OKEA ASA
Q2 quarterly and half year report

2023

Second quarter 2023 summary

Highlights

- No serious actual incidents at operated assets
- Production of 22,263 (22,210) boepd
- Operating income of NOK 1,707 (2,954) million
- EBITDA of NOK 1,167 (1,591) million
- Impairment of NOK 300 (94) million on the Yme asset due to lower expected realised prices
- Profit before tax of NOK 391 (1,121) million
- Net profit after tax of NOK 69 (226) million
- Cash dividend of NOK 1.00 (1.00) per share distributed, in total NOK 104 (104) million

(Amounts in parentheses refer to previous quarter)

Quote from CEO, Svein J. Liknes

Production in the second quarter was in line with previous quarter despite the planned maintenance shutdown at Draugen. This was due to solid performance at key assets, production from the Talisker East well on Brage coming on stream in May, and improving performance at both Yme and Nova. We expect that production will further increase in the second half of the year as additional wells come on stream and the major maintenance work planned for the year already completed.

The solid production contributed to revenues increasing by 67% in the first half of 2023 compared to the same period last year, and OKEA generated more than NOK 1.4 billion cash in the same period.

Yme was again impacted by an impairment due to lowered expectations for realised prices going forward. We expensed NOK 300 million in the quarter which reduces net profit after tax by NOK 66 million. On a positive note, production reliability at Yme has steadily improved over the last year up to a reasonable level of 90% this quarter.

Closing of the Statfjord transaction is progressing towards completion in the fourth quarter. Despite some reductions in expected production for 2023, the transaction significantly enhances OKEA's production and reserves as well as further increasing diversification. The production forecast for 2024 and reserves estimates remain unchanged.

Market fundamentals for our industry remain strong and we remain committed to our growth strategy.

Svein J. Liknes,
Chief Executive Officer

Financial and operational summary

	Unit	Q2 2023	Q1 2023	Q2 2022 [4]	Full year 2022 [4]
Total operating income	MNOK	1,707	2,954	1,332	6,653
EBITDA [1]	MNOK	1,167	1,592	928	4,758
EBITDAX [1]	MNOK	1,291	1,615	954	5,085
Profit/loss (-) before income tax	MNOK	391	1,121	532	3,215
Net profit / loss (-)	MNOK	69	226	28	670
Net cash flow from operations	MNOK	1,401	1,318	699	3,344
Net cash flow used in investments	MNOK	-535	-686	-304	-2,434
Net cash flow used in financing activities	MNOK	-192	-134	-196	-1,969
Net interest-bearing debt (IBD) [1]	MNOK	-511	149	-49	583
Net IBD ex. other int. bearing liabilities[1]	MNOK	-1,042	-378	-576	75
Net production	**Boepd** [2]	**22,263**	**22,210**	**16,039**	**16,736**
Third-party volumes available for sale [3]	Boepd [2]	332	448	849	596
Over/underlift/inventory adjustments	Boepd [2]	187	15,283	-931	-1,080
Net sold volume	**Boepd** [2]	**22,782**	**37,941**	**15,957**	**16,252**
Production expense per boe [1]	NOK/boe	223	241.8	234.7	236.8
Realised liquids price	USD/boe	70.1	77.7	100.3	98,4
Realised gas price	USD/boe	81.2	116.3	82.4	138.5

[1] Definitions of alternative performance measures are available on page 36 of this report
[2] Boepd is defined as barrels of oil equivalents per day
[3] Sold volumes include net compensation volumes received from Duva and paid by Nova (tie-in to Gjøa)
[4] In 2022, activities from assets acquired from Wintershall Dea were included in the statement of comprehensive income and key figures for November and December only; volumes (boepd) were divided by 365 days in the year

Financial review

Statement of comprehensive income

Total operating income in the second quarter was NOK 1,707 (2,954) million, whereof NOK 1,641 (2,929) million related to revenue from liquids and gas sales. The lower operating income compared to previous quarter follows from recovery of a significant underlift position in the previous quarter. The average realised crude price for the quarter was USD 76.4 (80.6) per boe. The NGL discount amounted to USD 6.3 (2.9) per boe which resulted in an average realised liquids price of USD 70.1 (77.7) per boe. Average realised price for gas was USD 84.2 (116.3) per boe, of which USD 23.3 per boe was attributable to realised gain on fixed price contracts.

Other operating income/loss (-) of NOK 66 (25) million consisted of tariff income at Gjøa of NOK 39 (32) million, change in fair value of the contingent consideration to Wintershall Dea of NOK 18 (-16) million, income from joint utilisation of logistic resources of NOK 8 (3) million, and a net gain from financial oil and gas hedging of NOK 5 (6) million.

Production expenses amounted to NOK 495 (518) million, corresponding to NOK 223 (242) per boe. The reduction in production expense per boe compared to previous quarter was due to reduced expenses from the asset portfolio.

Changes in over-/underlift positions and production inventory amounted to an income of NOK 126 (expense of 793) million. Sold volumes exceeded produced volumes by 518 (15,731) boepd in the quarter. The net income effect of the over-lift in the quarter is a result of differing unit production cost in the portfolio of assets. The high overlift expense in the previous quarter was mainly due to lifting of volumes held at fair value in the balance sheet following the purchase price allocation on Brage, as well as recovery of a significant underlift position during the quarter.

Net sold volumes from third-party compensation received from Duva and Nova (tie-ins to Gjøa) amounted to 332 (448) boepd.

Exploration and evaluation expenses amounted to NOK 124 (24) million. The high exploration expense in the quarter was mainly attributable to seismic purchases of NOK 80 million, as well as NOK 21 (4) million relating to work with maturing the Brasse discovery. Area fees and various field evaluation activities amounted to NOK 23 (20) million.

An impairment charge of NOK 300 (94) million was recognised on the Yme asset in the quarter. The impairment was driven by adverse developments in expected realised prices during the quarter. The related tax income amounted to NOK 234 (66) million, resulting in a net after tax impact of NOK 66 (21) million. Impairment in the previous quarter was mainly due to somewhat reduced recoverable reserves. As Yme is carried at fair value, any adjustments to asset performance and/or macro assumptions will result in impairments or reversal of previous impairments also going forward.

General and administrative expenses amounted to NOK 47 (28) million and represent OKEA's share of costs after allocation to licence activities. The high expense in the quarter was mainly due to advisor fees relating to business development activities.

Net financial items amounted to NOK -115 (-49) million. Interest income amounted to NOK 22 (10) million. Expensed interest amounted to NOK -30 (-37) million. Net foreign exchange gain/loss (-) amounted to NOK -110 (-30) million following a weakened NOK compared to USD and GBP in the quarter. The foreign exchange loss was mainly attributable to FX-derivative contracts. For further details on financial items, reference is made to note 14.

Profit / loss (-) before tax amounted to NOK 391 (1,121) million.

Tax expenses (-) / tax income (+) amounted to NOK -322 (-894) million and represents an effective tax rate of 82% (80%). The deviation from the expected 78% was mainly due to financial expense being deductible at a lower tax rate, partly offset by the tax effect of uplift. In addition, the change in fair value of the contingent consideration to Wintershall Dea is not taxable.

Net profit / loss (-) for the quarter was NOK 69 (226) million. Earnings per share amounted to NOK 0.66 (2.18).

Statement of financial position

Goodwill amounted to NOK 1,292 (1,292) million consisting of NOK 1,129 (1,129) million in technical goodwill and NOK 163 (163) million in ordinary goodwill. Reference is made to note 27 for further information.

Oil and gas properties amounted to NOK 6,416 (6,496) million. The decrease mainly relates to impairment of the Yme asset of NOK 300 (94) million and depreciation of producing assets of NOK 351 (316) million. This effect was partly offset by investments of NOK 525 (405) million mainly relating to the Hasselmus development, Draugen power from shore, Draugen modifications and Brage production well drilling.

Right-of-use assets amounted to NOK 216 (225) million and mainly related to logistical resources on operated assets and lease of offices. The decrease in the quarter was due to IFRS 16 depreciation.

Non-current asset retirement reimbursement rights amounted to NOK 3,405 (3,760) million and related to Shell's and Wintershall Dea's obligations to cover decommissioning costs for Draugen/Gjøa and Brage respectively. The decrease was mainly due to an increase in the discount rate applied for estimating the net present value of OKEA's receivables.

Trade and other receivables amounted to NOK 1,362 (1,793) million and comprise accrued revenue, working capital from joint venture licences and underlift of petroleum products.

Cash and cash equivalents amounted to NOK 2,335 (1,634) million. The increase in cash balance was mainly due to high cash flows from operations exceeding cash flows used for investment and financing activities.

Spare parts, equipment and inventory amounted to NOK 714 (473) million, whereof NOK 424 (193) million related to oil inventory at Draugen, Brage and Yme. The increase was mainly due an increase in oil storage.

Equity amounted to NOK 2,165 (2,200) million, corresponding to an equity ratio of 13% (14%). The decrease was due to the dividend payment of NOK 104 million exceeding net profit after tax of NOK 69 million.

