simplified method and assumes no changes in other input factors than prices. 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.

A future change in how the world will react in light of the goals set in the Paris Agreement could, depending on the characteristics of the change, have a negative effect on the value of Vår Energi's oil and gas assets with additional impairments.

Impairment testing in 2019

In 2019, the impairment charge was related to technical goodwill from acquisitions of tangible fixed assets. The methodology for impairment testing was the same as in 2020 as described in this note.

The 2019 assumptions for prices and exchange rates are shown in comparable tables in this note. Discount rate of 7 percent and inflation of 1.9 percent also used in 2019 testing.

Summary of impairments

The following impairments have been recorded:

Cash generating unit (USD 1000)	Impairment Goodwill
Greater Ekofisk	53 911
Åsgard	29 457
Mikkel	12 885
Tor	12 831
Urd/Skuld	11 392
Morvin	6 937
Marulk	5 543
Bøyla/Frosk	3 834
Snorre/Vigdis	3 080
Corporate	16 130
Total impairment	156 000

Note 18 Investment in shares and other non-current assets

USD 1000	Business Location	Note	31.12.2020	31.12.2019	01.01.2019	Ownership
Norpipe Oil AS	Tananger, Norway		179	174	176	6,52 %
Tjeldbergodden Utvikling AS	Kjørsvikbugen, Norway		70	68	69	0,48 %
Ormen Lange Eiendom DA	Tananger, Norway		632	614	-	6,34 %
Investment in shares			881	857	245	
Receivables decommissioning costs for Jotun		26	-	2 518	67 187	
Alve slot fee			2 694	5 477	4 316	
Total other non-current assets			2 694	7 996	71 503	

The reduction of the Jotun decommissioning receivable from OB to CB 2019 is mainly due to revised cost estimate. The Jotun decommissioning project was completed in 2020.

The valuations are level 3 estimates under the fair value hierarchy, see note 22 for more details on the fair value hierarchy.

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

Note 19 Inventories

USD 1000	31.12.2020	31.12.2019	01.01.2019
Spare parts & drilling material	233 077	209 350	145 358
Physical oil inventory	50 122	20 749	6 436
Total inventory	283 199	230 099	151 794

Note 20 Trade receivables

USD 1000	Note	31.12.2020	31.12.2019	01.01.2019
Trade receivables - related parties	31	206 698	218 238	115 988
Trade receivables - external parties		97 465	296 338	124 651
Sale of trade receivables		-138 179	-	-
Total trade receivables		165 984	514 576	240 638

See note 2 subsection Factoring for a description of Vår Energi's accounting policy for sale of trade receivables.

Note 21 Other receivables, prepaid assets and financial instruments

USD 1000	Note	31.12.2020	31.12.2019	01.01.2019
Net underlift of hydrocarbons		142 257	277 856	54 062
Prepaid expenses		24 417	4 765	9 749
Brent crude put options - financial assets	22	26 340	16 635	15 584
Currency forward contracts		-	313 008	-
Receivables decommissioning costs for Jotun	26	-	48 125	41 388
Other		48 923	89 474	1 134
Total other receivables, prepaid assets and financial instruments		241 938	749 864	121 917

Note 22 Financial instruments

Capital management

For the purpose of the Group's capital management, capital includes issued capital and all other equity reserves attributable to the equity holders. The primary objective of the Group's capital management is to ensure that it maintains a strong balance sheet and credit rating going forward and healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders, or issue new shares. No changes were made in the objectives, policies or processes during the years ended 31 December 2020 and 31 December 2019.

In order to achieve this overall objective, the Group'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 Group monitors capital using a net interest bearing debt (NIBD) / earnings before interest tax depreciation appreciation and exploration expenses (EBITDAX) ratio. The Group includes within net debt, interest-bearing loans and borrowings, trade and other payables less cash and short-term deposits.

Risk Management

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

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:

- Commodity prices due to volatility in oil and gas prices
- 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 partners

The Company considers its credit risk of customers and partners to be low, as its customers and licence partners are creditworthy oil companies.

