



OKEA ASA

Q3 quarterly report

2023



Third quarter 2023 summary

Highlights

- No serious actual incidents at operated assets
- Production of 23,710 (22,263) boepd
- Operating income of NOK 2,105 (1,707) million
- EBITDA of NOK 1,336 (1,167) million
- Impairment of NOK 475 (300) million on the Yme asset mainly due to revision of reserves
- Profit before tax of NOK 460 (391) million
- Net profit after tax of NOK 32 (69) million
- Cash dividend of NOK 1.00 (1.00) per share distributed, in total NOK 104 (104) million
- Production from Hasselmus gas discovery commenced on 1 October 2023
- Successful refinancing extends bond maturity and secures additional liquidity source of USD 25 million

(Amounts in parentheses refer to previous quarter)

Message from CEO, Svein J. Liknes

Production in the third quarter is up by 6.5% largely due to solid performance at our operated assets, Draugen and Brage, including volumes from new wells put onstream.

We continue to add organic growth volumes from infill drilling and projects. The Hasselmus gas discovery started production on 1 October and adds 4,400 boepd in gross production at plateau and is an enabler for restarting export of associated gas and NGL from Draugen. As OKEA's first development project as operator, Hasselmus was completed ahead of schedule and on budget. The Talisker East well which commenced production in May continues to produce well and Brage is currently producing the same volumes as ten years ago.

Following disappointing observations from the new wells in production at Yme, reserve estimates for the field were further reduced this quarter. The value effect of the reduced reserves was somewhat offset by improved forward prices for oil and reduces net profit after tax by NOK 104 million in the quarter. We are currently focused on engaging with the license partners to further explore the results of the analysis and undertake a revised assessment of the Yme field.

Closing of the Statfjord transaction is progressing according to plan towards completion on 30 November. The transaction significantly enhances the company's production and reserves and fits very well into the company's inorganic growth strategy.

We also completed a successful refinancing in the quarter which extended maturity of the outstanding bond debt. We also added a new liquidity source through a USD 25 million revolving credit facility which improves the financial flexibility going forward at relatively low cost.

In the face of ongoing geopolitical instability and continued economic uncertainty, we maintain our belief that the market fundamentals in our industry will continue to be strong and we remain committed to our growth strategy.

Svein J. Liknes,
Chief Executive Officer

Financial and operational summary

	Unit	Q3 2023	Q2 2023	Q3 2022	Full year 2022 ⁴⁾
Total operating income	MNOK	2,105	1,707	2,143	6,653
EBITDA ¹⁾	MNOK	1,336	1,167	1,636	4,758
EBITDAX ¹⁾	MNOK	1,370	1,291	1,654	5,085
Profit/loss (-) before income tax	MNOK	460	391	738	3,215
Net profit / loss (-)	MNOK	32	69	104	670
Net cash flow from operations	MNOK	748	1,401	1,183	3,344
Net cash flow used in investments	MNOK	-534	-535	-116	-2,434
Net cash flow used in financing activities	MNOK	-187	-192	-1,248	-1,969
Net interest-bearing debt (IBD) ¹⁾	MNOK	-535	-511	-799	583
Net IBD ex. other int. bearing liabilities¹⁾	MNOK	-1,046	-1,042	-1,371	75
Net production	Boepd ²⁾	23,710	22,263	16,064	16,736
Third-party volumes available for sale ³⁾	Boepd ²⁾	210	332	431	596
Over/underlift/inventory adjustments	Boepd ²⁾	2,769	187	769	-1,080
Net sold volume	Boepd ²⁾	26,689	22,782	17,264	16,252
Production expense per boe ¹⁾	NOK/boe	195.1	223.0	253.1	236.8
Realised liquids price	USD/boe	89.0	70.1	106.6	98.4
Realised gas price	USD/boe	61.9	81.2	194.8	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 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 third quarter was NOK 2,105 (1,707) million, whereof NOK 2,131 (1,641) million related to petroleum revenue. The increase in operating income compared to previous quarter relates to an increase in volumes sold, as well as higher realised crude price. The average realised crude price for the quarter was USD 89.4 (76.4) per boe. The NGL discount amounted to USD 0.4 (6.3) per boe which resulted in an average realised liquids price of USD 89.0 (70.1) per boe. Average realised price for gas was USD 61.9 (81.2) per boe, of which USD 0.7 (23.3) per boe was attributable to realised gain on fixed price contracts.

Other operating income/loss (-) of NOK -26 (66) million consisted of a change in fair value of the contingent consideration to Wintershall Dea of NOK -39 (18) million following an increase (decrease) in oil forward prices, and a net hedging loss mainly resulting from financial hedging arrangements for oil of NOK -26 (gain of 5) million. These effects were partly offset by tariff income at GjØa of NOK 26 (35) million, and income from joint utilisation of logistic resources of NOK 9 (8) million.

Production expenses amounted to NOK 465 (495) million, corresponding to NOK 195 (223) per boe. The lower production expense per boe was due to an increase in produced volumes combined with lower expenses following completion of the turnaround at Draugen in the previous quarter.

Changes in over-/underlift positions and production inventory amounted to an expense of NOK 224 (income of 126) million, as sold volumes exceeded produced volumes by 2,769 (187) boepd.

Net sold volumes from third-party compensation received from Duva and Nova (tie-ins to Gjøa) amounted to 210 (332) boepd.

