



# 2022

Q4 Quarterly  
report



Photo credit: Wintershall Dea

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## Fourth quarter 2022 summary

### Highlights

- No serious incidents at operated assets
- Production of 19,887 (16,064) boepd
- Operating income of NOK 1,664 (2,143) million
- EBITDA of NOK 1,086 (1,636) million
- Impairment of NOK 251 (609) million of the Yme asset due to re-phasing of production
- Profit before tax of NOK 659 (738) million
- Record high net profit after tax of NOK 324 (104) million
- Transfer of operatorship of Brage and partner-operated working interests in Nova and Ivar Aasen completed on 1 November
- Dividend paid of NOK 1.00 (1.00) per share, in total NOK 104 (104) million
- 2022 year-end 2P reserves of 60.2 million boe; an increase of ~29% compared to year-end 2021

(Amounts in parentheses refer to previous quarter)

### Financial and operational summary

	Unit	Q4 2022	Q3 2022	Q4 2021	Full year 2022	Full year 2021
<b>Total operating income</b>	MNOK	1,664	2,143	1,725	6,653	3,882
<b>EBITDA <sup>1)</sup></b>	MNOK	1,086	1,636	1,258	4,758	2,607
<b>EBITDAX <sup>1)</sup></b>	MNOK	1,277	1,654	1,347	5,085	2,950
<b>Profit/loss (-) before income tax</b>	MNOK	659	738	654	3,215	2,106
<b>Net profit / loss (-)</b>	MNOK	324	104	283	670	603
<b>Net cash flow from operations</b>	MNOK	390	1,183	1,003	3,344	2,515
<b>Net cash flow used in investments</b>	MNOK	-1,729	-116	-308	-2,434	-941
<b>Net cash flow used in financing activities</b>	MNOK	-189	-1,248	-172	-1,969	-422
<b>Net interest-bearing debt (IBD) <sup>1)</sup></b>	MNOK	583	-799	750	583	750
<b>Net IBD ex. other int. bearing liabilities<sup>1)</sup></b>	MNOK	75	-1,371	256	75	256
<b>Net production</b>	<b>Boepd <sup>2)</sup></b>	<b>19,887 <sup>4)</sup></b>	<b>16,064</b>	<b>16,038</b>	<b>16,736 <sup>4)</sup></b>	<b>15,530</b>
<b>Third-party volumes available for sale <sup>3)</sup></b>	Boepd <sup>2)</sup>	633	431	419	596	147
<b>Over/underlift/inventory adjustments</b>	Boepd <sup>2)</sup>	-4,198	769	1,645	-1,080	166
<b>Net sold volume</b>	<b>Boepd <sup>2)</sup></b>	<b>16,322</b>	<b>17,264</b>	<b>18,102</b>	<b>16,252</b>	<b>15,843</b>
<b>Production expense per boe <sup>1)</sup></b>	NOK/boe	258.4	253.1	170.8	236.8	133.5
<b>Realised liquids price</b>	USD/boe	95.2	106.6	78	98.4	65.3
<b>Realised gas price</b>	USD/boe	112.6	194.8	188.5	138.5	105.2

<sup>1)</sup> Definitions of alternative performance measures are available on page 36 of this report

<sup>2)</sup> Boepd is defined as barrels of oil equivalents per day

<sup>3)</sup> Compensation volumes received from Duva and Nova (tie-in to GjØa) included in Net sold volumes

<sup>4)</sup> Production if Nova, Ivar Aasen and Brage included for the entire quarter is 21,450 boepd

## Financial review

### Completion of the Wintershall Dea transaction

On 23 May 2022, OKEA announced that an agreement had been reached with Wintershall Dea Norge AS ("Wintershall Dea") to acquire a material portfolio of assets for an initial aggregate post-tax cash consideration of USD 117.5 million. The transaction comprised acquisition of 35.2% operated working interest ("WI") in the Brage Unit, 6.4615% WI in the Ivar Aasen Unit and 6% WI in the Nova field with effective date 1 January 2022. In addition to the fixed consideration, OKEA shall pay an additional contingent consideration based on an upside sharing arrangement subject to oil price level and oil production performance during the period 2022-24. The contingent consideration will be paid if the average oil price for each of the six half year periods during 2022-24 exceeds USD 80/bbl. The split on the price exceeding 80 USD/bbl is 70% net after tax to Wintershall Dea and 30% to OKEA in 2022 and a net after tax split of 42.5% to Wintershall Dea / 57.5% to OKEA in 2023-24. Wintershall Dea retains responsibility for 80% of OKEA's share of total decommissioning costs related to the Brage Unit. The transaction was financed through existing cash resources.

The Wintershall Dea transaction was completed on 1 November and was recognised in the financial statements on a fair value basis from and including the fourth quarter. As the effective date of the transaction was 1 January, all transactions and activities in the 10-month period until completion were reflected as part of the purchase price allocation ("PPA") in the statement of financial position. Related transactions and activities in November and December were reflected in the statement of comprehensive income and key figures including produced volumes.

The PPA includes estimated fair value of the contingent consideration which will be revalued each balance sheet date. Any changes in valuation will be recognised as other operating income. The PPA also includes fair value of crude inventory at Brage on 31 October of 446 thousand bbl. This volume is expected to be lifted in February 2023. The related impact on comprehensive income from those volumes will be the difference between the realised price in the first quarter of 2023 and the recognised fair value. Note 27 to the financial statements provides further details on the PPA.

### Statement of comprehensive income

Total operating income in the fourth quarter was NOK 1,664 (2,143) million, whereof NOK 1,516 (2,114) million related to revenue from liquids and gas sales. The average realised liquids price was USD 95.2 (106.6) per boe while the average realised price for gas was USD 112.6 (194.8) per boe. Total sold volumes were 1,502 (1,588) thousand boe.

Other operating income/loss (-) was NOK 149 (30) million consisting of tariff income at Gjøa of NOK 40 (42) million, change in fair value of contingent consideration to Wintershall Dea of NOK 12 (0) million, income from joint utilisation of logistic resources of NOK 10 (9) million, and a net gain/loss (-) from gas forward contracts of NOK 86 (- 21) million.

Production expenses amounted to NOK 522 (425) million, corresponding to NOK 258.4 (253.1) per boe. Total expenses have increased following completion of the transaction with Wintershall Dea Norge on 1 November which added Brage (WI 35.2%), Ivar Aasen (increase of 6.4615% WI) and Nova (WI 6%) to OKEA's asset portfolio which is recognised in the profit and loss statement for the last two months of fourth quarter. Production disturbances at Brage, Nova and Yme in the quarter reduced volumes which adversely impact production expense per boe.



Changes in over-/underlift positions and production inventory amounted to an income of NOK 222 (expense of 19) million. Produced volumes exceeded sold volumes by 4,198 (-769) boepd in the quarter. In addition, sold volumes from third-party compensation received from Duva and Nova (tie-ins to GjØa) amounted to 633 (431) boepd.

Exploration and evaluation expenses amounted to NOK 190 (19) million, whereof NOK 79 (0) million related to expensing of previously capitalised cost on the Hamlet well and NOK 86 (0) million related to seismic purchases in the quarter. In addition, other expenses - including costs for APA 2022 and various field evaluation activities - amounted to NOK 24 (19) million.

An impairment charge of NOK 251 (609) million was recognised on the Yme asset in the quarter. The impairment was mainly driven by a re-phasing of volumes due to expected plant availability. Tax income relating to the impairment amounted to NOK 196 (475) million, resulting in a net after tax impact of NOK 55 (134) million. The impairment in previous quarter was mainly due to a reserves revision at Yme.

General and administrative expenses amounted to NOK 87 (45) million and represent OKEA's share of costs after allocation to licence activities. The high expense in the quarter was mainly due to transition activities relating to the transfer of operatorship of the Brage asset and the annual recalculation of activities distributable to licences including the employee incentive program. Expense in the previous quarter was also above normal due to transition activities of Brage.

Net financial items amounted to NOK 94 (-113) million. Expensed interest amounted to NOK -23 (-52) million. Net foreign exchange gain/loss (-) amounted to NOK 115 (-41) million following a strengthened (weakened) NOK compared to USD by ~9% (~-9%) in the quarter. For further details on financial items, reference is made to note 14.

Profit / loss (-) before tax amounted to NOK 659 (738) million.

Tax expenses (-) / tax income (+) amounted to NOK -335 (-633) million and represents an effective tax rate of 51% (86%). The deviation from the expected 78% was mainly due to gains on financial items and hedging being taxable at a tax rate of 22%, uplift, and a non-taxable gain on change in fair value of the contingent consideration to Wintershall Dea.

Net profit / loss (-) for the quarter was NOK 324 (104) million. Earnings per share were NOK 3.12 (1.01).

## Statement of financial position

Goodwill amounted to 1,297 (801) million consisting of NOK 1,133 (638) million in technical goodwill and NOK 163 (163) million in ordinary goodwill. The increase in technical goodwill of NOK 496 million related to the PPA following completion of the Wintershall Dea transaction. Reference is made to note 27 for further information.

Oil and gas properties amounted to NOK 6,556 (4,718) million at the end of the quarter. The increase mainly related to asset additions from the Wintershall Dea transaction of NOK 1,792 (0) million. In addition, investment in the Hasselmus development, Draugen modifications and Yme amounted to NOK 433 million. These increases were partly offset by depreciation of producing assets of NOK 262 (170) million and impairment of the Yme asset of NOK 251 (609) million.

Right-of-use assets amounted to NOK 233 (217) million and mainly related to logistical resources on operated assets and lease of offices. The increase in the quarter related to new office leases in Bergen and Stavanger.



Non-current asset retirement reimbursement right amounted to NOK 3,662 (2,486) million and related to Shell's and Wintershall Dea's obligation to cover decommissioning costs for Draugen/Gjøa and Brage, respectively. The increase relates to the Wintershall Dea transaction.

Trade and other receivables amounted to NOK 1,744 (1,347) million and comprised accrued revenue, working capital from joint venture licences, underlift of petroleum products and payment quantity agreements.

Cash and cash equivalents amounted to NOK 1,104 (2,668) million. In the quarter, OKEA paid taxes of NOK 1,201 (509) million relating to two tax instalments for 2022 and residual tax for 2021. In addition, a net consideration of NOK 1,103 (0) million was paid for the transaction with Wintershall Dea, and NOK 104 (104) million was distributed to shareholders as dividend.

Spare parts, equipment and inventory amounted to NOK 800 (229) million whereof NOK 512 (85) million mainly related to oil inventory Draugen, Brage and Yme. The increase mainly related to oil inventory at Brage valued at fair value of NOK 263 million.

Equity amounted to NOK 2,078 (1,857) million, corresponding to an equity ratio of 13% (15%). The net increase was due to net profit after tax exceeding the dividend payment of NOK 104 million.

Non-current provision for asset retirement obligations amounted to NOK 5,915 (3,621) million. The increase was mainly due to obligations recognised on the new assets acquired from Wintershall Dea. The obligation is largely offset by the asset retirement reimbursement right outlined above.

Interest-bearing bond loans amounted to NOK 1,179 (1,298) million. The reduction from previous quarter was due to an unrealised foreign exchange gain as the OKEA03 bond is nominated in USD.