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 going forward. To manage this risk, Vår Energi secures cash flows from sale of crude oil through commodity price hedging. In order to reduce the risk related to oil price fluctuations, the Company has established an oil price hedging programme where 100 per cent 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 per cent of the planned production volume is hedged.

Currency risk

Vår Energi is receiving proceeds in USD, EUR and GBP. The majority of this is linked to oil sales 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. Loans and borrowings are in USD. Currency risk is mainly linked to a change in the USD/NOK fx rate. The main currency risk relates to the long term borrowings in USD and this is the only item which has been included in the below sensitivity tables.

The table below shows the company's main exposure in USD as of 31 December:

Exposure (USD 1 000)	31.12.2020	31.12.2019
Interest-bearing loans	5 583 552	4 608 320

The following table demonstrates the sensitivity to a reasonably possible change in the foreign exchange rate, with all other variables held constant, of the Group's profit before tax due to changes in the carrying value of monetary assets and liabilities at the reporting date. The impact on equity is the same as the impact on profit before tax.

Exposure (USD 1 000)	Effect on profit before tax for the year ended 31 December 2020	Effect on profit before tax for the year ended 31 December 2019
Increase/decrease in foreign exchange rate USD/NOK	Increase/(Decrease)	Increase/(Decrease)
10 %	-558 355	-460 832
-10 %	558 355	460 832

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 in the financing facilities.

The following table demonstrates the sensitivity to a reasonable possible change in interest rates, based on the last two years' historical rates and economic forecasters' expectations, on the Group's profit before tax from the impact of changes in interest rates on floating rate borrowings ("Interest-bearing loans" in the table above) with all other variables held constant. The impact on equity is the same as the impact on profit before tax. Note that the rate will never be lower than the margin, i.e. a LIBOR rate below zero will result in the interest rate being equal to the margin, hence downward sensitivity has been set to -0.5%.

Exposure (USD 1 000)		
Increase/decrease in interest rate	Effect on profit before tax for the year ended 31 December 2020 Increase/(Decrease)	Effect on profit before tax for the year ended 31 December 2019 Increase/(Decrease)
1,00 %	-55 836	-46 083
-0,50 %	27 918	23 042

Liquidity risk

The Company's future capital requirements depend on many factors, and the Company may need additional funds to fulfil its commitments and further develop exploration and development programmes to support the strategic direction of the Company. Liquidity risk is the risk that the Company will not be able to meet the obligations of financial liabilities when they become due.

Risk levels are analyzed 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 bank overdrafts and bank loans.

See note 25 for an overview of available credit facilities.

The table below shows the payment structure for the company's financial commitments, based on undiscounted contractual payments and assuming no accrual for interest payments as these are short term:

Year ended 31 December 2020 USD 1000	On demand	< 1 year	1 - 2 years	2 - 5 years	> 5 years	Total
Interest-bearing loans and borrowings	-	-	-	5 335 000	-	5 335 000
Deferred payment ExxonMobil 2022	-	-	320 490	-	-	320 490
	-	-	320 490	5 335 000	-	5 655 490

Year ended 31 December 2019 USD 1000	On demand	< 1 year	1 - 2 years	2 - 5 years	> 5 years	Total
Interest-bearing loans and borrowings	-	-	-	4 370 428	-	4 370 428
Deferred payment ExxonMobil 2022	-	-	-	314 886	-	314 886
Deferred payment ExxonMobil 2020	-	204 564	-	-	-	204 564
	-	204 564	-	4 685 314	-	4 889 878

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. Credit risk is considered limited as Vår Energi only sells crude oil and natural gas to trading entities in the Eni and ExxonMobile groups of entities and only use investment grade and highly reputable banks as counterparties.

Categories of financial assets and liabilities

The company has the following financial assets and liabilities: derivative financial assets and liabilities recognized 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 recognized 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.