Non-current provision for asset retirement obligations amounted to NOK 5,613 (5,958) million. The decrease was due to an increase in the discount rate applied for the estimation. The obligations are largely offset by the asset retirement reimbursement rights outlined above.

Interest-bearing bond loans amounted to NOK 1,292 (1,255) million. The increase was due to an unrealised foreign exchange loss on the OKEA03 bond, which is nominated in USD.

Total other interest-bearing liabilities amounted to NOK 531 (528) million, whereof the non-current portion was NOK 479 (479) million and the current portion was NOK 51 (49) 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 196 (204) million and a current liability of NOK 50 (50) million and represents the liability of the right-of-use assets as described above.

Trade and other payables amounted to NOK 1,960 (1,548) million and mainly related to payments received under payment quantity agreements, accrued expenses, and working capital from joint venture licences. In addition, liabilities for the FX forward contracts have increased as the NOK have weakened against GBP during the quarter.

Income tax payable was NOK 1,238 (1,429) million, mainly consisting of accrued tax payable for the first half of 2023.

Statement of cash flows

Net cash flows from operating activities amounted to NOK 1,401 (1,318) million, accounting for taxes paid of NOK 333 (166) million. The increase in net cash flows from operating activities was mainly due to payments for two (one) Draugen cargos received in the quarter. The first estimate for tax payable for 2023 was submitted to the Oil Taxation Office in June and has been set to NOK 276 million per instalment. The first of a total of six instalments is due in August.

Net cash flows used in investment activities amounted to NOK -535 (-686) million. Investments in the quarter include oil and gas properties of NOK -505 (-390) million, mainly relating to the Hasselmus gas development, Draugen power from shore, Draugen modifications and production well drilling at Brage. In addition, NOK 21 (0) million was paid to Wintershall Dea in contingent consideration related to the acquisition of assets. In the previous quarter, a deposit of NOK 263 million was paid to Equinor for the acquisition of 28% in PL037 (Statfjord Area).

Net cash flows used in financing activities was NOK -192 (-135) million and mainly related to dividend payments of NOK -104 (-104) million and interest payments of NOK -68 (-11) million.

Financial risk management

OKEA uses derivative financial instruments and forward sales to manage exposures to fluctuations in commodity prices and foreign exchange rates. In the second quarter, OKEA realised a total gain of NOK 121 million on hedging positions, comprising of gain on forward sale of gas recognised as operating income of NOK 137 million and a realised loss on financial hedging positions of NOK -16 million.

On 30 June, OKEA had sold forward ~14% of the estimated net after tax exposure for natural gas for the third quarter of 2023 at an average price of 89 GBp/th, ~16% for the fourth quarter of 2023 at an average price of 127 GBp/th, and ~10% for the first three quarters of 2024 at an average price 124 GBp/th. In addition, OKEA had entered into financial hedging agreements for approximately 37% of the estimated net after tax exposure for oil for the third quarter of 2023 consisting of collars with price floors around 72-75 USD/bbl and ceilings around 90-105 USD/bbl. The company had also hedged 22% of the estimated net after tax exposure for the fourth quarter of 2023 with collars with price floors at 72 USD/bbl and ceilings around 81-105 USD/bbl.

Operational review

OKEA's net production in the quarter was 22,263 (22,210) boepd. Production was in line with previous quarter despite the planned turnaround at Draugen due to start of production from the new Talisker East well at Brage in May and improved production performance at Yme and Nova.

	Unit	Q2 2023	Q1 2023	Q2 2022 4)	Full year 2022 4)
Draugen – production reliability[1)]	%	94	96	99	96
Draugen – production availability[2)]	%	60	96	98	94
Brage – production reliability	%	94	92	N/A	N/A
Brage – production availability	%	90	91	N/A	N/A
Gjøa – production reliability	%	99	100	97	90
Gjøa – production availability	%	97	99	89	92
Yme – production reliability	%	90	64	23	28
Yme – production availability	%	84	55	N/A	21
Ivar Aasen – production availability	%	94	90	99	82
Nova – production availability	%	96	99	N/A	81
Draugen – production	Boepd	4,793	6,584	7,060	6,767
Brage – Production	Boepd	3,456	2,162	N/A	383
Gjøa – production	Boepd	6,240	6,812	7,107	6,932
Yme – production	Boepd	2,854	2,442	1,322	1,429
Ivar Aasen – production	Boepd	3,218	3,110	550	1,086
Nova – production	Boepd	1,702	1,100	N/A	139
Total net production	**Boepd**	**22,263**	**22,210**	**16,039**	**16,736**
Draugen – sold volume	Boepd	6,789	13,774	6,949	6,740
Brage – sold volume	Boepd	605	7,078	N/A	27
Gjøa – sold volume	Boepd	7,881	7,572	6,611	7,381
Yme – sold volume	Boepd	2,542	3,628	1,448	1,157
Ivar Aasen – sold volume	Boepd	4,632	4,508	100	351
Nova – sold volume	Boepd	0	933	N/A	0
Third-party volumes available for sale[3)]	Boepd	332	448	849	596
Total net sold volume	**Boepd**	**22,782**	**37,941**	**15,957**	**16,252**
Total over/underlift/inventory adj.	Boepd	187	15,283	-931	-1,080

[1)] **Production reliability** = Actual production / (Actual production + Unscheduled deferment)

[2)] **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

[3)] Net compensation volumes from Duva and Nova received and sold (tie-in to Gjøa)

[4)] In 2022, activities from assets acquired from Wintershall Dea were included in the statement of comprehensive income and key figures for November and December only; volumes (boepd) were divided by 365 days in the year

Draugen (operator, 44.56%)

Net production to OKEA from Draugen was 4,793 (6,584) boepd in the quarter. Production availability was 66% (96%) and production reliability was 94% (96%).

The reduction in availability and produced volumes was mainly due to downtime during the planned maintenance turnaround which was completed in May. Pull-in of the Hasselmus gas pipeline and other activities were executed in parallel.

A scale squeeze campaign on platform and subsea wells was successfully executed in the quarter and will contribute to safeguarding long-term production from the wells.

Topside installation to prepare for the Hasselmus tie-back is progressing according to schedule and production start is expected in the fourth quarter of 2023. Installation of the Xmas tree subsea is planned for end of July. Topside modifications and installation of early scope for the power from shore project have also commenced.

Seven days of shut in of the subsea wells is planned in July for installation of new upgraded subsea pumps. Production from Draugen is expected to be reduced by ~50% during the shut in period.

The observation well drilling campaign on the Springmus East prospect and Garn West South area started in early July from the Transocean Endurance rig.

Brage (operator, 35.2%)

Net production to OKEA from Brage was 3,456 (2,162) boepd in the quarter. Production availability was 90% (91%) and production reliability was 94% (92%). Production from the Talisker East well commenced in May which increased production by 60% compared to previous quarter. Planning for drilling of a water injector and a second producer in Talisker East is ongoing.

Production drilling on the Brage platform is expected to continue in the coming years, targeting infill wells and the development of new resources. The Sognefjord gas producer was completed during the quarter, and is currently being prepared for production start-up during the third quarter. Drilling of a well to Fensfjord south commenced in the quarter with production start-up scheduled for the fourth quarter. The pilot well to the Kim prospect confirmed new oil resources that will be evaluated for a potential development well from the Brage platform.

A plan for development and operation (PDO) for Cook was submitted in the quarter with government approval expected in the third quarter. The associated Cook oil production well is planned drilled in the third quarter with production start-up expected in the fourth quarter. With the additional production from wells to come on stream later this year, Brage is expected to reach a plateau of approximately 6,000 boepd net to OKEA in the fourth quarter.

Concept studies for a Brasse tie-in to Brage were completed during the quarter and work towards a concept decision (DG2) is progressing.

Gjøa (partner, 12%)

Net production to OKEA from Gjøa was 6,240 (6,812) boepd in the quarter. Production reliability was 99% (100%). The reduced production was mainly a result of natural decline. Net delivered and sold compensation volumes from Duva and Nova was 332 (448) boepd in the quarter. 4-6 days maintenance shut-down of the platform is planned for late August.

Further maturation of potential development scenarios of the Hamlet discovery is ongoing. Other IOR (Increased Oil Recovery) targets are also evaluated within the PL153/153 C license utilising new reprocessed seismic data. The earliest start of production for these targets are 2028/2029. Evaluations to identify potential synergies with other potential developments to further reduce costs continues.

Options to appraise the Aurora discovery and drill the Selene prospect in PL195 west of Gjøa are still under review.

Yme (partner, 15%)

Net production to OKEA from Yme was 2,854 (2,442) boepd in the quarter. Production reliability is improving with an average of 90% (64%) for the quarter.

One producer well has been drilled in the Yme Gamma campaign and is expected to come on stream during July 2023. The well is expected to contribute to lifting the plateau production to approximately 5,000 boepd net to OKEA. Two more producers and one injector are on track for drilling by end of 2023.