Total other interest-bearing liabilities amounted to NOK 508 (572) million, whereof the non-current portion was NOK 462 (522) million and the current portion was NOK 46 (50) million. The amount represents OKEA's share of the net present value of the future obligations under the bareboat charter (BBC) agreement for Yme on the Inspirer rig. Reference is made to note 23 for further details.

The lease liability relating to IFRS 16 is split into a non-current liability of NOK 212 (202) million and a current liability of NOK 50 (44) million and represents the liability of the right-of-use assets as described above.

Trade and other payables amounted to NOK 2,220 (1,193) million and mainly relate to working capital from joint venture licences, payment quantity agreements and accrued expenses.

Income tax payable was NOK 477 (1,749) million, mainly consisting of remaining accrued tax payable for 2022. The remaining three tax instalments for 2022, payable in the first half of 2023, were reduced from NOK 509 million, paid for the first three instalments, to NOK 164 million.

## Statement of cash flows

Net cash flows from operating activities amounted to NOK 390 (1,183) million, including taxes paid of NOK 1,201 (509) million. The reduction in cash flow from operating activities compared to previous quarter was mainly due to two tax instalments paid for 2022, lower sold volumes and lower realised prices, partly offset by positive working capital changes mainly related to payment quantity agreements entered into for the new oil volumes following the Wintershall Dea transaction.

Net cash flows used in investment activities amounted to NOK -1,729 (-116) million of which payment of the consideration to Wintershall Dea amounted to NOK 1,103 (0) million. The consideration includes payment for a large underlift position of oil at Brage 1 January 2022 of NOK 419 (0) million as well as the contingent payment for the first half of 2022 of NOK 35 (0) million. The underlift position will be reduced in February 2023 when a scheduled lifting allocated to OKEA of 630,000 bbls from Brage is completed. Other investments in the quarter include oil and gas properties of NOK -421 (-312) million, mainly relating to the Hasselmus gas development, Draugen modifications, production well drillings at Yme, Ivar Aasen and Brage, in addition to exploration drilling operations at Calypso amounting to NOK -169 (-2) million.

Net cash flows used in financing activities was NOK -190 (-1,248) million and mainly related to the dividend payment of NOK -104 (-104) million and interest payments of NOK -64 (-24) million. In previous quarter the remaining outstanding amount of OKEA02 was repaid.

## Financial risk management

OKEA uses derivative financial instruments and forward sales to manage exposures to fluctuations in commodity prices. OKEA realised NOK 60 million before tax from forward contracts during fourth quarter. At the end of the quarter, OKEA had sold forward approximately 16% of the estimated net after tax exposure for natural gas for the first quarter of 2023 at an average price of 417 GBp/th, and 8% of the second quarter of 2023 at an average price of 505 GBp/th.

## Operational review

OKEA's net production in the fourth quarter was 19,887 (16,064) boepd. Activity from assets acquired from Wintershall Dea is included in the statement of comprehensive income and key figures for November and December only, divided by 92 days in the quarter. Actual production for the fourth quarter amounted to 21,450 boepd. Whilst Draugen, Gjøa and Ivar Aasen are producing according to plan, some challenges experienced on Yme, Nova and Brage impacted production in the quarter and is further outlined in the asset specific chapters below.

	Unit	Q4 2022	Q3 2022	Q4 2021	Full year 2022	Full year 2021
Draugen – production reliability <sup>1)</sup>	%	96	94	99	96	98
Draugen – production availability <sup>2)</sup>	%	92	89	95	94	93
Brage - production reliability	%	99	N/A	N/A	N/A	N/A
Brage – production availability	%	95	N/A	N/A	N/A	N/A
Gjøa – production reliability	%	97	100	100	90	99
Gjøa – production availability	%	97	98	93	92	85
Yme – production availability	%	25	N/A	N/A	21	N/A
Ivar Aasen – production availability	%	97	98	99	82	97
Nova - production availability	%	73	N/A	N/A	81	N/A
Draugen – production	Boepd	6,797	6,338	7,231	6,767	7,084
Brage – Production <sup>4)</sup>	Boepd	1,520	N/A	N/A	383	N/A
Gjøa – production	Boepd	6,783	7,353	8,367	6,932	8,137
Yme – production	Boepd	1,693	1,354	217	1,429	54
Ivar Aasen – production <sup>4)</sup>	Boepd	2,544	1,019	223	1,086	255
Nova – production <sup>4)</sup>	Boepd	550	N/A	N/A	139	N/A
<b>Total net production</b>	<b>Boepd</b>	<b>19,887</b>	<b>16,064</b>	<b>16,038</b>	<b>16,736</b>	<b>15,530</b>
Draugen – sold volume	Boepd	6,494	6,923	6,870	6,740	6,874
Brage – sold volume	Boepd	109	N/A	N/A	27	N/A
Gjøa – sold volume	Boepd	7,926	7,647	8,221	7,381	8,130
Yme – sold volume	Boepd	719	1,452	139	1,157	35
Ivar Aasen – sold volume	Boepd	441	811	2,453	351	656
Nova – sold volume	Boepd	0	N/A	N/A	0	N/A
Third-party volumes available for sale <sup>3)</sup>	Boepd	633	431	419	596	147
<b>Total net sold volume</b>	<b>Boepd</b>	<b>16,322</b>	<b>17,264</b>	<b>18,102</b>	<b>16,252</b>	<b>15,843</b>
Total over/underlift/inventory adj.	Boepd	-4,198	769	1,645	-1,080	166

<sup>1)</sup> **Production reliability** = Actual Production / (Actual production + Unscheduled deferment)

<sup>2)</sup> **Production availability** = Actual Production / (Actual production + Scheduled deferment + Unscheduled deferment)

**Deferment** is the reduction in production caused by a reduction in available production capacity due to an activity, an unscheduled event, poor equipment performance or sub-optimum settings

<sup>3)</sup> Compensation volumes from Duvva and Nova received and sold (tie-in to Gjøa)

<sup>4)</sup> The acquisition of Wintershall Dea assets Brage, Nova and Ivar Aasen (6.4615%) was effective from 1 November. Activity from the acquired assets is included in the statement of comprehensive income and key figures for November and December only. The average production volumes are calculated based on November and December production divided by 92 days for the full quarter. Actual daily production in the fourth quarter amounted to 21,450 boepd



## Draugen (operator, 44.56%)

Net production to OKEA from Draugen in the quarter was 6,797 (6,338) boepd. Production availability was 92% (89%) and production reliability was 96% (94%).

Following the NWIT injection test and scale squeeze campaign on platform wells executed in the third quarter, reliability and performance from wells improved as the subsea pump pressure was reduced. An annual emergency shutdown system (ESD) test and safety stop for maintenance was successfully completed in October. A 23-day turnaround is planned for the second quarter of 2023 which will impact production from Draugen.

Topside work to prepare for the Hasselmus tie-back and some early demolition activities for the Power from Shore project are ongoing and according to plan.

## Brage (operator, 35.2%)

Net production to OKEA from Brage in the quarter was 1,520 (N/A) boepd (average production in November and December divided by 92 days in the quarter). Actual daily contribution from Brage in the quarter was 2,055 boepd. Production availability was 95% (N/A) and production reliability was 99% (N/A) during November and December.

A turnaround completed in September impacted production also into the fourth quarter; one of the wells had reduced gas production after the shut-in, impacting production from other wells. Performance from the well has gradually improved during the quarter.

Drilling of new wells is a continuous activity on Brage to extend the lifetime of the asset. During the quarter, drilling of an oil production well in the Talisker East area commenced. A geo-pilot section drilled as a part of this well, confirmed hydrocarbons in both the Cook Formation area and the Talisker area.

The next well is planned as a gas producer in the Sognefjord Formation, to be followed by an oil producer in the Cook Formation. The Talisker West development project was initiated in December and is targeting an approval from the authorities within 2023.

## Gjøa (partner, 12%)

Net production to OKEA from Gjøa in the quarter was 6,783 (7,353) boepd and production reliability was 97% (100%). Production in the fourth quarter was impacted by an unplanned shutdown of five days due to vibrations and metal particle detection in lubrication oil on the Vectra Power Turbine which required replacement of equipment.

Delivered and sold compensation volumes from Duva and Nova was 633 (431) boepd in the quarter.

Maturation of a potential development of Gjøa Nord, including the Hamlet discovery, as a tie-back to Gjøa was concluded but an investment decision was not taken in the licence group. Evaluation will continue with a view towards synergies with other potential developments to further reduce costs.

## Yme (partner, 15%)

Net production to OKEA from Yme in the quarter was 1,693 (1,354) boepd. The full year production was well below expectations with low plant availability (21%). Production efficiency improved in fourth quarter (25%) and production was in accordance with the latest forecast in December.

The Beta North drilling campaign, employing the Valaris Viking drilling rig was finalised in January 2023. Beta North is a subsea tie-back to Yme and includes two new production wells and one injector well. Drilling of new production wells and one injector well at Yme Gamma is expected to start in the first quarter of 2023 from Inspirer.

Water-cut from the producing wells has been higher than initially expected which reduced expected production and resulted in an impairment in the third quarter. It may, however, be possible to compensate for some of the reduction through infill drilling or similar measures in the future. As new production wells are yet to be drilled, an inherent uncertainty remains in the reserves estimate.

A revision in expected plant availability pushed plateau production of 6,600 boepd net to OKEA back to mid-2023.

## Ivar Aasen (partner, 9.2385%)

Net production to OKEA from Ivar Aasen in the quarter was 2,544 (1,019) boepd and production availability was 98%. Average production for the 6.4615% WI added in the Wintershall Dea transaction was based on November and December divided by 92 days in the quarter. Actual daily contribution from Ivar Aasen in the quarter was 3,308 boepd.

An Increased Oil Recovery (IOR) 2022 campaign with three new development wells was completed as planned in 2022. The D13 well started production in December and is currently the best producing well at the field with gross production of 9,500 boepd.

In December Ivar Aasen became an electrified platform which results in a significant reduction in environmental footprint. Ivar Aasen previously received gas from Edvard Grieg. By electrifying the two platforms, joint emissions will be reduced by 200,000 tonnes per year.

## Nova (partner, 6%)

Net production to OKEA from Nova in the quarter was 550 (N/A) boepd. Average production is based on November and December divided by 92 days in the quarter. Actual daily contribution from Nova in the quarter was 815 boepd.

Production was lower than expected during the quarter due to issues with the water injection wells (WIs) as announced in November. Some of the issues were resolved rapidly by a well-planned and executed Inspection Maintenance Repair Vessel campaign completed in December. A side-track drilling operation is also planned for second quarter of 2023 to improve the location of one of the injector wells and increase its effect on production. Further actions to improve water injection on the field are under evaluation.

## Transfer of operatorship on Brage and completion of acquisition of assets from Wintershall Dea

The transfer of operatorship of the Brage asset, and non-operated working interests in Nova and Ivar Aasen, from Wintershall Dea to OKEA was successfully completed on 1 November 2022 according to plan. The process was completed in less than five months after signing the SPA with Wintershall Dea. Approvals from the Ministry of Petroleum and Energy (MPE), the Ministry of Finance (MoF) and the Petroleum Safety Authority (PSA) was granted without any conditions well in advance of the transfer date. The transfer process was achieved without any operational disruptions, undesired events (accidents/incidents) or downtime experienced to date caused by the transition/cut-over process.