2020						
USD 1000	Note	Financial assets/ liabilities at fair value through profit and loss	Cash, cash equivalents and receivables, payables	Financial liabilities measured at amortized cost	Cash flow hedge fair value through OCI	Total
Assets						
Trade receivable	20		165 984			165 984
Investments in shares	18	881				881
Cash and cash equivalents	23		272 411			272 411
Oil put options asset	21				26 340	26 340
Other short term receivables	21		48 923			48 923
Total financial assets		881	487 318	0	26 340	514 539
Liabilities						
Accounts payable	31		252 801			252 801
Net payables to joint operations	28		309 352			309 352
Employees, accrued public charges and other payables	28		18 595			18 595
Oil put options liability	28				58 263	58 263
RBL credit facility	25			5 335 000		5 335 000
Prepaid RBL loan expenses	25	-71 938				-71 938
Deferred payment ExxonMobil 2022	25	320 490				320 490
Total financial liabilities		248 552	580 748	5 335 000	58 263	6 222 563

2019						
USD 1000	Note	Financial assets/ liabilities at fair value through profit and loss	Cash, cash equivalents and receivables	Financial liabilities measured at amortized cost	Cash flow hedge fair value through OCI	Total
Assets						
Trade receivable	20		514 576			514 576
Investments in shares	18	857				857
Cash and cash equivalents	23		203 969			203 969
Currency forward contracts	21				313 008	313 008
Oil put options asset	21				16 635	16 635
Other short term receivables	21		89 474			89 474
Total financial assets		857	808 019	0	329 643	1 138 519
Liabilities						
Accounts payable	31		253 489			253 489
Net payables to joint operations	28		109 901			109 901
Employees, accrued public charges and other payables	28		440 051			440 051
Currency forward contracts	21				313 008	313 008
Oil put options liability	28				33 257	33 257
RBL credit facility	25			4 370 428		4 370 428
Prepaid RBL loan expenses	25	-86 976				-86 976
Deferred payment ExxonMobil 2022	25	314 886				314 886
Deferred payment ExxonMobil 2020	25	204 564				204 564
Total financial liabilities		432 474	803 441	4 370 428	346 265	5 952 608

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. Carrying amount of long term liabilities (RBL credit facility) are also assumed to approximate fair value due to short term interest rate periods. 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.

Derivative financial instruments

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

As of 1 January 2019, 2020, and 2021, the Group 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	Exercise price (USD per BBL)
Brent crude oil put options 1.1.2019, exercisable in 2019	7 023	50
Brent crude oil put options 31.12.2019, exercisable in 2020	18 298	40
Brent crude oil put options 31.12.2020, exercisable in 2021	15 576	40

Brent crude put options - financial assets

USD 1 000	Note	2020	2019
The beginning of the period		16 635	10 036
Increased market value on realised put options		139 845	
Realised gain brent crude put options		-168 422	
Realised loss brent crude put options		-3 553	-7 959
Effective portion recognised in OCI		-16 414	-16 622
New Brent crude put options		58 263	31 180
The end of the period		26 354	16 635

As of 31 December 2020, the fair value of outstanding Brent Crude oil put options amounted to USD 26 354 thousand. Unrealised gains and losses are recognized 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 1 000	Note	2020	2019
The beginning of the period		-33 257	-12 649
Realised Brent crude put options		33 257	10 572
New Brent crude put options		-58 263	-31 180
The end of the period		-58 263	-33 257

All outstanding put option contracts at 31 December 2020 are due to expire in 2021. Petroleum revenue for 2020 includes realised gains in the amount of USD 168 422 thousand from put options designated as accounting hedges (cash flow hedges). The full intrinsic value ("in the money value") of the options at the time of expiry has been presented in petroleum revenues. The premiums paid for the put options of USD 33 257 thousand have been accounted for as cost of hedging and recycled from OCI to the income statement in the period in which the hedged revenues were realized, and presented as production costs.

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	31.12.2019	Cash flows	Amortization	Non-cash changes Currency	Other	31.12.2020
Long-term interest-bearing debt (RBL)	4 370 428	964 572				5 335 000
Deferred payment ExxonMobil	519 450	-205 139	6 179			320 490
Prepaid loan expenses	-86 976	-3 383	18 420			-71 938
Totals	4 802 902	756 050	24 599	0	0	5 583 551

*Deferred payment to ExxonMobil includes interest payment.