Ivar Aasen (partner, 9.2385%)

Net production to OKEA from Ivar Aasen was 3,218 (3,110) boepd with a production availability of 94% (90%).

Two wells (D-8 and D-9) from the IOR 2022 campaign are planned converted to water injectors for pressure support. This is scheduled for the fourth quarter for D-8. Timing for D-9 is still under assessment. Plans for an IOR 2024 campaign are progressing towards a concept decision (DG2).

Nova (partner, 6%)

Net production to OKEA from Nova was 1,702 (1,100) boepd in the quarter. Technical production reliability was 96% (99%) in the quarter.

Production from Nova has improved during the quarter, but is still limited by reduced effectiveness of the water injectors. A side-track drilling operation to improve the location of one of the injector wells has been completed with expected injection start in the third quarter. A rig has been secured to drill a fourth water injector well in the first half of 2024.

Acquisition of 28% working interest in PL037 (Statfjord Area)

On 20 March, OKEA entered into an agreement with Equinor Energy AS to acquire 28% working interest (WI) in PL037 (Statfjord Area) with effective date 1 January 2023.

The acquired portfolio comprises 23.93123% WI in Statfjord Unit, 28% WI in Statfjord Nord, 14% WI in Statfjord Øst Unit and 15.4% WI in Sygna Unit and adds net 2P reserves of 41 mmboe and net 2C resources of 8 mmboe. Additional upside volume potential estimated to net 14 mmboe, has been identified by OKEA, based on drilling beyond 2028 and cost reduction initiatives.

The acquisition includes an initial fixed consideration of USD 220 million, of which USD 25 million were paid in March. In addition, the agreement contains a contingent consideration structure based on profit sharing on crude oil volumes sold as well as on dry gas volumes sold during the period 2023 – 2025.

Following the announcement of the transaction, expected additional production to OKEA for 2023 has been adjusted from 13,000 – 15,000 boepd to 11,000 – 13,000 boepd. The adjustment mainly relates to reduced production efficiency and unforeseen events such as prolonged turn-around at Statfjord C and unplanned shutdown at Statfjord A. The operator has strengthened focus and procedures to reduce wells shut-in periods, improving production efficiency and reduce time to get new wells onstream. The forecast for 2024 remains unchanged to 16,000 – 20,000 boepd net to OKEA. Reserves estimates remain unchanged.

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 expected in the fourth quarter of 2023 with a gross plateau gas production at 4,400 barrels boepd.

The project is progressing according to plan and budget. A key project milestone was achieved when the 8 km flowline from Hasselmus to Draugen was successfully installed in May. The compressor train was also upgraded during the turnaround. Remaining subsea equipment and topside construction scope is planned completed in July and August, with the final rock overlay scheduled for end of the third quarter.

Draugen – power from shore (operator, 44.56%)

OKEA and Equinor in collaboration with the license partners have established a joint project to electrify the Draugen and Njord A platforms.

OKEA is responsible for developing the power infrastructure from shore to Draugen including modifications on Draugen. Equinor is responsible for the cable from Draugen to Njord including modifications on Njord A. Draugen and Njord will be connected to the power grid at Tensio's transformer station at Straum in Åfjord municipality, where Statnett assesses the connection as operationally sound without a need for reinforcement of the power grid.

The PDO and plan for construction and operation was submitted to the Ministry of Petroleum and Energy in the fourth quarter of 2022. Approval is expected in 2023. Following the Ministry of Petroleum and Energy approval of pre-commitments, the project entered into an EPCIC contract with Aker Solutions and a contract with NKT for engineering, production, installation and protection of the power cable from shore to Draugen.

The project will result in annual reductions of CO_2 emissions of 200,000 tonnes from Draugen and 130,000 tonnes from Njord. In addition, the project will result in lower cost of operations and extend the economic lifetime of the Draugen field.

OKEA has been informed that a factory fire occurred in one of the project’s planned equipment suppliers. The project is currently developing a recovery plan in close cooperation with the supplier to mitigate potential cost and schedule impact. Expected completion of the Draugen project is in 2027.

Brasse (partner, 50%)

In December 2022, 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 and extension of the license was approved by the Ministry of Petroleum and Energy in the first quarter of 2023. 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. The transaction itself was at zero cost to OKEA.

Concept studies for a Brasse tie-in to Brage were completed during the quarter and work towards a concept decision (DG2) is progressing.

Exploration licences

A drilling campaign on Draugen commenced in July. Two observation wells will be drilled to assess remaining resources for an Increased Oil Recovery (IOR) opportunity in the Garn West South area and potential undiscovered resources in the Springmus prospect.

Work programmes have been initiated on the four new exploration licences awarded in the APA 2022 round.

QHSSE and Environment, Social and Governance

There were no actual serious HSE incidents and no serious acute discharges or emissions in OKEA's operations in the second quarter.

As part of the company's strategy, OKEA targets to maintain a clear, credible, and consistent approach to ESG. ESG concerns are embedded in all business and operational activities, as a key element of the licence to operate. Comprehensive ESG reporting is key to realising and communicating our ESG ambitions, activities, and performance. In the second quarter, OKEA was recognised with an A+ classification for the 2022 ESG report from the rating company *Position Green*.

Report for the first half of 2023

Financial review

	Unit	H1 2023	H1 2022
Total operating income	MNOK	4,661	2,845
EBITDA	MNOK	2,759	2,071
Net profit / loss (-)	MNOK	295	241
Cash flow from operations	MNOK	2,720	1,771
Cash flow from investments	MNOK	-1,221	-590
Cash flow from financing activities	MNOK	-327	-531

(Amounts in parentheses refer to first half of 2022)

Total operating income for the period amounted to NOK 4,661 (2,845) million. The increase was mainly due to more producing assets in portfolio, as Brage and Nova and 6.46% increase in WI in Ivar Aasen was added in the fourth quarter of 2022. Total sold volumes was 22,782 (15,957) boepd.

Production expenses amounted to NOK 1,013 (668) million, equivalent to NOK 232 (214) per boe. The increase in production expense in absolute terms was mainly due to a larger portfolio of producing assets. The increase in production expense per boe was mainly due to new portfolio of assets and turnaround at Draugen in 2023.

EBITDA amounted to NOK 2,759 (2,070) million. The increase in EBITDA was mainly due to the higher operating income following the increased asset base more than offsetting the higher absolute production expense. Changes in over/underlift position resulted in an expense of NOK 667 (income of 94) million. The expense was significantly impacted by lifting of volumes at Brage in February which was recognised at fair value in the purchase price allocation (PPA) following the Wintershall Dea transaction in November 2022.

Impairment (-)/reversal of impairment amounted to NOK -394 (363) million related to the Yme asset, with the corresponding loss(-)/gain after-tax of NOK -87 (80) million.

Net financial items were NOK -164 (-292) million, whereof net foreign exchange rate loss amounted to NOK -140 (-177) million.

Net profit after tax was NOK 295 (241) million.

Cash flow from operations was NOK 2,720 (1,771) million including taxes paid of NOK 499 (580) million. The increase compared to the previous year was mainly due to the higher EBITDA resulting from higher volumes sold.

Cash flow used in investment activities amounted to NOK -1,221 (-590) million for the period, which mainly related to investments of NOK 894 (450) million in the Hasselmus development, Draugen power from shore and the Talisker East production well at Brage. In addition, a deposit amounting to NOK 296 (137) million was paid to Equinor (Wintershall Dea) for the acquisition of 28% WI in PL037/Statfjord Area (Brage, Nova and Ivar Aasen assets). Investments in the first half of 2022 mainly related to Yme, Hasselmus and drilling of the Ginny and Hamlet exploration wells.

Cash flow used in financing activities amounted to NOK -327 (-531) million and include dividend payments of NOK -208 (-93) million, interest payments on bond loans and other interest-bearing liabilities of NOK -79 (-105) million, repayments on other interest-bearing liabilities of NOK -23 (-19) million and lease payments of NOK -17 (-14) million. In the first half of previous year, OKEA also used NOK 299 million to repurchase OKEA02 bonds in the market.

Operational review

On 20 March, OKEA announced a transaction with Equinor Energy AS, where OKEA will acquire 28% WI in the Statfjord Area with effective date 1 January 2023. The transaction is conditional upon Norwegian government approval and is expected to be completed in the fourth quarter of 2023.

For Draugen, the production performance was good with high reliability throughout the period. A planned shutdown was successfully completed in May. Most of the shutdown scope related to tie-in activities for Hasselmus and topside maintenance. The Hasselmus gas project is progressing according to schedule with expected start of production in the fourth quarter of 2023.

For Brage, the production performance in the first half of the year was good. Production from the Talisker East well commenced in May and increases production from Brage.

Production performance at Gjøa was good with high reliability throughout the period.

Production availability at Yme has improved during the period. In addition, start-up of the Beta Nord wells in January has increased production from Yme.

Production performance at Ivar Aasen has been good throughout the period.

Production from Nova has improved during the period. A side-track drilling operation was completed in the second quarter to compensate for reduced water injection.