## Development projects

### Draugen - Hasselmus (operator, 44.56%)

As operator of Draugen, OKEA is currently developing the Hasselmus field as a single subsea gas well with direct tie-back to the Draugen platform for further processing and export. Production start is planned for fourth quarter of 2023 with gross plateau gas production of more than 4,400 barrels boepd.

The project is progressing according to schedule. The production well and the pre-lay rock installation for the subsea infrastructure was successfully completed in 2022. Topside installation at Draugen is currently ongoing with a planned peak activity level during the Draugen shut-down in the second quarter of 2023 followed by a subsea installation programme before commissioning and production start-up.

### Draugen – power from shore (operator, 44.56%)

OKEA and Equinor in collaboration with the license partners has established a joint project to electrify the Draugen and Njord A platforms. The partners made an investment decision and handed over revised plans for development and operation (PDO) to the Ministry of Petroleum and Energy in the fourth quarter of 2022.

The electrification of the Draugen and Njord A platforms is a collaborative project, where OKEA will be responsible for developing the power infrastructure from shore to Draugen. Equinor will be responsible for the cable from Draugen to Njord and modifications and upgrades on Njord A.

Draugen and Njord will be connected to the power grid at Tensio's transformer station at Straum in Åfjord municipality. Statnett assesses the connection as operationally sound without a need for reinforcements of the power grid.

The project will result in annual reduction of CO<sub>2</sub> emissions of appr. 200,000 tonnes from Draugen and appr. 130,000 tonnes from Njord.

In addition to reducing CO<sub>2</sub> emissions, the project will result in lower cost of operations and extend the economic lifetime of the field. The Draugen license has applied for a license extension until 2040. The electrification of Draugen will also increase the attractiveness of potential future resources in the area.

Expected completion of the project is in the first quarter of 2027. The revised PDO and plan for construction and operation are subject to approval from the Ministry of Petroleum and Energy which is expected in 2023.



## Aurora (operator, 65%)

OKEA is evaluating options to appraise the Aurora discovery and drill the Selene prospect in 2023 or 2024 to ascertain the commerciality of, and acquire data for, a potential tie-in development to Gjølå. This opportunity is being reviewed against other opportunities in the area.

## Brasse (partner – pending approval, 50%)

In December, OKEA entered into an SPA with DNO Norge AS to enter into the Brasse licence (PL740) with 50% WI and effective date 1 January 2023. The transaction is subject to extension of the license and approval by the Ministry of Petroleum and Energy. The transaction itself will be at zero cost to OKEA.

The target of the new partnership is to undertake a fast-track, low-cost review to assess whether a value accretive development concept can be found for the estimated 30 mmboe recoverable volumes at Brasse, which is located only 13 km from the OKEA-operated Brage field.

## Exploration licences

A discovery was made by the Calypso well (6407/8-8 S in PL938) close to OKEA's operated Draugen field. An 8 meter gas column over a 30-meter oil column was proven in the high quality Garn Formation with an estimated recoverable volume range of 6–22 mmboe. The licence group is currently evaluating options for development utilising existing local infrastructure.

OKEA's entry into the Arkenstone licence (PL1014) and transfer of operatorship of the Mistral licence (PL1119) to Equinor were approved by the authorities in November. Decisions to drill an exploration well in each of the licences were also made in November. The Arkenstone well is expected to be drilled in the second half of 2023.

A drill decision on the Springmus East prospect in the Draugen licence (PL093) was made in November, with an option to also drill the Springmus West prospect. These exploration wells will be combined with an observation well on the Garn West South IOR opportunity into a drilling campaign targeted for third quarter of 2023.

OKEA invested in a large, modern, seismic dataset in the northern North Sea to strengthen regional mapping and competency in the area to build on existing exploration positions in the Gjølå and Brage areas.

## Annual statement of reserves (ASR)

The 2022 annual statement of reserves and resources will be published in April 2023 when the annual report for 2022 is published. 2P reserves have increased by 29% from 46.6 million boe at year-end 2021 to 60.2 million boe at year-end 2022. The main drivers for the increase are the acquisition of interests in the Brage, Nova and Ivar Aasen assets from Wintershall Dea and the Ivar Aasen asset from Neptune Energy, and maturing the power from shore and subsea pump projects at Draugen which extend the lifetime of the field.

# QHSSE and Environment, Social and Governance

Much attention was dedicated to preparations for, and safe execution of, transfer of operatorship for the Brage asset from Wintershall Dea also in the fourth quarter of 2022. There were no actual serious incidents and no serious discharges or emissions in OKEA's operations in the period.

A key focus area for 2023 is to further harmonise processes and structures related to operated assets and realising synergies and value potential as a multi-asset company.

In line with peers and the Norwegian oil and gas industry, OKEA maintains an increased security level and is continuously monitoring, assessing and maintaining close dialogue with relevant parties.

## Subsequent events

### Announcement of first quarter dividend

On 31 January OKEA announced a dividend payment of NOK 103.9 million (NOK 1 per share) to be paid on or about 15 March. The board also reaffirmed its intention to distribute NOK 1 per share in each of the coming quarters of 2023. Future dividend payments are subject to an authorisation from the general meeting and may be revised due to changes in the market environment, company situation and/or value accretive opportunities available.

### New licences awarded in Awards in Pre-Defined Areas (APA) 2022

In January 2023, OKEA was awarded four new exploration licences in the APA 2022 awards by the Norwegian authorities. Two of the licences will be OKEA-operated and are located near the Draugen and Brage fields. The other two are located near the Gjøa and Njord fields.

## Outlook

The invasion of Ukraine has impacted the petroleum prices in a tight energy market with significant volatility at relatively high price levels during the quarter and the year and unprecedented price differentials in the European gas market. This critical situation has resulted in high revenues for OKEA; but also a significant and heightened focus on security measures.

The acquisition of a material portfolio of assets from Wintershall Dea, increased production, reserves and resources by 30-40% and added another operatorship to OKEA's portfolio. The transition was completed according to plan on 1 November. The acquisition represents a step change in both asset base and cash flow and was fully financed by existing cash resources.

OKEA's production guiding for 2023 is 22,000-25,000 boepd. Capex guiding, for 2023 is NOK 1,700-2,100 million. The capex guiding excludes capitalised interest and exploration capex and comprises completion of the Hasselmus project, Draugen power from shore, Brage infill drilling and other investments.

In January 2023, 653 thousand bbl from Draugen, 133 thousand bbl from Yme and 600 thousand bbl from Ivar Aasen was lifted. In addition, a 630 thousand bbl lifting from Brage and two liftings of 67 thousand bbl each from Yme are planned in February, and in March planned liftings are 67 thousand bbl from Yme and a 101 thousand bbl lifting from Gjøa. All volumes are net OKEA.

In addition to pursuing inorganic growth opportunities, OKEA is also working to mature the portfolio of development projects. The Hasselmus gas project is progressing towards planned production start in the fourth quarter of 2023 and a plan for development and operation for the power from shore project at Draugen was submitted in November. A discovery was confirmed in the Calypso well in early December and OKEA was awarded four licenses in the APA round for 2022, whereof two as operator. In addition, OKEA has entered into an SPA with DNO Norge AS for 50% WI in the Brasse field near Brage for zero consideration.

In December, OKEA distributed a cash dividend of NOK 103.9 million (NOK 1.00 per share), which brings the total dividend paid in 2022 to NOK 301.3 million (NOK 2.90 per share). On 31 January, OKEA announced a dividend of NOK 1.00 per share to be paid on or about 15 March. The board also reaffirmed its intention to distribute NOK 1.00 per share in each of the remaining quarters in 2023.

OKEA has a clear ambition to deliver competitive shareholder returns driven by solid growth, value creation and capital discipline and the strategy will be centred around three growth levers:

- actively pursue further value creation in current portfolio,
- pursuing mergers and acquisitions to add new legs to the portfolio, and
- considering organic projects either adjacent to existing hubs or pursuing new hubs, dependent on financial headroom and attractive risk-reward.

The cash outlook is strong, the outstanding debt has been reduced, and the board considers that the company is well positioned to continue to execute on the growth strategy.





# **Financial statements with notes Q4 2022**

# Statement of comprehensive income

01.01-31.12

		Q4 2022	Q3 2022	Q4 2021	2022	2021
Amounts in NOK '000	Note	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(audited)
Revenues from crude oil and gas sales	6	1 515 809	2 113 513	1 633 062	6 398 654	3 780 641
Other operating income / loss (-)	6, 25	148 644	29 944	91 630	253 975	101 232
<b>Total operating income</b>		<b>1 664 453</b>	<b>2 143 458</b>	<b>1 724 692</b>	<b>6 652 629</b>	<b>3 881 873</b>
Production expenses	7	-522 268	-425 468	-290 754	-1 616 020	-860 419
Changes in over/underlift positions and production inventory	7	221 588	-18 721	-40 581	296 523	23 087
Exploration and evaluation expenses	8	-190 268	-18 553	-88 662	-327 506	-342 972
Depreciation, depletion and amortisation	10	-270 243	-176 185	-177 000	-769 359	-672 450
Impairment (-) / reversal of impairment	10, 11, 12	-251 152	-609 030	-366 632	-497 584	363 765
General and administrative expenses	13	-87 093	-44 863	-46 228	-212 602	-95 024
<b>Total operating expenses</b>		<b>-1 099 436</b>	<b>-1 292 820</b>	<b>-1 009 857</b>	<b>-3 126 549</b>	<b>-1 584 014</b>
<b>Profit / loss (-) from operating activities</b>		<b>565 017</b>	<b>850 638</b>	<b>714 835</b>	<b>3 526 080</b>	<b>2 297 860</b>
Finance income	14	46 908	30 839	20 748	126 041	79 884
Finance costs	14	-68 373	-102 636	-77 067	-334 055	-197 001
Net exchange rate gain/loss (-)	14	115 124	-41 213	-4 939	-103 101	-74 761
<b>Net financial items</b>		<b>93 660</b>	<b>-113 010</b>	<b>-61 259</b>	<b>-311 115</b>	<b>-191 877</b>
<b>Profit / loss (-) before income tax</b>		<b>658 677</b>	<b>737 628</b>	<b>653 576</b>	<b>3 214 965</b>	<b>2 105 982</b>
Taxes (-) / tax income (+)	9	-334 559	-633 170	-370 422	-2 545 357	-1 502 673
<b>Net profit / loss (-)</b>		<b>324 118</b>	<b>104 457</b>	<b>283 154</b>	<b>669 608</b>	<b>603 309</b>
<b>Other comprehensive income, net of tax:</b>						
<i>Items that will not be reclassified to profit or loss in subsequent periods:</i>						
Remeasurements pensions, actuarial gain/loss (-)		110	-	-507	110	-507
<b>Total other comprehensive income, net of tax</b>		<b>110</b>	<b>-</b>	<b>-507</b>	<b>110</b>	<b>-507</b>
<b>Total comprehensive income / loss (-)</b>		<b>324 228</b>	<b>104 457</b>	<b>282 648</b>	<b>669 718</b>	<b>602 802</b>
Weighted average no. of shares outstanding basic		103 881 220	103 870 350	103 197 198	103 873 090	102 921 489
Weighted average no. of shares outstanding diluted		103 939 480	103 950 350	103 950 350	103 947 610	102 921 489
Earnings per share (NOK per share) - Basic		3,12	1,01	2,74	6,45	5,86
Earnings per share (NOK per share) - Diluted		3,12	1,00	2,72	6,44	5,86

