



ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2020 - GENERELL INFORMASJON

Enheten

Organisasjonsnummer:	919 160 675
Organisasjonsform:	Allmennaksjeselskap
Foretaksnavn:	VÅR ENERGI ASA
Forretningsadresse:	Vestre Svanholmen 1 4313 SANDNES

Regnskapsår

Årsregnskapets periode:	01.01.2020 - 31.12.2020
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Konsern

Mørselskap i konsern:	Ja
Konsernregnskap lagt ved:	Ja

Regnskapsregler

Regler for små foretak benyttet:	Nei
Benyttet ved utarbeidelsen av årsregnskapet til selskapet:	Regnskapslovens alminnelige regler
Benyttet ved utarbeidelsen av årsregnskapet til konsernet:	Regnskapslovens alminnelige regler

Årsregnskapet fastsatt av kompetent organ

Bekreftet av representant for selskapet:	Terje Kristiansen
Dato for fastsettelse av årsregnskapet:	25.03.2021

Grunnlag for avgivelse

År 2020: Årsregnskapet er elektronisk innlevert
År 2019: Tall er hentet fra elektronisk innlevert årsregnskap fra 2020

Det er ikke krav til at årsregnskapet m.v. som sendes til Regnskapsregisteret er undertegnet. Kontrollen på at dette er utført ligger hos revisor/enhetens øverste organ. Sikkerheten ivaretas ved at innsender har rolle/rettighet for innsending av årsregnskapet via Altinn, og ved at det bekreftes at årsregnskapet er fastsatt av kompetent organ.

Brønnøysundregistrene, 12.06.2022



Resultatregnskap

Beløp i: NOK	Note	2020	2019
RESULTATREGNSKAP			
Inntekter			
Salgsinntekter		26 948 710 000	24 897 174 000
Andre driftsinntekter		79 395 000	308 893 000
Sum inntekter		27 028 105 000	25 206 067 000
Kostnader			
Lønnskostnad		1 463 404 000	1 714 052 000
Avskrivninger		15 035 651 000	8 634 916 000
Nedskrivning av varige driftsmidler og immaterielle eiendeler		9 005 648 000	-573 089 000
Andre driftskostnader		11 005 468 000	8 736 105 000
Sum kostnader		36 510 171 000	18 511 984 000
Driftsresultat		-9 482 066 000	6 694 083 000
Finansinntekter og finanskostnader			
Aksjeutbytte		342 000	1 760 000
Annen renteinntekt		297 304 000	111 869 000
Netto agio		2 604 540 000	1 211 944 000
Sum finansinntekter		2 902 186 000	1 325 573 000
Annen rentekostnad		1 634 462 000	662 169 000
Renteelement fjerning		701 519 000	552 220 000
Anen finanskostnad		152 390 000	
Sum finanskostnader		2 488 371 000	1 214 389 000
Netto finans		413 815 000	111 184 000
Ordinært resultat før skattekostnad		-9 068 251 000	6 805 267 000
Skattekostnad		-2 538 608 000	4 288 806 000
Ordinært resultat etter skattekostnad		-6 529 643 000	2 516 461 000
Årsresultat		-6 529 643 000	2 516 461 000
Overføringer og disponeringer			
Ordinært utbytte		1 912 500 000	1 800 000 000



Resultatregnskap

Beløp i: NOK	Note	2020	2019
Annen egenkapital		-8 442 143 000	716 461 000
Sum overføringer og disponeringer		-6 529 643 000	2 516 461 000



Balanse

Beløp i: NOK	Note	2020	2019
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Goodwill		5 297 884 000	5 673 107 000
Aktiverte letebrønner		966 976 000	768 588 000
Andre immaterielle eiendeler		921 997 000	921 867 000
Sum immaterielle eiendeler		7 186 857 000	7 363 562 000
Varige driftsmidler			
Brønner og produksjonsanlegg		83 818 857 000	93 239 355 000
Anlegg under utførelse		28 398 170 000	16 472 823 000
Andre varige driftsmidler		311 215 000	272 242 000
Sum varige driftsmidler		112 528 242 000	109 984 420 000
Finansielle anleggsmidler			
Investering i datterselskap		2 186 240 000	2 196 573 000
Aksjer i andre selskap		7 520 000	7 520 000
Andre finansielle eiendeler		22 985 000	70 204 000
Sum finansielle anleggsmidler		2 216 745 000	2 274 297 000
Sum anleggsmidler		121 931 844 000	119 622 279 000
Omløpsmidler			
Varer			
Lager av materiell		2 416 423 000	1 699 859 000
Sum varer		2 416 423 000	1 699 859 000
Fordringer			
Kundefordringer		1 420 452 000	4 507 451 000
Andre fordringer		7 326 068 000	5 956 391 000
Sum fordringer		8 746 520 000	10 463 842 000
Bankinnskudd, kontanter og lignende			
Bankinnskudd		2 091 768 000	1 233 276 000
Sum bankinnskudd, kontanter og lignende		2 091 768 000	1 233 276 000



Balanse

Beløp i: NOK	Note	2020	2019
Sum omløpsmidler		13 254 711 000	13 396 977 000
SUM EIENDELER		135 186 555 000	133 019 256 000
BALANSE - EGENKAPITAL OG GJELD			
Egenkapital			
Innskutt egenkapital			
Aksjekapital		399 425 000	399 425 000
Overkurs		16 735 425 000	21 151 241 000
Sum innskutt egenkapital		17 134 850 000	21 550 666 000
Opptjent egenkapital			
Annen egenkapital		-6 095 620 000	532 881 000
Sum opptjent egenkapital		-6 095 620 000	532 881 000
Sum egenkapital		11 039 230 000	22 083 547 000
Gjeld			
Langsiktig gjeld			
Pensjonsforpliktelser			226 559 000
Utsatt skatt		26 051 638 000	16 806 745 000
Avslutningsforpliktelser		36 350 417 000	29 623 036 000
Andre forpliktelser		1 514 314 000	886 522 000
Sum avsetninger for forpliktelser		63 916 369 000	47 542 862 000
Annen langsiktig gjeld			
Gjeld til kredittinstitusjoner		47 642 216 000	40 462 432 000
Sum annen langsiktig gjeld		47 642 216 000	40 462 432 000
Sum langsiktig gjeld		111 558 585 000	88 005 294 000
Kortsiktig gjeld			
Leverandørgjeld		5 877 727 000	2 196 502 000
Betalbar skatt			10 031 772 000
Utbytte		1 912 500 000	1 800 000 000
Annen kortsiktig gjeld		4 574 361 000	6 656 056 000
Rentebærende gjeld			1 363 893 000



Balanse

Beløp i: NOK	Note	2020	2019
Kortsiktige avslutningsforpliktelser		224 152 000	882 192 000
Sum kortsiktig gjeld		12 588 740 000	22 930 415 000
Sum gjeld		124 147 325 000	110 935 709 000
SUM EGENKAPITAL OG GJELD		135 186 555 000	133 019 256 000



Konsernets resultatregnskap

Beløp i: NOK	Note	2020	2019
RESULTATREGNSKAP			
Inntekter			
Salgsinntekter		26 948 710 000	24 897 174 000
Andre driftsinntekter		79 395 000	318 921 000
Sum inntekter		27 028 105 000	25 216 095 000
Kostnader			
Lønnskostnad		1 463 404 000	1 714 052 000
Avskrivninger		15 229 241 000	9 007 373 000
Nedskrivning av varige driftsmidler og immaterielle eiendeler		8 647 809 000	-573 089 000
Andre driftskostnader		10 580 506 000	8 365 298 000
Sum kostnader		35 920 960 000	18 513 634 000
Driftsresultat		-8 892 855 000	6 702 461 000
Finansinntekter og finanskostnader			
Aksjeutbytte		342 000	1 760 000
Annen renteinntekt		298 434 000	115 006 000
Netto agio		2 570 391 000	1 208 862 000
Sum finansinntekter		2 869 167 000	1 325 628 000
Annen rentekostnad		1 636 615 000	676 815 000
Renteelement fjerning		701 520 000	552 220 000
Annen finanskostnad		152 390 000	
Sum finanskostnader		2 490 525 000	1 229 035 000
Netto finans		378 642 000	96 593 000
Ordinært resultat før skattekostnad		-8 514 213 000	6 799 054 000
Skattekostnad		-2 948 918 000	4 288 393 000
Ordinært resultat etter skattekostnad		-5 565 295 000	2 510 661 000
Årsresultat		-5 565 295 000	2 510 661 000
Overføringer og disponeringer			
Ordinært utbytte		1 912 500 000	1 800 000 000



Konsernets resultatregnskap

Beløp i: NOK	Note	2020	2019
Annen egenkapital		-7 477 795 000	710 661 000
Sum overføringer og disponeringer		-5 565 295 000	2 510 661 000



Konsernets balanse

Beløp i: NOK	Note	2020	2019
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Goodwill		5 297 884 000	5 673 107 000
Aktiverte letebrønner		966 976 000	768 588 000
Andre immaterielle eiendeler		921 997 000	921 867 000
Sum immaterielle eiendeler		7 186 857 000	7 363 562 000
Varige driftsmidler			
Brønner og produksjonsanlegg		85 695 156 000	95 319 576 000
Anlegg under utførelse		25 270 149 000	16 472 823 000
Andre varige driftsmidler		311 215 000	272 242 000
Sum varige driftsmidler		111 276 520 000	112 064 641 000
Finansielle anleggsmidler			
Aksjer i andre selskap		7 520 000	7 520 000
Andre finansielle eiendeler		22 985 000	70 204 000
Sum finansielle anleggsmidler		30 505 000	77 724 000
Sum anleggsmidler		118 493 882 000	119 505 927 000
Omløpsmidler			
Varer			
Lager av materiell		2 416 423 000	1 730 336 000
Sum varer		2 416 423 000	1 730 336 000
Fordringer			
Kundefordringer		1 420 089 000	4 519 261 000
Andre fordringer		7 311 982 000	5 956 390 000
Sum fordringer		8 732 071 000	10 475 651 000
Bankinnskudd, kontanter og lignende			
Bankinnskudd		2 324 372 000	1 790 911 000
Sum bankinnskudd, kontanter og lignende		2 324 372 000	1 790 911 000
Sum omløpsmidler		13 472 866 000	13 996 898 000



Konsernets balanse

Beløp i: NOK	Note	2020	2019
SUM EIENDELER		131 966 748 000	133 502 825 000
BALANSE - EGENKAPITAL OG GJELD			
Egenkapital			
Innskutt egenkapital			
Aksjekapital		399 425 000	399 425 000
Overkurs		16 735 425 000	21 151 241 000
Sum innskutt egenkapital		17 134 850 000	21 550 666 000
Opptjent egenkapital			
Annen egenkapital		-5 104 087 000	560 348 000
Sum opptjent egenkapital		-5 104 087 000	560 348 000
Sum egenkapital		12 030 763 000	22 111 014 000
Gjeld			
Langsiktig gjeld			
Pensjonsforpliktelse			226 559 000
Utsatt skatt		25 336 273 000	16 722 022 000
Avslutningsforpliktelse		36 350 417 000	29 623 036 000
Andre forpliktelse		1 514 314 000	886 522 000
Sum avsetninger for forpliktelse		63 201 004 000	47 458 139 000
Annen langsiktig gjeld			
Gjeld til kredittinstitusjoner		47 642 216 000	40 462 433 000
Sum annen langsiktig gjeld		47 642 216 000	40 462 433 000
Sum langsiktig gjeld		110 843 220 000	87 920 572 000
Kortsiktig gjeld			
Leverandørgjeld		2 157 050 000	2 225 712 000
Betalbar skatt		224 782 000	10 110 920 000
Utbytte		1 912 500 000	1 800 000 000
Annen kortsiktig gjeld		4 574 281 000	6 656 283 000
Rentebærende gjeld			1 796 132 000
Kortsiktige fjerningsforpliktelse		224 152 000	882 192 000



Konsernets balanse

Beløp i: NOK	Note	2020	2019
Sum kortsiktig gjeld		9 092 765 000	23 471 239 000
 Sum gjeld		 119 935 985 000	 111 391 811 000
 SUM EGENKAPITAL OG GJELD		 131 966 748 000	 133 502 825 000



Skatteetaten

Vår dato 06 01 2020	Din/Deres dato 03 12 2019	Saksbehandler Lars Waaltorp
800 80 000 Skatteetaten no	Din/Deres referanse	Telefon 32212244
Org nr 974761076	Vår referanse 2019/6746285	Postadresse Postboks 9200 Grønland 0134 OSLO

VÅR ENERGI AS
Postboks 101 Forus
4068 STAVANGER

Att. Kristin Kragseth

Tillatelse til å utarbeide årsregnskap og årsberetning på engelsk for Vår Energi AS, org.nr. 919 160 675

Vi viser til deres brev av 3. desember 2019 der det søkes om dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk for Vår Energi AS. Søknaden ble sendt til Skattedirektoratet. Skattedirektoratets myndighet til å treffe enkeltvedtak etter regnskapsloven § 3-4 tredje ledd ble delegert til skattekontoret med virkning fra 1. juni 2019.

Skattekontoret gir på bakgrunn av en konkret helhetsvurdering Vår Energi AS dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk, jf. regnskapsloven § 3-4 tredje ledd. Dispensasjonen gjelder så lenge opplysningene som danner grunnlaget for vedtaket ikke endres vesentlig.

Kopi av dette brevet må sendes til Regnskapsregisteret i Brønnøysund sammen med årsregnskapet. Den regnskapspliktige må selv dokumentere ved dette brev at tillatelse er gitt

Bakgrunn

Vår Energi AS er eid av et norsk og et utenlandsk selskap. Selskapet driver virksomhet innen olje- og gassproduksjon over hele sokkelen, med felt i Barentshavet, Norskehavet og Nordsjøen. Selskapets arbeidsspråk er engelsk. Bransjespråket er også engelsk. Styreleder er utenlandsk statsborger uten gode kunnskaper om norsk språk.

Skattekontorets vurdering

Etter regnskapsloven § 3-4 tredje ledd skal "årsregnskapet og årsberetningen [...] være på norsk. Departementet kan ved [...] enkeltvedtak bestemme at årsregnskapet og/eller årsberetningen kan være på et annet språk."

I Ot. prp. nr. 42 (1997-1998) Om lov om årsregnskap mv., er det uttalt følgende om regnskapslovens formål, jf. pkt. 1.1:

"Regjeringen har som siktemål at regnskapsloven skal bidra til informative regnskaper for ulike grupper av regnskapsbrukere. Regnskapsbrukerne er dels investorer og kreditorer som tilfører kapital til foretakene, og dels andre grupper som har interesse av å vite hvordan foretaket drives, f.eks. de ansatte og lokalsamfunnet. Informasjonen til kapitalmarkedet skal gi grunnlag for riktig



prising av finansielle objekter. Riktig prisdannelse på aksjer er en forutsetning for at ressursbruken i samfunnsøkonomien skal bli best mulig. Gode regnskaper vil også gjøre det vanskeligere for markedsdeltakere å ta ut spekulasjonsgevinster med basis i skjevt fordelt informasjon.”

Det fremgår således at et av hovedformålene med regnskapsloven er å bidra til “informative regnskaper for ulike grupper av regnskapsbrukere”. Regnskapsbrukere vil omfatte, jf. uttalelsen i proposisjonen, blant andre investorer, kreditorer, ansatte og lokalsamfunnet.

Det er etter Skattekontorets vurdering derfor avgjørende ved vurdering av om dispensasjon fra kravet til å utarbeide årsregnskap og/eller årsberetning på norsk kan gis, at det ikke foreligger mulige brukere av regnskapsinformasjon som blir vesentlig berørt negativt ved en eventuell dispensasjon

Det er særlig hensynet til brukerne av regnskapsinformasjon som skal vurderes ved en dispensasjonssøknad. I denne vurderingen har skattekontoret lagt særlig vekt på at en av eierne er et utenlandsk selskap og at det er en begrenset eierkrets. Videre er det vektlagt at selskapet driver virksomhet i en internasjonal bransje der alle sentrale aktører behersker og benytter engelsk.

Vennligst oppgi vår referanse ved henvendelse i saken.

Med hilsen

Lars Waaltorp
seniorrådgiver
Brukerdialog, brukerkontakt
Skatteetaten

Dokumentet er elektronisk godkjent og har derfor ikke håndskrevne signaturer



To the General Meeting of Vår Energi AS

Independent Auditor's Report

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Vår Energi AS, which comprise:

- The financial statements of the parent company Vår Energi AS (the Company), which comprise the balance sheet as at 31 December 2020, the income statement and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and
- The consolidated financial statements of Vår Energi AS and its subsidiaries (the Group), which comprise the balance sheet as at 31 December 2020, the income statement and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion:

- The financial statements are prepared in accordance with the law and regulations.
- The accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2020, and its financial performance and its cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.
- The accompanying consolidated financial statements 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 the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.

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.

*PricewaterhouseCoopers AS, Kanalsletta 8, Postboks 8017, NO-4068 Stavanger
T: 02316, org. no.: 987 009 713 VAT, www.pwc.no
State authorised public accountants, members of The Norwegian Institute of Public Accountants, and
authorised accounting firm*



Independent Auditor's Report - Vår Energi AS



Other information

Management is responsible for the other information. The other information comprises information in the annual report, except the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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 the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, 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. The financial statements use the going concern basis of accounting insofar as it is not likely that the enterprise will cease operations.

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>

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Independent Auditor's Report - Vår Energi AS



Report on Other Legal and Regulatory Requirements

Opinion on the Board of Directors' report

Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Board of Directors' report concerning the financial statements and the going concern assumption is consistent with the financial statements and complies with the law and regulations.