Risks and uncertainties

Investment in OKEA involves risks and uncertainties as described in the company's annual report for 2022. The company's revenues, cash flow, reserve and resource estimates, profitability and rate of growth depend on international and regional prices of oil and gas which may fluctuate significantly based on factors beyond the company's control.

The company is also exposed to other financial risks including, but not limited to, fluctuations in exchange rates, increased interest rates and capital requirements. Reference is made to note 31 in OKEA's annual report for 2022 for further details on financial risks.

Subsequent events

Announcement of third quarter dividend

On 13 July OKEA announced a dividend payment of NOK 103.9 million (NOK 1 per share) to be paid on or about 15 September. The board also reaffirmed its intention to distribute NOK 1 per share in the fourth quarter of 2023. Future dividend payments may be revised due to changes in the market environment, company situation and/or value accretive opportunities available.

Outlook

The invasion of Ukraine has impacted petroleum prices with significant volatility at relatively high price levels 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.

In March, OKEA entered into an SPA with Equinor to acquire 28% WI in PL037 (Statfjord Area) with effective date 1 January 2023 and expected completion in the fourth quarter of 2023. This transformational deal represents another step change in production as well as diversification and fits very well into OKEA's growth strategy. Following the execution of the SPA, lower production in the licence has resulted in an adjustment of expected additional production to OKEA for 2023 from 13,000 – 15,000 boepd to 11,000 – 13,000 boepd. Expected production in 2024 remains unchanged at 16,000 – 20,000 boepd net to OKEA. Reserves estimates also remain unchanged.

To manage the increased exposure to commodity prices that follows from the acquisition, the company has implemented a more conservative hedging policy including forward sales of gas and options collars for oil.

In addition to pursuing inorganic growth opportunities, OKEA is also working to execute its portfolio of development projects. The Hasselmus gas project is progressing according to schedule with planned production start in the fourth quarter of 2023. Approval of the PDO for the electrification project at Draugen is expected in 2023.

OKEA's production guiding for 2023 remains unchanged at 22,000-25,000 boepd. Capex guiding, for 2023 remains at NOK 1,700-2,100 million. The capex guiding comprises completion of the Hasselmus project, Draugen power from shore, Brage infill drilling and other investments, and does not include capitalised interest or exploration capex.

Liftings of 46,000 bbl from Yme and 485,000 bbl from Brage were completed in July. In August 325,000 bbl from Ivar Aasen and two liftings of 67,000 bbl each from Yme are expected. One lifting of 645,000 bbl from Draugen and two liftings of 67,000 bbl each from Yme are scheduled for September. Timing of future lifting from Yme may deviate somewhat subject to the nominated allocation between licence partners. All volumes in this paragraph are net to OKEA.

OKEA continues to deliver according to the dividend plan. In each of March and June, OKEA distributed cash dividends of NOK 103.9 million (NOK 1.00 per share) to its shareholders. On 13 July, OKEA announced a dividend distribution of NOK 1.00 per share to be paid on or about 15 September and the board also reaffirmed its intention to distribute dividends of NOK 1.00 per share in the fourth quarter of 2023.

In light of the upcoming maturity for the USD 120 million OKEA03 bond in December 2024 as well as the company's increased production and reserves following from the Statfjord acquisition, the company has initiated a process to evaluate options to refinance OKEA03 and optimise its debt capital structure, including a potential bank facility (revolving credit facility) in combination with a bond issue.

OKEA has a clear ambition to deliver competitive shareholder returns driven by solid growth, value creation and capital discipline and the strategy continues to focus on three growth levers:

- actively pursuing 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 outlook remains good and the board considers that the company is well positioned to continue to execute on its growth strategy.

Financial statements with notes Q2 2023

Statement of comprehensive income

Amounts in NOK `000	Note	Q2 2023 (unaudited)	Q1 2023 (unaudited)	Q2 2022 (unaudited)	01.01-30.06 2023 (unaudited)	01.01-30.06 2022 (unaudited)	01.01-31.12 2022 (audited)
Revenues from crude oil and gas sales	6	1 641 477	2 929 405	1 253 704	4 570 882	2 769 331	6 398 654
Other operating income / loss (-)	6, 25	65 809	24 701	78 021	90 510	75 387	253 975
Total operating income		**1 707 286**	**2 954 106**	**1 331 726**	**4 661 392**	**2 844 718**	**6 652 629**
Production expenses	7	-494 902	-517 868	-380 990	-1 012 770	-668 285	-1 616 020
Changes in over/underlift positions and production inventory	7	126 061	-793 349	61 063	-667 288	93 656	296 523
Exploration and evaluation expenses	8	-123 756	-23 561	-26 009	-147 316	-118 685	-327 506
Depreciation, depletion and amortisation	10	-361 953	-327 174	-165 151	-689 128	-322 931	-769 359
Impairment (-) / reversal of impairment	10, 11, 12	-299 795	-94 417	-	-394 212	362 597	-497 584
General and administrative expenses	13	-47 304	-27 726	-58 065	-75 031	-80 646	-212 602
Total operating expenses		**-1 201 649**	**-1 784 095**	**-569 153**	**-2 985 744**	**-734 293**	**-3 126 549**
Profit / loss (-) from operating activities		**505 637**	**1 170 011**	**762 572**	**1 675 648**	**2 110 425**	**3 526 080**
Finance income	14	63 892	52 065	26 423	115 957	48 295	126 041
Finance costs	14	-68 036	-71 646	-80 332	-139 682	-163 047	-334 055
Net exchange rate gain/loss (-)	14	-110 454	-29 818	-177 047	-140 271	-177 012	-103 101
Net financial items		**-114 597**	**-49 398**	**-230 956**	**-163 995**	**-291 764**	**-311 115**
Profit / loss (-) before income tax		**391 039**	**1 120 613**	**531 616**	**1 511 653**	**1 818 661**	**3 214 965**
Taxes (-) / tax income (+)	9	-322 166	-894 483	-503 836	-1 216 648	-1 577 628	-2 545 357
Net profit / loss (-)		**68 874**	**226 130**	**27 780**	**295 004**	**241 033**	**669 608**
Other comprehensive income, net of tax:							
Items that will not be reclassified to profit or loss in subsequent periods:							
Remeasurements pensions, actuarial gain/loss (-)		-	-	-	-	-	110
Total other comprehensive income, net of tax		**-**	**-**	**-**	**-**	**-**	**110**
Total comprehensive income / loss (-)		**68 874**	**226 130**	**27 780**	**295 004**	**241 033**	**669 718**
Weighted average no. of shares outstanding basic		103 910 350	103 910 350	103 870 350	103 910 350	103 870 350	103 873 090
Weighted average no. of shares outstanding diluted		103 910 350	103 910 350	103 950 350	103 910 350	103 950 350	103 947 610
Earnings per share (NOK per share) - Basic		0.66	2.18	0.27	2.84	2.32	6.45
Earnings per share (NOK per share) - Diluted		0.66	2.18	0.27	2.84	2.32	6.44

Statement of financial position

Amounts in NOK `000	Note	30.06.2023 (unaudited)	31.03.2023 (unaudited)	31.12.2022 (audited)	30.06.2022 (unaudited)
ASSETS					
Non-current assets					
Goodwill	11, 12	1 292 206	1 292 206	1 296 591	801 011
Exploration and evaluation assets	11	186 153	192 304	184 317	78 654
Oil and gas properties	10	6 415 615	6 496 242	6 556 314	5 129 040
Furniture, fixtures and office equipment	10	54 578	45 699	40 622	10 986
Right-of-use assets	10	216 276	224 588	232 901	224 136
Asset retirement reimbursement right	15	3 404 526	3 760 131	3 662 122	2 558 574
Total non-current assets		**11 569 354**	**12 011 171**	**11 972 868**	**8 802 401**
Current assets					
Trade and other receivables	17, 25	1 361 721	1 793 034	1 743 901	1 060 052
Financial investments	26	-	-	-	210 126
Spare parts, equipment and inventory	20	714 193	472 786	800 333	253 220
Asset retirement reimbursement right, current	15	81 539	-	-	13 682
Cash and cash equivalents	18	2 334 876	1 633 594	1 104 026	2 758 124
Total current assets		**4 492 329**	**3 899 415**	**3 648 261**	**4 295 204**
TOTAL ASSETS		**16 061 683**	**15 910 586**	**15 621 128**	**13 097 605**
EQUITY AND LIABILITIES					
Equity					
Share capital	16	10 391	10 391	10 391	10 387
Share premium		1 419 486	1 523 397	1 627 307	1 834 376
Other paid in capital		19 140	19 140	19 140	19 110
Retained earnings/loss (-)		716 195	647 322	421 191	-7 494
Total equity		**2 165 213**	**2 200 250**	**2 078 030**	**1 856 379**
Non-current liabilities					
Asset retirement obligations	19	5 613 372	5 958 198	5 915 084	3 644 780
Pension liabilities		49 129	46 192	43 255	41 104
Lease liability	23	195 747	204 078	212 409	209 156
Deferred tax liabilities	9	2 774 193	2 594 237	2 835 089	2 288 515
Other provisions	27, 28	18 574	51 864	39 107	-
Interest bearing bond loans	22	1 292 803	1 255 250	1 178 610	1 187 330
Other interest bearing liabilities	23	479 429	478 502	462 078	482 150
Total non-current liabilities		**10 423 247**	**10 588 321**	**10 685 633**	**7 853 034**
Current liabilities					
Trade and other payables	21, 25	1 960 912	1 547 509	2 219 658	942 644
Interest bearing bond loans, current	22	-	-	-	994 835
Other interest bearing liabilities, current	23	51 577	49 482	45 874	44 380
Income tax payable	9	1 238 334	1 429 114	476 850	1 297 547
Lease liability, current	24	49 643	49 643	49 643	44 106
Asset retirement obligations, current	19	101 923	-	-	17 103
Public dues payable		70 834	46 267	65 440	47 578
Total current liabilities		**3 473 223**	**3 122 015**	**2 857 465**	**3 388 192**
Total liabilities		**13 896 470**	**13 710 336**	**13 543 099**	**11 241 226**
TOTAL EQUITY AND LIABILITIES		**16 061 683**	**15 910 586**	**15 621 128**	**13 097 605**