Exploration and evaluation expenses amounted to NOK 34 (124) million. Area fees and various field evaluation activities amounted to NOK 21 (23) million and work on maturing the Brasse discovery amounted to NOK 13 (21) million. Seismic purchases of NOK 80 million was included in exploration expense in the previous quarter.

An impairment charge of NOK 475 (300) million was recognised on the Yme asset in the quarter. The impairment was mainly driven by a downward revision of reserves, partially offset by increased forward prices for oil. The related tax income amounted to NOK 370 (234) million, resulting in a net after tax impact of NOK 104 (66) million. Impairment in the previous quarter was mainly due to adverse developments in expected realised prices. 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 46 (47) million and represent OKEA's share of costs after allocation to licence activities.

Net financial items amounted to an income of NOK 24 (expense of -115) million. Interest income amounted to NOK 29 (22) million. Net expensed interest and fees amounted to NOK -14 (-18) million. Net foreign exchange gain/loss (-) amounted to NOK 49 (-110) million following a strengthened (weakened) NOK compared to USD and GBP in the quarter. The foreign exchange gain (loss) was mainly attributable to FX-derivative contracts. In relation to the refinancing executed in the quarter, a call premium of NOK 28 (0) million were expensed. For further details on financial items, reference is made to note 14 and 22.

Profit / loss (-) before tax amounted to NOK 460 (391) million.

Tax expenses (-) / tax income (+) amounted to NOK -428 (-322) million and represents an effective tax rate of 93% (82%). The deviation from the expected 78% was mainly due to the change in fair value of the contingent consideration to Wintershall Dea not being tax-deductible. In addition, net financial result and onshore items are deductible at a lower tax rate. These effects were partly offset by the tax effect of uplift.

Net profit / loss (-) for the quarter was NOK 32 (69) million. Earnings per share amounted to NOK 0.31 (0.66).

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 6,001 (6,416) million. The decrease mainly related to impairment of the Yme asset of NOK 475 (300) million and depreciation of producing assets of NOK 414 (351) million. The increase in depreciation mainly relates to the increase in produced volumes. These effects were partly offset by investments of NOK 543 (525) 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 208 (216) million and mainly related to logistical resources on operated assets and lease of offices. The decrease was due to IFRS 16 depreciation.

Non-current asset retirement reimbursement rights amounted to NOK 3,339 (3,405) 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 following an increase in long-term market interest rates.

Trade and other receivables amounted to NOK 1,689 (1,362) million and comprise accrued revenue, working capital from joint venture licences and underlift of petroleum products. The increase from previous quarter is mainly due to the oil lifting at Draugen taking place late in September and has been paid in the fourth quarter.

Cash and cash equivalents amounted to NOK 2,346 (2,335) million.

Spare parts, equipment and inventory amounted to NOK 604 (714) million, whereof NOK 295 (424) million related to oil inventory at Draugen, Brage and Yme. The decrease was a result of timing of liftings resulting in fluctuations in oil inventory between quarters. In particular, oil was lifted from Draugen late in the quarter.

Equity amounted to NOK 2,094 (2,165) million, corresponding to an equity ratio of 13% (13%). The decrease was due to the dividend payment of NOK 104 million exceeding net profit after tax of NOK 32 million.

Non-current provision for asset retirement obligations amounted to NOK 5,484 (5,613) million. The decrease was due to an increase in the discount rate applied for estimating the net present value following an increase in long-term market interest rates. The obligations are partly offset by the asset retirement reimbursement rights outlined above.

Interest-bearing bond loans amounted to NOK 1,300 (1,293) million and comprise the OKEA04 (OKEA03) bond loan.

Total other interest-bearing liabilities amounted to NOK 511 (531) million, whereof the non-current portion was NOK 459 (479) million and the current portion was NOK 51 (51) million. The amount represents OKEA's share of the net present value of the future obligations under the bareboat charter agreement for Yme on the Inspirer rig. Reference is made to note 23 for further details.

The lease liability relating to IFRS 16 consist of a non-current liability of NOK 187 (196) 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 1,777 (1,960) million and mainly comprise payments received under payment quantity agreements, accrued expenses, and working capital from joint venture licences.

Income tax payable was NOK 1,748 (1,238) million which mainly relates to accrued tax payable for the first three quarters of 2023.

Refinancing

A successful refinancing was completed in the quarter. A USD 125 million senior secured bond (OKEA04) was issued in September at a fixed coupon of 9.125% and maturity in September 2026. The OKEA03 bond with original issue amount of USD 120 million at a fixed coupon of 8.75% and maturity in December 2024 was called in full at a premium of 3.2%. Investor interest in OKEA04 issue was solid, and the bond was oversubscribed more than two times at final pricing.

As part of the refinancing, a super senior revolving credit facility (RCF) of USD 25 million was established, which provides an additional liquidity source for the company at relatively low cost. As per balance sheet date, no drawdowns were made under the RCF.

Statement of cash flows

Net cash flows from operating activities amounted to NOK 748 (1,401) million and accounted for taxes paid of NOK 276 (333) million which is the first (last) instalment of tax payable for 2023 (2022). The lower net cash flows from operating activities were mainly due to the Draugen cargo being lifted late in the quarter with payment received in the fourth quarter. In the previous quarter payment from two liftings from Draugen were received.

Net cash flows used in investment activities amounted to NOK -534 (-535) million. Investments in the quarter included oil and gas properties of NOK -507 (-505) million, mainly relating to the Hasselmus gas development, Draugen power from shore, Draugen modifications and production well drilling at Brage. In addition, exploration and evaluation expenses of NOK -21 (-5) million mainly related to an exploration well at Brage.