Opinion on Registration and Documentation

Based on our audit of the financial statements as described above, and control procedures we have considered necessary in accordance with the International Standard on Assurance Engagements (ISAE) 3000, *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*, it is our opinion that management has fulfilled its duty to produce a proper and clearly set out registration and documentation of the Company's accounting information in accordance with the law and bookkeeping standards and practices generally accepted in Norway.

Stavanger, 15 March 2021
PricewaterhouseCoopers AS

Gunnar Slettebø
State Authorised Public Accountant



VÅR ENERGI AS

Financial Statements 2020

Board of Director's Report



VÅR ENERGI AS

BOARD OF DIRECTORS' REPORT 2020

About Vår Energi AS

Business and locations

Vår Energi AS ("Vår Energi", "Group" and "Company") is a limited-liability company incorporated and domiciled in Norway. The Company's shares are owned by Eni International BV (69.85%) and Point Resources Holding AS (30.15%).

The head office is located at Vestre Svanholmen 1, NO-4313 Sandnes, Norway, The Company also has offices in Oslo and Hammerfest.

Vår Energi is a full-cycle oil and gas company with exploration, development and production activities on the Norwegian Continental Shelf (NCS). Vår Energi holds licenses in all three main petroleum provinces on the NCS – the North Sea, The Norwegian Sea and the Barents Sea and is actively pursuing opportunities across the NCS for future value creation for its stakeholders.

The Company has a total of 136 licenses on the NCS, of which 32 licenses are operated (24 percent) by Vår Energi and 104 licenses are operated by others.

46 percent of the licenses are located in the North Sea whereas 40 percent in the Norwegian Sea and 13 percent in the Barents Sea.

The Company has interests in 35 producing fields at year end 2020 including the operated Balder, Ringhorne, Ringhorne East, Goliat and Marulk fields.

Vår Energi was founded in 2018 following the merger of Eni Norge AS and Point Resources AS. Point Resources AS acquired ExxonMobil's (EM) operated licenses on the NCS in 2018. The transaction included the Balder, Ringhorne and Ringhorne East fields. With the completion of the acquisition of EM's partner-operated assets in Norway in 2019, Vår Energi is the second largest operator on the NCS, with an average daily production in 2020 of 265 kboepd.

Corporate structure

The Vår Energi Group comprises of the following Companies: Vår Energi AS (Parent Company), Point Resources FPSO Holding AS, Point Resources FPSO AS, PR Jotun DA and Vår Energi Marine AS.

The Company also have investments in Norpipe Oil AS, Tjeldbergodden Utvikling AS and Ormen Lange Eiendom AS. These investments are classified as Investment in shares. For more details, see note 3.6.

Vision, objectives and key strategies

Vår Energi's vision is "Committed to Deliver a Better Future". Vår Energi is committed to deliver positive growth, taking into consideration sustainable environmental, climate and societal impacts. We shall be safe and deliver on expectations, be the partner of choice, and together we shall build a better future for our stakeholders and society at large.

Vår Energi's main business objective is to maintain and further develop the Company as a leading, growing and profitable oil and gas company and thereby deliver value for its stakeholders and shareholders.

To deliver on the Company's main business objective, the following key strategies and activities will be pursued and continue to get the highest priority by the Board of Directors and the Leadership team going forward:



Operational excellence:

- Excellence in safety and environmental protection
- Protect base production and maximise uptime, production efficiency and recovery – “Every Barrel Every Day”
- Be a constructive, pro-active and preferred partner – establish strategic shared collaboration platforms with internal and external stakeholders
- Utilise R&D and digitalisation opportunities to unlock stranded potential in all parts of our activities
- Maximise monetisation of production - secure optimum transportation and processing solutions
- Develop and take an active part in strategic shared collaboration platforms with both internal and external stakeholders

Execute projects:

- Secure project economics through sound technical basis and execution performance
- Fast-track resources to reserves and maximise the reserve replacement ratio
- Safely execute on-going development projects with high quality and on time and cost

Exploration:

- Extend production plateau of existing hubs; focus on near- field, short time to market and time critical barrels
- Explore for new opportunities able to deliver stand-alone production hubs
- High-grade license portfolio; focus on value, acreage quality, operatorships and high participation interests

Finance and the way we work

- Optimise financial structure and ensure a sound balance between cash flow, investments, debt service and returns
- Improve the way we work; develop efficient business processes and systems
- Build high performing teams where people are continuously developed, drive value creation, functional excellency, embrace diversity, and live our values – ‘One Team’

The key strategies are supported by the Company's sustainability objectives and “VI VIL” values:

- ✓ Growth
- ✓ Integrity
- ✓ Will to Win
- ✓ Inspiring
- ✓ Team Player.

Strategic achievements 2020

2020 has been a challenging year for the Company with the outbreak of the global Covid-19 pandemic followed by a collapse in commodity prices. The main focus of the Company's response has been, and continues to be, on reducing the risk of the virus spreading in the operations and safeguarding the well-being of the Company's employees and contractors, whilst at the same time minimising the potential impact on the business.

Due to the reduction in commodity prices, the Company made immediate adjustments to its investment plans in 2020 and additional cost reduction initiatives were implemented. With the introduction of the tax incentive provided by the Government in 2020, some of the activities previously cancelled or postponed, were moved back into the plan. Vår Energi also made an adjustment to its dividend distribution plan in 2020. The extraordinary circumstances have negatively impacted the Company's financial results in 2020. For more information, see Financial Review later in the report.



To date there have been no significant operational business interruptions due to the Covid-19 situation.

Vår Energi delivered strong operational performance and reached several strategic milestones in 2020 despite that 2020 was an extraordinary year:

- ✓ No serious incidents and accidents and no significant operational business interruptions due to Covid-19
- ✓ Awarded 18 licenses in APA 2019 in January, of which 7 operated
- ✓ Upgrade of Ringhorne drilling rig completed, additional infill drilling targets were matured, and Ringhorne infill drilling program III started in January
- ✓ Plan for Development and Operation (PDO) for the Balder Future project approved by the Ministry of Petroleum and Energy (MPE) in June
- ✓ Studies and multiple projects completed to secure Balder Floating Production Unit (FPU) life-time extension
- ✓ Decommissioning of Jotun B completed safely and according to schedule
- ✓ Significant improvement in uptime achieved on the Goliat field in the Barents Sea
- ✓ First oil from Snorre Expansion Project (SEP) delivered ahead of plan
- ✓ DG3 decision on Sleipner Power from Shore in May
- ✓ Frosk discovery matured and passed DG1 in May and Tommeliten Alpha DG2 in September
- ✓ Jotun FPSO moved to dry-dock for refurbishment and upgrade in June
- ✓ Breidablikk PDO submitted to MPE in September
- ✓ First oil on Tor II delivered in December according to plan
- ✓ Successful Goliat 4D seismic survey completed ahead of schedule and below budget
- ✓ 7 non-operated exploration wells drilled - 3 commercial discoveries made and one discovery under evaluation
- ✓ Secured additional funding through a combination of increased availability under the Reserve Based Lending (RBL) facility and 2 unsecured Revolving Credit Facilities (RCFs)
- ✓ The Company's first "Sustainability Report" published

Production

As of year-end 2020, Vår Energi had production from 35 fields. Production in 2020 averaged 265 kboepd. 18 percent of the production were in the operated fields Balder, Ringhorne, Ringhorne East, Goliat and Marulk whereas 82 percent were in fields operated by others.

Production of oil in 2020 was 53 percent, whereas production of gas and NGL were 37 and 10 percent respectively. The ten largest fields contributed with nearly 80 percent of the total 2020 production and Åsgard, Goliat, Balder / Ringhorne, Ekofisk and Mikkell alone contributing with nearly 50 percent of the total production.

Total 2019 production was 296 kboepd (pro-forma full year). The lower production in 2020 when compared to 2019 pro-forma full year production, was mainly due to natural production depletion on the operated Balder and Ringhorne fields and the non-operated Grane and Åsgard fields.

The reduction in production was partially offset by start-up of the non-operated Trestakk field and completion of the riser replacement program at Snorre.

Vår Energi is currently participating in several significant development projects on the NCS, including Balder Future (operated) and Johan Castberg, Fenja and Bauge, and the Company's production is expected to increase significantly over the next 3 – 4 years.



Development projects

In 2020, first oil from the Snorre Expansion Project (SEP) was delivered ahead of plan. The Breidablikk Plan for Development and Operation (PDO) was submitted to the Ministry of Petroleum and Energy (MPE) in September. The Frosk discovery was further matured and passed DG 1 in May and the Tommeliten Alpha passed DG 2 in September.

Vår Energi is involved in several operated and non-operated development projects that over the next 3 - 4 years will increase the Company's production to approximately 400 000 kboepd.

Operated projects in execution phase

The Balder X project is very important for the Company as the Balder and Ringhorne area contains material undeveloped resources. The PDO for the Balder X Project was approved by the MPE in June 2020. The resources will be developed into production in several phases. The Ringhorne Phase III workover and drilling program has already started. It will be followed by the Balder X project, which has the objective to further increase production and recoverable reserves at the Balder field and to provide capacity for development of potential future discoveries in the area. The Balder Future Project consists of the two sub-projects - Balder X Project and Ringhorne Phase IV:

Balder Future Project: Refurbishment and relocation of Jotun FPSO to accommodate tie-ins of thirteen new production wells and one new water injection well and with future expansion capacity to accommodate tie-in in the area. Jotun FPSO will be refurbished and relocated between Ringhorne and Balder FPU and reconnected to the Ringhorne Platform.

Ringhorne Phase IV: Continuation of the Ringhorne Platform drilling activities in the form of continuation of the Ringhorne Phase III drilling campaign and execution of the Ringhorne Phase IV Drilling Campaign comprising five additional wells.

The net reserves to Vår Energi captured from Balder X are estimated to 143 mmboe. Vår Energi's investment in the Balder X project is estimated to approximately NOK 19.5 billion.

Partner-operated projects in execution phase

The Johan Castberg project includes the development of three oil and gas discoveries (Skrugard, Havis and Drivis). The development of the field has been delayed due to the Covid-19 pandemic in 2020 and is now scheduled to come on stream in the fourth quarter of 2023. The field is expected to produce for 30 years, with a peak gross production rate of 205 kboepd. Vår Energi holds a 30% participating interest in the field with Equinor as operator. The development concept consists of 30 subsea wells drilled from ten subsea templates and two satellite wells tied back to a FPSO from which the produced oil will be offloaded onto shuttle tankers.

Fenja is a subsea development that will be tied back to the Njord A platform. It consists of two subsea templates with six planned production wells. The oil will be routed to the production vessel Njord B before export via shuttle tankers. Vår Energi owns 45 percent of Fenja, with Neptune as operator. First oil is scheduled for first quarter 2022.

Bauge has a planned start-up in 2021 and is expected to produce for more than 10 years. Bauge is a subsea development that will be tied back to the Njord A installation and consists of a subsea template with a total of two wells. The oil will be routed to the Njord B production vessel before export via shuttle tankers. Vår Energi owns 17,5 % of Bauge, with Equinor as operator.

The expected production start on Breidablikk is early 2024. PDO submission in 2020 represents a significant achievement in the midst of the Covid-19 pandemic. Vår Energi played a pivotal role in the subsurface maturation and project optimisation based on a long and strong presence in the Balder area. The project will add about 75 mmboe reserves net to Vår Energi (with an equity participation of 42 percent). The development includes four six-slot templates, with 23 planned production wells, tied back to Grane. The preparation for



the Grane topside modification scope and offshore mobilisation has started, subsea system marine campaign starts year end 2021, with drilling first well spring 2022.

For more information about the Company's development projects, see www.varenergi.no.

Exploration

During 2020, Vår Energi has been active in all parts of the NCS through exploration and appraisal drilling, licensing rounds and portfolio optimisation. The Company's main exploration goal is to deliver commercial reserve replacement through active near-field exploration in close proximity to our producing assets combined with selective high risk / high reward exploration in frontier areas.

In January 2020, Vår Energi AS was awarded 18 new licenses in the APA 2019 licensing round of which 7 as operator.

A lot of effort was also put into the APA 2020 licensing round, resulting in 10 awards of which 5 operated. 3 of the operated licenses awarded are located close to the Company's core hubs - Balder and Goliat, whereas 2 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.

In 2020 the Company participated in 7 non-operated exploration wells. 3 of the wells are considered commercial and one well is still under evaluation for residual potential. One of the wells was concluded as a technical discovery and 2 wells as dry. 18.1 mmbbl of reserves were found to achieve a finding cost post tax of approximately USD 1 per barrel.

As part high-grading and optimising the exploration asset portfolio, 14 licenses were relinquished in 2020 (of which 2 operated).

Key priorities for 2021 include drilling of the operated King/Prince and Rødhette wells and follow-up partner operated wells. All wells in 2021 are located close to the Company's key hubs (near-field exploration for highly profitable barrels) and in case of a discovery will be developed fast in accordance with Vår Energi's "short-time-to-market" objective.

Reserves and resources (based on SEC rules)

At the end of the 2020, the Company's total proved and probable reserves (2P) net to Vår Energi were 1 147 mmbbl, down from 1 328 mmbbl at year-end 2019.

The reduction from 2019 to 2020 is mainly due to a combination of high production (97 mmbbl) 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 mmbbl, an increase of 18 mmbbl when compared with year-end 2019.

Total proved and probable reserves are divided by 55 percent in the North Sea, 26 percent in the Norwegian Sea and 19 percent in the Barents Sea. 73 percent of the Company's proved and probable reserves were oil, whereas 22 percent were gas and 5 percent were NGL.

The Company's 5 largest fields - Balder and Ringhorne, Goliat, Johan Castberg and Snorre combined amounts to approximately 50 percent 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.



Financial review

The going concern assumption

A key objective of the Company is to have sufficient cash, cash equivalents and loan facilities to be able to finance its operations and investments in accordance with the company's business plan and portfolio commitments.

The Board of Directors confirms that the financial statements of the Company have been prepared under the going concern assumption in accordance with the Norwegian Accounting Act, section 3-3 a. The Board of Directors is confident that Vår Energi is well positioned to continue its operations, based on the current balance sheet, production and cash flow forecasts and projected investments and expenses.

Consolidated income statements

On 10 December 2019, Vår Energi acquired ExxonMobil's (EM) 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 potential.

The transaction with EM was 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 2020 financial statements include full year effect of the partner operated assets acquired from EM whereas the 2019 financial statements only include the impact from the transaction from 10 December.

Total operating revenues in 2020 amounted to NOK 27 028 million, an increase of NOK 1 812 million when compared to the NOK 25 216 million reported for 2019.

Total petroleum revenues including gain on realised crude put options in 2020 amounted to NOK 26 949, compared to NOK 24 897 million in 2019. The increase was due to higher production in 2020 (97.1 mmboe) when compared to 2019 (56.5 mmboe), partially offset by lower prices.

Gain on realised crude put options from the Company's hedging program amounted to NOK 1 622 million in 2020.

Other operating revenues in 2020 amounted to NOK 79 million. The corresponding amount for 2019 was NOK 319 million. For more details, see note 2.3.

Total volumes sold increased from 56.1 mmboe in 2019 to 92.1 mmboe in 2020. Realised average price per boe amounted to USD 38.3 in 2020 whereas realised average prices per boe for 2019 were USD 63.0 in 2019. The corresponding figures including hedging effects were USD 50.0 per barrel and USD 63.7 per barrel respectively.

Production cost in 2020 amounted to NOK 7 801 million and transportation cost NOK 2 542 million. The corresponding figures for 2019 were NOK 7 468 million and NOK 1 251 million.

The increase in production cost year-over-year was mainly due to the acquisition of EM's non-operated licenses, partially offset by cost reductions in the Company's operated assets Balder, Ringhorne and Goliat and in the non-operated Ekofisk license.

Production cost for 2020 ended at USD 10.7 per barrel, up from USD 9.1 per barrel in 2019.

Other operating expenses in 2020 ended at NOK 961 million, up from NOK 429 million reported for 2019. As part of the agreement with EM for the acquisition of EM's operated assets on the NCS in 2017, a contingent consideration was agreed between the parties in relation to the possible development of the Forseti structure. The change in the value of the contingent consideration amounted to NOK 641 million in 2020. For more details on other operating cost, see note 2.6 and note 4.3.



Exploration cost expensed ended at NOK 740 million, down from NOK 932 million in 2019. Exploration activity in 2020 was reduced following the Covid-19 pandemic.

The increase in depreciation, depletion and amortisation (DD&A) of NOK 6 222 million from NOK 9 007 million in 2019 to NOK 15 229 million in 2020 was due to the acquisition of EM's non-operated assets and higher production year-over-year.

Total impairments amounted to NOK 8 648 million. The 2020 impairments were mainly caused by lower commodity prices.

Total operating expenses for the year ended at NOK 35 921 million, up from NOK 18 514 million in 2019. EBIT for the year was negative NOK 8 893 million, down from NOK 6 702 million reported for 2019.

Net financial items amounted to NOK 379 million. The corresponding number for 2019 was NOK 97 million. The increase in net financial items was mainly due to by a positive exchange rate gain on the Company's USD denominated borrowing facilities.

Profit before income taxes in 2020 was negative NOK 8 514 million, down from NOK 6 799 million in 2019 and loss for the year ended at NOK 5 565 million.

Condensed consolidated cash flow statements

Cash flow from operating activities amounted to NOK 14 070 million. The corresponding number for 2019 was NOK 11 979 million. The increase in cash flow generated from operating activities is due to higher production following the acquisition of EM's non-operated assets on the NCS, partially offset by lower prices.

The operating loss (EBIT) reported in 2020 was NOK 8.893. The difference between the reported operating loss and cash flow from operating activities of NOK 14 070 million was mainly due to depreciation (DD&A) and impairment of oil and gas properties expensed in the consolidated income statements.

Net cash flow used in investing activities amounted to NOK 17 092 million, down from NOK 38 473 million the preceding year. The NOK 38 473 reported in 2019 included the acquisition cost of EM's non-operated assets on the NCS.