USD 1000	01.01.2019	Cash flows	Amortization	Non-cash changes Currency	Other	31.12.2019
Long-term interest-bearing debt (RBL)	457 549	3 912 879				4 370 428
Deferred payment ExxonMobil	230 656	-34 408	2 712		320 490	519 450
Prepaid loan expenses	-39 437	-55 158	7 620			-86 976
Totals	648 768	3 823 312	10 332	0	320 490	4 802 901

*Deferred payment to ExxonMobil includes interest payment.

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 Group enters into derivative financial instruments with various counterparties, principally financial institutions with investment grade credit ratings. Derivatives valued 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. All derivative contracts are fully cash-collateralised, thereby eliminating both counterparty and the Group's own non-performance risk. As at 31 December 2020, 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 23 Cash and cash equivalents

USD 1000	31.12.2020	31.12.2019	01.01.2019
Bank deposits, unrestricted	262 938	195 922	997 049
Bank deposit, restricted, employee taxes	9 473	8 047	13 103
Total bank deposits	272 411	203 969	1 010 152

Note 24 Share capital and shareholders

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

Shareholders are Eni International B.V. with 278 998 shares (69,85%) and Point Resources Holding AS with 120 427 (30,15%). In 2020, 998 shares were transferred from Point Resources Holding AS to Eni International B.V. Based on the existing shareholders' agreement between Eni and HitecVision, Vår Energi AS is determined to be jointly controlled by the two shareholders.

Ultimate owner of Eni International BV is Eni SpA. Ultimate owner of Point Resources Holding AS is Hitec Vision fund V, VI, VII, LP.

Note 25 Financial liabilities and borrowings

Interest-bearing loans and borrowings

USD 1000	Note	Maturity	31.12.2020	31.12.2019	01.01.2019
RBL credit facility	34	2024	5 335 000	4 370 428	457 549
Deferred payment ExxonMobil		2022	320 490	314 886	196 248
Prepaid RBL loan expenses			-71 938	-86 976	-39 437
Total non-current interest-bearing loans and borrowings			5 583 552	4 598 338	614 359

USD 1000	Maturity	31.12.2020	31.12.2019	01.01.2019
Deferred payment ExxonMobil 2020		0	204 564	34 408
Total current interest-bearing loans and borrowings		0	204 564	34 408

Total interest-bearing loans and borrowings	5 583 552	4 802 902	648 768
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The RBL agreement entered into in 2018 provides a total facility limit of 6 bn USD. The current loan availability is 5,589 bnUSD based on the certified reserves per 31.12.2020. In relation to the reserve based lending facility (RBL) and the revolving credit facilities, Vår Energi is obliged to submit a liquidity test ahead of making distributions to shareholders in addition to 1 April and 1 October to ensure that liquidity levels comply with what is outlined in the RBL agreement. In addition, there are covenants 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 Group is in compliance with its covenants as at 31 December 2020.

The interest conditions for the RBL at 31.12.2020: LIBOR + 2,5 % margin, paid ongoing on a monthly basis.

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

On 24 March 2020, Vår Energi signed two unsecured revolving credit facility agreements (RCF) for a total amount of USD 600 million with a tenor of 3 years.

Deferred payment to ExxonMobil is part of the consideration for the 2019 acquisition of ExxonMobil's ownership interests in Partner-Operated fields and licenses on the Norwegian Continental Shelf.

Credit facilities - utilised and unused amount

USD 1000	31.12.2020	31.12.2019	01.01.2019
Drawn amount RBL credit facility	5 335 000	4 370 428	4 417
Drawn amount RCF credit facility	-	-	-
Undrawn amount credit facilities	852 467	936 482	-