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 2022	10 387	1 927 859	19 064	-248 527	1 708 783
Total comprehensive income/loss (-) for the period	-	-	-	241 033	241 033
Dividend paid	-	-93 483	-	-	-93 483
Share based payment	-	-	47	-	47
Equity at 30 June 2022	**10 387**	**1 834 376**	**19 110**	**-7 494**	**1 856 379**
Equity at 1 July 2022	10 387	1 834 376	19 110	-7 494	1 856 379
Total comprehensive income/loss (-) for the period	-	-	-	428 685	428 685
Dividend paid	-	-207 781	-	-	-207 781
Share issues, cash	4	712	-	-	716
Share based payment	-	-	30	-	30
Equity at 31 December 2022	**10 391**	**1 627 307**	**19 140**	**421 191**	**2 078 030**
Equity at 1 January 2023	10 391	1 627 307	19 140	421 191	2 078 030
Total comprehensive income/loss (-) for the period	-	-	-	295 004	295 004
Dividend paid	-	-207 821	-	-	-207 821
Equity at 30 June 2023	**10 391**	**1 419 486**	**19 140**	**716 195**	**2 165 213**

Statement of cash flows

Amounts in NOK `000	Note	Q2 2023 (unaudited)	Q1 2023 (unaudited)	Q2 2022 (unaudited)	01.01-30.06 2023 (unaudited)	01.01-30.06 2022 (unaudited)	01.01-31.12 2022 (audited)
Cash flow from operating activities							
Profit / loss (-) before income tax		391 039	1 120 613	531 616	1 511 653	1 818 661	3 214 965
Income tax paid/received	9	-332 991	-166 496	-386 058	-499 487	-579 839	-2 289 373
Depreciation, depletion and amortization	10	361 953	327 174	165 151	689 128	322 931	769 359
Impairment / reversal of impairment	10, 11, 12	299 795	94 417	0	394 212	-362 597	497 584
Expensed exploration expenditures temporary capitalised	8, 11	171	4 512	-1 462	4 683	63 402	141 892
Accretion asset retirement obligations/reimbursement right - net	14, 15, 19	3 738	3 191	2 174	6 929	3 113	11 768
Asset retirement costs from billing (net after reimbursement)	15, 19	-18 010	-106	-12 849	-18 116	-17 432	-22 525
Interest expense	14	18 341	21 200	48 287	39 540	98 785	172 369
Gain / loss on financial investments	14	-	-	-800	-	-165	64
Change in fair value contingent consideration	6, 28	-17 927	15 631	-	-2 296	-	-12 376
Change in trade and other receivables, and inventory		189 906	536 603	38 661	726 509	87 284	-799 208
Change in trade and other payables		471 687	-722 026	56 338	-250 339	64 345	1 425 986
Change in foreign exchange interest bearing debt and other non-current items		33 760	83 412	258 197	117 173	272 752	233 567
Net cash flow from / used in (-) operating activities		**1 401 462**	**1 318 126**	**699 256**	**2 719 588**	**1 771 239**	**3 344 073**
Cash flow from investment activities							
Investment in exploration and evaluation assets	11	5 980	-12 499	-25 086	-6 519	-131 297	-315 833
Business combinations, cash paid	27, 28, 17	-21 731	-274 869	-90 697	-296 600	-136 612	-1 239 721
Investment in oil and gas properties	10, 14	-504 870	-389 618	-186 357	-894 489	-318 915	-1 052 354
Investment in furniture, fixtures and office machines	10	-14 235	-9 459	-2 114	-23 693	-2 914	-36 422
Cash used on (-)/received from financial investments	26	-	-	-	-	-	209 896
Net cash flow from / used in (-) investment activities		**-534 855**	**-686 446**	**-304 255**	**-1 221 301**	**-589 738**	**-2 434 433**
Cash flow from financing activities							
Repayment/buy-back of bond loans	22	-	-	-10 057	-	-299 136	-1 401 531
Repayment of other interest bearing liabilities	23	-11 968	-11 165	-8 934	-23 132	-19 193	-42 730
Interest paid		-67 630	-11 276	-76 170	-78 906	-105 163	-193 729
Payments of lease debt	24	-8 331	-8 331	-7 243	-16 663	-14 479	-30 544
Dividend payments	16	-103 910	-103 910	-93 483	-207 821	-93 483	-301 264
Net proceeds from share issues		-	-	0	-	-	716
Net cash flow from / used in (-) financing activities		**-191 840**	**-134 682**	**-195 887**	**-326 522**	**-531 454**	**-1 969 082**
Net increase/ decrease (-) in cash and cash equivalents		**674 766**	**496 998**	**199 113**	**1 171 765**	**650 047**	**-1 059 442**
Cash and cash equivalents at the beginning of the period		1 633 594	1 104 026	2 469 576	1 104 026	2 038 745	2 038 745
Effect of exchange rate fluctuation on cash held		26 515	32 570	89 434	59 085	69 332	124 723
Cash and cash equivalents at the end of the period		**2 334 876**	**1 633 594**	**2 758 124**	**2 334 876**	**2 758 124**	**1 104 026**

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 second quarter and first half of 2023.
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 2022. The annual accounts for 2022 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 12 July 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 2022.
New standards, amendments and interpretations to existing standards effective from 1 January 2023 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 2022.

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	Q2 2023	Q1 2023	Q2 2022	01.01-30.06 2023	01.01-30.06 2022	01.01-31.12 2022
Sale of liquids	1 153 095	2 305 721	849 703	3 458 816	1 546 431	3 621 472
Sale of gas	488 381	623 684	404 001	1 112 065	1 222 900	2 777 182
Total petroleum revenues	**1 641 477**	**2 929 405**	**1 253 704**	**4 570 882**	**2 769 331**	**6 398 654**
Sale of liquids (boe*)	1 521 324	2 892 527	902 412	4 413 851	1 772 199	3 841 817
Sale of gas (boe*)	551 815	522 167	549 656	1 073 981	1 069 853	2 090 128
Total sale of petroleum in boe*	**2 073 138**	**3 414 693**	**1 452 068**	**5 487 832**	**2 842 052**	**5 931 945**

*Barrels of oil equivalents

Other operating income

Amounts in NOK `000	Q2 2023	Q1 2023	Q2 2022	01.01-30.06 2023	01.01-30.06 2022	01.01-31.12 2022
Gain / loss (-) from put/call options, oil	4 699	212	-	4 911	-	-
Gain / loss (-) from forward contracts, gas	126	5 523	39 773	5 648	7 049	72 492
Change in fair value contingent consideration (see note 28)	17 927	-15 631	-	2 296	-	12 376
Tariff income Gjøa	35 442	32 061	26 216	67 503	50 361	131 596
Joint utilisation of logistics resources	7 614	2 537	12 032	10 152	17 976	37 512
Total other operating income/loss (-)	**65 809**	**24 701**	**78 021**	**90 510**	**75 387**	**253 975**

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

Production expenses

Amounts in NOK `000	Q2 2023	Q1 2023	Q2 2022	01.01-30.06 2023	01.01-30.06 2022	01.01-31.12 2022
From licence billings - producing assets	420 892	436 467	339 058	857 359	588 547	1 420 803
Other production expenses (insurance, transport)	64 705	74 041	38 983	138 745	73 443	179 295
G&A expenses allocated to production expenses	9 305	7 361	2 950	16 666	6 294	15 922
Total production expenses	**494 902**	**517 868**	**380 990**	**1 012 770**	**668 285**	**1 616 020**

Changes in over/underlift positions and production inventory

Amounts in NOK `000	Q2 2023	Q1 2023	Q2 2022	01.01-30.06 2023	01.01-30.06 2022	01.01-31.12 2022
Changes in over/underlift positions	-104 972	-474 992	66 629	-579 963	96 160	196 372
Changes in production inventory	231 032	-318 357	-5 567	-87 325	-2 504	100 151
Total changes income/loss (-)	**126 061**	**-793 349**	**61 063**	**-667 288**	**93 656**	**296 523**