Net cash flows used in financing activities amounted to NOK -187 (-192) million and mainly related to dividend payments of NOK -104 (-104) million and interest payments of NOK -42 (-68) million. Net cash flows from the refinancing amounted to NOK -20 (0) 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 quarter, net realised hedging losses amounted to NOK -7 (121) million, comprising of gain on forward sale of gas recognised as operating income of NOK 4 (137) million and a net realised loss on financial hedging positions of NOK -11 (-16) million.

As per balance sheet date, ~20% of the estimated net after tax exposure for natural gas for the fourth quarter of 2023 were sold forward at an average price of 124 GBp/th, ~15% for the first quarter of 2024 were sold forward at an average price of 123 GBp/th, and ~15% for the second and third quarter of 2024 were sold forward at an average price 125 GBp/th.

In addition, financial hedging agreements for ~45% of the estimated net after tax exposure for oil for the fourth quarter of 2023 were entered into in the form of collars with price floors around 72-75 USD/bbl and ceilings around 81-105 USD/bbl. ~80% of these calls have a strike above 90 USD/bbl. In addition, ~20% of the estimated net after tax exposure for oil for the first quarter of 2024 was in part hedged by use of collars with price floors of 72 USD/bbl and ceilings of 105 USD/bbl and in part by puts with strike price at 72 USD/bbl.

OKEA has also entered into forward sales of foreign exchange (GBP/NOK) with delivery in connection with the closing of the Statfjord transaction in the fourth quarter of 2023.

Oil options and FX derivatives are recognised at market value at balance sheet date. The unrealised gain from financial hedging for the quarter was NOK 35 (loss of -58) million.

Operational review

OKEA's net production in the quarter was 23,710 (22,263) boepd. Production at Draugen, Gjøa, Ivar Aasen and Nova were according to plan. The Talisker East well at Brage continues to perform well and Brage has sustained production above plan. Technical issues at Yme resulted in reduced production in July.

	Unit	Q3 2023	Q2 2023	Q3 2022 ⁴⁾	Full year 2022 ⁴⁾
Draugen – production reliability ¹⁾	%	88	94	94	96
Draugen – production availability ²⁾	%	80	60	89	94
Brage – production reliability	%	98	94	N/A	N/A
Brage – production availability	%	96	90	N/A	N/A
Gjøa – production reliability	%	96	99	100	90
Gjøa – production availability	%	91	97	98	92
Yme – production reliability	%	80	90	N/A	28
Yme – production availability	%	73	84	N/A	21
Ivar Aasen – production availability	%	96	94	98	82
Nova – production availability	%	96	96	N/A	81
Draugen – production	Boepd	5,830	4,793	6,338	6,767
Brage – Production	Boepd	5,697	3,456	N/A	383
Gjøa – production	Boepd	5,126	6,240	7,353	6,932
Yme – production	Boepd	2,494	2,854	1,354	1,429
Ivar Aasen – production	Boepd	2,838	3,218	1,019	1,086
Nova – production	Boepd	1,725	1,702	N/A	139
Total net production	Boepd	23,710	22,263	16,064	16,736
Draugen – sold volume	Boepd	6,916	6,789	6,923	6,740
Brage – sold volume	Boepd	6,752	605	N/A	27
Gjøa – sold volume	Boepd	4,146	7,881	7,647	7,381
Yme – sold volume	Boepd	2,182	2,542	1,452	1,157
Ivar Aasen – sold volume	Boepd	4,211	4,632	811	351
Nova – sold volume	Boepd	2,272	0	N/A	0
Third-party volumes available for sale ³⁾	Boepd	210	332	431	596
Total net sold volume	Boepd	26,689	22,782	17,264	16,252
Total over/underlift/inventory adj.	Boepd	2,769	187	769	-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 5,830 (4,793) boepd in the quarter. Production availability was 80% (60%) and production reliability was 88% (94%).

The increase in availability and produced volumes was mainly due to the maintenance shutdown for Draugen executed in the second quarter. A planned shut-in of subsea wells to instal new subsea pumps was completed in 13 days in July.

Production from the Hasselmus gas discovery commenced on 1 October 2023. As a subsea tie-back to the Draugen platform, Hasselmus is expected to add gross production of 4,400 boepd at plateau and a total of 1.65 GSm³ of natural gas. Hasselmus is also enabling restart export of associated gas and NGL from Draugen. First gas was achieved three months ahead of schedule and on budget.

The drilling campaign of the two observation wells in Springmus East and Garn West South was completed in July from the Transocean Endurance rig. The well in Springmus East proved an 8 meter hydrocarbon column present in the structure and Garn West South proved an 11.5 meter hydrocarbon column. Post well evaluations are currently ongoing to assess the potential.

Topside modifications and early scope installation work for the power from shore project is ongoing.

Brage (operator, 35.2%)

Net production to OKEA from Brage was 5,697 (3,456) boepd in the quarter. Production availability was 96% (90%) and production reliability was 98% (94%). The increase in production was largely due to continued strong performance from the Talisker East well which came on production in May. In addition, a successful well intervention contributed to increased well production potential which increased production at Brage to 6,000 boepd net OKEA by the end of the quarter.