## Statement of financial position

Amounts in NOK `000	Note	31.12.2022 (unaudited)	30.09.2022 (unaudited)	31.12.2021 (audited)
<b>ASSETS</b>				
<b>Non-current assets</b>				
Goodwill	11, 12	1 296 591	801 011	768 946
Exploration and evaluation assets	11	184 317	80 496	10 759
Oil and gas properties	10	6 556 314	4 717 682	4 684 752
Furniture, fixtures and office equipment	10	40 622	12 471	11 143
Right-of-use assets	10	232 901	216 880	234 199
Asset retirement reimbursement right	15	3 662 122	2 486 121	3 024 562
<b>Total non-current assets</b>		<b>11 972 868</b>	<b>8 314 661</b>	<b>8 734 362</b>
<b>Current assets</b>				
Trade and other receivables	17, 25	1 743 901	1 347 063	1 053 338
Financial investments	26	-	9 100	209 961
Spare parts, equipment and inventory	20	800 333	228 735	253 318
Asset retirement reimbursement right, current	15	-	-	83 412
Cash and cash equivalents	18	1 104 026	2 668 452	2 038 745
<b>Total current assets</b>		<b>3 648 261</b>	<b>4 253 350</b>	<b>3 638 774</b>
<b>TOTAL ASSETS</b>		<b>15 621 128</b>	<b>12 568 011</b>	<b>12 373 136</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
Share capital	16	10 391	10 387	10 387
Share premium		1 627 307	1 730 505	1 927 859
Other paid in capital		19 140	19 140	19 064
Retained earnings/loss (-)		421 191	96 963	-248 527
<b>Total equity</b>		<b>2 078 030</b>	<b>1 856 996</b>	<b>1 708 783</b>
<b>Non-current liabilities</b>				
Asset retirement obligations	19	5 915 084	3 621 192	4 133 177
Pension liabilities		43 255	42 114	37 311
Lease liability	23	212 409	201 913	220 266
Deferred tax liabilities	9	2 835 089	1 961 657	1 735 720
Other provisions	27, 28	39 107	-	-
Interest bearing bond loans	22	1 178 610	1 297 576	2 294 873
Other interest bearing liabilities	23	462 078	522 256	454 853
<b>Total non-current liabilities</b>		<b>10 685 633</b>	<b>7 646 709</b>	<b>8 876 200</b>
<b>Current liabilities</b>				
Trade and other payables	21, 25	2 219 658	1 192 660	786 535
Other interest bearing liabilities, current	23	45 874	49 874	38 593
Income tax payable	9	476 850	1 748 779	773 020
Lease liability, current	24	49 643	44 106	43 032
Asset retirement obligations, current	19	-	-	104 265
Public dues payable		65 440	28 888	42 708
<b>Total current liabilities</b>		<b>2 857 465</b>	<b>3 064 306</b>	<b>1 788 153</b>
<b>Total liabilities</b>		<b>13 543 099</b>	<b>10 711 015</b>	<b>10 664 353</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>15 621 128</b>	<b>12 568 011</b>	<b>12 373 136</b>



## Statement of changes in equity

Amounts in NOK '000	Share capital	Share premium	Other paid in capital	Retained earnings/loss (-)	Total equity
Equity at 1 January 2021	10 250	1 912 462	11 342	-851 329	1 082 725
Total comprehensive income/loss (-) for the period	-	-	-	602 802	602 802
Share issues, cash	137	15 397	-	-	15 534
Share based payment	-	-	7 722	-	7 722
<b>Equity at 31 December 2021</b>	<b>10 387</b>	<b>1 927 859</b>	<b>19 064</b>	<b>-248 527</b>	<b>1 708 783</b>
Equity at 1 January 2022	10 387	1 927 859	19 064	-248 527	1 708 783
Total comprehensive income/loss (-) for the period	-	-	-	669 718	669 718
Dividend paid	-	-301 264	-	-	-301 264
Share issues, cash	4	712	-	-	716
Share based payment	-	-	76	-	76
<b>Equity at 31 December 2022</b>	<b>10 391</b>	<b>1 627 307</b>	<b>19 140</b>	<b>421 191</b>	<b>2 078 030</b>

## Statement of cash flows

01.01-31.12

		Q4 2022	Q3 2022	Q4 2021	2022	2021
Amounts in NOK `000	Note	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(audited)
<b>Cash flow from operating activities</b>						
Profit / loss (-) before income tax		658 677	737 628	653 576	3 214 965	2 105 982
Income tax paid/received	9	-1 200 739	-508 796	45 862	-2 289 373	355 429
Depreciation, depletion and amortization	10	270 243	176 185	177 000	769 359	672 450
Impairment / reversal of impairment	10, 11, 12	251 152	609 030	366 632	497 584	-363 765
Expensed exploration expenditures temporary capitalised	8, 11	78 491	-1	16 839	141 892	184 855
Accretion asset retirement obligations/reimbursement right	14, 15, 19	5 106	3 549	1 258	11 768	5 034
Asset retirement costs from billing (net after reimbursement)	15, 19	48	-5 140	-3 770	-22 525	-3 770
Interest expense	14	22 664	50 920	46 356	172 369	94 256
Gain / loss on financial investments	14	-7	237	39	64	39
Change in fair value contingent consideration	6, 28	-12 376	-	-	-12 376	-
Change in trade and other receivables, and inventory		-623 966	-262 526	-364 874	-799 208	-564 623
Change in trade and other payables		1 062 709	298 931	28 779	1 425 986	-94 307
Change in foreign exchange interest bearing debt and other non-current items		-122 118	82 933	35 394	233 567	123 823
<b>Net cash flow from / used in (-) operating activities</b>		<b>389 884</b>	<b>1 182 951</b>	<b>1 003 092</b>	<b>3 344 073</b>	<b>2 515 403</b>
<b>Cash flow from investment activities</b>						
Investment in exploration and evaluation assets	11	-182 695	-1 841	-7 804	-315 833	-166 671
Business combinations, cash paid	27, 28	-1 103 109	-	-	-1 239 721	-
Investment in oil and gas properties	10, 14	-421 709	-311 730	-197 349	-1 052 354	-664 129
Investment in furniture, fixtures and office machines	10	-30 470	-3 037	-1 488	-36 422	-8 705
Cash used on (-)/received from financial investments	26	9 107	200 789	-210 000	209 896	-210 000
Proceeds from sales of buildings	10, 24	-	-	109 000	-	109 000
<b>Net cash flow from / used in (-) investment activities</b>		<b>-1 728 876</b>	<b>-115 819</b>	<b>-307 641</b>	<b>-2 434 433</b>	<b>-940 504</b>
<b>Cash flow from financing activities</b>						
Repayment/buy-back of bond loans	22	-	-1 102 395	-108 943	-1 401 531	-216 948
Repayment of other interest bearing liabilities	23	-13 352	-10 185	-	-42 730	-
Interest paid		-64 412	-24 154	-72 442	-193 729	-195 788
Payments of lease debt	24	-8 823	-7 243	-6 250	-30 544	-25 001
Dividend payments		-103 910	-103 870	-	-301 264	-
Net proceeds from share issues		716	-	15 484	716	15 534
<b>Net cash flow from / used in (-) financing activities</b>		<b>-189 780</b>	<b>-1 247 848</b>	<b>-172 152</b>	<b>-1 969 082</b>	<b>-422 203</b>
<b>Net increase/ decrease (-) in cash and cash equivalents</b>		<b>-1 528 773</b>	<b>-180 716</b>	<b>523 298</b>	<b>-1 059 442</b>	<b>1 152 696</b>
Cash and cash equivalents at the beginning of the period		2 668 452	2 758 124	1 504 336	2 038 745	871 210
Effect of exchange rate fluctuation on cash held		-35 653	91 044	11 111	124 723	14 839
<b>Cash and cash equivalents at the end of the period</b>		<b>1 104 026</b>	<b>2 668 452</b>	<b>2 038 745</b>	<b>1 104 026</b>	<b>2 038 745</b>

# Notes to the interim financial statements

## Note 1 General and corporate information

These financial statements are the unaudited interim condensed financial statements of OKEA ASA for the fourth quarter of 2022.

OKEA ASA ("OKEA" or the "company") is a public limited liability company incorporated and domiciled in Norway, with its main office located in Trondheim. The company's shares are listed on the Oslo Stock Exchange under the ticker OKEA.

OKEA is a leading mid to late-life operator on the Norwegian continental shelf (NCS). OKEA finds value where others divest and has an ambitious growth strategy built on accretive M&A activities, value creation and capital discipline.

## Note 2 Basis of preparation

The interim accounts have been prepared in accordance with IAS 34 Interim Financial Reporting. The interim accounts do not include all the information required in the annual accounts and should therefore be read in conjunction with the annual accounts for 2021. The annual accounts for 2021 were prepared in accordance with EU's approved International Financial Reporting Standards (IFRS).

The interim financial statements were authorised for issue by the company's board of directors on 30 January 2023.

## Note 3 Accounting policies

The accounting policies adopted in the preparation of the interim accounts are consistent with those followed in the preparation of the annual accounts for 2021. New standards, amendments and interpretations to existing standards effective from 1 January 2022 did not have any significant impact on the financial statements.

## Note 4 Critical accounting estimates and judgements

The preparation of the interim accounts entails the use of judgements, estimates and assumptions that affect the application of accounting policies and the amounts recognised as assets and liabilities, income and expenses. The estimates, and associated assumptions, are based on historical experience and other factors that are considered as reasonable under the circumstances. The actual results may deviate from these estimates. The material assessments underlying the application of the company's accounting policies, and the main sources of uncertainty, are the same for the interim accounts as for the annual accounts for 2021.

## Note 5 Business segments

The company's only business segment is development and production of oil and gas on the Norwegian continental shelf.