The 2020 investments were financed by a combination of increased drawdowns on the RBL facility and cash flow from operations.

Cash flow from financing activities before dividends amounted to NOK 7 954 million. Net cash flow before dividends amounted to NOK 4 931 million and cash flow after dividends ended at NOK 549 million.

The cash position in the Company was NOK 2 324 million at year-end, an increase when compared to the NOK 1 791 million at year-end 2019.

Condensed consolidated balance sheet statements and financial position

Total assets at year-end 2020 were NOK 131 967 million. The corresponding figure for 2019 was NOK 133 503 million.

Total non-current assets were NOK 118 494 million, down from NOK 119 506 million reported for 2019. Total additions in tangible assets in 2020 amounted to NOK 22 735 million and related mainly to the Company's investments in its portfolio of discoveries (wells and production facilities and facilities under construction). Total depreciation and impairment provisions amounted to NOK 23 237 million. For more details, see note 3.2.

Total current assets were reduced from NOK 13 997 million in 2019 to NOK 13 473 million in 2020. The reduction was caused by lower inventory and trade and other receivables at year-end 2020, partially offset by a tax receivable at year-end.

The cash position at year end was NOK 2 324 million, up from NOK 1 791 million reported for 2019.



Total equity at year end 2020 amounted to NOK 12 031 million, down from NOK 22 111 million reported for 2019. The equity-share at year-end 2020 was 9 percent.

Total non-current liabilities at year end were NOK 110 843 million compared to NOK 87 921 million in 2019. The increase in total non-current liabilities is due to a combination of an increase in interest-bearing loans to fund ongoing development activities, an increase in deferred tax liabilities following the temporary changes in tax regulations in 2020 and an increase in abandonment obligations due to estimate changes of abandonment commitments for certain assets.

Total current liabilities were reduced from NOK 23 471 million in 2019 to NOK 9 093 million in 2020. At year-end 2019 the Company had taxes payable, whereas at the end of 2020 the Company had a tax receivable classified as current assets in the balance sheet statements.

Accrued dividends at year end 2020 amounted to NOK 1 913 million.

Subsequent events

In January 2021, Vår Energi was awarded in the APA 2020 licensing round 10 licenses, of which 5 operated. 3 of the operated licenses awarded are located close to the Company's core hubs - Balder and Goliat, whereas 2 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% 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 percent working interest in the license. The well was 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 65 and 100 mmboe of hydrocarbons in place.

Vår Energi AS (Parent Company) – 2020 results and dividend distribution

Vår Energi AS reported NOK 27 028 million in total operating revenues in 2020. Total operating cost ended at NOK 36 510 million. The NOK 589 million difference when compared to the consolidated financial statements is caused by the sale and purchase agreement for the Jotun FPSO by Vår Energi AS from PR Jotun DA that is eliminated on consolidation. EBIT for the year was negative NOK 9 482 million, whereas loss before tax amounted to NOK 9 068 and loss for the year was NOK 6 530 million.

Total assets amounted to NOK 135 187 million at year-end 2020. Total non-current assets were 121 932 million and current assets NOK 13 255 million.

Total equity reported was NOK 11 039 million, whereas non-current liabilities reported were NOK 111 559 million and current liabilities were NOK 12 589 million.

Allocation of net results in Vår Energi AS (Parent Company)

The Board of Directors, having no knowledge of any matters not disclosed that could be of significance when evaluating the Parent Company's financial position, recommends the following allocation of net income and distribution of dividends:

The Parent Company's equity at 31 December 2020 before provision for dividends not declared was NOK 12 952 million. Accrued dividend at year end 2020 is NOK 1 913 million. The equity-share at year-end 2020 was 8 percent. Available liquidity and cash projections show that the Company have sufficient earnings and cash flow to support the proposed dividend and sufficient financing capacity to execute its development and exploration projects.

Further, the Company has under the Reserve Based Lending (RBL) facility, available funds to support the Company's financial commitments related to its projects and, after the dividend distribution, will be within the financial covenants provided for in the RBL agreement.



Governance, risk and compliance

Corporate governance

Vår Energi's Corporate Governance Framework aims to ensure that its 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, the Company is committed to applying a high standard of corporate governance principles.

Internal Control

Vår Energi has established an internal control environment to ensure that the risk of mistakes and frauds in the financial reporting or financial statements is prevented. The internal controls are periodically assessed and modified to comply with changes in the organisation or its business activities. A compliance function has also been established to monitor internal controls with respect to compliance with internal and external laws and regulations. Any material deviations from the established internal control design will be reported to Management, the Risk and Compliance Committee and the Audit Committee.

Internal Audit

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

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's Risk Management Framework provides a systematic approach for the identification, assessment and management of the key risks and opportunities that may impact the delivery of strategic objectives. The framework promotes a bottom-up approach to risk management with a top-down support and challenge.

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.

There is always a risk that a major operational incident could occur as drilling, production and decommissioning activities will never be completely risk-free. Further, there are risks related to the integrity of the Company's assets, risks associated with the reported reserves and resources, risks associated with inability to expand reserves or find replacement reserves and risks associated with third-party contractors or operators, as a large share of the Company's assets are operated by others.



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. In addition, the Company's risk management includes contingency plans to minimise the potential impact if an operational incident should occur.

Financial risks

The Company is exposed to market fluctuations in commodity prices, foreign exchange rates and interest rates. These fluctuations could impact the Company directly or indirectly as they may influence banks' and investors' appetite to lend to, or invest in, the Company.

The Company considers its credit risk or financial risk of partners to be low, as its licence partners are considered creditworthy oil companies and procedures are in place to assess financial risk related to existing and new suppliers.

The Company is highly focused on active risk management through hedging, liquidity focus and insurance. The Company has insured its pro-rata liability on the NCS in line with the best industry practices and has offshore insurance programmes covering the following risks (non-exhaustive):

- Loss of production income
- Physical damage to assets
- Control of Well
- Third party liability

Commodity price risk

Vår Energi operates in the crude oil and natural gas market. Fluctuations in hydrocarbon prices can therefore have an effect on the Company's revenues. Commodity price risks 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. However, a downturn in oil prices could still result in a dampened sentiment amongst market players to invest in exploration and new developments that could adversely impact the growth ambitions of the Company. In order to reduce the risk related to oil price fluctuations, the Company has established an oil price hedging programme. At the end of 2020, the Company had put in place a hedging programme for 2021 where 100 percent of planned after-tax volumes for oil have been hedged by acquiring monthly settled oil price put options with a strike price of USD 40 per barrel. To align after-tax cash flows and adjust for different tax treatment of financial derivatives and the underlying oil production, 28.2 percent of the planned production volume is hedged.

Currency risk

Currency risks arise from multi-currency cash flows within the Company. Vår Energi is exposed to foreign currency exchange risk on its purchase and sales, including financing costs that are denominated in currencies other than NOK.

Interest rate risk

The Company's interest rate risk arises from its interest-bearing borrowings. Borrowings issued with floating interest rate conditions expose the Company to interest rate risk.

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. Vår Energi carries out short-term (12 months) and



long-term forecasts to plan the Company's liquidity. These forecasts are updated regularly, for various scenarios and form part of the decision basis for the Company's Leadership Team and the Board of Directors.

External risks

The business landscape in which the Company operates can change rapidly. The risks of fluctuations in commodity prices are addressed under financial risks, but the Company also faces other external risks that could affect its financial position over time. For instance, there can be no assurance that legislation, including tax regulations, will not be changed in a manner that could adversely affect the Company. There is also a potential exposure from the response to climate change. The Company aims to develop and maintain a portfolio of assets that remains resilient as the Government's response to climate change evolves.

Other risks

Other risks actively monitored by the Company include Covid-19 pandemic and cyber security.

Risk management and identification of opportunities

Identification and assessment of opportunities is also an integrated objective of Vår Energi's Risk Management Framework. The process seeks to not only identify risks and how they can be mitigated, but also identify opportunities and actions required to deliver above expectations and realise upside potential. Opportunities may include more efficient drilling, portfolio optimisation, collaboration with strategic partners, cost reductions, performance improvements, selection of proved design solutions, digitalisation etc.

Vår Energi Management System (VEMS)

A robust and integrated Management System is core to how the business is run and how the Company approaches corporate governance and risk management. Vår Energi's Management System (VEMS) is an interactive web-based system available to all personnel working in or for the Company.

VEMS is process-oriented, developed around a set of business process maps, with supportive links to governing and key documentation including Norwegian regulatory requirements, Company requirements and international standards and procedures.

VEMS sets out all mandatory policies, standards and controls necessary to manage key activities and associated risks and thereby ensure that stakeholder's needs and expectations are met or exceeded.

VEMS also provides a clear picture of the way Vår Energi manages its business through its assets, its processes and its people (organisation) and thereby creates a sound basis for the achievement of the Company's objectives and value creation for stakeholders. Furthermore, VEMS works as a management tool to communicate company requirements and demonstrate compliance with both Norwegian regulatory and corporate requirements.

Sustainability

Vår Energi is committed to delivering sustainable growth opportunities on the Norwegian Continental Shelf (NCS). The Company is driven by its strong belief in the future of its industry and that of the Norwegian Continental Shelf, reflected in Vår Energi's vision statement; committed to deliver a better future. The Company is strongly committed to creating value for both shareholders and the Norwegian society at large. Oil and gas will continue to play a fundamental role in the global energy mix long into the future. However, real action is needed to reduce climate emissions and to tackle the climate challenges. Consequently, sustainability is the key to Vår Energi's long-term value creation. Together with the entire Norwegian oil and gas industry, Vår Energi is working to meet ambitious climate targets.

Vår Energi is strongly committed to and supports the Paris Agreement, and targets have been set for reducing greenhouse gas (GHG) emissions as stated in the KonKraft 2020 report, Industry of Tomorrow on



the Norwegian Continental Shelf, Climate Strategy towards 2030 and 2050. Vår Energi will reduce GHG emissions even further by cutting 50 percent by 2030 and work towards net zero emissions in 2050.

The health and safety of its employees, contractors, and other partners is the top priority for Vår Energi. The company's goal is to be the safest operator on the NCS, which is a value integrated both in company culture and in its business plans. In 2020 no serious injuries were recorded, despite high levels of activity both offshore and onshore.

The Company has maintained close collaboration with the industry and communities to ensure that its activities lead to the creation of new jobs and opportunities as well as economic and social ripple effects. Vår Energi also actively contributes to the development of strong value chains and value creation in local communities. Through Vår Energi's activities and requirements, the supplier industry is able to develop new technology and innovative solutions while driving down climate emissions in a cost-effective manner. Vår Energi also contributes to large joint industry R&D projects where the company collaborates with industry partners to find the solutions to create a more sustainable future.

2020 was an extraordinary year, characterised by a pandemic which impacted all aspects of life. For Vår Energi the sharp fall in commodity prices, the contraction in energy demand and other consequences of the Covid-19 pandemic led to many operational challenges and made it necessary to find new and smarter ways of working.

The ongoing digitalisation of operations to increase operational efficiency means that the company is going into 2021 better able to capture sustainable economic growth. The temporary changes to the fiscal regime, introduced by the Parliament to sustain industry activity, enabled Vår Energi to pursue plans which had been put on hold.

Vår Energi's ambitions and targets:

- ✓ 50% emission cut by 2030
- ✓ Near zero emissions by 2050
- ✓ Safest operator on the NCS
- ✓ 40 % gender diversity in the entire organization
- ✓ Sustainability to be considered in all tenders if material and feasible
- ✓ Engage local communities to create value
- ✓ Zero discharge of environmental hazardous substances
- ✓ Reduce emissions through R&D

Vår Energi's strategy for sustainable growth:

- ✓ Nobody gets hurt
- ✓ Prioritise climate
- ✓ Local value creation
- ✓ Innovation, efficiency and collaboration



Research and development (R&D)

Vår Energi has established a R&D strategy that sets clear and coherent R&D goals that echoes the Company's commitment of always operating in line with the United Nations' seventeen Sustainable Development Goals (SDGs). Vår Energi's 2019 Sustainability Report (available on www.varenergi.no) details the commitment and presents Vår Energi's sustainability performance and ambitions. The 2020 Sustainability report will be released later this year.

Technology challenges and opportunities regarded as important to both develop and expand the Company's activities on the NCS in a profitable and sustainable manner, are continuously identified and considered. Vår Energi's R&D objectives are aligned with the national (OG21) and Eni Spa R&D objectives and strategies.

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

- ✓ Safety and Environmental Protection
- ✓ Decarbonisation
- ✓ Successful Exploration
- ✓ Operational Excellence
- ✓ Maximise Recovery

Total R&D cost expensed in 2020 amounted to NOK 237 million, an increase from the NOK 171 million reported for 2019. Vår Energi's R&D portfolio included 35 projects in 2020, several of the projects focused on reducing emissions, carbon capture, automated drilling processes and downhole fluid control.

Digitalisation and performance improvement

The Company's digital vision is "Turning Bytes into Barrels". Vår Energi digital strategy is to be an agile adopter of digital opportunities to ensure safe operations, increased efficiency and increased competitiveness by enabling new ways of working through People, Process and Technology:

- ✓ Ensure every investment gives value and is aligned with defined business priorities
- ✓ Leverage on available digital ecosystem and technologies with demonstrated value
- ✓ Maximise synergies with Eni S.p.A Digital Agenda

The Digital Transformation program has a business-driven approach and leverages on proven technology to secure value creation. In 2020 a total of 53 initiatives have been put forward from the business and are now in different stages in the digital portfolio.

Key projects delivered in 2020 include:

- ✓ Production Dashboard – easy access and visualisation of critical production data
- ✓ Automating Manual Processes – leverage robotic process automation technology to automate manual processes
- ✓ Energy Management system – enabling reduction of energy consumption and CO2 emissions
- ✓ Data Platform – MVP implementation to enable the digital roadmap and increase ICT efficiency
- ✓ Subsurface Data Landscape – improving data governance
- ✓ Digital Academy – boosting the digital competency in Vår Energi

The Vår Energi long-term value creation program «Realise our Potential» (ROP) was established in October 2019, focusing on high potential improvement areas. The 2020 scope was Goliat operating expenses, uptime and increased recovery, support functions and commercial. The program delivered above plan in 2020 due to significant reductions in operating expenses, improved uptime on operated fields and enhanced focus on reducing general and administrative expenses. Remaining merger synergies were realised, and several improvements completed and exceed the targeted improvement areas.



Health, safety security, environment and quality (HSSEQ)

It is the Company's expressed goal to carry out all activities without causing harm to people or the environment. Vår Energi uses certain key measures to monitor and learn from experiences in our operations to achieve transparency in the way we work. By requiring the use of high-quality and sustainable solutions in our own operations and the ones used by our suppliers: using the best available technologies and methods, emissions to air, discharges to sea, as well as waste generation are reduced as much as possible.

The Company's total recordable injury frequency ("TRIF") for 2020 was 3.5 (number of recordable personnel injuries per million worked hours), which is somewhat higher than the 2019 result. None of the registered personnel injuries are classified as serious. In 2020, Vår Energi had nine events with higher potential, however no personnel were actually injured during these events. All the events have been investigated according to internal guidelines and measures has been implemented to ensure that our experience leads to improvement.

In 2020 the Company continued to develop and implement a common framework for barrier management. The new framework and related requirements for barrier management in operation in combination with a new digital tool visualising the status of barriers has ensured increased awareness in the Company. In addition, a common Major Accident Risk Indicator tool was implemented for all production assets in operation. The aim of the tool is to increase knowledge and awareness of the complex nature of major accident risk and to ensure targeted action to reduce it.

Promoting a good working environment and HSE culture is an important goal for Vår Energi, and it is therefore an integral part of the Vår Energi's Management System (VEMS). The management system is certified in accordance with ISO-standard 14001 and ISO 45001.

The 2020 Safety & Sustainability program activities have generally been conducted according to plan in 2020 with some delays due to Covid-19 restrictions. A 2021 Safety and Sustainability program has been prepared by the Company.

Vår Energi is strongly committed to and support the Paris Agreement, and we commit to reduce the CO2 emissions from our operated assets (Scope 1 emissions) by 50% by 2030 and work towards zero emissions in 2050. Total CO2 emission intensity in 2020 from installations subject to EU-ETS are 8.5 kg/boe.

Throughout 2020, Vår Energi has worked systematically to avoid hazardous exposure and to maintain a high standard for hygiene, food handling and potable water quality. Optimisation of the infectious disease management plans was conducted through 2020 due to the pandemic situation (Covid-19).

In 2020 the Company has performed mapping of working environment risks offshore with the goal of providing an overview of physical, chemical, biological ergonomic and organisational conditions, to be able to implement relevant and targeted risk-reducing measures. The overall goal is to use prioritised technical improvements to contribute to reduced working environment risk for employees and maintain safe and secure operations on all installations. In addition, there has been performed a psycho-social survey for the whole Vår Energi organisation in 2020 to identify risk areas and follow up findings.

Maintaining and improving the Vår Energi Emergency preparedness and response organisation have high focus in the company. The Covid-19 outbreak has been a topic for several tabletop exercises throughout the year with involvement from all relevant stakeholders. Learnings from the exercises as well as experience through the daily operations in a constantly changing Covid-19 situation have improved the Company's ability to manage the pandemic significantly.

Well planned, robust and effective preparedness against acute pollution is implemented in our activities. 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 crew with in-depth knowledge of the waters off the coast of West Finnmark. This is a key element in the Company's 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.

In 2020 Vår Energi has strengthened initiatives and safeguards to improve awareness on security risks and how to prevent, handle and mitigate these. Mandatory nano-learning on cyber security for the entire work force as well as training on security in general for managers have been performed throughout the year.

People, organisation and working environment

People and organisation

Vår Energi's greatest resource is our people and it is a priority for the Company to offer development through building competence and careers in a healthy working environment. At year-end 2020, Vår Energi employed 861 local personnel and 40 expatriates from the Eni Group, which makes up a total of 901 employees. At the end of 2020, the Company had 196 temporary contract workers.