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

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

Note 26 Provision for abandonment liabilities

USD 1000	
Total provision as of 1 January 2019	2 210 282
Change in estimate	25 739
Addition through business combinations	1 328 700
Disposals	-76 349
Accretion discount	59 949
Payment for decommissioning of oil and gas fields	-60 561
Currency translation effects	-13 480
Total provision as of 31 December 2019	3 474 281
Change in estimate	658 419
Accretion discount	74 427
Utilisation abandonment fund	-101 687
Currency translation effects	181 011
Total provision as of 31 December 2020	4 286 451
Estimated abandonment period:	2021-2057
Breakdown of the provision by decommissioning period	
2021-2030	227 385
2031-2040	2 599 981
2041-2057	1 459 085
Breakdown of the provision to short-term and long-term liabilities	
	31.12.2020
Short-term	26 270
Long-term	4 260 181
Total provision as of 31 December 2020	4 286 451

The estimate is based on executing a concept for abandonment in accordance with the Petroleum Activities Act and international regulations and guidelines. The calculations assume an inflation rate between 1,8% - 2.2% and discount rates between 0,852% and 2,424%.

Disposals relates to the 10% sale of Balder area to Mime in 2019

The 2021 utilisation of abandonment fund (abex) is mainly related to the Jotun decommissioning project with USD 65 512 thousand spent in 2020.

Vår Energi has a retirement obligation as a shipper in Gassled booked to other non-current liabilities in the balance sheet statement. The Group has accrued USD 66 965 thousand for this purpose at 31 December 2020.

Note 27 Other non-current liabilities

USD 1000	Note	31.12.2020	31.12.2019	01.01.2019
Contingent consideration	29	77 876	6 483	37 392
Deferred gain ⁽¹⁾		12 023	11 655	13 451
Removal provision Gassled	26	66 965	58 991	13 129
Total other non-current liabilities		156 865	77 129	63 972

⁽¹⁾ Deferred gain

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

Note 28 Other current liabilities

USD 1000	Note	31.12.2020	31.12.2019	01.01.2019
Net overlift of hydrocarbons		166 175	235 815	105 105
Net payables to joint operations		328 057	190 117	89 100
Employees, accrued public charges and other payables		18 577	450 033	46 942
Contingent consideration, current	29	30 125	3 617	-
Oil put options liability	22	58 263	33 257	11 822
Total other current liabilities		601 197	912 840	252 969

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 29 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 approved Operator budgets.

Commitments

Vår Energi has entered into commitments for drilling rigs, helicopter, storage vessel and other vessels to secure planned activities. The commitments disclosed in the table below apply to contracts for a service that is provided using the asset, whereas the supplier remains control over the asset. The table below excludes contracts that conveys the right to control the use of the identified asset for a period of time in exchange for consideration, as disclosed in note 30 Lease agreements.

Future minimum payments at 31 December are as follows:

USD 1000	31.12.2020	31.12.2019	01.01.2019
Within one year	254 876	103 987	117 466
After one year but not more than five years	363 401	413 032	239 277
More than five years	2 379	2 858	-
Total commitments other than leases	620 656	519 877	356 743

Liability for damages/insurance

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

Guarantees

Vår Energi has provided guarantees with USD 1 807 thousand in favour of Aker BP ASA in relation to decommissioning cost on Snorre.

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 for the asset removal obligations in connection with the asset acquisition from ExxonMobil. Vår Energi pays and expense an annual fee to Eni International B.V. The total estimated net present value of the guarantee as of 31.12.2020 is USD 309 000 thousand, with payment profile that is reduced according to the payment profile of decommissioning of asset acquired from ExxonMobil in 2019, ref note 4 and 26.

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. As of 31 December 2020, the fair value of this consideration was estimated to USD 109 394 thousand and was recognised as a liability. The current liability share is USD 30 000 thousand.

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

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.

Note 30 Lease agreements

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

The Group has lease agreements for offices in Sandnes, Oslo and Hammerfest. 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 and warehouses supporting operation at Balder and Goliat, where the most significant are for the supply vessels operating at Goliat.