## Note 6 Income

### Breakdown of petroleum revenues

Amounts in NOK `000	Q4 2022	Q3 2022	Q4 2021	01.01-31.12	
				2022	2021
Sale of liquids	916 152	1 158 889	713 775	3 621 472	2 198 055
Sale of gas	599 657	954 624	919 287	2 777 182	1 582 586
<b>Total petroleum revenues</b>	<b>1 515 809</b>	<b>2 113 513</b>	<b>1 633 062</b>	<b>6 398 654</b>	<b>3 780 641</b>
Sale of liquids (boe*)	967 625	1 101 992	1 069 877	3 841 817	3 935 445
Sale of gas (boe*)	534 008	486 267	595 467	2 090 128	1 847 140
<b>Total sale of petroleum in boe*</b>	<b>1 501 633</b>	<b>1 588 260</b>	<b>1 665 344</b>	<b>5 931 945</b>	<b>5 782 585</b>

\*Barrels of oil equivalents

### Other operating income

Amounts in NOK `000	Q4 2022	Q3 2022	Q4 2021	01.01-31.12	
				2022	2021
Gain / loss (-) from put/call options, oil	-	-	-	-	-32 766
Gain / loss (-) from forward contracts, gas	86 236	-20 793	54 314	72 492	49 002
Change in fair value contingent consideration (see note 28)	12 376	-	-	12 376	-
Tariff income Gjøa	39 707	41 528	24 263	131 596	61 960
Joint utilisation of logistics resources	10 326	9 210	13 054	37 512	23 036
<b>Total other operating income/loss (-)</b>	<b>148 644</b>	<b>29 944</b>	<b>91 630</b>	<b>253 975</b>	<b>101 232</b>

## Note 7 Production expenses & changes in over/underlift positions and production inventory

### Production expenses

Amounts in NOK `000	Q4 2022	Q3 2022	Q4 2021	01.01-31.12	
				2022	2021
From licence billings - producing assets	451 451	380 805	251 323	1 420 803	753 181
From licence billings - assets under construction - various preparations for operation	-	-	1 397	-	17 884
Other production expenses (insurance, transport)	64 407	41 446	38 034	179 295	89 354
G&A expenses allocated to production expenses	6 410	3 217	-	15 922	-
<b>Total production expenses</b>	<b>522 268</b>	<b>425 468</b>	<b>290 754</b>	<b>1 616 020</b>	<b>860 419</b>

### Changes in over/underlift positions and production inventory

Amounts in NOK `000	Q4 2022	Q3 2022	Q4 2021	01.01-31.12	
				2022	2021
Changes in over/underlift positions	82 405	17 807	-61 856	196 372	15 852
Changes in production inventory	139 182	-36 528	21 275	100 151	7 236
<b>Total changes income/loss (-)</b>	<b>221 588</b>	<b>-18 721</b>	<b>-40 581</b>	<b>296 523</b>	<b>23 087</b>

## Note 8 Exploration and evaluation expenses

Amounts in NOK '000	Q4 2022	Q3 2022	Q4 2021	01.01-31.12	
				2022	2021
Share of exploration and evaluation expenses from participation in licences excluding dry well impairment, from billing	22 936	12 145	20 505	75 304	95 278
Share of exploration expenses from participation in licences, dry well write off, from billing *	78 491	-1	16 839	141 892	184 855
Seismic and other exploration and evaluation expenses, outside billing	87 794	6 216	51 317	108 525	62 839
G&A expenses allocated to exploration expenses	1 047	193	-	1 786	-
<b>Total exploration and evaluation expenses</b>	<b>190 268</b>	<b>18 553</b>	<b>88 662</b>	<b>327 506</b>	<b>342 972</b>

\* The discovery in the Hamlet exploration well in licence PL153 has been concluded non-commercial in Q4 2022 and the well has been expensed. The drilling of exploration well Ginny in licence PL1060 was completed in Q1 2022 and the well was concluded dry.

## Note 9 Taxes

### Income taxes recognised in the income statement

Amounts in NOK '000	Q4 2022	Q3 2022	Q4 2021	01.01-31.12	
				2022	2021
Change in deferred taxes current year	-239 559	326 858	-51 867	-436 027	-796 958
Taxes payable current year	-94 996	-960 028	-320 064	-2 105 157	-711 980
Tax payable adjustment previous year	-4	-0	1 508	-4 173	1 508
Tax refund adjustment previous year	-	-	-	-	4 757
<b>Total taxes (-) / tax income (+) recognised in the income statement</b>	<b>-334 559</b>	<b>-633 170</b>	<b>-370 422</b>	<b>-2 545 357</b>	<b>-1 502 673</b>

### Reconciliation of income taxes

Amounts in NOK '000	Q4 2022	Q3 2022	Q4 2021	01.01-31.12	
				2022	2021
<b>Profit / loss (-) before income taxes</b>	<b>658 677</b>	<b>737 628</b>	<b>653 576</b>	<b>3 214 965</b>	<b>2 105 982</b>
Expected income tax at tax rate 78.004% (2021: 78%)	-513 794	-575 379	-509 790	-2 507 802	-1 642 666
Permanent differences, including impairment of goodwill	44 272	-19 581	1 716	-25 612	-2 419
Effect of sale and leaseback transaction	-	-	39 839	-	39 839
Effect of uplift	31 676	28 775	99 985	102 044	196 977
Financial and onshore items	103 250	-66 882	-2 451	-105 620	-94 459
Effect of new tax rates	-0	-104	-	-104	-
Change valuation allowance	-	-	1 230	-	-4 887
Adjustments previous year and other	38	-0	-952	-8 264	4 941
<b>Total income taxes recognised in the income statement</b>	<b>-334 559</b>	<b>-633 170</b>	<b>-370 422</b>	<b>-2 545 357</b>	<b>-1 502 673</b>
<b>Effective income tax rate</b>	<b>51 %</b>	<b>86 %</b>	<b>57 %</b>	<b>79 %</b>	<b>71 %</b>

# Specification of tax effects on temporary differences, tax losses and uplift carried forward

Amounts in NOK `000	31.12.2022	30.09.2022	31.12.2021
Tangible and intangible non-current assets	-4 372 336	-3 159 941	-2 939 348
Provisions (net ARO), lease liability, pensions and gain/loss account	2 102 801	1 298 279	1 352 475
Interest bearing loans	-1 466	-1 697	-3 429
Current items (spareparts and inventory)	-564 088	-98 298	-145 419
Tax losses carried forward, onshore 22%	4 887	4 887	4 887
Valuation allowance (uncapitalised deferred tax asset)	-4 887	-4 887	-4 887
<b>Total deferred tax assets / liabilities (-) recognised</b>	<b>-2 835 089</b>	<b>-1 961 657</b>	<b>-1 735 720</b>

The tax calculation is from Q2 2022 based on the new cash flow based petroleum tax legislation enacted by the the Norwegian Parliament in June 2022. The main feature of the legislation affecting the company is that investments in field facilities, production wells and pipelines incurred from 1 January 2022 can be expensed when incurred for Special petroleum tax (SPT) purposes. Such expensing will replace the previous 6 years depreciation for SPT and uplift.

## Specifiaction of tax payable

Amounts in NOK `000	Total
Tax payable at 1 January 2022	773 020
Tax paid	-2 289 373
Tax payable adjustment previous year	4 173
Tax payable current year recognised in the income statement	2 105 157
Tax payable recognised in business combination (see note 27)	-115 745
Taxes recognised on acquisition, sale and swap of licences	-382
<b>Tax payable at 31 December 2022</b>	<b>476 850</b>



## Note 10 Tangible assets and right-of-use assets

Amounts in NOK '000	Oil and gas properties in production	Oil and gas properties under development	Buildings	Furniture, fixtures and office machines	Right-of-use assets	Total
Cost at 1 January 2022	7 165 077	-	-	20 512	329 404	7 514 993
Additions	647 903	-	-	5 951	4 442	658 296
Additions through business combination (see note 27)	166 116	-	-	-	-	166 116
Reclassification from inventory	3 033	-	-	-	-	3 033
Removal and decommissioning asset	-57 454	-	-	-	-	-57 454
Disposals	-	-	-	-4 284	-	-4 284
<b>Cost at 30 September 2022</b>	<b>7 924 674</b>	<b>-</b>	<b>-</b>	<b>22 179</b>	<b>333 846</b>	<b>8 280 699</b>
Accumulated depreciation and impairment at 1 January 2022	-2 480 324	-	-	-9 370	-95 205	-2 584 899
Depreciation	-480 235	-	-	-4 623	-14 259	-499 116
Impairment (-) / reversal of impairment	-246 433	-	-	-	-	-246 433
Disposals	-	-	-	4 284	-	4 284
Additional depreciation of IFRS 16 Right-of- use assets presented gross related to leasing contracts entered into as licence operator	-	-	-	-	-7 502	-7 502
<b>Accumulated depreciation and impairment at 30 September 2022</b>	<b>-3 206 992</b>	<b>-</b>	<b>-</b>	<b>-9 708</b>	<b>-116 966</b>	<b>-3 333 666</b>
<b>Carrying amount at 30 September 2022</b>	<b>4 717 682</b>	<b>-</b>	<b>-</b>	<b>12 471</b>	<b>216 880</b>	<b>4 947 033</b>
Cost at 1 October 2022	7 924 674	-	-	22 179	333 846	8 280 699
Additions	432 509	-	-	30 470	7 541	470 521
Additions through business combination (see note 27)	1 791 614	-	-	-	17 315	1 808 929
Reclassification from inventory	(63)	-	-	-	-	-63
Removal and decommissioning asset	127 312	-	-	-	-	127 312
Disposals	-	-	-	-	-	-
<b>Cost at 31 December 2022</b>	<b>10 276 046</b>	<b>-</b>	<b>-</b>	<b>52 650</b>	<b>358 702</b>	<b>10 687 398</b>
Accumulated depreciation and impairment at 1 October 2022	-3 206 992	-	-	-9 708	-116 966	-3 333 666
Depreciation	-261 589	-	-	-2 319	-6 335	-270 243
Impairment (-) / reversal of impairment	-251 152	-	-	-	-	-251 152
Disposals	-	-	-	-	-	-
Additional depreciation of IFRS 16 Right-of- use assets presented gross related to leasing contracts entered into as licence operator	-	-	-	-	-2 501	-2 501
<b>Accumulated depreciation and impairment at 31 December 2022</b>	<b>-3 719 732</b>	<b>-</b>	<b>-</b>	<b>-12 027</b>	<b>-125 802</b>	<b>-3 857 561</b>
<b>Carrying amount at 31 December 2022</b>	<b>6 556 314</b>	<b>-</b>	<b>-</b>	<b>40 623</b>	<b>232 901</b>	<b>6 829 837</b>

## Note 11 Goodwill, exploration and evaluation assets

Amounts in NOK '000	Exploration and evaluation assets	Technical goodwill	Ordinary goodwill	Total goodwill
Cost at 1 January 2022	10 759	1 114 547	416 415	1 530 962
Additions	133 138	-	-	-
Additions through business combination (see note 27)	-	32 065	-	32 065
Expensed exploration expenditures temporarily capitalised	-63 401	-	-	-
<b>Cost at 30 September 2022</b>	<b>80 496</b>	<b>1 146 612</b>	<b>416 415</b>	<b>1 563 027</b>
Accumulated impairment at 1 January 2022	-	-508 818	-253 198	-762 016
Impairment	-	-	-	-
<b>Accumulated impairment at 30 September 2022</b>	<b>-</b>	<b>-508 818</b>	<b>-253 198</b>	<b>-762 016</b>
<b>Carrying amount at 30 September 2022</b>	<b>80 496</b>	<b>637 794</b>	<b>163 217</b>	<b>801 011</b>
Cost at 1 October 2022	80 496	1 146 612	416 415	1 563 027
Additions	182 312	-	-	-
Additions through business combination (see note 27)	-	495 580	-	495 580
Expensed exploration expenditures temporarily capitalised	-78 491	-	-	-
<b>Cost at 31 December 2022</b>	<b>184 317</b>	<b>1 642 191</b>	<b>416 415</b>	<b>2 058 607</b>
Accumulated impairment at 1 October 2022	-	-508 818	-253 198	-762 016
Impairment	-	-	-	-
<b>Accumulated impairment at 31 December 2022</b>	<b>-</b>	<b>-508 818</b>	<b>-253 198</b>	<b>-762 016</b>
<b>Carrying amount at 31 December 2022</b>	<b>184 317</b>	<b>1 133 374</b>	<b>163 217</b>	<b>1 296 591</b>

## Note 12 Impairment / reversal of impairment

Tangible and intangible assets are tested for impairment / reversal of impairment whenever indicators are identified and at least on an annual basis. Impairment is recognised when the book value of an asset or cash generating unit exceeds the recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and value in use. The recoverable amount is estimated based on discounted future after tax cash flows. The expected future cash flows are discounted to net present value by applying a discount rate after tax that reflects the weighted average cost of capital (WACC).