The majority of employees (486) work at the Company's headquarter at Forus. An additional 32 employees are located in the Oslo office, while 59 employees are located in the Hammerfest office. The Company has a total of 324 employees working offshore.

Vår Energi promotes equal opportunities and rights for all based on qualifications, and aims 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 employed in Vår Energi year end 2020 was 26 percent. One of the eight members of the Company's Board of Directors were women. Women held 25 percent of the executive management team positions (including CEO) and 21 percent of remaining leadership positions in the company. In 2020 a Gender Balance Task Force was established to work actively to deliver the Company's target to reach 40 percent female employees onshore and 15 percent female employees offshore and a ratio of female leaders reflecting the gender balance onshore and offshore. The activities that have been identified to meet the target include securing leadership focus, develop diversity competence in the organisation, join the "She Index", establish a gender balance communication plan and implement gender balance into the management reporting.

Training and development

Vår Energi believes that professional training and development are important means of advancing the growth, motivation and consequently retention of our employees. Training plans are established with mandatory programmes combined with development initiatives requested by the individual and leader. Training offered to employees involves a combination of a comprehensive e-learning programmes, classroom trainings carried out in-house and on supplier premises, as well as a training programme tailored to each employee's own position. In addition, there is training provided by the Eni Corporate University in Milan.

The Company also offer a comprehensive training programme for the offshore organisation and will continue to improve and develop a common program for Vår Energi as part of ongoing integration work. An extensive series of courses will continue during 2020 in accordance with our predefined skill requirements.

In 2020, a Leadership Training Program was rolled out for all leaders in the new Vår Energi organisation.

Sick leave

The sick leave in 2020 was 3.7 percent for Vår Energi. This is an increase from 2019 when the total sick leave for Vår Energi was 2.1 percent.



Working environment and collaboration

Vår Energi values its collaboration with employee representatives and is committed to strive for an open dialogue. One important collaboration arena is the Working Environment Committee (WEC / AMU) as described in the Norwegian Working Environment Act, and the established sub-committees. The committees meet quarterly and have an important role to follow up conditions relating to the safety, health and welfare of the employees.

The Works Council (WC) is an arena for the management of the Company and employee representatives to cooperate and improve efficiency and job satisfaction, including sharing information and discuss issues of importance to the Company and its employees. The WC meets regularly.

Vår Energi has four trade unions registered in the Company: SAFE, Industri Energi, Tekna and Nito.

Board of Directors

The Board of Directors consists of 8 Board members. One of the eight members of the Company's Board was a female. 3 of the Board members are employee representatives.

The Company has acquired a Directors and Officers liability insurance covering persons who were, now are, or shall be duly elected or appointed directors, officers, managers, in-house general counsel, controller, or risk manager of the Company. The insurance covers all losses the insured shall become legally obligated to pay related to claims up to a defined limit.

Shareholders and stakeholders

Vår Energi is committed to provide information in an open, transparent, and timely manner to our shareholders and stakeholders. The shares of the Company are privately held by Eni International B.V. and Point Resources Holding AS.

Payments to government

Area fees paid / (refunded)

NOK million

License:	Amount:
PL001	2 754
PL027	5 731
PL028	1 225
PL122	5 508
PL201	4 284
PL229	23 491
PL293	-7 956
PL489	-6 516
Total:	28 521

According to the Norwegian Accounting Act section 3-3d pertaining to companies in the extractive industry, the companies are required annually to disclose payments to governments per country and project.

Vår Energi AS paid NOK 3 675 million in corporate tax payments to the Norwegian Government in 2020. The corresponding corporate tax payment in 2019 amounted to NOK 1 848 million.

Area fees per license paid as operator in 2020 to the Norwegian authorities on behalf of the joint ventures (100% figures) are presented in the table to the left.

Net Profit interest (NPI) payment to the Norwegian authorities amounted to NOK 17.5 million (see note 2.6).

The NPI payment is related to licenses awarded in the second licensing round and collected by Petoro.

CO2 and NOX fees are considered to be taxes paid on consumptions and exempted from this reporting similar to Value Added Taxes (VAT).

Disclosure of sales revenues and investments are reported in notes 2.2 and 3.1 / 3.2 in the Financial Statements.

Interest payments are disclosed in note 5.5.



Outlook

The Norwegian Continental Shelf (NCS) is an attractive province, with a vast resource potential, representing opportunities in which Vår Energi is ready to take part. Vår Energi participates in oil and gas production across the entire shelf, with fields in the Barents Sea, the Norwegian Sea and the North Sea.

The Covid-19 pandemic has created challenges for the oil industry. Under these extraordinary circumstances, Vår Energi's main priorities are the safety of its people and the environment as well as its main financial priorities which are to secure the Company's financial robustness and to maintain financial flexibility to pursue value-accretive growth opportunities going forward.

The Company is committed to continue to explore, develop and produce resources and reserves from its high-quality portfolio of licenses. A business plan for the Company has been jointly developed and sanctioned by the shareholders - the integrated energy company Eni (69.85 percent) and Norway based leading private equity investor HitecVision (30.15 percent). The Company has the capacity and competency to continue to deliver its ambitious growth plans, while also providing a safe and sustainable working environment.



Forus, 15 March 2021

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Alessandro Puliti

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Chief Executive Officer



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VÅR ENERGI AS
Consolidated Financial Statements 2020





VÅR ENERGI AS

CONSOLIDATED FINANCIAL STATEMENTS 2020

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Consolidated statement of income

NOK 1000	Note	2020	2019
Sales revenue	2.2	26 948 710	24 897 174
Other operating revenue	2.3	79 395	318 921
Total operating revenue		27 028 105	25 216 094
Production costs	2.4, 2.5	-7 800 929	-7 467 827
Transportation and processing cost		-2 541 962	-1 250 571
Other operating expenses	2.6	-960 693	-428 823
Exploration costs	2.7, 3.1	-740 326	-932 128
Depreciation	3.1, 3.2	-15 229 241	-9 007 373
Impairment and reversal of impairments	3.2, 3.3	-8 647 809	573 089
Total operating cost		-35 920 961	-18 513 633
Operating profit/(loss) (EBIT)		-8 892 855	6 702 461
Net financial items	5.5	378 643	96 593
Profit/(loss) before income taxes		-8 514 213	6 799 054
Taxes on ordinary income	6.1	2 948 918	-4 288 393
Profit/(loss) for the period		-5 565 295	2 510 661



Consolidated balance sheet

NOK 1000	Note	Year end	
		2020	2019
ASSETS			
Non-current assets			
Intangible assets			
Goodwill	3.1	5 297 884	5 673 107
Capitalized exploration wells	3.1	966 976	768 588
Other intangible assets	3.1	921 997	921 867
Tangible fixed assets			
Wells and production facilities	3.2	85 695 156	95 319 576
Facilities under construction	3.2	25 270 149	16 472 823
Other property, plant and equipment	3.2	311 215	272 242
Financial assets			
Investment in shares	3.6	7 520	7 520
Other non-current assets	3.4	22 985	70 204
Total non-current assets		118 493 882	119 505 927
Current assets			
Inventories	3.5	2 416 423	1 730 336
Trade receivables	7.1, 3.7	1 420 089	4 519 261
Other receivables and financial assets	5.3	1 743 023	5 956 391
Tax receivable	6.1	5 568 958	0
Cash and cash equivalents	5.7	2 324 372	1 790 911
Total current assets		13 472 866	13 996 898
TOTAL ASSETS		131 966 748	133 502 825



Consolidated balance sheet

NOK 1000	Note	Year end	
		2020	2019
EQUITY AND LIABILITIES			
Equity			
Share capital	5.4	399 425	399 425
Share premium	5.4	16 735 425	21 151 241
Other equity	5.4	-5 104 086	560 348
Total equity		12 030 763	22 111 014
Non-current liabilities			
Interest-bearing loans and borrowings	5.1	47 642 216	40 462 433
Deferred tax liabilities	6.1	25 336 273	16 722 022
Non-current abandonment obligation	4.2	36 350 417	29 623 036
Pension liability	2.5	0	226 559
Other non-current liabilities	4.1	1 514 314	886 522
Total non-current liabilities		110 843 220	87 920 572
Current liabilities			
Current abandonment obligation	4.2	224 152	882 192
Accounts payables	7.1	2 157 050	2 225 712
Taxes payable	6.1	224 782	10 110 920
Current portion of interest-bearing loan	5.1	0	1 796 132
Accrued dividend	5.4	1 912 500	1 800 000
Other current liabilities	5.2	4 574 281	6 656 284
Total current liabilities		9 092 765	23 471 240
Total liabilities		119 935 985	111 391 812
TOTAL EQUITY AND LIABILITIES		131 966 748	133 502 825

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Stefano Maione
Board member


Laurits Hosar
Board member

Jan Inge Nesheim
Board member

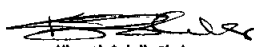
Kristin F. Kragseth
Chief Executive Officer



Consolidated balance sheet

NOK 1000	Note	Year end	
		2020	2019
EQUITY AND LIABILITIES			
Equity			
Share capital	5.4	399 425	399 425
Share premium	5.4	16 735 425	21 151 241
Other equity	5.4	-5 104 086	560 348
Total equity		12 030 763	22 111 014
Non-current liabilities			
Interest-bearing loans and borrowings	5.1	47 642 216	40 462 433
Deferred tax liabilities	6.1	25 336 273	16 722 022
Non-current abandonment obligation	4.2	36 350 417	29 623 036
Pension liability	2.5	0	226 559
Other non-current liabilities	4.1	1 514 314	886 522
Total non-current liabilities		110 843 220	87 920 572
Current liabilities			
Current abandonment obligation	4.2	224 152	882 192
Accounts payables	7.1	2 157 050	2 225 712
Taxes payable	6.1	224 782	10 110 920
Current portion of interest-bearing loan	5.1	0	1 796 132
Accrued dividend	5.4	1 912 500	1 800 000
Other current liabilities	5.2	4 574 281	6 656 284
Total current liabilities		9 092 765	23 471 240
Total liabilities		119 935 985	111 391 812
TOTAL EQUITY AND LIABILITIES		131 966 748	133 502 825

Sandnes, 15 March 2021

Philip D. Hemmens
Chairman
Kjersti Selvik Christ
Board memberTor Espedal
Board memberFrancesco Gattei
Board memberAlessandor Puliti
Board memberStefano Maione
Board memberLaurits Hosar
Board memberJan Inge Nesheim
Board member
Kristin F. Krogseth
Chief Executive Officer



Consolidated balance sheet

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Sandnes, 15 March 2021

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Board memberAlessandro Puliti
Board member
Stefano Malone
Board memberLaurits Hosar
Board memberJan Inge Nesheim
Board memberKristin F. Kragseth
Chief Executive Officer



Consolidated statements of cash flow

NOK 1000	Note	2020	2019
Profit/(Loss) before income taxes		-8 514 213	6 799 054
Depreciation, depletion and amortisation	3.1, 3.2	15 229 241	9 007 373
Impairment/reversal of tangible fixed assets	3.2, 3.3	8 647 809	-573 089
Impairment of exploration wells	3.1	182 467	157 756
(Gain)/loss on sale and retirement of assets	2.3	-9 466	-159 794
Utilization of decommissioning provision	4.2	-955 897	-533 160
Accretion expenses (asset retirement obligation)	4.2	701 519	535 573
Changes in inventories, accounts and other payables, trade and other receivables, and provisions		2 463 462	-1 359 762
Income tax received/(paid)	6,1	-3 675 400	-1 859 239
Accrued pension cost	2.5	0	-35 482
Net cash flows from/-used in operating activities		14 069 521	11 979 230
Expenditures on exploration and evaluation assets	3.1, 3.2	-380 855	-351 314
Expenditures on other property, plant and equipment	3.1, 3.2	-16 434 560	-10 727 919
Proceeds from sale of assets (sales price)		9 466	1 273 053
Business combination	2.1	-285 822	-28 666 514
Net cash flows from/-used in investing activities		-17 091 771	-38 472 694
Proceeds from other paid-in capital		0	0
Dividends		-4 382 058	-14 712 310
Proceeds from loans and borrowings	5.1	9 783 046	34 471 761
Proceeds from loans and borrowings, other	5.1	-1 829 537	-270 990
Net cash from/-used in financing activities		3 571 452	19 488 461
Net change in cash and cash equivalents		549 202	-7 005 003
Cash and cash equivalents, beginning of period		1 790 911	8 776 704
Effect of exchange rate fluctuation on cash held		-15 741	19 210
Cash and cash equivalents, end of period		2 324 372	1 790 911



1.1 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 15 March 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

Name	Business location	Voting/Ownership
		2020
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
		2020
Point Resources FPSO AS	Sandnes, Norway	100 %
PR Jotun DA	Sandnes, Norway	100 %



1.2 Accounting principles

Basis for preparation

The financial statement is reported in accordance with the Norwegian Accounting Act of 1998 and Norwegian General Accepted Accounting Principles.

Basis of consolidation

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. 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.

Business combination 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 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 cash flows from future operations to get to the net present value. If new information becomes available within 12 months from the acquisition date, the Group may change the fair value assessment in the purchase price allocation.

No technical goodwill or 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.

Goodwill arises from difference between the fair value on assets acquired and the calculated purchase price. After initial recognition, goodwill is measured at cost less a straight-line depreciation. The Group has assessed and deemed ten years depreciation plan to be reasonable based on expected production profiles of the acquired assets.

Revenue

Sales of petroleum products are recorded as revenue according to the sales method on the date of delivery, based on the terms and conditions in the sales agreements. Other revenue is recorded at the time of the delivery.

Participation in jointly controlled operations

Vår Energi reflects its net share of income, costs, assets and liabilities in the balance sheet and income statement regarding interests in jointly controlled operations based on the relative ownership share in the individual licenses.

Use of estimates

Estimates and assumptions are used in the preparation of the financial statements in accordance with generally accepted accounting principles. These are based on best estimates available and can deviate from the final actual results.



Income taxes

Income taxes include current payable taxes, adjustment of prior years' payable taxes and deferred taxes. The deferred taxes are calculated using the full liability method, under which temporary timing differences between assets and liabilities in the financial statements are recognised against their tax basis. The earned uplift on incurred investment is fully taken into consideration when calculating the deferred taxes. Deferred tax assets are only recognised if it is highly probable that the asset will be realised.

Provisions for uncertain tax positions are recognized when an outflow of economic resources embodying economic benefits has become probable.

Exploration costs

Exploration drilling costs are treated in accordance with the successful effort 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. Other exploration costs are expensed as incurred.

Net profit interest

The Norwegian State has large holdings in oil and gas licences on the Norwegian continental shelf (NCS) through the State's Direct Financial Interest ("SDFI"). The Balder, Ringhorne, Ringhorne East and Sleipner West fields are subject to a net profit interest ("NPI"), as these fields are located in some of the first licences issued on the NCS. SDFI receives a share of the net profit from the few fields in Norway subject to such agreements. Petoro is a state-owned limited company which manages the SDFI in the Norwegian oil and gas sector.

The net profit interest is calculated on the basis of quarterly cash flows. Losses in a quarter can be offset against profits in subsequent quarters. NPI related to abandonment costs incurred after the production has ceased will be refunded by Petoro.

NPI is classified as other operating expenses.

Development expenditures

The development phase commences when the license partners have decided the concept selection. Direct and indirect expenditures related to development projects are capitalized. 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.

Tangible Assets

Tangible assets 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 deducted and a potential loss or profit is recognized in the profit and loss account.

Intangible assets

Intangible assets are valued at acquisition cost less accumulated depreciations and write offs. When the asset is sold or retired the net book value is deducted and a potential loss or profit is recognized in the profit and loss account.

Goodwill acquired through business combination is depreciated straight-line over 10 years.

Exploration potentials acquired through business combinations are measured according to successful efforts method.

Intangible assets such as software are depreciated on a straight line 3-5 years basis. License rights capitalized as intangible assets are depreciated according to the unit-of-production (UoP) method if there are discoveries in the relevant license that enters production phase.



Depreciation

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

Impairment

Tangible assets are assessed for impairment if there are indicators of a loss of value. The assessment of assets is carried out at the field or license level. If the carrying amount of an asset is greater than its recoverable amount, the asset is written down. Recoverable amount is the higher of fair value less costs to sell and its value in use. Impairments are correspondingly reversed if the conditions for the impairments are no longer present.

Asset retirement costs

Asset retirement costs are calculated in accordance with net present value method in NRS 13 Contingent liabilities and Contingent assets. The present value of the asset retirement costs is recognized in the balance sheet as a part of the acquisition costs of the fixed assets and is depreciated as part of this. The provision corresponds to the present value of the asset retirement obligation in the total economic lifetime of the fixed asset for existing installations. The discount rate used in the calculation of the net present value of the obligation is adjusted in accordance with the estimated time of removal and decommissioning at the fields. Changes in the time element (net present value) of the abandonment provision are expensed annually as a financial item and increase in the asset retirement obligation in the balance sheet. Changes in estimates are recorded as tangible assets.

Vår Energi has a liability as a shipper for Gassled. The liability is recorded as the net present value of estimated future retirement obligations based on accumulated shipped volumes.

Foreign currency

Transactions in foreign currency 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. Financial items are valued at year-end exchange rates and the corresponding currency loss/gain is recorded in the profit and loss account. Exception is when these are hedged by foreign exchange contracts in which case the contract rate is used. Functional currency and presentation currency is NOK.

Inventories

Materials in the warehouse are valued at original cost on the balance sheet. Materials are expensed when they are used. Physical stock of crude oil on operated fields are valued at production cost. Inventories of petroleum products on partner operated fields are included in over/underlifting.

Over-/underlifting and gas loan

Overlift of petroleum products is valued at production cost, while underlift is valued at the lower of production cost and sales value.