USD 1000	Note	2020	2019	01.01.2019
Opening Balance lease debt		168 428	176 649	
New lease debt in period		34 479	22 396	176 649
Payments of lease debt		-48 384	-28 002	
Lease debt derecognized in period		-5 416	-	
Interest expense on lease debt		7 288	5 551	
Currency exchange differences		8 085	-8 166	
Total lease debt		164 482	168 428	176 649
Breakdown of the lease debt to short-term and long-term liabilities		31.12.2020	31.12.2019	01.01.2019
Short-term		41 078	37 230	55 344
Long-term		123 404	131 198	121 305
Total lease debt		164 482	168 428	176 649
Lease debt split by activities		31.12.2020	31.12.2019	01.01.2019
Offices		73 819	66 972	51 678
Supply Vessels		81 421	89 578	111 221
Warehouse		9 242	11 878	13 750
Total		164 482	168 428	176 649
Nominal lease debt maturity breakdown		31.12.2020	31.12.2019	01.01.2019
Within one year		41 078	37 230	55 344
Two to five years		29 282	59 264	46 129
After five years		94 122	71 935	75 176
Total		164 482	168 429	176 649

Note 31 Related party transactions

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

Current assets

USD 1000	31.12.2020	31.12.2019	01.01.2019
Trade receivables			
Eni Trading & Shipping SpA	173 599	206 775	101 716
Eni SpA	30 285	8 282	12 429
Eni Angola SpA	2 125	2 217	-
Other	689	965	1 843
Total trade receivables	206 698	218 238	115 988

All receivables are due within 1 year.

Current liabilities

USD 1000	31.12.2020	31.12.2019	01.01.2019
Account Payables			
Eni SpA	21 660	18 331	11 242
Eni International BV	21 533	-	-
Eni Trading & Shipping SpA	4 471	18 166	870
Other	148	571	4 042
Total account payables	47 812	37 068	16 154

Sales revenue

USD 1000	2020	2019
Eni Trading & Shipping SpA	1 300 083	1 640 861
Eni SpA	112 193	88 939
Total sales revenue	1 412 276	1 729 800

Operating and capital expenditure

USD 1000	2020	2019
Eni SpA	38 950	34 615
Eni International BV	20 567	-
Eni Trading & Shipping SpA	18 085	38 679
Eni International Resources Ltd.	3 272	4 657
Other	1 208	1 749
Total operating and capital expenditures	82 082	79 700

Financial income

USD 1000	2020	2019
Financial income		
Eni Finance International	-	226
Total financial income	-	226
Financial expenses		
Eni SpA	5	104
Eni Finance International	-	7
Total financial expenses	5	111

Note 32 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
BRAGE	12,3%	Wintershall Dea	PL 053B/PL 055/PL 185/PL 055B/PL 055D	2030
BØYLA	20,0%	Aker BP	PL 340/PL 340BS	2029
EDDA	12,4%	ConocoPhillips	PL 018	2028
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	2024
GOLIAT	65,0%	Vår Energi	PL229	2042
GRANE	28,3%	Equinor	PL 001CS/PL 169B1	2030
GUNGN	13,0%	Equinor	PL 046	2028
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	19,1%	Equinor	PL 134D	2027
MARULK	20,0%	Vår Energi	PL 122	2025
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/PL 053B/PL 055/PL 185	2030
SIGYN	40,0%	Equinor	PL 072	2022
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	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
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
VIGDIS	16,1%	Equinor	PL 089	2040
ÅSGARD	22,1%	Equinor	PL 062/PL 074/PL 094 /PL 094 B/PL 134/PL 237/PL 479	2027

Licenses	WI %	Operator
PL001	90 %	Vår Energi
PL001 CS	100 %	Vår Energi
PL018	12 %	ConocoPhillips
PL018 B	12 %	ConocoPhillips
PL027	90 %	Vår Energi
PL027 B	100 %	Vår Energi
PL027 C	90 %	Vår Energi
PL027 FS	100 %	Vår Energi
PL027 GS	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
PL053 B	12 %	Wintershall Dea
PL055	12 %	Wintershall Dea
PL055 B	12 %	Wintershall Dea
PL055 D	12 %	Wintershall Dea
PL055 E*	12 %	Wintershall Dea
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
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	10 %	Equinor
PL128	12 %	Equinor
PL128 B	7 %	Equinor