Note 8 Exploration and evaluation expenses

Amounts in NOK `000	Q2 2023	Q1 2023	Q2 2022	01.01-30.06 2023	01.01-30.06 2022	01.01-31.12 2022
Share of exploration and evaluation expenses from participation in licences excluding dry well impairment, from billing	34 929	19 582	19 413	54 511	40 223	75 304
Share of exploration expenses from participation in licences, dry well write off, from billing	171	4 512	-1 462	4 683	63 402	141 892
Seismic and other exploration and evaluation expenses, outside billing	87 435	-1 449	7 878	85 986	14 514	108 525
G&A expenses allocated to exploration expenses	1 221	916	181	2 136	546	1 786
Total exploration and evaluation expenses	**123 756**	**23 561**	**26 009**	**147 316**	**118 685**	**327 506**

Note 9 Taxes

Income taxes recognised in the income statement

Amounts in NOK `000	Q2 2023	Q1 2023	Q2 2022	01.01-30.06 2023	01.01-30.06 2022	01.01-31.12 2022
Change in deferred taxes current year	-179 955	240 852	-189 382	60 896	-523 326	-436 027
Taxes payable current year	-180 411	-1 135 334	-310 284	-1 315 745	-1 050 133	-2 105 157
Tax payable adjustment previous year	38 201	-	-4 170	38 201	-4 170	-4 173
Total taxes (-) / tax income (+) recognised in the income statement	**-322 166**	**-894 483**	**-503 836**	**-1 216 648**	**-1 577 628**	**-2 545 357**

Reconciliation of income taxes

Amounts in NOK `000	Q2 2023	Q1 2023	Q2 2022	01.01-30.06 2023	01.01-30.06 2022	01.01-31.12 2022
Profit / loss (-) before income taxes	**391 039**	**1 120 613**	**531 616**	**1 511 653**	**1 818 661**	**3 214 965**
Expected income tax at tax rate 78.004%	-305 026	-874 123	-414 661	-1 179 149	-1 418 555	-2 507 802
Permanent differences, including impairment of goodwill	-11 185	-22 632	-13 990	-33 817	-50 376	-25 612
Effect of uplift	15 784	22 704	23 619	38 488	41 593	102 044
Financial and onshore items	-66 991	-20 431	-90 502	-87 422	-141 988	-105 620
Effect of new tax rates	-	-	-	-	-	-104
Adjustments previous year and other	45 253	-	-8 302	45 253	-8 302	-8 264
Total income taxes recognised in the income statement	**-322 166**	**-894 483**	**-503 836**	**-1 216 648**	**-1 577 628**	**-2 545 357**
Effective income tax rate	**82 %**	**80 %**	**95 %**	**80 %**	**87 %**	**79 %**

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

Amounts in NOK `000	30.06.2023	31.03.2023	31.12.2022	30.06.2022
Tangible and intangible non-current assets	-4 407 660	-4 406 969	-4 372 336	-3 426 655
Provisions (net ARO), lease liability, pensions and gain/loss account	2 061 462	2 061 117	2 102 801	1 272 106
Interest bearing loans	-1 237	-1 397	-1 466	-2 481
Current items (spareparts and inventory)	-426 759	-246 989	-564 088	-131 485
Tax losses carried forward, onshore 22%	4 887	4 887	4 887	4 887
Valuation allowance (uncapitalised deferred tax asset)	-4 887	-4 887	-4 887	-4 887
Total deferred tax assets / liabilities (-) recognised	**-2 774 193**	**-2 594 237**	**-2 835 089**	**-2 288 515**

Specifiaction of tax payable

Amounts in NOK `000	Total
Tax payable at 1 January 2023	476 850
Tax paid	-499 487
Tax payable adjustment previous year	-38 201
Tax payable current year recognised in the income statement	1 315 745
Tax payable recognised in business combination (see note 27)	-16 574
Tax payable at 30 June 2023	**1 238 334**

Note 10 Tangible assets and right-of-use assets

Amounts in NOK `000	Oil and gas properties	Furniture, fixtures and office machines	Right-of-use assets	Total
Cost at 1 January 2023	10 276 046	52 650	358 702	10 687 398
Additions	404 814	9 459	-	414 273
Reclassification from inventory	4 492	-	-	4 492
Removal and decommissioning asset	-57 980	-	-	-57 980
Disposals	-	-2 464	-	-2 464
Cost at 31 March 2023	**10 627 373**	**59 644**	**358 702**	**11 045 719**
Accumulated depreciation and impairment at 1 January 2023	-3 719 732	-12 027	-125 802	-3 857 561
Depreciation	-316 981	-4 382	-5 811	-327 174
Impairment (-) / reversal of impairment	-94 417	-	-	-94 417
Disposals	-	2 464	-	2 464
Additional depreciation of IFRS 16 Right-of-use assets presented gross related to leasing contracts entered into as licence operator	-	-	-2 501	-2 501
Accumulated depreciation and impairment at 31 March 2023	**-4 131 130**	**-13 945**	**-134 114**	**-4 279 189**
Carrying amount at 31 March 2023	**6 496 242**	**45 699**	**224 588**	**6 766 530**
Cost at 1 April 2023	10 627 373	59 644	358 702	11 045 719
Additions	524 516	14 235	-	538 751
Reclassification from inventory	-	-	-	-
Removal and decommissioning asset	45 437	-	-	45 437
Disposals	-	-	-	-
Cost at 30 June 2023	**11 197 326**	**73 879**	**358 702**	**11 629 907**
Accumulated depreciation and impairment at 1 April 2023	-4 131 130	-13 945	-134 114	-4 279 189
Depreciation	-350 785	-5 356	-5 811	-361 953
Impairment (-) / reversal of impairment	-299 795	-	-	-299 795
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
Accumulated depreciation and impairment at 30 June 2023	**-4 781 711**	**-19 301**	**-142 426**	**-4 943 438**
Carrying amount at 30 June 2023	**6 415 615**	**54 578**	**216 276**	**6 686 469**

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 2023	184 317	1 642 191	416 415	2 058 607
Additions	12 499	-	-	-
Additions through business combination (see note 27)	-	-4 385	-	-4 385
Expensed exploration expenditures temporarily capitalised	-4 512	-	-	-
Cost at 31 March 2023	**192 304**	**1 637 806**	**416 415**	**2 054 221**
Accumulated impairment at 1 January 2023	-	-508 818	-253 198	-762 016
Impairment	-	-	-	-
Accumulated impairment at 31 March 2023	**-**	**-508 818**	**-253 198**	**-762 016**
Carrying amount at 31 March 2023	**192 304**	**1 128 988**	**163 217**	**1 292 206**
Cost at 1 April 2023	192 304	1 637 806	416 415	2 054 221
Additions	-5 980	-	-	-
Additions through business combination (see note 27)	-	-	-	-
Expensed exploration expenditures temporarily capitalised	-171	-	-	-
Cost at 30 June 2023	**186 153**	**1 637 806**	**416 415**	**2 054 221**
Accumulated impairment at 1 April 2023	-	-508 818	-253 198	-762 016
Impairment	-	-	-	-
Accumulated impairment at 30 June 2023	**-**	**-508 818**	**-253 198**	**-762 016**
Carrying amount at 30 June 2023	**186 153**	**1 128 988**	**163 217**	**1 292 206**

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 30 June 2023:

Year	Oil USD/BOE*	Gas GBP/therm*	Currency rates USD/NOK
2023	71.9	1.08	10.7
2024	68.7	1.32	10.6
2025	67.2	1.07	10.6
2026	70.8	0.84	9.8
From 2027	72.1	0.75	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 Q1 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_2 comprises Norwegian CO_2 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 300 millinon in impairment of the Yme asset was recognised in the second quarter. The impairment was mainly driven by lower expected realised prices of oil from Yme.

No impairment of technical and ordinary goodwill or ROU assets was required in the three month period ending on 30 June 2023.