Technical goodwill arises as an offsetting account to the deferred tax recognised in business combinations and is allocated to each Cash Generating Unit (CGU). When deferred tax from the initial recognition decreases, more goodwill is as such exposed for impairments.

Fair value assessment of the company's right-of-use (ROU) assets portfolio are included in the impairment test.

Below is an overview of the key assumptions applied in the impairment test as of 31 December 2022:

Year	Oil USD/BOE*	Gas GBP/therm*	Currency rates USD/NOK
2023	83.0	1.99	9.8
2024	76.6	1.91	9.6
2025	70.8	1.31	9.3
From 2026	67.6	0.70	9.0

\* Prices in real terms

### Other assumptions

For oil and gas reserves future cash flows are calculated on the basis of expected production profiles and estimated proven and probable remaining reserves.

Future capex, opex and abandonment cost are calculated based on the expected production profiles and the best estimate of related cost. For fair value testing the discount rate applied is 10.0% post tax unchanged from the Q3 test.

The long-term inflation rate is assumed to be 2.0%.

The valuation of oil and gas properties and goodwill are inherently uncertain due to the judgemental nature of the underlying estimates. This risk has increased due to the current market conditions with rapid fluctuation in supply and demand of oil and gas causing more volatility in prices.

Total cost for CO<sub>2</sub> comprises Norwegian CO<sub>2</sub> tax and cost of the EU Emission Trading System and is estimated to gradually increase from NOK 1 523 per tonne in 2022 towards a long term price of NOK 2 000 (real 2020) per tonne from 2030 in line with price estimates presented by the Norwegian authorities in late 2021. NOx prices are estimated to increase from approximately NOK 17 per kg in 2022 to a level of approximately 28 NOK per kg from 2030. A future change in how the world will react in light of the goals set in the Paris Agreement could have adverse effects on the value of OKEA's oil and gas assets. Sensitivities on changes to environmental cost is reflected in the table below.

### Impairment testing of technical goodwill, ordinary goodwill, fixed assets and ROU assets

Based on the company's impairment assessments NOK 251 million in impairment of the Yme asset was recognised in the fourth quarter. The impairment was mainly driven by revised phasing of production.

No impairment of technical and ordinary goodwill or ROU assets was required in the three month period ending on 31 December 2022.

### Sensitivity analysis

The table below shows what the impairment pre-tax would have been in the fourth quarter under various alternative assumptions, assuming all other assumptions remaining constant. The total figures shown are combined impairment for CGUs Gjøl, Draugen, Ivar Aasen, Yme, Brage and Nova.

Assumptions	Change	Alternative calculations of pre-tax impairment/reversal (-) Q4 2022 (NOK '000)		Increase / decrease (-) of pre- tax impairment Q4 2022 (NOK '000)	
		Increase in assumption	Decrease in assumption	Increase in assumption	Decrease in assumption
Oil and gas price	+/- 10%	-253 552	755 855	-504 703	504 703
Currency rate USD/NOK	+/- 1.0 NOK	-286 702	789 005	-537 853	537 853
Discount rate	+/- 1% point	298 326	555 027	47 174	303 875
Environmental cost (CO <sub>2</sub> and NOx)	+/- 20%	321 342	180 962	70 190	-70 190

## Note 13 General and administrative expenses

Amounts in NOK '000	Q4 2022	Q3 2022	Q4 2021	01.01-31.12	
				2022	2021
Salary and other employee benefits expenses	225 766	123 034	136 482	620 072	484 758
Consultants and other operating expenses	139 524	67 420	62 871	336 209	196 276
Allocated to operated licences	-270 731	-142 157	-151 651	-725 343	-581 578
Allocated to exploration and production expenses	-7 466	-3 434	-	-18 336	-
Reclassified to oil and gas properties under development	-	-	-1 473	-	-4 432
<b>Total general and administrative expenses</b>	<b>87 093</b>	<b>44 863</b>	<b>46 228</b>	<b>212 602</b>	<b>95 024</b>

## Note 14 Financial items

Amounts in NOK '000	Q4 2022	Q3 2022	Q4 2021	01.01-31.12	
				2022	2021
Interest income	11 005	6 246	1 057	22 165	1 120
Unwinding of discount asset retirement reimbursement right (indemnification asset)	35 903	24 758	19 691	103 876	78 764
Gain on financial investments	-	-165	-	-	-
<b>Finance income</b>	<b>46 908</b>	<b>30 839</b>	<b>20 748</b>	<b>126 041</b>	<b>79 884</b>
Interest expense and fees from loans and borrowings	-33 407	-59 705	-60 699	-200 371	-210 907
Capitalised borrowing cost, development projects	10 800	8 785	14 400	28 059	116 709
Interest expense shareholder loan	-57	-	-57	-57	-57
Other interest expense	-544	-744	-3 371	-5 268	-3 986
Unwinding of discount asset retirement obligations	-41 009	-28 307	-20 949	-115 645	-83 797
Loss on buy-back/early redemption bond loan	-	-17 127	-3 756	-23 535	-6 364
Loss on financial investments	7	-71	-39	-64	-39
Other financial expense	-4 162	-5 465	-2 596	-17 174	-8 558
<b>Finance costs</b>	<b>-68 373</b>	<b>-102 636</b>	<b>-77 067</b>	<b>-334 055</b>	<b>-197 001</b>
Exchange rate gain/loss (-), interest-bearing loans and borrowings	172 037	-149 566	-36 878	-296 881	-107 918
Net exchange rate gain/loss (-), other	-56 913	108 353	31 939	193 780	33 158
<b>Net exchange rate gain/loss (-)</b>	<b>115 124</b>	<b>-41 213</b>	<b>-4 939</b>	<b>-103 101</b>	<b>-74 761</b>
<b>Net financial items</b>	<b>93 660</b>	<b>-113 010</b>	<b>-61 259</b>	<b>-311 115</b>	<b>-191 877</b>

## Note 15 Asset retirement reimbursement right

Amounts in NOK '000	
Asset retirement reimbursement right at 1 January 2022 (indemnification asset)	3 107 974
Additions through business combination (see note 27)	947 255
Changes in estimates	122 483
Effect of change in the discount rate	-529 368
Asset retirement costs from billing, reimbursement from Shell	-90 099
Unwinding of discount	103 876
<b>Asset retirement reimbursement right at 31 December 2022 (indemnification asset)</b>	<b>3 662 122</b>
Of this:	
Asset retirement reimbursement right, non-current	3 662 122
Asset retirement reimbursement right, current	-
<b>Asset retirement reimbursement right at 31 December 2022 (indemnification asset)</b>	<b>3 662 122</b>

Asset retirement reimbursement right consists of a receivable from the seller Shell from OKEA's acquisition of Draugen and Gjøa assets in 2018, and a receivable from the seller Wintershall Dea from OKEA's acquisition of the Brage asset in 2022.

### Receivable from the seller Shell from OKEA's acquisition of Draugen and Gjøa assets in 2018:

The parties agreed that the seller Shell will cover 80% of the actual abandonment expenses for the Draugen and Gjøa fields up to a predefined after-tax cap amount of NOK 757 million (2022 value) subject to Consumer Price Index (CPI) adjustment. The present value of the expected payments is recognised as a pre-tax receivable from the seller.

In addition, the seller has agreed to pay OKEA an amount of NOK 441 million (2022 value) subject to a CPI adjustment according to a schedule based on the percentage of completion of the decommissioning of the Draugen and Gjøa fields.

The net present value of the receivable is calculated using a discount rate of 3.93% (year end 2021: 2.6%).

### Receivable from the seller Wintershall Dea from OKEA's acquisition of the Brage asset in 2022 (see note 27):

The parties have agreed that Wintershall Dea will retain responsibility for 80% of OKEA's share of total decommissioning costs related to the Brage Unit, limited to an agreed pre-tax cap of NOK 1520.6 million subject to index regulation.

The net present value of the receivable is calculated using a discount rate of 6.39%.

## Note 16 Share capital

Number of shares	Ordinary shares
Outstanding shares at 1 January 2022	103 870 350
New shares issued during 2022	40 000
<b>Number of outstanding shares at 31 December 2022</b>	<b>103 910 350</b>
Nominal value NOK per share at 31 December 2022	0,1
Share capital NOK at 31 December 2022	10 391 035

As per 31 December 2022 there are no equity-settled warrants outstanding. 40,000 of the previous 80,000 outstanding warrants were exercised in October 2022 and the remaining 40,000 expired in October 2022. Reference is made to note 10 in the 2021 annual financial statements for further details.

Dividend paid in 2022 is NOK 301.3 million.

## Note 17 Trade and other receivables

Amounts in NOK '000	31.12.2022	30.09.2022	31.12.2021
Accounts receivable and receivables from operated licences*	234 811	346 353	68 275
Accrued revenue	422 885	268 844	487 424
Prepayments	79 009	140 483	48 300
Working capital and overcall, joint operations/licences	386 637	255 383	164 226
Underlift of petroleum products	588 934	322 071	225 079
VAT receivable	21 049	12 239	7 317
Accrued interest income	-	1 690	830
Fair value forward contracts, gas	10 578	-	51 885
<b>Total trade and other receivables</b>	<b>1 743 901</b>	<b>1 347 063</b>	<b>1 053 338</b>

\* There is no provision for bad debt on receivables.

## Note 18 Cash and cash equivalents

### Cash and cash equivalents:

Amounts in NOK '000	31.12.2022	30.09.2022	31.12.2021
Bank deposits, unrestricted	1 010 492	1 994 781	1 035 711
Bank deposit, time deposit	-	617 148	980 000
Bank deposit, restricted, employee taxes	31 224	12 578	18 033
Bank deposit, restricted, deposit office leases	14 824	14 810	-
Bank deposit, restricted, other	47 486	29 136	5 001
<b>Total cash and cash equivalents</b>	<b>1 104 026</b>	<b>2 668 452</b>	<b>2 038 745</b>

See note 26 for information about liquid assets not categorised as cash and cash equivalents.