Licenses	WI %	Operator
PL128 D	12 %	Equinor
PL128 E	12 %	Equinor
PL134	30 %	Equinor
PL134 B	30 %	Equinor
PL134 C	30 %	Equinor
PL134 D	30 %	Equinor
PL145	20 %	ConocoPhillips
PL169	13 %	Equinor
PL169 B1	7 %	Equinor
PL169 B2	10 %	Equinor
PL169 E	13 %	DNO Norge
PL185	12 %	Wintershall Dea
PL199	15 %	Equinor
PL201	67 %	Vår Energi
PL209	10 %	Equinor
PL219	50 %	Equinor
PL220	15 %	Equinor
PL229	65 %	Vår Energi
PL229 B	65 %	Vår Energi
PL229 D	50 %	Vår Energi
PL229 E	50 %	Vår Energi
PL229 F	65 %	Vår Energi
PL237	22 %	Equinor
PL250	6 %	Shell
PL257	15 %	Equinor
PL275	12 %	ConocoPhillips
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	50 %	Equinor
PL473	39 %	Equinor
PL479	34 %	Equinor
PL489	40 %	Vår Energi
PL516	12 %	Equinor
PL532	30 %	Equinor
PL554	30 %	Equinor
PL554 B	30 %	Equinor
PL554 C	30 %	Equinor
PL554 D	30 %	Equinor
PL586	45 %	Neptune
PL608	30 %	Equinor
PL740	50 %	DNO Norge
PL740 B	50 %	DNO Norge
PL740 C	50 %	DNO Norge
PL777	20 %	Aker BP

Licenses	WI %	Operator
PL777 B	20 %	Aker BP
PL777 C	20 %	Aker BP
PL777 D	20 %	Aker BP
PL784	20 %	Aker BP
PL796	20 %	Equinor
PL796 B	20 %	Equinor
PL822 S	40 %	Aker BP
PL843	20 %	Aker BP
PL869	20 %	Aker BP
PL901	50 %	Vår Energi
PL911	60 %	Vår Energi
PL912	30 %	ConocoPhillips
PL917	20 %	ConocoPhillips
PL917 B	20 %	ConocoPhillips
PL930	20 %	Equinor
PL938	20 %	Neptune
PL946	40 %	Equinor
PL947	40 %	Equinor
PL947 B	40 %	Equinor
PL951	20 %	Aker BP
PL956	70 %	Vår Energi
PL977	40 %	Aker BP
PL978	40 %	Aker BP
PL980	60 %	Vår Energi
PL984	30 %	DNO Norge
PL984 BS	30 %	DNO Norge
PL985	40 %	Vår Energi
PL987	20 %	Suncor
PL987 B	20 %	Suncor
PL988	30 %	Lundin

Licenses	WI %	Operator
PL1001	20 %	ConocoPhillips
PL1005	40 %	Aker BP
PL1010	40 %	Wintershall Dea
PL1025 S	30 %	Vår Energi
PL1035	30 %	Suncor
PL1042	30 %	Aker BP
PL1043	40 %	Vår Energi
PL1050	21 %	Equinor
PL1065	40 %	Vår Energi
PL1070	30 %	Total
PL1072	70 %	Vår Energi
PL1073	70 %	Vår Energi
PL1074	40 %	Vår Energi
PL1075	60 %	Vår Energi
PL1078	30 %	Equinor
PL1079	30 %	Vår Energi
PL1080	30 %	Equinor

Note 33 Proved developed reserves (un-audited)

Million BOE

Production 2019	-56,7
Changes in estimate 2019	40,0
Addition through merger 2019	195,2
Proved developed reserves as at 31.12.19	473,2
Production 2020	-97,2
Changes in estimate 2020	-12,5
Proved developed reserves as at 31.12.20	363,5

Proved developed reserves are Vår Energi AS' own evaluation based on U.S. Securities and Exchange Commission (SEC) principles.

Total proved reserves at 31.12.2020 are 715 million BOE.

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

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

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

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

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

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

Note 34 Subsequent events

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

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

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

Vår Energi has distributed USD 688 million in dividend in 2021 based on the financial statements 31.12.2020.