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

		Alternative calculations of pre-tax impairment/reversal (-) Q2 2023 (NOK '000)		Increase / decrease (-) of pre-tax impairment Q2 2023 (NOK '000)	
Assumptions	**Change**	**Increase in assumption**	**Decrease in assumption**	**Increase in assumption**	**Decrease in assumption**
Oil and gas price	+/- 10%	-103 573	796 931	-403 368	497 136
Currency rate USD/NOK	+/- 1.0 NOK	-100 235	762 546	-400 030	462 751
Discount rate	+/- 1% point	323 819	275 379	24 024	-24 416
Environmental cost (CO_2 and NOx)	+/- 20%	369 801	240 198	70 006	-59 597

Note 13 General and administrative expenses

Amounts in NOK `000	Q2 2023	Q1 2023	Q2 2022	01.01-30.06 2023	01.01-30.06 2022	01.01-31.12 2022
Salary and other employee benefits expenses	243 336	230 156	143 375	473 492	271 272	620 072
Consultants and other operating expenses	160 962	142 657	75 268	303 620	129 265	336 209
Allocated to operated licences	-346 468	-336 811	-157 140	-683 279	-312 455	-725 343
Allocated to exploration and production expenses	-10 526	-8 276	-3 438	-18 802	-7 436	-18 336
Total general and administrative expenses	**47 304**	**27 726**	**58 065**	**75 031**	**80 646**	**212 602**

Note 14 Financial items

Amounts in NOK `000	Q2 2023	Q1 2023	Q2 2022	01.01-30.06 2023	01.01-30.06 2022	01.01-31.12 2022
Interest income	22 496	10 122	3 244	32 618	4 914	22 165
Unwinding of discount asset retirement reimbursement right (indemnification asset)	41 396	41 943	23 014	83 339	43 216	103 876
Gain on financial investments	-	-	165	-	165	-
Finance income	**63 892**	**52 065**	**26 423**	**115 957**	**48 295**	**126 041**
Interest expense and fees from loans and borrowings	-37 987	-36 396	-53 824	-74 382	-107 259	-200 371
Capitalised borrowing cost, development projects	19 646	15 196	5 537	34 842	8 474	28 059
Interest expense shareholder loan	-	-	-	-	-	-57
Other interest expense	-15	-45	-2 339	-60	-3 979	-5 268
Unwinding of discount asset retirement obligations	-45 134	-45 134	-25 188	-90 268	-46 329	-115 645
Loss on buy-back/early redemption bond loan	-	-	-2 046	-	-6 407	-23 535
Loss on financial investments	-	-	634	-	-	-64
Other financial expense	-4 546	-5 268	-3 107	-9 813	-7 547	-17 174
Finance costs	**-68 036**	**-71 646**	**-80 332**	**-139 682**	**-163 047**	**-334 055**
Exchange rate gain/loss (-), interest-bearing loans and borrowings	-50 622	-106 329	-338 302	-156 951	-319 352	-296 881
Net exchange rate gain/loss (-), other	-59 832	76 511	161 255	16 680	142 339	193 780
Net exchange rate gain/loss (-)	**-110 454**	**-29 818**	**-177 047**	**-140 271**	**-177 012**	**-103 101**
Net financial items	**-114 597**	**-49 398**	**-230 956**	**-163 995**	**-291 764**	**-311 115**

Note 15 Asset retirement reimbursement right

Amounts in NOK `000	
Asset retirement reimbursement right at 1 January 2023 (indemnification asset)	3 662 122
Additions through business combination (see note 27)	
Changes in estimates	41 280
Effect of change in the discount rate	-225 483
Asset retirement costs from billing, reimbursement from Shell and Wintershall Dea	-75 195
Unwinding of discount	83 339
Asset retirement reimbursement right at 30 June 2023 (indemnification asset)	**3 486 064**
Of this:	
Asset retirement reimbursement right, non-current	3 404 526
Asset retirement reimbursement right, current	81 539
Asset retirement reimbursement right at 30 June 2023 (indemnification asset)	**3 486 064**

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 4.6% (year end 2022: 3.9%).

Receivable from the seller Wintershall Dea from OKEA's acquisition of the Brage asset in 2022:
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 6.4% (year end 2022: 6.4%).

Note 16 Share capital

Number of shares	Ordinary shares
Outstanding shares at 1 January 2023	103 910 350
New shares issued during 2023	-
Number of outstanding shares at 30 June 2023	**103 910 350**
Nominal value NOK per share at 30 June 2023	0.1
Share capital NOK at 30 June 2023	10 391 035

Dividend paid in Q1 2023 is NOK 103.9 million and dividend paid in Q2 2023 is NOK 103.9 million.

Note 17 Trade and other receivables

Amounts in NOK `000	30.06.2023	31.03.2023	31.12.2022	30.06.2022
Accounts receivable and receivables from operated licences*	277 434	666 723	234 811	55 674
Accrued revenue	302 883	335 981	422 885	347 228
Prepayments	372 701	342 721	79 009	129 488
Working capital and overcall, joint operations/licences	273 079	268 722	386 637	197 581
Underlift of petroleum products	107 211	163 041	588 934	301 621
VAT receivable	20 852	15 342	21 049	5 928
Accrued interest income	-	-	-	1 518
Other receivables	-	-	-	21 014
Fair value forward contracts, gas	-	-	10 578	-
Fair value put/call options, oil	7 562	505	-	-
Total trade and other receivables	**1 361 721**	**1 793 034**	**1 743 901**	**1 060 052**

* There is no provision for bad debt on receivables.

** Prepayments at 30.06.2023 include a prepayment of USD 25 million to Equinor Energy AS in connection with an agreement with Equinor to acquire an 28% working interest in PL037 (Statfjord Area) with effective date 1 January 2023. The transaction is conditional upon Norwegian governmental approval and is expected to be completed in Q4 2023.

Note 18 Cash and cash equivalents

Cash and cash equivalents:

Amounts in NOK `000	30.06.2023	31.03.2023	31.12.2022	30.06.2022
Bank deposits, unrestricted	2 233 326	1 547 485	1 010 492	1 641 192
Bank deposit, time deposit	-	-	-	1 047 960
Bank deposit, restricted, employee taxes	33 500	18 468	31 224	25 135
Bank deposit, restricted, deposit office leases	14 824	14 824	14 824	14 810
Bank deposit, restricted, other	53 226	52 817	47 486	29 028
Total cash and cash equivalents	**2 334 876**	**1 633 594**	**1 104 026**	**2 758 124**

Note 19 Asset retirement obligations

Amounts in NOK `000	
Provision at 1 January 2023	5 915 084
Additions	110 197
Additions through business combination (see note 27)	
Changes in estimates	23 940
Effects of change in the discount rate	-330 882
Asset retirement costs from billing	-93 311
Unwinding of discount	90 268
Asset retirement obligations at 30 June 2023	**5 715 296**
Of this:	
Asset retirement obligations, non-current	5 613 372
Asset retirement obligations, current	101 923
Asset retirement obligations at 30 June 2023	**5 715 296**

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 3.5% (year end 2022: 3.1%). 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	30.06.2023	31.03.2023	31.12.2022	30.06.2022
Inventory of petroleum products	424 184	193 152	511 509	121 754
Spare parts and equipment	290 008	279 634	288 824	131 466
Total spare parts, equipment and inventory	**714 193**	**472 786**	**800 333**	**253 220**

Note 21 Trade and other payables

Amounts in NOK `000	30.06.2023	31.03.2023	31.12.2022	30.06.2022
Trade creditors	114 024	48 428	126 044	28 537
Accrued holiday pay and other employee benefits	123 841	110 086	146 858	71 849
Working capital, joint operations/licences	946 018	779 796	1 061 014	565 618
Overlift of petroleum products	146 192	97 050	47 952	11 435
Accrued interest bond loans	5 655	33 003	5 175	5 231
Other provisions, current (see note 28)	26 317	32 685	29 810	-
Prepayments from customers	336 272	277 748	506 637	23 093
Fair value forward contracts, gas	-	-	-	4 170
Fair value forward contracts, foreign exchange*	74 665	9 245	-	-
Loan from shareholder OKEA Holdings Ltd	1 428	1 428	1 428	1 371
Other accrued expenses	186 500	158 040	294 740	231 340
Total trade and other payables	**1 960 912**	**1 547 509**	**2 219 658**	**942 644**

* Outstanding contracts at 30 June 2023: OKEA has sold a total of GBP 105 million against NOK forward at NOK/GBP rates in the range of 12.81-12.85 with expiry dates in Q3-Q4 2023.

Note 22 Interest bearing bond loans

Amounts in NOK `000	Bond loan OKEA03	Total
Interest bearing bond loans at 1 January 2023	1 178 610	1 178 610
Amortisation of transaction costs	3 428	3 428
Foreign exchange movement	110 765	110 765
Interest bearing bond loans at 30 June 2023	**1 292 803**	**1 292 803**
Of this:		
Interest bearing bond loans, non-current	1 292 803	1 292 803
Interest bearing bond loans, current	-	-
Interest bearing bond loans at 30 June 2023	**1 292 803**	**1 292 803**

Amounts in NOK `000	Bond loan OKEA03	Total
Interest bearing bond loans at 1 January 2023	1 178 610	1 178 610
Cash flows:		
Gross proceeds from borrowings	-	-
Transaction costs	-	-
Repayment/buy-back of borrowings	-	-
Total cash flows:	-	-
Non-cash changes:		
Amortisation of transaction costs	3 428	3 428
Foreign exchange movement	110 765	110 765
Interest bearing bond loans at 30 June 2023	**1 292 803**	**1 292 803**

Bond loan OKEA03

During 2023 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.