A Sognefjord gas producer commenced production during the quarter. However, Gassco (operator of Gassled) has temporarily reduced the gas export infrastructure capacity to 0.8 MSm³/day due to technical challenges in the gas pipeline system. Brage is therefore experiencing reduced gas export capacity and Gassco and OKEA are jointly working to remove this constraint as soon as possible. As the Talisker East well continues to deliver gas production up towards the currently available export capacity, the Sognefjord gas well has been temporarily shut in. Brage overall delivers production volume as planned and the Sognefjord well will be put on production again once the gas export infrastructure capacity is resolved.

Drilling of the Fensfjord south well was completed during the quarter and start of production is expected in the fourth quarter of 2023. The Cook production well is also expected to come on-stream in the fourth quarter of 2023.

A Talisker East water injector and a second producer in Talisker South-East were sanctioned in October with drilling scheduled to commence in the fourth quarter of 2023.

The Sognefjord East project was launched to mature the Kim discovery with the first appraisal well targeted for 2024 from the Brage platform. The gross in-place volume for the area discovered is estimated to 6-12 mmboe.

Work on maturing a potential tie-back of Brasse to Brage is proceeding according to plan towards investment decision in early 2024.

Gjøa (partner, 12%)

Net production to OKEA from Gjøa was 5,126 (6,240) boepd in the quarter. Production reliability was 96% (99%). The reduced production was mainly a result of five days scheduled maintenance shutdown in August and unplanned deferment due to limited capacity in the Segal system caused by the shutdown at St Fergus gas terminal as well as natural decline. Net delivered and sold compensation volumes from Duva and Nova amounted to 210 (332) boepd in the quarter.

Further maturation of potential development scenarios of the Hamlet discovery is ongoing. Other IOR (Increased Oil Recovery) targets are under evaluation utilising new reprocessed seismic data. Evaluations to identify potential synergies with other potential developments to further reduce costs is ongoing.

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 2,494 (2,854) boepd in the quarter. Production reliability and availability were impacted by equipment failure in July. Average production reliability was 80% (90%) and production availability was 73% (84%) for the quarter.

Two producer wells were drilled and came on stream during the quarter. Based on the data from the new wells in production OKEA has made a decline assessment of the field. The preliminary results indicate a reduction in technical reserves net to OKEA from 7.6 Mmbbl to 5.8 Mmbbl. OKEA will engage with the license partners to further explore the results of the analysis and undertake a revised assessment of the Yme field. Expected plateau production has subsequently been reduced to ~3,500 boepd net to OKEA.

A new injector was drilled in the beginning of October 2023 and the last producer is currently scheduled to come on stream in early 2024.

Ivar Aasen (partner, 9.2385%)

Net production to OKEA from Ivar Aasen was 2,838 (3,218) boepd with a production availability of 96% (94%).

The IOR 2024 campaign has been cancelled prior to approval of concept decision (DG2). Potential for new wells is still considered and preparations for the IOR 2026 campaign have started.

Two of the wells in the previous infill campaign were planned converted to injectors following a short production period with a target to provide pressure support and reduce production decline. Conversion of the D-8 well is expected completed in the fourth quarter of 2023. The D-9 well is still in production.

Nova (partner, 6%)

Net production to OKEA from Nova was 1,725 (1,702) boepd in the quarter. Production availability was 96% (96%).

A side-track drilling operation to improve location of one of the injector wells was successfully completed in the previous quarter which resulted in improved water injection and increased production. Production at Nova was impacted by the maintenance at Gjøa in the quarter and remains somewhat limited by reduced effectiveness of the water injectors. A rig has been secured to drill a fourth water injector well in the second half of 2024 which will enable the operator to target the best location for Nova's fourth water injector and further improve the water injection at the field.

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. The transaction has been approved by the authorities and closing is expected to take place on 30 November 2023.

Statfjord represents one of the most prolific areas on the NCS with a strong track record for improved oil recovery. The transaction provides a material increase in production and resources to OKEA and enhances diversification and portfolio robustness.

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.

Expected additional production to OKEA for 2023 has been narrowed from 11,000 – 13,000 boepd to 11,000 – 12,000 boepd due to reduced production reliability caused by unforeseen events and delay from new wells. This is also expected to impact 2024 production and OKEA has been informed that the operator has provided an updated RNB which for 2024 production volumes indicates a reduction of ~3,000 boepd compared to RNB last year. The operator continues to work on mitigating actions and OKEA will work further with assessing the data and provide an update in relation to the guiding for 2024 to be included in the publication of the fourth quarter financial results.

During the quarter, the operator and partners have sanctioned an energy efficiency project that will reduce annual CO₂ emissions by 95,000 tonnes at Statfjord C. The project will replace two gas turbines with heat recovery to produce electric power. A new steam turbine will produce electricity based on surplus heat from two gas compressors. The water injection pumps will also be electrified. The project will improve energy efficiency and reduce total CO₂ emissions on Statfjord C by 25%.

Development projects

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 CO₂ emissions of 200,000 tonnes from Draugen and 130,000 tonnes from Njord. In addition, the project will result in reduce operational cost and extend the economic lifetime of the Draugen field.

Following a factory fire in one of the project's planned equipment suppliers, a recovery plan has been developed and progress is monitored closely to minimize cost and schedule impact. Completion of the project is expected in 2027.

Brasse (partner, 50%)

In December 2022, OKEA entered into a Sales and Purchase Agreement (SPA) with DNO Norge AS (DNO) for 50% WI in the Brasse licence (PL740) with effective date 1 January 2023. The transaction was at zero cost to OKEA.

OKEA has subsequently entered into an SPA with M Vest Energy AS (M Vest) to sell 4.4424% WI in Brasse with effective date 1 January 2023 to further align ownership in the Brage and Brasse licences. Completion of the transaction with M Vest is expected in the fourth quarter.