## Note 19 Asset retirement obligations

Amounts in NOK '000	
Provision at 1 January 2022	4 237 442
Additions	89 343
Additions through business combination (see note 27)	2 005 748
Changes in estimates	418 756
Effects of change in the discount rate	-839 226
Asset retirement costs from billing	-112 623
Unwinding of discount	115 645
<b>Asset retirement obligations at 31 December 2022</b>	<b>5 915 084</b>
Of this:	
Asset retirement obligations, non-current	5 915 084
Asset retirement obligations, current	-
<b>Asset retirement obligations at 31 December 2022</b>	<b>5 915 084</b>

### Asset retirement obligations

Provisions for asset retirement obligations represent the future expected costs for close-down and removal of oil equipment and production facilities. The provision is based on the company's best estimate. The net present value of the estimated obligation is calculated using a discount rate of 3.06% (year end 2021: 2%). The assumptions are based on the economic environment at balance sheet date. Actual asset retirement costs will ultimately depend upon future market prices for the necessary works which will reflect market conditions at the relevant time. Furthermore, the timing of the close-down is likely to depend on when the field ceases to produce at economically viable rates. This in turn will depend upon future oil and gas prices, which are inherently uncertain.

For recovery of costs of decommissioning related to assets acquired from Shell and Wintershall Dea, reference is made to note 15.

## Note 20 Spare parts, equipment and inventory

Amounts in NOK '000	31.12.2022	30.09.2022	31.12.2021
Inventory of petroleum products	511 509	85 226	124 258
Spare parts and equipment	288 824	143 509	129 061
<b>Total spare parts, equipment and inventory</b>	<b>800 333</b>	<b>228 735</b>	<b>253 318</b>

## Note 21 Trade and other payables

Amounts in NOK '000	31.12.2022	30.09.2022	31.12.2021
Trade creditors	126 044	20 618	117 721
Accrued holiday pay and other employee benefits	146 858	83 501	110 947
Working capital, joint operations/licences	1 061 014	761 291	430 608
Overlift of petroleum products	47 952	-	24 555
Accrued interest bond loans	5 175	34 201	5 096
Other provisions, current (see note 28)	29 810	-	-
Prepayments from customers	506 637	77 259	17
Fair value forward contracts, gas	-	24 510	-
Loan from shareholder OKEA Holdings Ltd	1 428	1 371	1 371
Accrued consideration from acquisitions of interests in licences	-	-	10 000
Other accrued expenses	294 740	189 909	86 220
<b>Total trade and other payables</b>	<b>2 219 658</b>	<b>1 192 660</b>	<b>786 535</b>



## Note 22 Interest bearing bond loans

Amounts in NOK '000	Bond loan OKEA02	Bond loan OKEA03	Total
Interest bearing bond loans at 1 January 2022	1 249 257	1 045 616	2 294 873
Amortisation of transaction costs	14 889	7 201	22 089
Bond buy-back/early redemption	-1 377 996	-	-1 377 996
Foreign exchange movement	113 850	125 793	239 643
<b>Interest bearing bond loans at 31 December 2022</b>	<b>-</b>	<b>1 178 610</b>	<b>1 178 610</b>
Of this:			
Interest bearing bond loans, non-current	-	1 178 610	1 178 610
Interest bearing bond loans, current	-	-	-
<b>Interest bearing bond loans at 31 December 2022</b>	<b>-</b>	<b>1 178 610</b>	<b>1 178 610</b>

Amounts in NOK '000	Bond loan OKEA02	Bond loan OKEA03	Total
Interest bearing bond loans at 1 January 2022	1 249 257	1 045 616	2 294 873
Cash flows:			
Gross proceeds from borrowings	-	-	-
Transaction costs	-	-	-
Repayment/buy-back of borrowings	-1 401 531	-	-1 401 531
<b>Total cash flows:</b>	<b>-1 401 531</b>	<b>-</b>	<b>-1 401 531</b>
Non-cash changes:			
Amortisation of transaction costs	14 889	7 201	22 089
Foreign exchange movement	113 850	125 793	239 643
Loss / gain (-) on buy-back	23 535	-	23 535
<b>Interest bearing bond loans at 31 December 2022</b>	<b>-</b>	<b>1 178 610</b>	<b>1 178 610</b>

### Bond loans OKEA02 and OKEA03

During 2022 the company has been in full compliance with the covenants under the bond agreements.

From 01.01.2022 the covenants comprise of:

- (i) Leverage ratio shall not exceed 2:1
- (ii) Capital employment ratio above 35%
- (iii) Minimum free liquidity of USD 10 million

Maturity date of OKEA03 is 11 December 2024.

In July 2022 OKEA completed a voluntarily redemption of all remaining OKEA02 bonds. The remaining net outstanding of USD 100 million was called at a premium of 102.75. The bonds were settled on 27 July 2022.

## Note 23 Other interest bearing liabilities

In October 2021 the Yme licence completed acquisition of the Inspirer jack-up rig through a bareboat charter (BBC) agreement with Havila Sirius AS (Havila). The part of the lease payments to Havila corresponding to the purchase price paid by Havila to Maersk is considered as an investment in a rig with a corresponding liability, while the remaining amount of the total payments is treated as interest expenses. This treatment is based on the underlying assessment that the reality of the transaction is that it is an investment in a rig financed with a interest bearing liability, rather than a lease. OKEA's proportionate share of the investment and corresponding liability is USD 55.95 million.

The Yme licence has the right and the obligation to purchase the rig at the end of the lease period for NOK 1. In addition the Yme licence has the unconditional obligation to purchase the rig from Havila in case of any termination event during the lease period. The purchase price will then be the remaining amount paid by Havila to Maersk plus interest and other costs. The Yme licence also has the option to purchase the rig at any time during the lease period for the same price.

The liability carries a implicit interest rate of 5.21% p.a., and will be repaid with the lease payments to Havila with the last lease payment in October 2031. Repsol S.A. (RSA) is the parent company of the Yme licence operator Repsol Norge AS. On behalf of Yme, RSA has issued a parent company guarantee for the future lease payments to Havila.

Amounts in NOK '000	Liability Yme rig	Total
Other interest bearing liabilities at 1 January 2022	493 445	493 445
Repayments	-42 730	-42 730
Foreign exchange movement	57 237	57 237
<b>Other interest bearing liabilities at 31 December 2022</b>	<b>507 952</b>	<b>507 952</b>
Of this:		
Other interest bearing liabilities, non-current	462 078	462 078
Other interest bearing liabilities, current	45 874	45 874
<b>Other interest bearing liabilities at 31 December 2022</b>	<b>507 952</b>	<b>507 952</b>

Amounts in NOK '000	Liability Yme rig	Total
Other interest bearing liabilities at 1 January 2022	493 445	493 445
Cash flows:		
Gross proceeds from borrowings	-	-
Repayment of borrowings	-42 730	-42 730
<b>Total cash flows:</b>	<b>-42 730</b>	<b>-42 730</b>
Non-cash changes:		
Financing Yme Rig	-	-
Foreign exchange movement	57 237	57 237
<b>Other interest bearing liabilities at 31 December 2022</b>	<b>507 952</b>	<b>507 952</b>

## Note 24 Leasing

The company has entered into operating leases for office facilities. In addition, as operator of the Draugen field, the company has on behalf of the licence entered into operating leases for logistic resources such as supply vessel with associated remote operated vehicle (ROV), base and warehouse for spare parts and hence gross basis of these lease debts are recognised.

### Sale and leaseback of the property Råket 2

In December 2021, OKEA completed a sale and leaseback (SLB) transaction for OKEA's regional headquarter Råket 2 in Kristiansund. The SLB agreement is based on OKEA leasing the property for 20 years with additional extension options for OKEA for up to 10 years. The sale price amounted to NOK 109 million. The buyer is Råket 2 AS, a fully owned subsidiary of Asset Buyout Partners AS (ABP). No gain from the transaction has been recognised, OKEA has recognised a lease liability equal to the net sales proceeds of NOK 107.7 million, and the book value of the sold property of NOK 78.6 million is recognised as right-of-use asset. This is based on the assessment that OKEA will be utilising the property over the entire remaining economic lifetime.

#### Amounts in NOK '000

Lease liability 1 January 2022	263 298
Additions lease contracts	11 983
Additions through business combination (see note 27)	17 315
Accretion lease liability	15 527
Payments of lease debt and interest	-46 071
<b>Total lease debt at 31 December 2022</b>	<b>262 052</b>

#### Break down of lease liability

Short-term (within 1 year)	49 643
Long-term	212 409
<b>Total lease liability</b>	<b>262 052</b>

#### Undiscounted lease liabilities and maturity of cash outflows:

Amounts in NOK '000	31.12.2022
Within 1 year	49 643
1 to 5 years	166 268
After 5 years	158 499
<b>Total</b>	<b>374 410</b>

Future lease payments related to leasing contracts entered into as an operator of the Draugen field are presented on a gross basis.

## Note 25 Commodity contracts

Amounts in NOK '000	31.12.2022	30.09.2022	31.12.2021
Premium commodity contracts	-	-	-
Accumulated unrealised gain/loss (-) commodity contracts included in other operating income / loss(-)	10 578	-24 510	51 885
Short-term derivatives included in assets/liabilities (-)	10 578	-24 510	51 885

OKEA uses derivative financial instruments to manage exposures to fluctuations in commodity prices. At 31 December 2022, OKEA had outstanding financial forward contracts (without physical delivery of gas) for;

Quantity - therms of gas	Fixed price GBp per therm	Expiration
235 000	341	Jan 2023
230 000	319	Feb 2023
235 000	291	March 2023

In addition OKEA has in 2022 entered into the following non-financial contracts with physical delivery of gas in 2023 at fixed price;

- 2 409 660 therms of gas in Q1 2023 at fixed price 519.5 GBp/therm

- 2 438 800 therms of gas in Q2 2023 at fixed price 504.5 GBp/therm

Revenue from these contracts will be recognised at delivery of the gas.

## Note 26 Financial investments

Amounts in NOK '000	31.12.2022	30.09.2022	31.12.2021
Investments in money-market funds and combination funds	-	9 100	209 961
<b>Total financial investments</b>	<b>-</b>	<b>9 100</b>	<b>209 961</b>

## Note 27 Business combinations

### Acquisition of a 2.223% interest in Ivar Aasen

On 31 March 2022 OKEA completed the acquisition of a 2.223% working interest in the Ivar Aasen field from Neptune Energy Norge AS. The acquisition increased the ownership share in Ivar Aasen to 2.777%.

The transaction has been determined to constitute a business combination and has been accounted for using the acquisition method of accounting as required by IFRS 3. The economic date of the transaction, which will be used for tax purposes, is 1 January 2022. The acquisition date for accounting purposes (transfer of control) has been determined to be 31 March 2022.

A preliminary purchase price allocation (PPA) has been performed and all identified assets and liabilities have been measured at their acquisition date fair values in accordance with the requirements of IFRS 3. The agreed purchase price is USD 12 million, equivalent with NOK 105.2 million. Adjusted for interim period adjustments and working capital, the total cash consideration is estimated to NOK 39.6 million.

At this stage, the purchase price allocation is preliminary. As a result, the final PPA and the impact on the financial statements from the transaction may differ. The final PPA will be completed within 12 months of the acquisition at the latest. The PPA presented below is based on a updated completion statement from Q2 2022 compared to the PPA presented in Q1 2022. There are no changes in Q3 and Q4 2022.