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 tjenstepensjon"). 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.

Leasing commitments

Leasing agreements without transfer of material risk and control to the lessee are considered as operational leasing. The Group's leasing expenses in operating leases are reflected as current operating costs.

Leasing agreements not classified as operational leasing are classified as financial lease. The net present value of future lease payments is capitalised as tangible assets and as liabilities. The asset value is depreciated over the lease period. The lease payments are deducted against the liabilities.

Shares in other companies

Shares in other companies are valued at cost or written down to net realizable value if there is a decline in value below the carrying amount. Shares in subsidiaries following business acquisition is initially recognised at fair value in the parent company.

Interest capitalization

Interest expenses related to material development projects are capitalised as a part of the investment.

Put options used for hedging

The Group uses derivative financial instruments, such as Brent Crude put options, to hedge its commodity price risks. The effective portion of the gain or loss on the hedging instrument is recognised in equity, while any ineffective portion is recognised immediately in the profit or loss. Amounts recognised in equity movements are transferred to profit or loss 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 calculated option price multiplied with quantity.

Assets and liabilities

Assets and liabilities to be paid within one year are classified as short-term assets/liabilities. Deferred tax assets and liabilities are offset to the extent that the deferred taxes relate to the same fiscal authority and there is a legally enforceable right to offset current tax assets against current tax liabilities. All deferred taxes are classified as non-current.

Cash flow

The statement of cash flow has been prepared in accordance with the indirect method as per the temporary Norwegian Accounting Standard. Cash consist of cash, bank deposits and short-term deposits in affiliated banks.

Sale of assets

Sale of assets on the Norwegian continental shelf are treated as after-tax transactions according to the petroleum tax act § 10, to ensure tax neutrality. Effective date for tax purposes is January 1, while revenues and costs are booked until completion date.



Notes to the Consolidated Financial Statements



2.1 Business combinations (including proforma)

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.

NOK 1000	2020	2019
Purchase consideration		
Cash consideration	-285 822	28 776 002
Deferred payment*	-	2 894 524
Payment for acquired assets and liabilities	-285 822	31 670 526

* Described in the section below

Deferred payments

The 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:

NOK 1000	2020	2019
ASSETS		
Non-current assets		
Oil and gas properties	-282 814	43 374 488
Exploration prospects	-	919 230
Financial assets	-	5 395
Total non-current assets	-282 814	44 299 113
NOK 1000		
ASSETS		
Current assets		
Inventories	-	1 663 210
Net working capital	97 968	221 111
Cash and short term deposits	-	109 488
Deferred tax asset	-	750 295
Total current assets	97 968	2 744 105
Total assets	-184 847	47 043 217
Non-current liabilities		
Shippers Liability Gassled	-	420 351
Provision for abandonment	-	11 697 475
Total non-current liabilities	-	12 117 826
Current liabilities		
Taxes payable	-205 837	8 764 580
Total current liabilities	-205 837	8 764 580
Total liabilities	-205 837	20 882 407
Total identifiable net assets at fair value		
	20 990	26 160 811
Consideration paid on acquisition	285 822	31 670 526
Goodwill arising on acquisition	264 832	5 509 715

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 expected to be 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 and audit of amounts in 2020 performed. 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	-	109 488
Cash paid	-285 822	28 776 002
Net cash flow on acquisition	-285 822	-28 666 514



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 asset acquisition and the Eni - Point Resources merger had taken place 1 January 2018. The pro-forma figures for 2019 have been collected directly from ExxonMobil, the preliminary completion statement and NPD. Pro-forma figures for 2018 have mainly been taken from the corresponding Annual Report.

	Pro-forma
1 January - 31 December (NOK 1 000)	2019
Sales revenue	43 151 023
Other operating revenue	255 930
Production costs	-13 075 985
EBITDAX	30 330 968
Exploration costs	-940 099
EBITDA	29 390 869
PRODUCTION (kboed)	296,0



2.2 Petroleum revenues

NOK 1000	EU	Norway	2020	2019
Revenue from crude oil sales	18 268 901	7 001	18 275 901	19 507 187
Revenue from gas sales	5 046 843	5 739	5 052 582	3 921 799
Revenue from NGL sales	1 909 452	88 546	1 997 998	1 437 964
Gain from realized crude put options	-	-	1 622 228	30 224
Total petroleum revenues including results from hedging activities	25 225 196	101 286	26 948 710	24 897 174

Key operational figures		2020	2019
Production	boe ⁽¹⁾	97 076 222	56 678 071
Average production per day	boe	265 236	155 282
Average oil price	USD/bbl	38,31	63,00
Average oil price including hedging effects ⁽²⁾	USD/bbl	50,03	63,70
Volumes sold	boe	92 126 939	56 093 158

⁽¹⁾ boe = Barrel of oil equivalent

⁽²⁾ Realized oil price including any realized hedging gains adjusted for difference in tax rate to reflect equivalent oil price effect for physical volumes



2.3 Other operating revenues

NOK 1000	2020	2019
Gain from sale of assets	9 466	160 810
Other operating income	69 929	158 111
Total other operating revenues	79 395	318 921

Asset sale in 2019 and 2020 relates to divestment of 10% ownership interests in six Vår Energi-operated licenses across the Balder and Ringhorne fields in the North Sea to Mime Petroleum AS.

The 2020 other operating income is mainly income from Grane Oil Pipeline. Other operating income in 2019 includes insurance and reimbursement on Goliat.



2.4 Production costs

NOK 1000	2020	2019
Production costs	5 730 317	6 050 036
Environmental taxes	619 983	418 961
Over-/underlift & physical stock adjustments	528 141	567 927
Insurances	612 053	335 984
Premium from realized crude put options	309 875	93 215
Purchase of natural gas	561	1 705
Total production cost	7 800 929	7 467 827

The 2020 production costs include a reversal of pension liability recognised at 31 December 2019 of NOK 214.160 thousand, ref note 2.5.



2.5 Staff costs and remuneration

NOK 1000	2020	2019
Salary expenses	1 351 234	1 241 665
Social security tax (incl. pension and social charges for foreign personnel)	190 583	170 110
Pension cost, defined benefit scheme	-214 160	108 572
Pension cost, defined contribution scheme	97 245	58 207
Other personnel expenses	38 502	135 499
Total	1 463 404	1 714 052

Capitalized salaries and other personnel cost totalled KNOK 241 222 (KNOK 248 878 in 2019) and the share charged to partners in operated joint ventures amounted to KNOK 341 751 (KNOK 324 622 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 tjenstepensjon"). 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 recognized at 31 December 2019 of KNOK 214.160 was reversed in 2020.

There are 901 employees in Vår Energi AS at year-end 2020. Average number of employees during the year was 889.

Remunerations

NOK 1000	2020	2019
Salary	5 720	5 909
Bonus	2 486	3 642
Other	696	679
Pension costs	815	816
Total remuneration to Managing Director	9 717	11 045

Managing Director is part of the defined contribution pension plan.

Members of the board received no remuneration in 2020. The Chairman receives no remuneration. No loans/guarantees have been given to the Managing Director, the Chairman of the Board, or other close parties. The company has no commitments with regard to severance to the Managing Director or the Chairman of the Board.

The Company has a bonus scheme for all employees calculated according to achieved objectives.

Auditors fee

NOK 1000	2020
Statutory audit	5 510
Other attestations	98
Other services*	1 530
Total fee	7 137

*Support for Vår Energi Management System implementation



2.6 Other operating expenses

NOK 1000	Note	2020	2019
R&D cost		236 574	170 727
Legal provisions		167 638	138 093
Net profit interest		17 498	78 335
Value adjustment contingent considerations	4.3, 5.2	641 004	-533
Other expenses		-102 021	42 200
Total other operating expenses		960 693	428 823

Other expenses in 2020 contains a credit effect deriving from stock adjustments.

Movement in value adjustment contingent considerations 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 offshore wind, carbon capture and storage (CCS) and low emissions technologies.

Vår Energi's R&D portfolio includes more than 50 projects, mainly administered in the form of Joint Industry Projects (JIPs) or consortia, but also as bilateral R&D contracts.



2.7 Exploration costs

NOK 1000	Note	2020	2019
Seismic		40 536	161 205
Area Fee		91 958	89 309
Field evaluation		206 974	291 677
Dry well expenses	3.1	182 467	157 756
Other exploration expenses		218 391	232 180
Total exploration costs		740 326	932 128



3.1 Intangible assets

NOK 1000	Goodwill	Other intangible assets	Capitalized exploration wells	Total
Cost as at 1 January 2019	236 350	0	575 231	811 581
Additions	-0	2 767	351 314	354 080
Additions through business combination	5 509 715	919 230	-	6 428 945
Reclassification	-	-	-	-
Disposals / Expensed exploration wells	-	-	-157 957	-157 957
Cost as at 31 December 2019	5 746 065	921 997	768 588	7 436 650
Depletion and impairment as at 1 January 2019	-	0	-	0
Depreciation	-72 958	-130	-	-73 088
Provision for impairment	-	-	-	-
Disposals	-	-	-	-
Depletion and impairment as at 31 December 2019	-72 958	-130	-	-73 088
Net book value as at 31 December 2019	5 673 107	921 867	768 588	7 363 562
Cost as at 1 January 2020	5 746 065	921 997	768 588	7 436 650
Additions	-	-	380 855	380 855
Additions through business combination	264 832	-	-	264 832
Reclassification	-	-	-	-
Disposals / Expensed exploration wells	-	-	-182 467	-182 467
Cost as at 31 December 2020	6 010 897	921 997	966 976	7 899 869
Depletion and impairment as at 1 January 2020	-72 958	-	-	-72 958
Depreciation	-640 055	-	-	-640 055
Provision for impairment	-	-	-	-
Disposals	-	-	-	-
Depletion and impairment as at 31 December 2020	-713 013	-	-	-713 013
Net book value as at 31 December 2020	5 297 884	921 997	966 976	7 186 856

Other Intangible Assets include exploration potentials acquired through business combinations and are measured according to successful efforts method.



3.2 Tangible assets

NOK 1000	Note	Wells and production facilities	Facilities under construction	Other property, plant and equipment	Total
Cost as at 1 January 2019		127 728 610	6 146 781	564 075	134 439 466
Additions		4 789 062	6 735 235	104 390	11 628 686
Additions through business combinations		39 072 447	4 302 041	-	43 374 488
Reclassification		414 853	-711 233	-	-296 380
Disposals		-1 806 340	-	-	-1 806 340
Cost as at 31 December 2019		170 198 633	16 472 823	668 465	187 339 921
Depletion and impairment as at 1 January 2019		-66 568 686	-	-345 398	-66 914 084
Depreciation		-8 916 994	0	-50 825	-8 967 820
Provision / reversal of impairment		573 089	-	-	573 089
Disposals		33 534	-	-	33 534
Depletion and impairment as at 31 December 2019		-74 879 057	0	-396 223	-75 275 280
Net book value as at 31 December 2019		95 319 576	16 472 823	272 242	112 064 641
Cost as at 1 January 2020		170 198 633	16 472 823	668 465	187 339 921
Additions		12 376 038	10 288 466	67 185	22 731 688
Additions through business combinations	2.1	-282 814	-	-	-282 814
Reclassification		1 534 304	-1 547 109	12 805	-
Disposals		-	-	-	-
Cost as at 31 December 2020		183 826 160	25 214 180	748 455	209 788 795
Depletion and impairment as at 1 January 2020		-74 879 057	0	-396 223	-75 275 280
Depreciation		-14 548 168	-	-41 017	-14 589 185
Provision / reversal of impairment*		-8 703 778	55 969	-	-8 647 809
Disposals		-	-	-	-
Depletion and impairment as at 31 December 2020		-98 131 003	55 969	-437 241	-98 512 275
Net book value as at 31 December 2020		85 695 156	25 270 149	311 215	111 276 520

As at 31 December 2020 NOK 424 467 of the gross book value relates to capitalized interest.

Specification of increase in asset retirement cost and depreciation

NOK 1000	2020	2019
Increase/decrease in asset retirement cost**	6 300 655	11 905 001
Depreciation of capitalized asset retirement cost	-5 475 068	-1 810 003

*See note 3.3 for information regarding impairment charges

**Includes additions through business combination in 2019



3.3 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 management monitors business activity and if an asset or license generates its own independent inflow of cash.

Impairment is recognized 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 to sell and value in use. Write-downs are correspondingly reversed if the conditions for the write-down are no longer present. Upper limit of reversal is the historical write-down less estimated depreciation as if the impairment had not taken place.

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.

Impairment testing of goodwill

Most of the goodwill on the balance sheet relates to the asset acquisition from ExxonMobil in December 2019. Testing for impairment has been performed by evaluating the goodwill against the remaining positive effects by CGUs (were NPV>NBV) with the result of no impairment to be recognized per 31.12.2020.

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

Oil and gas reserves

Future cash flows are calculated on the basis of expected production profiles and estimated proven, probable and risked possible reserves. The recoverable amount is sensitive to changes in reserves.

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.

Inflation

The long-term inflation rate is assumed to be 1.9%

Impairment charge/reversal

Vår Energi recognized impairments of NOK 8 648 million in 2020. The impairments relate to a number of fields with the most significant being Balder Area, Grane, Snorre, Trestakk and Goliat.

The 2020 impairments were mainly due to lower forward price scenarios compared to the fair values recognized through the Eni - Point Resources merger in 2018 and the ExxonMobil assets purchase in 2019.



3.4 Other non-current assets

NOK 1000	Note	2020	2019
Receivables decommissioning costs for Jotun	4.2	-	22 112
Other		22 985	48 092
Total other non-current assets		22 985	70 204

Other mainly consists of non-current slot fee prepayment, where Marulk is paying a fee to Alve for use of umbilical at Alve



3.5 Inventories

NOK 1000	2020	2019
Spare parts & drilling material	1 988 755	1 548 155
Physical oil inventory	427 668	182 181
Total inventory	2 416 423	1 730 336



3.6 Investment in shares

NOK 1000	Business location	2020	
		Book Value	Ownership
Norpipe Oil AS	Tananger, Norway	1 526	6,52 %
Tjeldbergodden Utvikling AS	Kjørsvikbugen, Norway	600	0,48 %
Ormen Lange Eiendom DA	Tananger, Norway	5 395	6,34 %



3.7 Trade receivables

NOK 1000	2020	2019
Trade receivables	2 599 113	4 519 261
Sale of trade receivables	-1 179 024	-
Total trade receivables	1 420 089	4 519 261



4.1 Other non-current liabilities

NOK 1000	Note	2020	2019
Contingent consideration	4.3	664 488	56 923
Deferred revenue ⁽¹⁾		102 586	102 586
Lease commitment Forus office	4.3	175 851	177 288
Removal provision Gassled	4.2	571 389	549 725
Total other non-current liabilities		1 514 314	886 522

⁽¹⁾ *Deferred revenue*

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 amortized over the lease term (20 years).



4.2 Abandonment obligation

NOK 1000	Total
Total obligation at 31 December 2019	30 505 227
Change in estimate	6 323 721
Accretion discount	701 519
Utilization abandonment fund	-955 898
Total obligation at 31 December 2020	36 574 569
Estimated abandonment period:	2021-2057
NOK 1000	2020
Non-current abandonment obligation	36 350 417
Current abandonment obligation	224 152
Total obligation at 31 December 2019	36 574 569

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%

The nominal value of the estimate is KNOK 36 137 537 at 31 December 2020.

The 2020 utilization of abandonment fund (abex) is mainly related to the Jotun decommissioning project with KNOK 615 841 spend 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 KNOK 571 389 for this purpose at 31 December 2020.



4.3 Commitments and contingent liabilities

Other contractual obligations

Minimum work programs

The Group 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.

Operating lease commitments

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. In addition, as a partner in the Ekofisk-license the Group has a leasing agreement for the offices and base in Tananger. Future minimum lease payments under non-cancellable operating leases as at 31 December are as follows:

NOK 1000	2020	2019
Within one year	2 344 560	1 082 260
After one year but not more than five years	3 564 820	4 155 613
More than five years	381 973	427 207
Total operating lease commitments	6 291 353	5 665 080

Finance lease commitments

After Point Resources AS sold the shares in ExxonMobil Property Norway (2) AS in 2017 it immediately entered a finance lease for the office building located in Grenseveien 6, 4313 Sandnes. The rent is adjusted annually in accordance with the Norwegian consumer price index. The contract expires October 2037. The lease agreement does not provide explicit extension or purchase rights. Future minimum lease payments, together with the present value of the net minimum lease payments are as follows:

NOK 1000	2020	
	Minimum payments	Present value of payments
Within one year	21 537	20 392
After one year but not more than five years	86 794	65 256
More than five years	312 095	110 595
Total minimum lease payments	420 426	196 243
Less amounts representing finance charges	(224 183)	-
Present value of minimum lease payments	196 243	196 243

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 KNOK 15 416 in favour of Aker BP ASA in relation to decommissioning cost on Snorre.

In connection with the asset acquisition from ExxonMobil, Eni International B.V. has issued a guarantee for the asset removal obligations. Vår Energi pays an annual fee to Eni International B.V. The fee for 2020 amounted to KNOK 183 730. The underlying asset retirement obligation is recognized in the Vår Energi balance sheet accounts, ref. note 4.2.

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.

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 KUSD 109 394 / KNOK 920 305 and was recognised as a liability. The current liability share is KNOK 255 817.

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 KUSD 25 000. As of 31 December 2020, the fair value of future contingent consideration was estimated to KUSD 125 / KNOK 1 070 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.