To reduce cost and maximise the synergies with Brage, the operatorship of Brasse was transferred from DNO to OKEA on 1 September. Key commercial terms for the tie-in have been agreed with the Brage licence where OKEA also is operator and holds a 35.2% WI.

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. Concept decision (DG2) for Brasse tie-in to Brage was approved in August and a final investment decision is expected in early 2024.

Exploration licences

At the Brage field, the Sognefjord Øst formation was tested and hydrocarbon presence was proven. Post drill evaluations is currently ongoing to assess the potential for development well(s) from Brage. In-place volume for the area discovered is 6-12 mmboe.

OKEA is also participating in the APA 2023 round where awards are expected in January 2024.

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 third quarter.

Safe and secure operations is paramount to OKEA and ensuring that all employees have the necessary competence within regulatory requirements and the corporate QHSSE framework is a priority. Updating internal training programmes are a current focus area, with several mandatory training courses being conducted.

OKEA targets to maintain a clear, credible, and consistent approach to ESG. Preparations for upcoming regulatory changes (CSRD - Corporate Sustainability Reporting Directive) is ongoing, including updating of the company's double materiality analysis.

OKEA continually strives to find opportunities to reduce adverse impacts to the environment of our activities. Several energy and emission reduction initiatives have been implemented in 2023 including modification of the

oil export pump at the Brage platform. This resulted in an estimated 1 MW reduction in energy consumption which corresponds to about 5% of the power consumption at the platform.

Subsequent events

Announcement of fourth quarter dividend

On 26 October OKEA announced a dividend payment of NOK 103.9 million (NOK 1 per share) to be paid on or about 15 December.

Outlook

In the face of ongoing geopolitical instability and continued economic uncertainty, the company's focus remains on delivering on the growth strategy and maintaining stable and secure operations.

In March, OKEA entered into an SPA with Equinor to acquire 28% WI in PL037 (Statfjord Area) with effective date 1 January 2023 which is progressing towards completion on 30 November 2023. The transaction represents a step change in production as well as diversification. Reduced production reliability caused by unforeseen events and delay from new wells have resulted in narrowing the range of expected additional production to OKEA for 2023 from 11,000 – 13,000 boepd to 11,000 – 12,000 boepd. OKEA has also been informed that the operator has provided an updated RNB which for 2024 production volumes indicates a reduction of ~3,000 boepd compared to RNB last year. OKEA will work further with assessing the data and provide an update in relation to the guiding for 2024 to be included in relation to the publication of the fourth quarter financial results. The operator continues to work on mitigating actions.

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

In addition to pursuing inorganic growth opportunities, OKEA is also working to execute its portfolio of development projects. The Hasselmus gas project started on 1 October, will add 4,400 boepd gross production at plateau and enable restart export of associated gas and NGL from Draugen.

OKEA's production guiding for 2023 has been narrowed from 22,000 – 25,000 boepd to 23,000 – 24,000 boepd. Capex guiding for 2023 has also been narrowed from NOK 1,700 – 2,100 million to NOK 1,950 – 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. All guiding for 2023 excludes effects of the Statfjord transaction.

Liftings of 78,000 bbl from Yme have already been completed in October. A lifting of 330,000 bbl from Brage is expected at the end of October. In November 615,000 bbl from Draugen and three liftings for a total of 144,000 bbl from Yme are expected. In December one lifting from Yme of 66,000 bbl and one lifting from Brage of 374,000 bbl are expected. Timing of future lifting from Yme may deviate somewhat subject to the nominated allocation between licence partners. All volumes are net to OKEA.

OKEA continues to deliver according to the dividend plan. In each of March, June, and September cash dividends of NOK 103.9 million (NOK 1.00 per share) were distributed to shareholders. On 26 October, OKEA announced a dividend distribution of NOK 1.00 per share to be paid on or about 15 December. The board will revert with the dividend plan for 2024 in relation to the publication of the fourth quarter 2023 financial results.

In September, the company successfully completed a refinancing which extends the maturity of the outstanding bond debt. The company issued a USD 125 million 3-year senior secured bond loan (OKEA04) with fixed interest of 9.125% and called the USD 120 million OKEA03 bond with fixed interest of 8.75% and maturity in December 2024. Demand in the OKEA04 bond issue was solid and more than twice oversubscribed at final pricing. In relation to the refinancing, a revolving credit facility of USD 25 million was secured as an additional liquidity source.