The fair values of the identifiable assets and liabilities in the transaction as at the date of the acquisition have been estimated as follows:

Amounts in NOK '000	PPA Q1 2022	Changes	PPA Q2/Q3/Q4 2022
<b>Assets</b>			
Oil and gas properties	167 860	-1 744	166 116
Net working capital	1 581	-1 670	-89
Total assets	169 441	-3 414	166 027
<b>Liabilities</b>			
Deferred tax liabilities	21 488	7 981	29 469
Asset retirement obligations	92 506	-13 538	78 968
Income tax payable	45 243	4 820	50 063
Total liabilities	159 237	-736	158 501
Total identifiable net assets at fair value	10 204	-2 679	7 525
Total consideration	45 915	-6 325	39 590
Goodwill	35 711	-3 646	32 065
Goodwill consist of:			
Negative ordinary goodwill	-61 338	-2 218	-63 556
Technical goodwill	97 049	-1 428	95 621
Total goodwill	35 711	-3 646	32 065

The negative ordinary goodwill is mainly caused by the increase in the oil price in the period between the agreement date and the acquisition date. The technical goodwill arises as a consequence of the requirement to recognise deferred tax for the differences between the assigned fair values (which have been based on a post-tax market for such transactions) and the tax basis of assets acquired. The negative ordinary goodwill and the technical goodwill is recognised net as technical goodwill with NOK 32.1 million. None of the goodwill recognised will be deductible for income tax purposes.

A preliminary estimation of the impact from the transaction indicates that if the acquisition had taken place at the beginning of the year, total revenues for the year would have been approximately NOK 85 million higher and profit before tax would have been approximately NOK 66.3 million higher.

**Acquisition of a 35.2% interest in Brage, 6.4615% interest in Ivar Aasen and 6% interest in Nova**

On 1 November 2022 OKEA completed the acquisition of a 35.2% working interest in the Brage field, a 6.4615% working interest in the Ivar Aasen field and a 6% working interest in the Nova field from Wintershall Dea Norge AS. OKEA also assumed the operatorship of the Brage field effective from 1 November 2022. As part of the transaction, more than 140 employees were transferred from Wintershall Dea Norge AS to OKEA.

The transaction has been determined to constitute a business combination and has been accounted for using the acquisition method of accounting as required by IFRS 3. The economic date of the transaction, which will be used for tax purposes, is 1 January 2022. The acquisition date for accounting purposes (transfer of control) has been determined to be 1 November 2022.

A preliminary purchase price allocation (PPA) has been performed and all identified assets and liabilities have been measured at their acquisition date fair values in accordance with the requirements of IFRS 3. The agreed purchase price is USD 117.5 million, equivalent with NOK 1,221.1 million. Adjusted for interim period adjustments and working capital, the total cash consideration is estimated to NOK 1,165.4 million.

At this stage, the purchase price allocation is preliminary. As a result, the final PPA and the impact on the financial statements from the transaction may differ. The final PPA will be completed within 12 months of the acquisition at the latest.

The fair values of the identifiable assets and liabilities in the transaction as at the date of the acquisition have been estimated as follows:

**Amounts in NOK '000**

<b>Assets</b>	
Oil and gas properties	1 791 614
Receivables on seller*	947 255
Net working capital	441 429
Income tax receivable (reduced tax payable)	165 808
Right-of-use assets	17 315
<b>Total assets</b>	<b>3 363 421</b>
<b>Liabilities</b>	
Deferred tax liabilities	633 483
Asset retirement obligations	1 926 780
Contingent consideration**	116 041
Lease liability	17 315
<b>Total liabilities</b>	<b>2 693 618</b>
<b>Total identifiable net assets at fair value</b>	<b>669 803</b>
<b>Total consideration</b>	<b>1 165 383</b>
<b>Goodwill</b>	<b>495 580</b>
Goodwill consist of:	
Negative ordinary goodwill	-500 811
Technical goodwill	996 390
<b>Total goodwill</b>	<b>495 580</b>

\* The parties have agreed that Wintershall Dea will retain responsibility for 80% of OKEA's share of total decommissioning costs related to the Brage Unit, limited to an agreed cap of NOK 1520.6 million subject to index regulation.

\*\* In addition to the fixed consideration, OKEA shall pay to Wintershall Dea an additional contingent consideration based on an upside sharing arrangement subject to oil price level during the period 2022-2024.

The negative ordinary goodwill is mainly caused by the increase in the oil price in the period between the agreement date and the acquisition date. The technical goodwill arises as a consequence of the requirement to recognise deferred tax for the differences between the assigned fair values (which have been based on a post-tax market for such transactions) and the tax basis of assets acquired. The negative ordinary goodwill and the technical goodwill is recognised net as technical goodwill with NOK 629.9 million. None of the goodwill recognised will be deductible for income tax purposes.

A preliminary estimation of the impact from the transaction indicates that if the acquisition had taken place at the beginning of the year, total revenues for the year would have been approximately NOK 1,441.1 million higher and profit before tax would have been approximately NOK 631.9 million higher.

## Note 28 Other provisions

Amounts in NOK '000	
Provision at 1 January 2022	-
Additions through business combination (see note 27)	116 041
Settlements/payments to Wintershall Dea	-34 748
Changes in fair value	-12 376
<b>Other provisions at 31 December 2022</b>	<b>68 917</b>
Of this:	
Other provisions, non-current	39 107
Other provisions, current (classified within trade and other payables)	29 810
<b>Other provisions at 31 December 2022</b>	<b>68 917</b>

OKEA shall pay to Wintershall Dea an additional contingent consideration based on an upside sharing arrangement subject to oil price level during the period 2022-2024. The provision for the contingent consideration is measured at fair value with changes in fair value recognised in the income statement. The fair value is estimated using an option pricing methodology, where the expected option payoff is calculated at each future payment date and discounted back to the balance date.

## Note 29 Fair value of financial instruments

It is assessed that the carrying amounts of financial assets and liabilities, except for interest bearing bond loans, is approximately equal to its fair values.

For interest bearing bond loan OKEA03, the fair value is estimated to be NOK 1 196 242 thousand at 31 December 2022. The OKEA03 bond loan is listed on the Oslo Stock Exchange and the fair value is based on the latest quoted market price (level 1 in the fair value hierarchy according to IFRS 13) as per balance sheet date.

Fair value of financial forward contracts gas (without physical delivery) is based on quoted market prices at the balance sheet date (level 2 in the fair value hierarchy). The financial forward contracts gas (without physical delivery) are carried in the statement of financial position at fair value.

## Note 30 Events after the balance sheet date

In January 2023, OKEA was offered interests in four new production licences on the Norwegian continental shelf, two of which as operator, through the Awards in Pre-Defined Areas (APA) for 2022.

There are no subsequent events with significant impacts that have occurred between the end of the reporting period and the date of this report that are not already reflected or disclosed in these financial statements.



## Alternative performance measures

### Reconciliations

<b>EBITDA</b>	<b>Q4 2022</b>	<b>Q3 2022</b>	<b>Q4 2021</b>	<b>2022</b>	<b>2021</b>
Amounts in NOK `000	<b>3 months</b>	<b>3 months</b>	<b>3 months</b>	<b>12 months</b>	<b>12 months</b>
Profit / loss (-) from operating activities	565 017	850 638	714 835	3 526 080	2 297 860
Add: depreciation, depletion and amortisation	270 243	176 185	177 000	769 359	672 450
Add: impairment	251 152	609 030	366 632	497 584	-363 765
<b>EBITDA</b>	<b>1 086 412</b>	<b>1 635 853</b>	<b>1 258 467</b>	<b>4 793 024</b>	<b>2 606 545</b>

<b>EBITDAX</b>	<b>Q4 2022</b>	<b>Q3 2022</b>	<b>Q4 2021</b>	<b>2022</b>	<b>2021</b>
Amounts in NOK `000	<b>3 months</b>	<b>3 months</b>	<b>3 months</b>	<b>12 months</b>	<b>12 months</b>
Profit / loss (-) from operating activities	565 017	850 638	714 835	3 526 080	2 297 860
Add: depreciation, depletion and amortisation	270 243	176 185	177 000	769 359	672 450
Add: impairment / reversal of impairment	251 152	609 030	366 632	497 584	-363 765
Add: exploration and evaluation expenses	190 268	18 553	88 662	327 506	342 972
<b>EBITDAX</b>	<b>1 276 680</b>	<b>1 654 406</b>	<b>1 347 129</b>	<b>5 120 530</b>	<b>2 949 517</b>

<b>Production expense per boe</b>	<b>Q4 2022</b>	<b>Q3 2022</b>	<b>Q4 2021</b>	<b>2022</b>	<b>2021</b>
Amounts in NOK `000	<b>3 months</b>	<b>3 months</b>	<b>3 months</b>	<b>12 months</b>	<b>12 months</b>
Productions expense	522 268	425 468	290 754	1 616 020	860 419
Less: processing tariff income	-39 707	-41 528	-24 263	-131 596	-61 960
Less: joint utilisation of resources	-10 326	-9 360	-13 054	-37 512	-23 036
Less: preparation for operation asset under construction	-	-	-1 397	-	-17 884
Divided by: produced volumes (boe)	1 829 621	1 477 922	1 475 448	6 108 797	5 668 579
<b>Production expense NOK per boe</b>	<b>258,4</b>	<b>253,1</b>	<b>170,8</b>	<b>236,8</b>	<b>133,5</b>

<b>Net interest-bearing debt</b>	<b>31.12.2022</b>	<b>30.09.2022</b>	<b>31.12.2021</b>
Amounts in NOK `000			
Interest bearing bond loans	1 178 610	1 297 576	2 294 873
Other interest bearing liabilities	462 078	522 256	454 853
Interest bearing bond loans, current	-	-	-
Other interest bearing liabilities, current	45 874	49 874	38 593
Less: Cash and cash equivalents	-1 104 026	-2 668 452	-2 038 745
<b>Net interest-bearing debt</b>	<b>582 537</b>	<b>-798 746</b>	<b>749 574</b>

<b>Net interest-bearing debt excl. other interest bearing liabilities</b>	<b>31.12.2022</b>	<b>30.09.2022</b>	<b>31.12.2021</b>
Amounts in NOK `000			
Interest bearing bond loans	1 178 610	1 297 576	2 294 873
Interest bearing bond loans, current	-	-	-
Less: Cash and cash equivalents	-1 104 026	-2 668 452	-2 038 745
<b>Net interest-bearing debt excl. other interest bearing liabilities</b>	<b>74 584</b>	<b>-1 370 875</b>	<b>256 128</b>

## Definitions

**EBITDA** is defined as earnings before interest and other financial items, taxes, depreciation, depletion, amortisation and impairments.

**EBITDAX** is defined as earnings before interest and other financial items, taxes, depreciation, depletion, amortisation, impairments and exploration and evaluation expenses.

**Net interest-bearing debt** is book value of current and non-current interest-bearing loans, bonds and other interest-bearing liabilities excluding lease liability (IFRS 16) less cash and cash equivalents.

**Net interest-bearing debt excl. other interest bearing liabilities** is book value of interest-bearing loans, bonds less cash and cash equivalents.

**Production expense per boe** is defined as production expense less processing tariff income and joint utilisation of resources income for assets in production divided by produced volumes. Expenses classified as production expenses related to various preparation for operations on assets under development are excluded.





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OKEA is a leading mid- to late-life operator on the Norwegian continental shelf (NCS). OKEA finds value where others divest and has an ambitious strategy built on growth, value creation and capital discipline.

**OKEA ASA**

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