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 2023	507 952	507 952
Repayments	-23 132	-23 132
Foreign exchange movement	46 186	46 186
Other interest bearing liabilities at 30 June 2023	**531 006**	**531 006**
Of this:		
Other interest bearing liabilities, non-current	479 429	479 429
Other interest bearing liabilities, current	51 577	51 577
Other interest bearing liabilities at 30 June 2023	**531 006**	**531 006**

Amounts in NOK `000	**Liability Yme rig**	**Total**
Other interest bearing liabilities at 1 January 2023	507 952	507 952
Cash flows:		
Gross proceeds from borrowings	-	-
Repayment of borrowings	-23 132	-23 132
Total cash flows:	-23 132	-23 132
Non-cash changes:		
Foreign exchange movement	46 186	46 186
Other interest bearing liabilities at 30 June 2023	**531 006**	**531 006**

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.

Amounts in NOK `000	
Lease liability 1 January 2023	262 052
Additions lease contracts	-
Accretion lease liability	8 432
Payments of lease debt and interest	-25 095
Total lease debt at 30 June 2023	**245 389**

Break down of lease liability	
Short-term (within 1 year)	49 643
Long-term	195 747
Total lease liability	**245 389**

Undiscounted lease liabilities and maturity of cash outflows:

Amounts in NOK `000	**30.06.2023**
Within 1 year	50 190
1 to 5 years	160 074
After 5 years	149 450
Total	**359 714**

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	**30.06.2023**	**31.03.2023**	**31.12.2022**	**30.06.2022**
Premium commodity contracts	-	631	-	-
Accumulated unrealised gain/loss (-) commodity contracts included in other operating income / loss(-)	7 562	-126	10 578	-4 170
Short-term derivatives included in assets/liabilities (-)	7 562	505	10 578	-4 170

The company uses derivative financial instruments (put and call options) to manage exposures to fluctuations in commodity prices. Put options are purchased to establish a price floor for a portion of future production of petroleum products. In addition a price ceiling is established by selling call options, which reduces the net premium paid for hedging.

At 30 June 2023 there are no outstanding financial forward contracts gas (without physical delivery of gas). All outstanding contracts at 31 December 2022 expired in Q1 2023.

In addition OKEA has entered into non-financial contracts with physical delivery of gas in 2023-2024 at fixed price. At 30 June 2023 the outstanding contracts are 38 940 000 therms of gas with delivery in Q3 2023 - Q3 2024 at fixed prices in the range of 87 - 144.5 GBp/therm. Revenue from these contracts will be recognised at delivery of the gas.

Note 26 Financial investments

Amounts in NOK `000	30.06.2023	31.03.2023	31.12.2022	30.06.2022
Investments in money-market funds and combination funds	-	-	-	210 126
Total financial investments	**-**	**-**	**-**	**210 126**

Note 27 Business combinations

Acquisition of a 35.2% interest in Brage, 6.4615% interest in Ivar Aasen and 6% interest in Nova, completed in Q4 2022
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.

The purchase price allocation (PPA) presented below is based on a updated completion statement from Q1 2023 compared to the PPA presented in Q4 2022. 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.

Amounts in NOK `000	PPA Q4 2022	Changes Q1 2023	Updated PPA
Assets			
Oil and gas properties	1 791 614	-	1 791 614
Receivables on seller*	947 255	-	947 255
Net working capital	441 429	-	441 429
Income tax receivable (reduced tax payable)	165 808	16 574	182 382
Right-of-use assets	17 315	-	17 315
Total assets	3 363 421	16 574	3 379 996
Liabilities			
Deferred tax liabilities	633 483	-	633 483
Asset retirement obligations	1 926 780	-	1 926 780
Contingent consideration	116 041	-	116 041
Lease liability	17 315	-	17 315
Total liabilities	2 693 618	-	2 693 618
Total identifiable net assets at fair value	669 803	16 574	686 377
Total consideration	1 165 383	12 189	1 177 572
Goodwill	495 580	-4 385	491 194
Goodwill consist of:			
Negative ordinary goodwill	-500 811	-	-500 811
Technical goodwill	996 390	-4 385	992 005
Total goodwill	495 580	-4 385	491 194

* No changes to the PPA was made in Q2 2023.

Note 28 Other provisions

Amounts in NOK `000	
Provision at 1 January 2023	68 917
Settlements/payments to Wintershall Dea	-21 731
Changes in fair value	-2 296
Other provisions at 30 June 2023	**44 891**
Of this:	
Other provisions, non-current	18 574
Other provisions, current (classified within trade and other payables)	26 317
Other provisions at 30 June 2023	**44 891**

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 1,317 million at 30 June 2023. The OKEA03 bond loan is listed on the Oslo Stock Exchange and the fair value is based on the latest quoted market price (level 2 in the fair value hierarchy according to IFRS 13) as per balance sheet date.

Fair values of put/call options oil and forward contracts foreign exchange are based on quoted market prices at the balance sheet date (level 2 in the fair value hierarchy). The put/call options oil and the forward contracts foreign exchange are carried in the statement of financial position at fair value.

Note 30 Events after the balance sheet date

There are no subsequent events with significant impacts that have occured 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

EBITDA Amounts in NOK `000	Q2 2023 3 months	Q1 2023 3 months	Q2 2022 3 months	2023 6 months	2022 6 months	2022 12 months
Profit / loss (-) from operating activities	505 637	1 170 011	762 572	1 675 648	2 110 425	3 526 080
Add: depreciation, depletion and amortisation	361 953	327 174	165 151	689 128	322 931	769 359
Add: impairment	299 795	94 417	-	394 212	-362 597	497 584
EBITDA	**1 167 385**	**1 591 602**	**927 723**	**2 758 987**	**2 070 759**	**4 793 024**

EBITDAX Amounts in NOK `000	Q2 2023 3 months	Q1 2023 3 months	Q2 2022 3 months	2023 6 months	2022 6 months	2022 12 months
Profit / loss (-) from operating activities	505 637	1 170 011	762 572	1 675 648	2 110 425	3 526 080
Add: depreciation, depletion and amortisation	361 953	327 174	165 151	689 128	322 931	769 359
Add: impairment / reversal of impairment	299 795	94 417	-	394 212	-362 597	497 584
Add: exploration and evaluation expenses	123 756	23 561	26 009	147 316	118 685	327 506
EBITDAX	**1 291 141**	**1 615 163**	**953 733**	**2 906 304**	**2 189 444**	**5 120 530**

Production expense per boe Amounts in NOK `000	Q2 2023 3 months	Q1 2023 3 months	Q2 2022 3 months	2023 6 months	2022 6 months	2022 12 months
Productions expense	494 902	517 868	380 990	1 012 770	668 285	1 616 020
Less: processing tariff income	-35 442	-32 061	-26 216	-67 503	-50 361	-131 596
Less: joint utilisation of resources	-7 614	-2 537	-12 032	-10 152	-17 976	-37 512
Divided by: produced volumes (boe)	2 025 961	1 998 902	1 459 581	4 024 863	2 801 254	6 108 800
Production expense NOK per boe	**223.0**	**241.8**	**234.7**	**232.3**	**214.2**	**236.8**

Net interest-bearing debt Amounts in NOK `000	30.06.2023	31.03.2023	31.12.2022	30.06.2022
Interest bearing bond loans	1 292 803	1 255 250	1 178 610	1 187 330
Other interest bearing liabilities	479 429	478 502	462 078	482 150
Interest bearing bond loans, current	-	-	-	994 835
Other interest bearing liabilities, current	51 577	49 482	45 874	44 380
Less: Cash and cash equivalents	-2 334 876	-1 633 594	-1 104 026	-2 758 124
Net interest-bearing debt	**-511 067**	**149 640**	**582 537**	**-49 429**

Net interest-bearing debt excl. other interest bearing liabilities Amounts in NOK `000	30.06.2023	31.03.2023	31.12.2022	30.06.2022
Interest bearing bond loans	1 292 803	1 255 250	1 178 610	1 187 330
Interest bearing bond loans, current	-	-	-	994 835
Less: Cash and cash equivalents	-2 334 876	-1 633 594	-1 104 026	-2 758 124
Net interest-bearing debt excl. other interest bearing liabilities	**-1 042 073**	**-378 345**	**74 584**	**-575 959**

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 bond loans 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.

Statement from the board of directors and CEO

We hereby confirm, to the best of our knowledge, that the unaudited interim financial statement for the period 1 January to 30 June 2023 of OKEA ASA have been prepared in accordance with IAS 34 Interim Financial Reporting and that the information presented gives a true and fair view of the company's assets, liabilities, financial position and results for the period viewed in their entirety and that the half year report gives a fair view of the information as described in the Securities Trading Act §5-6 fourth paragraph.

The board of directors of OKEA ASA
Trondheim, 12 July 2023

Chaiwat Kovavisarach Chairman of the board	Jon Arnt Jacobsen Board member
Per Magne Bjellvåg Board member	Sverre Nes Board member
Phatpuree Chinkulkitnivat Board member	Rune Olav Pedersen Board member
Michael William Fischer Board member	Elizabeth Williamson Board member
Nicola Carol Gordon Board member	Ragnhild Aas Board member
Finn Haugan Board member	Svein Jakob Liknes CEO

OKEA ASA 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.

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