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 Q3 2023**

Statement of comprehensive income

01.01-30.09

01.01-31.12

		Q3 2023	Q2 2023	Q3 2022	2023	2022	2022
Amounts in NOK '000	Note	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(audited)
Revenues from crude oil and gas sales	6	2 130 596	1 641 477	2 113 513	6 701 478	4 882 845	6 398 654
Other operating income / loss (-)	6, 25	-25 579	65 809	29 944	64 932	105 331	253 975
Total operating income		2 105 018	1 707 286	2 143 458	6 766 410	4 988 176	6 652 629
Production expenses	7	-464 899	-494 902	-425 468	-1 477 669	-1 093 752	-1 616 020
Changes in over/underlift positions and production inventory	7	-224 494	126 061	-18 721	-891 782	74 935	296 523
Exploration and evaluation expenses	8	-34 220	-123 756	-18 553	-181 536	-137 238	-327 506
Depreciation, depletion and amortisation	10	-425 497	-361 953	-176 185	-1 114 624	-499 116	-769 359
Impairment (-) / reversal of impairment	10, 11, 12	-474 618	-299 795	-609 030	-868 830	-246 433	-497 584
General and administrative expenses	13	-45 529	-47 304	-44 863	-120 560	-125 509	-212 602
Total operating expenses		-1 669 256	-1 201 649	-1 292 820	-4 655 000	-2 027 113	-3 126 549
Profit / loss (-) from operating activities		435 761	505 637	850 638	2 111 409	2 961 063	3 526 080
Finance income	14	73 020	63 892	30 839	188 977	79 134	126 041
Finance costs	14	-97 875	-68 036	-102 636	-237 557	-265 683	-334 055
Net exchange rate gain/loss (-)	14	49 306	-110 454	-41 213	-90 966	-218 225	-103 101
Net financial items		24 450	-114 597	-113 010	-139 545	-404 775	-311 115
Profit / loss (-) before income tax		460 212	391 039	737 628	1 971 864	2 556 288	3 214 965
Taxes (-) / tax income (+)	9	-427 821	-322 166	-633 170	-1 644 469	-2 210 798	-2 545 357
Net profit / loss (-)		32 391	68 874	104 457	327 395	345 490	669 608
Other comprehensive income, net of tax:							
<i>Items that will not be reclassified to profit or loss in subsequent periods:</i>							
Remeasurements pensions, actuarial gain/loss (-)		-	-	-	-	-	110
Total other comprehensive income, net of tax		-	-	-	-	-	110
Total comprehensive income / loss (-)		32 391	68 874	104 457	327 395	345 490	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		0,31	0,66	1,01	3,15	3,33	6,45
Earnings per share (NOK per share) - Diluted		0,31	0,66	1,00	3,15	3,32	6,44

Statement of financial position

Amounts in NOK '000	Note	30.09.2023 (unaudited)	30.06.2023 (unaudited)	31.12.2022 (audited)	30.09.2022 (unaudited)
ASSETS					
Non-current assets					
Goodwill	11, 12	1 292 206	1 292 206	1 296 591	801 011
Exploration and evaluation assets	11	206 871	186 153	184 317	80 496
Oil and gas properties	10	6 000 947	6 415 615	6 556 314	4 717 682
Furniture, fixtures and office equipment	10	54 228	54 578	40 622	12 471
Right-of-use assets	10	207 964	216 276	232 901	216 880
Asset retirement reimbursement right	15	3 339 001	3 404 526	3 662 122	2 486 121
Total non-current assets		11 101 217	11 569 354	11 972 868	8 314 661
Current assets					
Trade and other receivables	17, 25	1 688 971	1 361 721	1 743 901	1 347 063
Financial investments	26	-	-	-	9 100
Spare parts, equipment and inventory	20	604 051	714 193	800 333	228 735
Asset retirement reimbursement right, current	15	55 737	81 539	-	-
Cash and cash equivalents	18	2 345 637	2 334 876	1 104 026	2 668 452
Total current assets		4 694 395	4 492 329	3 648 261	4 253 350
TOTAL ASSETS		15 795 612	16 061 683	15 621 128	12 568 011
EQUITY AND LIABILITIES					
Equity					
Share capital	16	10 391	10 391	10 391	10 387
Share premium		1 419 486	1 419 486	1 627 307	1 730 505
Other paid in capital		19 140	19 140	19 140	19 140
Retained earnings/loss (-)		644 676	716 195	421 191	96 963
Total equity		2 093 694	2 165 213	2 078 030	1 856 996
Non-current liabilities					
Asset retirement obligations	19	5 484 350	5 613 372	5 915 084	3 621 192
Pension liabilities		52 066	49 129	43 255	42 114
Lease liability	23	187 415	195 747	212 409	201 913
Deferred tax liabilities	9	2 415 435	2 774 193	2 835 089	1 961 657
Other provisions	27, 28	45 019	18 574	39 107	-
Interest bearing bond loans	22	1 300 055	1 292 803	1 178 610	1 297 576
Other interest bearing liabilities	23	459 400	479 429	462 078	522 256
Total non-current liabilities		9 943 740	10 423 247	10 685 633	7 646 709
Current liabilities					
Trade and other payables	21, 25	1 776 777	1 960 912	2 219 658	1 192 660
Other interest bearing liabilities, current	23	51 530	51 577	45 874	49 874
Income tax payable	9	1 747 740	1 238 334	476 850	1 748 779
Lease liability, current	24	49 643	49 643	49 643	44 106
Asset retirement obligations, current	19	69 671	101 923	-	-
Public dues payable		62 818	70 834	65 440	28 888
Total current liabilities		3 758 178	3 473 223	2 857 465	3 064 306
Total liabilities		13 701 918	13 896 470	13 543 099	10 711 015
TOTAL EQUITY AND LIABILITIES		15 795 612	16 061 683	15 621 128	12 568 011

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	-	-	-	345 490	345 490
Dividend paid	-	-197 354	-	-	-197 354
Share based payment	-	-	76	-	76
Equity at 30 September 2022	10 387	1 730 505	19 140	96 963	1 856 996
Equity at 1 October 2022	10 387	1 730 505	19 140	96 963	1 856 996
Total comprehensive income/loss (-) for the period	-	-	-	324 228	324 228
Dividend paid	-	-103 910	-	-	-103 910
Share issues, cash	4	712	-	-	716
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	-	-	-	327 395	327 395
Dividend paid	-	-207 821	-	-103 910	-311 731
Equity at 30 September 2023	10 391	1 419 486	19 140	644 676	2 093 694