5.1 Interest-bearing loans

Interest-bearing loans and borrowings

NOK thousand	2020	2019
RBL credit facility	45 521 421	38 373 672
Deferred payment ExxonMobil 2022	2 734 610	2 764 791
Prepaid RBL loan expenses	(613 814)	(676 029)
Total non-current interest-bearing loans and borrowings	47 642 216	40 462 433
<hr/>		
Current interest-bearing loans and liabilities	2020	2019
Deferred payment ExxonMobil 2020	0	1 796 132
Total current interest-bearing loans and borrowings	0	1 796 132
<hr/>		
Total interest-bearing loans and borrowings	47 642 216	42 258 566

On 24 March 2020, Vår Energi signed two unsecured revolving credit facility agreements for a total amount of USD 600million with a tenor of 3 years. In relation to the reserve based lending facility 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 related to a maximum ratio of net debt divided by EBITDAX and a minimum ratio of EBITDA to Interest Expenses. The Group is in compliance with its covenants as at 31 December 2020.

The first payment of the RBL credit facility is 1 Dec 2022. The final payment is in 2024.

Credit facilities - utilised and unused amount

NOK 1000	2020	2019
Drawn amount credit facilities	45 521 421	38 373 672
Undrawn amount credit facilities	7 225 861	8 237 429

Letter of Credit amounting to KNOK 15 416 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.



5.2 Other current liabilities

NOK 1000	Note	2020	2019
Net overlift of hydrocarbons		1 001 630	1 515 898
Net payables to joint operations		2 612 567	1 051 385
Employees		135 632	189 507
Accrued public charges and indirect taxes		47 937	190 824
Lease commitment Grenseveien office	4.3	20 392	19 894
Contingent consideration	4.3	256 887	31 763
Oil put options liability	5.6	497 131	292 008
Currency forward contracts		-	2 634 090
Other payables		2 105	730 915
Total other current liabilities		4 574 281	6 656 284



5.3 Other receivables and financial assets

NOK 1000	Note	2020	2019
Net underlift of hydrocarbons		1 228 455	2 475 958
Employees		-	183
Prepaid expenses		208 343	41 840
Oil put options asset	5.6	224 753	146 064
Currency forward contracts		-	2 748 300
Receivables decommissioning costs for Jotun	4.2	-	422 555
Other		81 472	121 491
Total current receivables		1 743 023	5 956 391



5.4 Changes in shareholder's equity

NOK 1000	Share Capital	Share Premium	Other Equity	Total Equity
Opening Balance	399 425	21 151 241	560 348	22 111 014
Dividends Accrued	-	(1 912 500)	-	(1 912 500)
Dividends Paid	-	(2 503 316)	-	(2 503 316)
Transactions booked to equity ⁽¹⁾	-	-	(99 140)	(99 140)
Profit and loss for the year	-	-	(5 565 295)	(5 565 295)
Closing balance	399 425	16 735 425	(5 104 086)	12 030 763

Share capital amounted to NOK 399 425 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 and Point Resources Holding AS with 120 427. In 2020, 998 shares were transferred from Point Resources Holding AS to ENI International B.V.

⁽¹⁾ Fair value adjustment of oil put options booked to equity post tax.



5.5 Financial income and financial expenses

NOK 1000	Note	2020	2019
Interest income on bank accounts and receivables		298 434	115 006
Dividends		342	1 760
Other financial income		-	-
Financial income		298 776	116 766
		-	-
Currency forward contracts gain/(loss)		-114 210	114 210
Other exchange rate gain/(loss)		2 684 601	1 094 652
Net exchange rate gain / (loss)		2 570 391	1 208 862
Interest expenses		-1 636 615	-676 816
Accretion expenses (asset retirement obligation)	4.2	-701 519	-552 220
Other financial expenses		-152 390	-
Financial expenses		-2 490 524	-1 229 035
Net financial items		378 643	96 593



5.6 Financial instruments

The Group uses derivative financial instruments, such as Brent crude put options, to hedge its commodity price risks, respectively.

As of 31 December 2020 the Group had Brent crude oil put options in place with a strike of USD 40/bbl. for approximately 28 per cent of the 2021 oil production.

Brent Crude put options - financial assets

NOK 1000	Note	2020	2019
The beginning of the period		146 064	135 399
Increased market value on realized put options		1 355 871	-
Realised gain brent crude put options	2.2	-1 622 228	-
Realised loss brent crude put options		-43 518	-62 991
Effective portion booked to equity (before tax)		-130 435	-194 148
New Brent Crude put options		497 131	273 780
Forex translation effect		21 867	-5 977
The end of the period		224 753	146 064

As at 31 December 2020, the fair value of outstanding Brent Crude oil put options amounted to an asset of KNOK 224 753. The unrealized loss of NOK 272 753 thousand is booked to equity.

Brent Crude put options - liabilities

NOK 1000	Note	2020	2019
The beginning of the period		-292 008	-102 710
Realised Brent Crude put options	2.4	309 875	93 218
New Brent Crude put options		-497 131	-273 780
Forex translation effect		-17 866	-8 736
The end of the period		-497 131	-292 008

All put option contracts are due in 2021. Sales revenue for 2020 includes realized gains from put options under hedging activities in the amount of NOK 1.622.228 thousand. Premium paid for put options of NOK 309.875 thousand has been charged to production cost.



5.7 Cash and cash equivalents

NOK 1000	2020	2019
Bank deposits, unrestricted	2 243 546	1 720 255
Bank deposit, restricted, employee taxes	80 826	70 656
Total bank deposits	2 324 372	1 790 911



6.1 Income Taxes

Profit and loss - NOK million	2020	2019
Basis for taxes:		
Income before taxes	-8 514 213	6 799 054
Marginal tax rate (78%)	-6 641 086	5 303 262
Tax effect of:		
- Permanent and other differences	9 135 183	602 800
- Items taxed at other tax rates	-3 304 988	-373 557
- Earned uplift	-2 665 520	-1 263 641
- Previous years' adjustment	527 493	19 528
Current year tax cost	-2 948 918	4 288 393
Specification of the current year tax cost		
Payable tax	-11 954 843	2 292 465
Previous years payable taxes	380 984	19 528
Deferred tax related to tax rate change	-	-
Deferred tax	8 624 941	1 976 399
Current year tax cost	-2 948 918	4 288 393
Payable tax as of 31.12		
Income before taxes	-8 514 213	6 799 054
Permanent difference	10 006 523	775 928
Change in timing differences	-262 691	-3 170 821
Base for 22% income tax	1 229 619	4 404 161
Uplift	-6 274 852	-1 452 453
Temporary for special tax	-16 527 282	-
Onshore income	-258 484	-588 226
Base for 56% special tax	-21 830 999	2 363 482
Payable tax in the beginning of the period	10 110 920	887 380
Payable tax	-11 954 843	2 292 465
Previous years payable taxes	380 984	19 528
Income tax received/(paid)	-3 675 400	-1 859 239
Acquisition of ExxonMobil fields / Point Resources net tax payable	-205 836	8 770 785
Net tax payable/(receivable) at year-end	-5 344 176	10 110 920
Temporary timing differences as of 31.12		
	2020	2019
Properties, plant and equipment	54 150 763	51 543 295
Decommissioning/environmental liabilities	-37 239 733	-30 433 718
Pension liability	-	-225 187
Other	9 600 826	3 439 702
Basis for deferred ordinary taxes	26 511 855	24 324 092
Future uplift	-1 913 659	-3 428 654
Tax depreciation special tax	16 527 282	-
Onshore activity	-7 050 770	-969 621
Basis for deferred special taxes	34 074 708	19 925 817
Ordinary tax 22%	5 832 608	5 351 300
Special tax 56%	19 081 837	11 158 458
Items taxed at other tax rates	421 828	212 264
Deferred tax liabilities	25 336 273	16 722 022

Deferred taxes includes taxes related to items recognised directly in equity for pensions (note 2.5) and put options (note 5.6). For 2020 a total of KNOK 10 690 in tax income has been recognized through equity.



7.1 Related parties

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		
NOK 1000	2020	2019
Customers		
Eni Trading & Shipping SpA	1 481 247	1 815 544
Eni SpA	258 413	72 717
Eni Angola SpA	18 128	19 464
Other	5 879	8 472
Total customers	1 763 668	1 916 197

All receivables are due within 1 year.

Current liabilities		
NOK 1000	2020	2019
Suppliers		
Eni SpA	184 813	160 952
Eni International BV	183 730	-
Eni Trading & Shipping SpA	38 151	159 501
Other	1 264	5 013
Total suppliers	407 958	325 465



Sales revenue

NOK 1000	2020	2019
Eni Trading & Shipping SpA	12 221 303	14 445 646
Eni SpA	1 054 656	782 992
Total sales revenue	13 275 959	15 228 638

Operating and capital expenditure

NOK 1000	2020	2019
Eni SpA	366 141	304 736
Eni International BV	193 342	-
Eni Trading & Shipping SpA	170 002	340 522
Eni International Resources Ltd.	30 760	41 001
Other	11 357	15 396
Total operating and capital expenditures	771 602	701 655

Financial income

NOK 1000	2020	2019
Financial income		
Eni Finance International	-	1 990
Total financial income	-	1 990

Financial expenses

Eni SpA	43	914
Eni Finance International	-	62
Total financial expenses	43	976



7.2 License ownerships

Fields	WI %	Operator
BALDER	90,0%	Vår Energi
BAUGE	17,5%	Equinor
BRAGE	12,3%	Wintershall Dea
BØYLA	20,0%	Aker BP
EDDA	12,4%	ConocoPhillips
EKOFISK	12,4%	ConocoPhillips
ELDFISK	12,4%	ConocoPhillips
EMBLA	12,4%	ConocoPhillips
FENJA	45,0%	Neptune Energy
FRAM	25,0%	Equinor
GOLIAT	65,0%	Vår Energi
GRANE	28,3%	Equinor
GUNGNE	13,0%	Equinor
HEIDRUN	5,2%	Equinor
HYME	17,5%	Equinor
JOHAN CASTBERG	30,0%	Equinor
KRISTIN	19,1%	Equinor
MARULK	20,0%	Vår Energi
MIKKEL	48,4%	Equinor
MORVIN	30,0%	Equinor
NORNE	6,9%	Equinor
ORMEN LANGE	6,3%	Norske Shell
RINGHORNE ØST	70,0%	Vår Energi
SIGYN	40,0%	Equinor
SKULD	11,5%	Equinor
SLEIPNER VEST	17,2%	Equinor
SLEIPNER ØST	15,4%	Equinor
SNORRE	18,6%	Equinor
STATFJORD	21,4%	Equinor
STATFJORD NORC	25,0%	Equinor
STATFJORD ØST	20,6%	Equinor
SVALIN	13,0%	Equinor
SYGNA	21,0%	Equinor
TOR	10,8%	ConocoPhillips
TORDIS	16,1%	Equinor
TRESTAKK	40,9%	Equinor
TYRIHANS	18,0%	Equinor
URD	11,5%	Equinor
VIGDIS	16,1%	Equinor
ÅSGARD	22,1%	Equinor



Licenses	WI %	Operator	Licenses	WI %	Operator
PL001	90 %	Vår Energi	PL257	15 %	Equinor
PL001 CS	100 %	Vår Energi	PL263 C	10 %	Equinor
PL018	12 %	ConocoPhillips	PL275	12 %	ConocoPhillips
PL018 B	12 %	ConocoPhillips	PL293	25 %	Equinor
PL027	90 %	Vår Energi	PL312	41 %	Equinor
PL027 B	100 %	Vår Energi	PL312 B	41 %	Equinor
PL027 C	90 %	Vår Energi	PL340	20 %	Aker BP
PL027 FS	100 %	Vår Energi	PL340 BS	20 %	Aker BP
PL027 GS	90 %	Vår Energi	PL348	18 %	Equinor
PL028	90 %	Vår Energi	PL348 B	18 %	Equinor
PL028 C	13 %	Equinor	PL375	20 %	Equinor
PL028 S	90 %	Vår Energi	PL393	50 %	Equinor
PL029	85 %	Vår Energi	PL473	39 %	Equinor
PL037	25 %	Equinor	PL479	34 %	Equinor
PL044	13 %	ConocoPhillips	PL489	40 %	Vår Energi
PL046	13 %	Equinor	PL516	12 %	Equinor
PL053 B	12 %	Wintershall Dea	PL532	30 %	Equinor
PL055	12 %	Wintershall Dea	PL554	30 %	Equinor
PL055 B	12 %	Wintershall Dea	PL554 B	30 %	Equinor
PL055 D	12 %	Wintershall Dea	PL554 C	30 %	Equinor
PL055 E*	12 %	Wintershall Dea	PL554 D	30 %	Equinor
PL057	5 %	Equinor	PL586	45 %	Neptune
PL062	10 %	Equinor	PL608	30 %	Equinor
PL072	40 %	Equinor	PL740	50 %	DNO Norge
PL072 B	50 %	Equinor	PL740 B	50 %	DNO Norge
PL073	12 %	Equinor	PL740 C	50 %	DNO Norge
PL073 B	15 %	Equinor	PL777	20 %	Aker BP
PL074	39 %	Equinor	PL777 B	20 %	Aker BP
PL074 B	39 %	Equinor	PL777 C	20 %	Aker BP
PL089	16 %	Equinor	PL777 D	20 %	Aker BP
PL090	25 %	Equinor	PL784	20 %	Aker BP
PL090 E	25 %	Equinor	PL796	20 %	Equinor
PL090 I	25 %	Equinor	PL796 B	20 %	Equinor
PL091	41 %	Equinor	PL822 S	40 %	Aker BP
PL091 D	41 %	Equinor	PL843	20 %	Aker BP
PL091 E	41 %	Equinor	PL869	20 %	Aker BP
PL092	55 %	Equinor	PL901	50 %	Vår Energi
PL094	34 %	Equinor	PL911	60 %	Vår Energi
PL094 B	22 %	Equinor	PL912	30 %	ConocoPhillips
PL095	5 %	ConocoPhillips	PL917	20 %	ConocoPhillips
PL107 B	5 %	Equinor	PL917 B	20 %	ConocoPhillips
PL107 D	5 %	Equinor	PL930	20 %	Equinor
PL121	35 %	Equinor	PL938	20 %	Neptune
PL122	20 %	Vår Energi	PL946	40 %	Equinor
PL122 B	20 %	Vår Energi	PL947	40 %	Equinor
PL122 C	20 %	Vår Energi	PL947 B	40 %	Equinor
PL122 D	20 %	Vår Energi	PL951	20 %	Aker BP
PL124	10 %	Equinor	PL956	70 %	Vår Energi



Licenses	WI %	Operator	Licenses	WI %	Operator
PL128	12 %	Equinor	PL977	40 %	Aker BP
PL128 B	7 %	Equinor	PL978	40 %	Aker BP
PL128 D	12 %	Equinor	PL980	60 %	Vår Energi
PL128 E	12 %	Equinor	PL984	30 %	DNO Norge
PL134	30 %	Equinor	PL984 BS	30 %	DNO Norge
PL134 B	30 %	Equinor	PL985	40 %	Vår Energi
PL134 C	30 %	Equinor	PL987	20 %	Suncor
PL134 D	30 %	Equinor	PL987 B	20 %	Suncor
PL145	20 %	ConocoPhillips	PL988	30 %	Lundin
PL169	13 %	Equinor	PL1001	20 %	ConocoPhillips
PL169 B1	7 %	Equinor	PL1005	40 %	Aker BP
PL169 B2	10 %	Equinor	PL1010	40 %	Wintershall Dea
PL169 E	13 %	DNO Norge	PL1025 S	30 %	Vår Energi
PL185	12 %	Wintershall Dea	PL1035	30 %	Suncor
PL199	15 %	Equinor	PL1042	30 %	Aker BP
PL201	67 %	Vår Energi	PL1043	40 %	Vår Energi
PL209	10 %	Equinor	PL1050	21 %	Equinor
PL219	50 %	Equinor	PL1065	40 %	Vår Energi
PL220	15 %	Equinor	PL1070	30 %	Total
PL229	65 %	Vår Energi	PL1072	70 %	Vår Energi
PL229 B	65 %	Vår Energi	PL1073	70 %	Vår Energi
PL229 D	50 %	Vår Energi	PL1074	40 %	Vår Energi
PL229 E	50 %	Vår Energi	PL1075	60 %	Vår Energi
PL229 F	65 %	Vår Energi	PL1078	30 %	Equinor
PL237	22 %	Equinor	PL1079	30 %	Vår Energi
PL250	6 %	Shell	PL1080	30 %	Equinor



7.3 Proved developed reserves (un-audited)

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



Concession periods expire as follows:		Year
Ekofisk	PL 018/PL 018 B	2028
Tor	PL 006/PL 018	2028
Heidrun	PL 095	2024
Heidrun	PL 124	2025
Johan Castberg	PL 532	2049
Kristin	PL 134D	2027
Mikkel	PL 092/PL 121	2024
Nørne	PL 128/PL 128 B	2026
Urd	PL 128	2026
Skuld	PL 128	2026
Åsgard	PL 062/PL 074/PL 094/ PL 094 B/PL 134/PL 237/PL 479	2027
Tyrhans	PL 073/PL 073 B/PL 091	2029
Trestakk	PL 091/PL 091D	2029
Marulk	PL 122	2025
Morvin	PL 134B/P L034C	2027
Goliat	PL229	2042
Balder Ringhome	PL 001/PL 027/PL 027C PL 169/PL 028	2030
Ringhorne Øst	PL 027/PL 169E	2030
Brage	PL 053B/PL 055/PL 185 PL 055B/PL 055D	2030
Snorre	PL 057	2040
Bøyla	PL 340/PL 340BS	2029
Hyme	PL 348	2029
Bauge	PL 348/PL 348B	2029
Fram	PL 090 / 090E	2024
Grane	PL 001CS/PL 169B1	2030
Gungne	PL 046	2028
Ormen Lange	PL 208/PL 250	2041
Sigyn	PL 072	2022
Sleipner East	PL 046	2028
Sleipner West	PL 029/PL 046	2028
Statfjord Unit	PL 037	2026
Statfjord East	PL 037/PL 089	2040
Statfjord North	PL 037	2026
Sygna	PL 037/PL 089	2040
Svalin	PL 169	2030
Tordis	PL 089	2040
Vigdis	PL 089	2040