A new oil discovery in production license PL901 in the Barents Sea was announced on 13 October 2021. Vår Energi is the operator and hold a 50 per cent working interest in the licence. The well is located about 30 km north of Goliat field and 5 km south of the Tornerose discovery. Preliminary estimated size of the discovery is between 22 and 31 mmboe of hydrocarbon in place.

Eni and Point Resources, owning respectively of 69.85% and 30.15% of Vår Energi, announced on 26 October 2021 their intention to initiate a strategic review regarding the future ownership structure of Vår Energi, in order to better pursue future growth and maximize value creation. The review will consider various alternatives, including a possible Initial Public Offering ("IPO"). Eni will continue to retain a majority stake in the Company, while preserving equity accounting. As a consequence, the company consider transforming the company to an ASA and perform a share split.

Moody's and Standard & Poor announced on 1 November 2021 that they have had assigned investment grade credit ratings to Vår Energi. Moody's has assigned a Baa3 rating to the company and Standard & Poor has assigned a BBB rating; both with a stable outlook.

On 1 November 2021, Vår Energi signed a senior unsecured multicurrency facilities agreement for USD 6.0 billion with a group of 12 international banks. The objective of the new loan agreement was to refinance the USD6.0 billion senior secured reserve based lending ('RBL') facility. The refinancing took place 18 November 2021 whereby the RBL facility agreement was cancelled and pledges lifted. The agreement contains of 3 separate facilities; (1) bridge to bond facility of USD3 billion which including extension options at the borrower's discretion has a tenor of up to 2 years, (2) working capital revolving credit facility of USD 1.5 billion with a tenor 3 years and (3) revolving credit facility of USD 1.5 billion with a tenor 5 years. The facilities have no amortization 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.

On 11 November 2021, Vår Energi announced its new climate goals which aims to be climate neutral by 2030. The goal is to be climate neutral in Scope 1 and 2 activities by 2030 – which means net zero greenhouse gas emissions from all the 35 producing oil and gas fields where Vår Energi is operator or partner. In addition, emissions from all emergency response and supply vessels and oil tankers will be reduced to net zero by 2025 (Scope 3). The new target is a major increase from the ambitions set in 2020 when the company declared a 50 % reduction of CO2 emissions from own operations by 2030.



To the General Meeting of Vår Energi AS

Independent Auditor's Report

Opinion

We have audited the consolidated financial statements of Vår Energi AS and its subsidiaries (the Group), which comprise the balance sheet statement as at 31 December 2020, 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 a summary of significant accounting policies.

In our opinion the accompanying consolidated financial statements are prepared in accordance with the law and regulations and give a true and fair view of the financial position of the Group as at 31 December 2020, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU.

Basis for Opinion

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

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

The Board of Directors and the Managing Director (Management) are responsible for the preparation in accordance with law and regulations, including a true and fair view of the financial statements in accordance with International Financial Reporting 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 and the Group'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 Group or to cease operations, or has no realistic alternative but to do so.

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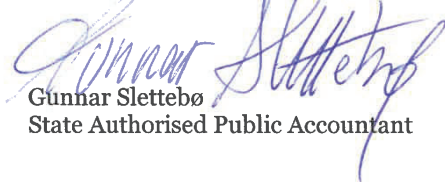


Auditor's Responsibilities for the Audit of the Financial Statements

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

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

Stavanger, 15 December 2021
PricewaterhouseCoopers AS


Gunnar Slettebø
State Authorised Public Accountant

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\$1,000,000,000 7.500% Senior Notes due 2028
\$1,000,000,000 8.000% Senior Notes due 2032

Vår Energi ASA

OFFERING MEMORANDUM

Joint Global Coordinators and Joint Book-Runners

Barclays Citigroup DNB Markets J.P. Morgan

Joint Book-Running Managers

BNP PARIBAS	BofA Securities	Credit Agricole CIB	ING	IMI-Intesa Sanpaolo
Natixis	SMBC Nikko	SOCIETE GENERALE	UniCredit Capital Markets	Wells Fargo Securities

November 15, 2022