Statement of cash flows

		01.01-30.09		01.01-31.12		
		Q3 2023	Q2 2023	Q3 2022	2023	2022
		2023	2022	2022		
Amounts in NOK `000	Note	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(audited)
Cash flow from operating activities						
Profit / loss (-) before income tax		460 212	391 039	737 628	1 971 864	2 556 288
Income tax paid/received	9	-276 100	-332 991	-508 796	-775 587	-1 088 634
Depreciation, depletion and amortization	10	425 497	361 953	176 185	1 114 624	499 116
Impairment / reversal of impairment	10, 11, 12	474 618	299 795	609 030	868 830	246 433
Expensed exploration expenditures temporary capitalised	8, 11	27	171	-1	4 710	63 401
Accretion asset retirement obligations/reimbursement right - net	14, 15, 19	6 038	3 738	3 549	12 967	6 662
Asset retirement costs from billing (net after reimbursement)	15, 19	-5 648	-18 010	-5 140	-23 764	-22 572
Interest expense	14	13 485	18 341	50 920	53 026	149 705
Gain / loss on financial investments	14	-	-	237	-	71
Change in fair value contingent consideration	6, 28	38 851	-17 927	-	36 555	-
Change in trade and other receivables, and inventory		-213 307	189 906	-262 526	513 202	-175 242
Change in trade and other payables		-204 441	471 687	298 931	-454 781	363 277
Change in foreign exchange interest bearing debt and other non-current items		28 959	33 760	82 933	146 132	355 685
Net cash flow from / used in (-) operating activities		748 190	1 401 462	1 182 951	3 467 777	2 954 189
Cash flow from investment activities						
Investment in exploration and evaluation assets	11	-21 817	5 980	-1 841	-28 336	-133 138
Business combinations, cash paid	27, 28, 17	-	-21 731	-	-296 600	-136 612
Investment in oil and gas properties	10, 14	-506 846	-504 870	-311 730	-1 401 335	-630 644
Investment in furniture, fixtures and office machines	10	-5 496	-14 235	-3 037	-29 189	-5 951
Cash used on (-)/received from financial investments	26	-	-	200 789	-	200 789
Net cash flow from / used in (-) investment activities		-534 159	-534 855	-115 819	-1 755 460	-705 556
Cash flow from financing activities						
Net proceeds from borrowings	22	1 308 025	-	-	1 308 025	-
Repayment/buy-back of bond loans	22	-1 328 211	-	-1 102 395	-1 328 211	-1 401 531
Repayment of other interest bearing liabilities	23	-12 520	-11 968	-10 185	-35 652	-29 379
Interest paid		-41 864	-67 630	-24 154	-120 770	-129 317
Payments of lease debt	24	-8 331	-8 331	-7 243	-24 994	-21 722
Dividend payments	16	-103 910	-103 910	-103 870	-311 731	-197 354
Net proceeds from share issues		-	-	-	-	716
Net cash flow from / used in (-) financing activities		-186 812	-191 840	-1 247 848	-513 334	-1 779 302
Net increase/ decrease (-) in cash and cash equivalents		27 219	674 766	-180 716	1 198 984	469 331
Cash and cash equivalents at the beginning of the period		2 334 876	1 633 594	2 758 124	1 104 026	2 038 745
Effect of exchange rate fluctuation on cash held		-16 458	26 515	91 044	42 627	160 376
Cash and cash equivalents at the end of the period		2 345 637	2 334 876	2 668 452	2 345 637	2 668 452

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 third quarter 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 25 October 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	Q3 2023	Q2 2023	Q3 2022	01.01-30.09		01.01-31.12
				2023	2022	2022
Sale of liquids	1 759 380	1 153 095	1 158 889	5 218 196	2 705 320	3 621 472
Sale of gas	371 217	488 381	954 624	1 483 282	2 177 524	2 777 182
Total petroleum revenues	2 130 596	1 641 477	2 113 513	6 701 478	4 882 845	6 398 654
Sale of liquids (boe*)	1 882 788	1 521 324	1 101 992	6 296 639	2 874 191	3 841 817
Sale of gas (boe*)	572 571	551 815	486 267	1 646 552	1 556 120	2 090 128
Total sale of petroleum in boe*	2 455 359	2 073 138	1 588 260	7 943 191	4 430 312	5 931 945

*Barrels of oil equivalents

Other operating income

Amounts in NOK '000	Q3 2023	Q2 2023	Q3 2022	01.01-30.09		01.01-31.12
				2023	2022	2022
Gain / loss (-) from put/call options, oil	-24 986	4 699	-	-20 075	-	-
Gain / loss (-) from forward contracts, gas	-	126	-20 793	5 648	-13 744	72 492
Gain / loss (-) from forward contracts, CO2 quotas	-926	-	-	-926	-	-
Change in fair value contingent consideration (see note 28)	-38 851	17 927	-	-36 555	-	12 376
Tariff income Gjøa and NOx refund Brage	30 494	35 442	41 528	97 997	91 889	131 596
Joint utilisation of logistics resources	8 690	7 614	9 210	18 841	27 186	37 512
Total other operating income/loss (-)	-25 579	65 809	29 944	64 932	105 331	253 975