VÅR ENERGI AS
Financial Statements 2020
Parent company





VÅR ENERGI AS

FINANCIAL STATEMENTS 2020

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Statement of income

NOK 1000	Note	2020	2019
Sales revenue	2.2	26 948 710	24 897 174
Other operating revenue	2.3	79 395	308 893
Total operating revenue		27 028 105	25 206 066
Production costs	2.4, 2.5	-8 225 890	-7 862 333
Transportation and processing cost		-2 541 962	-1 250 571
Other operating expenses	2.6	-960 693	-405 125
Exploration costs	2.7, 3.1	-740 326	-932 128
Depreciation	3.1, 3.2	-15 035 651	-8 634 916
Impairment and reversal of impairments	3.2, 3.3	-9 005 648	573 089
Total operating cost		-36 510 171	-18 511 984
Operating profit/(loss) (EBIT)		-9 482 066	6 694 083
Net financial items	5.5	413 815	111 184
Profit/(loss) before income taxes		-9 068 251	6 805 267
Taxes on ordinary income	6.1	2 538 608	-4 288 806
Profit/(loss) for the period		-6 529 643	2 516 461



Balance sheet

NOK 1000	Note	Year end	
		2020	2019
ASSETS			
Non-current assets			
Intangible assets			
Goodwill	3.1	5 297 884	5 673 107
Capitalized exploration wells	3.1	966 976	768 588
Other intangible assets	3.1	921 997	921 867
Tangible fixed assets			
Wells and production facilities	3.2	83 818 857	93 239 354
Facilities under construction	3.2	28 398 170	16 472 823
Other property, plant and equipment	3.2	311 215	272 242
Financial assets			
Investment in shares	3.6	2 193 760	2 204 093
Other non-current assets	3.4	22 985	70 204
Total non-current assets		121 931 844	119 622 279
Current assets			
Inventories	3.5	2 416 423	1 699 859
Trade receivables	7.1, 3.7	1 420 452	4 507 451
Other receivables and financial assets	5.3	1 757 108	5 956 391
Tax receivable	6.1	5 568 958	0
Cash and cash equivalents	5.7	2 091 768	1 233 276
Total current assets		13 254 711	13 396 977
TOTAL ASSETS		135 186 555	133 019 256



Balance sheet

NOK 1000	Note	Year end	
		2020	2019
EQUITY AND LIABILITIES			
Equity			
Share capital	5.4	399 425	399 425
Share premium	5.4	16 735 425	21 151 241
Other equity	5.4	-6 095 619	532 881
Total equity		11 039 230	22 083 547
Non-current liabilities			
Interest-bearing loans and borrowings	5.1	47 642 216	40 462 433
Deferred tax liabilities	6.1	26 051 638	16 806 745
Non-current abandonment obligation	4.2	36 350 417	29 623 036
Pension liability	2.5	0	226 559
Other non-current liabilities	4.1	1 514 314	886 522
Total non-current liabilities		111 558 585	88 005 294
Current liabilities			
Current abandonment obligation	4.2	224 152	882 192
Accounts payables	7.1	5 877 727	2 196 502
Taxes payable	6.1	0	10 031 772
Current portion of interest-bearing loan	5.1	0	1 363 893
Accrued dividend	5.4	1 912 500	1 800 000
Other current liabilities	5.2	4 574 361	6 656 056
Total current liabilities		12 588 740	22 930 414
Total liabilities		124 147 324	110 935 708
TOTAL EQUITY AND LIABILITIES		135 186 555	133 019 256

Sandnes, 15 March 2021

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Statements of cash flow

NOK 1000	Note	2020	2019
Profit/(Loss) before income taxes		-9 068 251	6 805 267
Depreciation, depletion and amortisation	3.1, 3.2	15 035 651	8 634 916
Impairment/reversal of tangible fixed assets	3.2, 3.3	9 005 648	-573 089
Impairment of exploration wells	3.1	182 467	157 756
(Gain)/loss on sale and retirement of assets	2.3	-9 466	-159 794
Utilization of decommissioning provision	4.2	-955 897	-533 160
Accretion expenses (asset retirement obligation)	4.2	701 519	535 573
Changes in inventories, accounts and other payables, trade and other receivables, and provisions		6 135 171	-1 354 171
Income tax received/(paid)	6.1	-3 600 702	-1 803 056
Accrued pension cost	2.5	0	-35 482
Net cash flows from/-used in operating activities		17 426 140	11 674 761
Expenditures on exploration and evaluation assets	3.1, 3.2	-380 855	-351 314
Expenditures on other property, plant and equipment	3.1, 3.2	-19 920 420	-10 727 919
Proceeds from sale of assets (sales price)		9 466	1 273 053
Business combination	2.1	-285 822	-28 776 002
Net cash flows from/-used in investing activities		-20 577 631	-38 582 182
Proceeds from other paid-in capital		0	0
Dividends		-4 382 058	-14 712 310
Proceeds from loans and borrowings	5.1	9 783 046	34 471 761
Proceeds from loans and borrowings, other	5.1	-1 372 559	0
Net cash from/-used in financing activities		4 028 429	19 759 451
Net change in cash and cash equivalents		876 938	-7 147 970
Cash and cash equivalents, beginning of period		1 233 276	8 376 437
Effect of exchange rate fluctuation on cash held		-18 446	4 809
Cash and cash equivalents, end of period		2 091 768	1 233 276



1.1 Corporate information

The financial statements of Vår Energi AS ("Vår Energi" or "the Company") for the year ended 31 December 2020 were authorised for issue in accordance with a Board resolution on 15 March 2021. Vår Energi AS is a limited liability company incorporated and domiciled in Norway and the Company's shares are privately held. The head office is located at Vestre Svanholmen 1, 4313 Sandnes, Norway.

Vår Energi AS 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).

On 10 December 2019, Vår Energi acquired ExxonMobil's partner-operated business in Norway from ExxonMobil Exploration and Production Norway AS. The acquisition included transfer of ExxonMobil's onshore E&P staff in Norway and the shares in subsidiary Vår Energi Marine AS (renamed from Standard Marine Tønsberg AS). More detailed information is included in note 2.1.



1.2 Accounting principles

Refer to Note 1.2 in the Consolidated Financial Statements disclosing information to the Company's accounting policies.



Notes to the Financial Statements
Parent company



2.1 Business combinations (including proforma)

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.

NOK 1000	2020	2019
Purchase consideration		
Cash consideration	-285 822	28 776 002
Deferred payment*	-	2 894 524
Payment for acquired assets and liabilities	-285 822	31 670 526

* Described in the section below

Deferred payments

The 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:

NOK 1000	2020	2019
ASSETS		
Non-current assets		
Oil and gas properties	-272 481	43 338 304
Exploration prospects	-	919 230
Financial assets	-10 333	151 067
Total non-current assets	-282 814	44 408 601
NOK 1000		
ASSETS		
Current assets		
Inventories	-	1 663 210
Net working capital	97 968	221 111
Cash and short term deposits	-	-
Deferred tax asset	-	750 295
Total current assets	97 968	2 634 616
Total assets	-184 847	47 043 217
Non-current liabilities		
Shippers Liability Gassled	-	420 351
Provision for abandonment	-	11 697 475
Total non-current liabilities	-	12 117 826
Current liabilities		
Taxes payable	-205 837	8 764 580
Total current liabilities	-205 837	8 764 580
Total liabilities	-205 837	20 882 407
Total identifiable net assets at fair value		
	20 990	26 160 811
Consideration paid on acquisition	285 822	31 670 526
Goodwill arising on acquisition	264 832	5 509 715

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 expected to be 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 and audit of amounts in 2020 performed. When new information becomes available within 12 months from the acquisition date, the Company 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	-	-
Cash paid	-285 822	28 776 002
Net cash flow on acquisition	-285 822	-28 776 002



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 Company has been calculated as if the ExxonMobil asset acquisition and the Eni - Point Resources merger had taken place 1 January 2018. The pro-forma figures for 2019 have been collected directly from ExxonMobil, the preliminary completion statement and NPD.

	Pro-forma
1 January - 31 December (NOK 1 000)	2019
Sales revenue	43 151 023
Other operating revenue	255 930
Production costs	-13 075 985
EBITDAX	30 330 968
Exploration costs	-940 099
EBITDA	29 390 869
PRODUCTION (kboed)	296,0



2.2 Petroleum revenues

NOK 1000	EU	Norway	2020	2019
Revenue from crude oil sales	18 268 901	7 001	18 275 901	19 507 187
Revenue from gas sales	5 046 843	5 739	5 052 582	3 921 799
Revenue from NGL sales	1 909 452	88 546	1 997 998	1 437 964
Gain from realized crude put options	-	-	1 622 228	30 224
Total petroleum revenues including results from hedging activities	25 225 196	101 286	26 948 710	24 897 174

Key operational figures		2020	2019
Production	boe ⁽¹⁾	97 076 222	56 678 071
Average production per day	boe	265 236	155 282
Average oil price	USD/bbl	38,31	63,00
Average oil price including hedging effects ⁽²⁾	USD/bbl	50,03	63,70
Volumes sold	boe	92 126 939	56 093 158

⁽¹⁾ boe = Barrel of oil equivalent

⁽²⁾ Realized oil price including any realized hedging gains adjusted for difference in tax rate to reflect equivalent oil price effect for physical volumes



2.3 Other operating revenues

NOK 1000	2020	2019
Gain from sale of assets	9 466	160 810
Other operating income	69 929	148 083
Total other operating revenues	79 395	308 893

Asset sale in 2019 and 2020 relates to divestment of 10% ownership interests in six Vår Energi-operated licenses across the Balder and Ringhorne fields in the North Sea to Mime Petroleum AS.

The 2020 other operating income is mainly income from Grane Oil Pipeline. Other operating income in 2019 includes insurance and reimbursement on Goliat.



2.4 Production costs

NOK 1000	2020	2019
Production costs	6 155 277	6 444 542
Environmental taxes	619 983	418 961
Over-/underlift & physical stock adjustments	528 141	567 927
Insurances	612 053	335 984
Premium from realized crude put options	309 875	93 215
Purchase of natural gas	561	1 705
Total production cost	8 225 890	7 862 333

The 2020 production costs include a reversal of pension liability recognised at 31 December 2019 of NOK 214.160 thousand, ref note 2.5.



2.5 Staff costs and remuneration

Refer to Note 2.5 in the Consolidated Financial Statements disclosing information to the Company's staff costs and remuneration.



2.6 Other operating expenses

NOK 1000	Note	2020	2019
R&D cost		236 574	170 727
Legal provisions		167 638	138 093
Net profit interest		17 498	78 335
Value adjustment contingent considerations	4.3, 5.2	641 004	
Other expenses		-102 021	17 970
Total other operating expenses		960 693	405 125

Other expenses in 2020 contains a credit effect deriving from stock adjustments.

Movement in value adjustment contingent considerations 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 offshore wind, carbon capture and storage (CCS) and low emissions technologies.

Vår Energi's R&D portfolio includes more than 50 projects, mainly administered in the form of Joint Industry Projects (JIPs) or consortia, but also as bilateral R&D contracts.



2.7 Exploration costs

Refer to Note 2.7 in the Consolidated Financial Statements disclosing information to the Company's exploration costs.



3.1 Intangible assets

NOK 1000	Goodwill	Other intangible assets	Capitalized exploration wells	Total
Cost as at 1 January 2019	236 350	0	575 231	811 581
Additions	-0	2 767	351 314	354 080
Additions through business combination	5 509 715	919 230	-	6 428 945
Reclassification	-	-	-	-
Disposals / Expensed exploration wells	-	-	-157 957	-157 957
Cost as at 31 December 2019	5 746 065	921 997	768 588	7 436 650
Depletion and impairment as at 1 January 2019	-	0	-	0
Depreciation	-72 958	-130	-	-73 088
Provision for impairment	-	-	-	-
Disposals	-	-	-	-
Depletion and impairment as at 31 December 2019	-72 958	-130	-	-73 088
Net book value as at 31 December 2019	5 673 107	921 867	768 588	7 363 562
Cost as at 1 January 2020	5 746 065	921 997	768 588	7 436 650
Additions	-	-	380 855	380 855
Additions through business combination	264 832	-	-	264 832
Reclassification	-	-	-	-
Disposals / Expensed exploration wells	-	-	-182 467	-182 467
Cost as at 31 December 2020	6 010 897	921 997	966 976	7 899 869
Depletion and impairment as at 1 January 2020	-72 958	-	-	-72 958
Depreciation	-640 055	-	-	-640 055
Provision for impairment	-	-	-	-
Disposals	-	-	-	-
Depletion and impairment as at 31 December 2020	-713 013	-	-	-713 013
Net book value as at 31 December 2020	5 297 884	921 997	966 976	7 186 856

Other Intangible Assets include exploration potentials acquired through business combinations and are measured according to successful efforts method.



3.2 Tangible assets

NOK 1000	Note	Wells and production facilities	Facilities under construction	Other property, plant and equipment	Total
Cost as at 1 January 2019		125 312 116	6 146 781	564 075	132 022 972
Additions		4 789 062	6 735 235	104 390	11 628 686
Additions through business combinations		39 036 263	4 302 041	-	43 338 304
Reclassification		414 853	-711 233	-	-296 380
Disposals		-1 806 340	-	-	-1 806 340
Cost as at 31 December 2019		167 745 954	16 472 823	668 465	184 887 243
Depletion and impairment as at 1 January 2019		-66 568 686	-	-345 398	-66 914 084
Depreciation		-8 544 538	0	-50 825	-8 595 363
Provision / reversal of impairment		573 089	-	-	573 089
Disposals		33 534	-	-	33 534
Depletion and impairment as at 31 December 2019		-74 506 600	0	-396 223	-74 902 823
Net book value as at 31 December 2019		93 239 354	16 472 823	272 242	109 984 419
Cost as at 1 January 2020		167 745 954	16 472 823	668 465	184 887 243
Additions		12 376 038	13 774 326	67 185	26 217 548
Additions through business combinations	2.1	-272 481	-	-	-272 481
Reclassification		1 534 304	-1 547 109	12 805	-
Disposals		-	-	-	-
Cost as at 31 December 2020		181 383 815	28 700 040	748 455	210 832 310
Depletion and impairment as at 1 January 2020		-74 506 600	0	-396 223	-74 902 823
Depreciation		-14 354 579	-	-41 017	-14 395 596
Provision / reversal of impairment*		-8 703 778	-301 870	-	-9 005 648
Disposals		-	-	-	-
Depletion and impairment as at 31 December 2020		-97 564 957	-301 870	-437 241	-98 304 068
Net book value as at 31 December 2020		83 818 857	28 398 170	311 215	112 528 242

As at 31 December 2020 NOK 424 467 of the gross book value relates to capitalized interest.

Specification of increase in asset retirement cost and depreciation

NOK 1000	2020	2019
Increase/decrease in asset retirement cost**	6 300 655	11 905 001
Depreciation of capitalized asset retirement cost	-5 475 068	-1 810 003

*See note 3.3 for information regarding impairment charges

**Includes additions through business combination in 2019



3.3 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 management monitors business activity and if an asset or license generates its own independent inflow of cash.

Impairment is recognized 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 to sell and value in use. Write-downs are correspondingly reversed if the conditions for the write-down are no longer present. Upper limit of reversal is the historical write-down less estimated depreciation as if the impairment had not taken place.

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.

Impairment testing of goodwill

Most of the goodwill on the balance sheet relates to the asset acquisition from ExxonMobil in December 2019. Testing for impairment has been performed by evaluating the goodwill against the remaining positive effects by CGUs (were NPV>NBV) with the result of no impairment to be recognized per 31.12.2020.

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

Oil and gas reserves

Future cash flows are calculated on the basis of expected production profiles and estimated proven, probable and risked possible reserves. The recoverable amount is sensitive to changes in reserves.

Future expenditure

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

**Discount rate**

The discount rate is derived from the company's weighted average cost of capital ("WACC"). The capital structure considered in the WACC calculation is derived from the capital structures of an identified peer group and market participants with consideration given to optimal structures. The cost of equity is derived from the expected return on investment by the company'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.

Inflation

The long-term inflation rate is assumed to be 1.9%

Impairment charge/reversal

Vår Energi recognized impairments of NOK 9 006 million in 2020. The impairments relate to a number of fields with the most significant being Balder Area, Grane, Snorre, Trestakk and Goliat.

The 2020 impairments were mainly due to lower forward price scenarios compared to the fair values recognized through the Eni - Point Resources merger in 2018 and the ExxonMobil assets purchase in 2019.



3.4 Other non-current assets

Refer to Note 3.4 in the Consolidated Financial Statements disclosing information to the Company's Other non-current assets.



3.5 Inventories

NOK 1000	2020	2019
Spare parts & drilling material	1 988 755	1 517 678
Physical oil inventory	427 668	182 181
Total inventory	2 416 423	1 699 859



3.6 Investment in shares

Shares in subsidiaries		2020	
NOK 1000	Business location	Book Value	Ownership
Point Resources FPSO Holding AS	Sandnes, Norway	2 050 901	100 %
Vår Energi Marine AS	Sandnes, Norway	135 339	100 %

		2020	
NOK 1000	Business location	Book Value	Ownership
Norpipe Oil AS	Tananger, Norway	1 526	6,52 %
Tjeldbergodden Utvikling AS	Kjørsvikbugen, Norway	600	0,48 %
Ormen Lange Eiendom DA	Tananger, Norway	5 395	6,34 %



3.7 Trade receivables

NOK 1000	2020	2019
Trade receivables	2 599 476	4 507 451
Sale of trade receivables	-1 179 024	-
Total trade receivables	1 420 452	4 507 451



4.1 Other non-current liabilities

Refer to Note 4.1 in the Consolidated Financial Statements disclosing information to the Company's Other non-current liabilities.



4.2 Abandonment obligation

Refer to Note 4.2 in the Consolidated Financial Statements disclosing information to the Company's abandonment obligation.



4.3 Commitments and contingent liabilities

Refer to Note 4.3 in the Consolidated Financial Statements disclosing information to the Company's commitments and contingent liabilities



5.1 Interest-bearing loans

Interest-bearing loans and borrowings		
NOK thousand	2020	2019
RBL credit facility	45 521 421	38 373 672
Deferred payment ExxonMobil 2022	2 734 610	2 764 791
Prepaid RBL loan expenses	(613 814)	(676 029)
Total non-current interest-bearing loans and borrowings	47 642 216	40 462 433

Current interest-bearing loans and liabilities		
	2020	2019
Deferred payment ExxonMobil 2020	-	1 363 893
Total current interest-bearing loans and borrowings	-	1 363 893

Total interest-bearing loans and borrowings		
	47 642 216	41 826 326

On 24 March 2020, Vår Energi signed two unsecured revolving credit facility agreements for a total amount of USD 600million with a tenor of 3 years. In relation to the reserve based lending facility 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 related to a maximum ratio of net debt divided by EBITDAX and a minimum ratio of EBITDA to Interest Expenses. The Company is in compliance with its covenants as at 31 December 2020.

The first payment of the RBL credit facility is 1 Dec 2022. The final payment is in 2024

Credit facilities - utilised and unused amount		
NOK 1000	2020	2019
Drawn amount credit facilities	45 521 421	38 373 672
Undrawn amount credit facilities	7 225 861	8 237 429

Letter of Credit amounting to KNOK 15 416 has been issued to Aker BP which reduces available loan.

Security related to the Company'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.



5.2 Other current liabilities

NOK 1000	Note	2020	2019
Net overlift of hydrocarbons		1 001 630	1 515 898
Net payables to joint operations		2 612 567	1 051 385
Employees		135 632	189 507
Accrued public charges and indirect taxes		47 937	190 824
Lease commitment Grenseveien office	4.3	20 392	19 894
Contingent consideration	4.3	256 887	31 763
Oil put options liability	5.6	497 131	292 008
Currency forward contracts		-	2 634 090
Other payables		2 185	730 686
Total other current liabilities		4 574 361	6 656 056



5.3 Other receivables and financial assets

NOK 1000	Note	2020	2019
Net underlift of hydrocarbons		1 228 455	2 475 958
Employees		-	183
Prepaid expenses		222 429	41 840
Oil put options asset	5.6	224 753	146 064
Currency forward contracts		-	2 748 300
Receivables decommissioning costs for Jotun	4.2	-	422 555
Other		81 472	121 491
Total current receivables		1 757 108	5 956 391



5.4 Changes in shareholder's equity

NOK 1000	Share Capital	Share Premium	Other Equity	Total Equity
Opening Balance	399 425	21 151 241	532 881	22 083 547
Dividends Accrued	-	(1 912 500)	-	(1 912 500)
Dividends Paid	-	(2 503 316)	-	(2 503 316)
Transactions booked to equity ⁽¹⁾	-	-	(98 858)	(98 858)
Profit and loss for the year	-	-	(6 529 643)	(6 529 643)
Closing balance	399 425	16 735 425	(6 095 619)	11 039 230

Share capital amounted to NOK 399 425 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 and Point Resources Holding AS with 120 427. In 2020, 998 shares were transferred from Point Resources Holding AS to ENI International B.V.

⁽¹⁾ Fair value adjustment of oil put options booked to equity post tax.



5.5 Financial income and financial expenses

NOK 1000	Note	2020	2019
Interest income on bank accounts and receivables		297 304	111 869
Dividends		342	1 760
Other financial income		-	-
Financial income		297 646	113 629
		-	-
Currency forward contracts gain/(loss)		-114 210	114 210
Other exchange rate gain/(loss)		2 718 750	1 097 734
Net exchange rate gain / (loss)		2 604 540	1 211 944
Interest expenses		-1 634 462	-662 170
Accretion expenses (asset retirement obligation)	4.2	-701 519	-552 220
Other financial expenses		-152 390	-
Financial expenses		-2 488 371	-1 214 389
Net financial items		413 815	111 184



5.6 Financial instruments

Refer to Note 5.6 in the Consolidated Financial Statements disclosing information to the Company's financial instruments.



5.7 Cash and cash equivalents

NOK 1000	2020	2019
Bank deposits, unrestricted	2 010 942	1 162 620
Bank deposit, restricted, employee taxes	80 826	70 656
Total bank deposits	2 091 768	1 233 276



6.1 Income Taxes

Profit and loss - NOK million	2020	2019
Basis for taxes:		
Income before taxes	-9 068 251	6 805 267
Marginal tax rate (78%)	-7 073 236	5 308 108
Tax effect of:		
- Permanent and other differences	7 985 301	601 846
- Items taxed at other tax rates	-1 259 864	-377 036
- Earned uplift	-2 665 520	-1 263 641
- Previous years' adjustment	474 710	19 528
Current year tax cost	-2 538 608	4 288 806
Specification of the current year tax cost		
Payable tax	-12 179 626	2 219 521
Previous years payable taxes	385 434	19 528
Deferred tax related to tax rate change	-	-
Deferred tax	9 255 584	2 049 757
Current year tax cost	-2 538 608	4 288 806
Payable tax as of 31.12		
Income before taxes	-9 068 251	6 805 267
Permanent difference	10 237 566	771 599
Change in timing differences	-961 434	-3 504 264
Base for 22% income tax	207 881	4 072 602
Uplift	-6 274 852	-1 452 453
Temporary for special tax	-16 527 282	-
Onshore income	763 254	-256 667
Base for 56% special tax	-21 830 999	2 363 482
Payable tax in the beginning of the period	10 031 772	831 198
Payable tax	-12 179 626	2 219 521
Previous years payable taxes	385 434	19 528
Income tax received/(paid)	-3 600 702	-1 803 056
Acquisition of ExxonMobil fields / Point Resources net tax payable	-205 836	8 764 580
Net tax payable/(receivable) at year-end	-5 568 958	10 031 772
Temporary timing differences as of 31.12		
	2020	2019
Properties, plant and equipment	55 782 318	51 928 398
Decommissioning/environmental liabilities	-37 239 733	-30 433 718
Pension liability	-	-225 187
Other	7 080 644	3 439 702
Basis for deferred ordinary taxes	25 623 228	24 709 195
Future uplift	-1 913 659	-3 428 654
Tax depreciation special tax	16 527 282	-
Onshore activity	-4 535 603	-1 354 724
Basis for deferred special taxes	35 701 248	19 925 817
Ordinary tax 22%	5 637 110	5 436 023
Special tax 56%	19 992 699	11 158 458
Items taxed at other tax rates	421 828	212 264
Deferred tax liabilities	26 051 638	16 806 745

Deferred taxes includes taxes related to items recognised directly in equity for pensions (note 2.5) and put options (note 5.6). For 2020 a total of KNOK 10 690 in tax income has been recognized through equity.



7.1 Related parties

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		
NOK 1000	2020	2019
Customers		
Eni Trading & Shipping SpA	1 481 247	1 815 544
Eni SpA	258 413	72 717
Eni Angola SpA	18 128	19 464
Other	6 095	8 766
Total customers	1 763 884	1 916 491

All receivables are due within 1 year.

Current liabilities		
NOK 1000	2020	2019
Suppliers		
Eni SpA	184 813	160 952
Eni International BV	183 730	-
Eni Trading & Shipping SpA	38 151	159 501
PR Jotun DA ⁽¹⁾	3 706 625	3 438
Other	1 264	5 013
Total suppliers	4 114 583	328 903



Sales revenue

NOK 1000	2020	2019
Eni Trading & Shipping SpA	12 221 303	14 445 646
Eni SpA	1 054 656	782 992
Total sales revenue	13 275 959	15 228 638

Operating and capital expenditure

NOK 1000	2020	2019
Eni SpA	366 141	304 736
Eni International BV	193 342	-
Eni Trading & Shipping SpA	170 002	340 522
Eni International Resources Ltd.	30 760	41 001
PR Jotun DA ⁽¹⁾	3 900 109	383 918
Vår Energi Marine AS	12 605	-
Other	10 138	17 159
Total operating and capital expenditures	4 683 097	1 087 336

Financial income

NOK 1000	2020	2019
Financial income		
Eni Finance International	-	1 990
Total financial income	-	1 990

Financial expenses

Eni SpA	43	914
PR Jotun DA	-	62
Eni Finance International	567	-
Total financial expenses	610	976

⁽¹⁾ 2020 increase mainly related to Jotun FPSO sale from PR Jotun DA to Vår Energi AS



7.2 License ownerships

Fields	WI %	Operator
BALDER	90,0%	Vår Energi
BAUGE	17,5%	Equinor
BRAGE	12,3%	Wintershall Dea
BØYLA	20,0%	Aker BP
EDDA	12,4%	ConocoPhillips
EKOFISK	12,4%	ConocoPhillips
ELDFISK	12,4%	ConocoPhillips
EMBLA	12,4%	ConocoPhillips
FENJA	45,0%	Neptune Energy
FRAM	25,0%	Equinor
GOLIAT	65,0%	Vår Energi
GRANE	28,3%	Equinor
GUNGNE	13,0%	Equinor
HEIDRUN	5,2%	Equinor
HYME	17,5%	Equinor
JOHAN CASTBERG	30,0%	Equinor
KRISTIN	19,1%	Equinor
MARULK	20,0%	Vår Energi
MIKKEL	48,4%	Equinor
MORVIN	30,0%	Equinor
NORNE	6,9%	Equinor
ORMEN LANGE	6,3%	Norske Shell
RINGHORNE ØST	70,0%	Vår Energi
SIGYN	40,0%	Equinor
SKULD	11,5%	Equinor
SLEIPNER VEST	17,2%	Equinor
SLEIPNER ØST	15,4%	Equinor
SNORRE	18,6%	Equinor
STATFJORD	21,4%	Equinor
STATFJORD NORC	25,0%	Equinor
STATFJORD ØST	20,6%	Equinor
SVALIN	13,0%	Equinor
SYGNA	21,0%	Equinor
TOR	10,8%	ConocoPhillips
TORDIS	16,1%	Equinor
TRESTAKK	40,9%	Equinor
TYRIHANS	18,0%	Equinor
URD	11,5%	Equinor
VIGDIS	16,1%	Equinor
ÅSGARD	22,1%	Equinor



Licenses	WI %	Operator	Licenses	WI %	Operator
PL001	90 %	Vår Energi	PL257	15 %	Equinor
PL001 CS	100 %	Vår Energi	PL263 C	10 %	Equinor
PL018	12 %	ConocoPhillips	PL275	12 %	ConocoPhillips
PL018 B	12 %	ConocoPhillips	PL293	25 %	Equinor
PL027	90 %	Vår Energi	PL312	41 %	Equinor
PL027 B	100 %	Vår Energi	PL312 B	41 %	Equinor
PL027 C	90 %	Vår Energi	PL340	20 %	Aker BP
PL027 FS	100 %	Vår Energi	PL340 BS	20 %	Aker BP
PL027 GS	90 %	Vår Energi	PL348	18 %	Equinor
PL028	90 %	Vår Energi	PL348 B	18 %	Equinor
PL028 C	13 %	Equinor	PL375	20 %	Equinor
PL028 S	90 %	Vår Energi	PL393	50 %	Equinor
PL029	85 %	Vår Energi	PL473	39 %	Equinor
PL037	25 %	Equinor	PL479	34 %	Equinor
PL044	13 %	ConocoPhillips	PL489	40 %	Vår Energi
PL046	13 %	Equinor	PL516	12 %	Equinor
PL053 B	12 %	Wintershall Dea	PL532	30 %	Equinor
PL055	12 %	Wintershall Dea	PL554	30 %	Equinor
PL055 B	12 %	Wintershall Dea	PL554 B	30 %	Equinor
PL055 D	12 %	Wintershall Dea	PL554 C	30 %	Equinor
PL055 E*	12 %	Wintershall Dea	PL554 D	30 %	Equinor
PL057	5 %	Equinor	PL586	45 %	Neptune
PL062	10 %	Equinor	PL608	30 %	Equinor
PL072	40 %	Equinor	PL740	50 %	DNO Norge
PL072 B	50 %	Equinor	PL740 B	50 %	DNO Norge
PL073	12 %	Equinor	PL740 C	50 %	DNO Norge
PL073 B	15 %	Equinor	PL777	20 %	Aker BP
PL074	39 %	Equinor	PL777 B	20 %	Aker BP
PL074 B	39 %	Equinor	PL777 C	20 %	Aker BP
PL089	16 %	Equinor	PL777 D	20 %	Aker BP
PL090	25 %	Equinor	PL784	20 %	Aker BP
PL090 E	25 %	Equinor	PL796	20 %	Equinor
PL090 I	25 %	Equinor	PL796 B	20 %	Equinor
PL091	41 %	Equinor	PL822 S	40 %	Aker BP
PL091 D	41 %	Equinor	PL843	20 %	Aker BP
PL091 E	41 %	Equinor	PL869	20 %	Aker BP
PL092	55 %	Equinor	PL901	50 %	Vår Energi
PL094	34 %	Equinor	PL911	60 %	Vår Energi
PL094 B	22 %	Equinor	PL912	30 %	ConocoPhillips
PL095	5 %	ConocoPhillips	PL917	20 %	ConocoPhillips
PL107 B	5 %	Equinor	PL917 B	20 %	ConocoPhillips
PL107 D	5 %	Equinor	PL930	20 %	Equinor
PL121	35 %	Equinor	PL938	20 %	Neptune
PL122	20 %	Vår Energi	PL946	40 %	Equinor
PL122 B	20 %	Vår Energi	PL947	40 %	Equinor
PL122 C	20 %	Vår Energi	PL947 B	40 %	Equinor
PL122 D	20 %	Vår Energi	PL951	20 %	Aker BP
PL124	10 %	Equinor	PL956	70 %	Vår Energi



Licenses	WI %	Operator	Licenses	WI %	Operator
PL128	12 %	Equinor	PL977	40 %	Aker BP
PL128 B	7 %	Equinor	PL978	40 %	Aker BP
PL128 D	12 %	Equinor	PL980	60 %	Vår Energi
PL128 E	12 %	Equinor	PL984	30 %	DNO Norge
PL134	30 %	Equinor	PL984 BS	30 %	DNO Norge
PL134 B	30 %	Equinor	PL985	40 %	Vår Energi
PL134 C	30 %	Equinor	PL987	20 %	Suncor
PL134 D	30 %	Equinor	PL987 B	20 %	Suncor
PL145	20 %	ConocoPhillips	PL988	30 %	Lundin
PL169	13 %	Equinor	PL1001	20 %	ConocoPhillips
PL169 B1	7 %	Equinor	PL1005	40 %	Aker BP
PL169 B2	10 %	Equinor	PL1010	40 %	Wintershall Dea
PL169 E	13 %	DNO Norge	PL1025 S	30 %	Vår Energi
PL185	12 %	Wintershall Dea	PL1035	30 %	Suncor
PL199	15 %	Equinor	PL1042	30 %	Aker BP
PL201	67 %	Vår Energi	PL1043	40 %	Vår Energi
PL209	10 %	Equinor	PL1050	21 %	Equinor
PL219	50 %	Equinor	PL1065	40 %	Vår Energi
PL220	15 %	Equinor	PL1070	30 %	Total
PL229	65 %	Vår Energi	PL1072	70 %	Vår Energi
PL229 B	65 %	Vår Energi	PL1073	70 %	Vår Energi
PL229 D	50 %	Vår Energi	PL1074	40 %	Vår Energi
PL229 E	50 %	Vår Energi	PL1075	60 %	Vår Energi
PL229 F	65 %	Vår Energi	PL1078	30 %	Equinor
PL237	22 %	Equinor	PL1079	30 %	Vår Energi
PL250	6 %	Shell	PL1080	30 %	Equinor



7.3 Proved developed reserves (un-audited)

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



Concession periods expire as follows:		Year
Ekofisk	PL 018/PL 018 B	2028
Tor	PL 006/PL 018	2028
Heidrun	PL 095	2024
Heidrun	PL 124	2025
Johan Castberg	PL 532	2049
Kristin	PL 134D	2027
Mikkel	PL 092/PL 121	2024
Nørne	PL 128/PL 128 B	2026
Urd	PL 128	2026
Skuld	PL 128	2026
Åsgard	PL 062/PL 074/PL 094/ PL 094 B/PL 134/PL 237/PL 479	2027
Tyrhans	PL 073/PL 073 B/PL 091	2029
Trestakk	PL 091/PL 091D	2029
Marulk	PL 122	2025
Morvin	PL 134B/P L034C	2027
Goliat	PL229	2042
Balder Ringhome	PL 001/PL 027/PL 027C PL 169/PL 028	2030
Ringhorne Øst	PL 027/PL 169E	2030
Brage	PL 053B/PL 055/PL 185 PL 055B/PL 055D	2030
Snorre	PL 057	2040
Bøyla	PL 340/PL 340BS	2029
Hyme	PL 348	2029
Bauge	PL 348/PL 348B	2029
Fram	PL 090 / 090E	2024
Grane	PL 001CS/PL 169B1	2030
Gungne	PL 046	2028
Ormen Lange	PL 208/PL 250	2041
Sigyn	PL 072	2022
Sleipner East	PL 046	2028
Sleipner West	PL 029/PL 046	2028
Statfjord Unit	PL 037	2026
Statfjord East	PL 037/PL 089	2040
Statfjord North	PL 037	2026
Sygna	PL 037/PL 089	2040
Svalin	PL 169	2030
Tordis	PL 089	2040
Vigdis	PL 089	2040