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

Production expenses

Amounts in NOK '000	Q3 2023	Q2 2023	Q3 2022	01.01-30.09		01.01-31.12
				2023	2022	2022
From licence billings - producing assets	384 923	420 892	380 805	1 242 282	969 352	1 420 803
Other production expenses (insurance, transport)	72 340	64 705	41 446	211 085	114 889	179 295
G&A expenses allocated to production expenses	7 636	9 305	3 217	24 302	9 511	15 922
Total production expenses	464 899	494 902	425 468	1 477 669	1 093 752	1 616 020

Changes in over/underlift positions and production inventory

Amounts in NOK '000	Q3 2023	Q2 2023	Q3 2022	01.01-30.09		01.01-31.12
				2023	2022	2022
Changes in over/underlift positions	-95 752	-104 972	17 807	-675 715	113 967	196 372
Changes in production inventory	-128 741	231 032	-36 528	-216 066	-39 032	100 151
Total changes income/loss (-)	-224 494	126 061	-18 721	-891 782	74 935	296 523

Note 8 Exploration and evaluation expenses

Amounts in NOK '000	Q3 2023	Q2 2023	Q3 2022	01.01-30.09		01.01-31.12
				2023	2022	2022
Share of exploration and evaluation expenses from participation in licences excluding dry well impairment, from billing	25 609	34 929	12 145	80 120	52 368	75 304
Share of exploration expenses from participation in licences, dry well write off, from billing	27	171	-1	4 710	63 401	141 892
Seismic and other exploration and evaluation expenses, outside billing	7 813	87 435	6 216	93 799	20 730	108 525
G&A expenses allocated to exploration expenses	771	1 221	193	2 908	739	1 786
Total exploration and evaluation expenses	34 220	123 756	18 553	181 536	137 238	327 506

Note 9 Taxes

Income taxes recognised in the income statement

Amounts in NOK '000	Q3 2023	Q2 2023	Q3 2022	01.01-30.09		01.01-31.12
				2023	2022	2022
Change in deferred taxes current year	358 758	-179 955	326 858	419 654	-196 468	-436 027
Taxes payable current year	-786 579	-180 411	-960 028	-2 102 324	-2 010 161	-2 105 157
Tax payable adjustment previous year	-	38 201	-0	38 201	-4 170	-4 173
Total taxes (-) / tax income (+) recognised in the income statement	-427 821	-322 166	-633 170	-1 644 469	-2 210 798	-2 545 357

Reconciliation of income taxes

Amounts in NOK '000	Q3 2023	Q2 2023	Q3 2022	01.01-30.09		01.01-31.12
				2023	2022	2022
Profit / loss (-) before income taxes	460 212	391 039	737 628	1 971 864	2 556 288	3 214 965
Expected income tax at tax rate 78.004%	-358 984	-305 026	-575 379	-1 538 133	-1 994 007	-2 507 802
Permanent differences, including impairment of goodwill	-67 346	-11 185	-19 581	-101 163	-69 884	-25 612
Effect of uplift	17 733	15 784	28 775	56 221	70 368	102 044
Financial and onshore items	-19 224	-66 991	-66 882	-106 646	-208 869	-105 620
Effect of new tax rates	-	-	-104	-	-104	-104
Adjustments previous year and other	-	45 253	-0	45 253	-8 302	-8 264
Total income taxes recognised in the income statement	-427 821	-322 166	-633 170	-1 644 469	-2 210 798	-2 545 357
Effective income tax rate	93 %	82 %	86 %	83 %	86 %	79 %

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

Amounts in NOK '000	30.09.2023	30.06.2023	31.12.2022	30.09.2022
Tangible and intangible non-current assets	-4 165 306	-4 407 660	-4 372 336	-3 159 941
Provisions (net ARO), lease liability, pensions and gain/loss account	2 091 030	2 061 462	2 102 801	1 298 279
Interest bearing loans	-6 977	-1 237	-1 466	-1 697
Current items (spareparts and inventory)	-334 182	-426 759	-564 088	-98 298
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	-2 415 435	-2 774 193	-2 835 089	-1 961 657

Specifiaction of tax payable

Amounts in NOK '000	Total
Tax payable at 1 January 2023	476 850
Tax paid	-775 587
Tax payable adjustment previous year	-38 201
Tax payable current year recognised in the income statement	2 102 324
Tax payable recognised in business combination (see note 27)	-16 574
Taxes recognised on acquisition, sale and swap of licences	-1 072
Tax payable at 30 September 2023	1 747 740

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	929 331	23 693	-	953 024
Reclassification from inventory	4 492	-	-	4 492
Removal and decommissioning asset	-12 543	-	-	-12 543
Disposals	-	-2 464	-	-2 464
Cost at 30 June 2023	11 197 326	73 879	358 702	11 629 907
Accumulated depreciation and impairment at 1 January 2023	-3 719 732	-12 027	-125 802	-3 857 561
Depreciation	-667 767	-9 738	-11 623	-689 128
Impairment (-) / reversal of impairment	-394 212	-	-	-394 212
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	-	-	-5 001	-5 001
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
Cost at 1 July 2023	11 197 326	73 879	358 702	11 629 907
Additions	543 972	5 496	-	549 467
Reclassification from inventory	156	-	-	156
Removal and decommissioning asset	-70 338	-	-	-70 338
Disposals	-	-	-	-
Cost at 30 September 2023	11 671 115	79 375	358 702	12 109 192
Accumulated depreciation and impairment at 1 July 2023	-4 781 711	-19 301	-142 426	-4 943 438
Depreciation	-413 839	-5 846	-5 811	-425 497
Impairment (-) / reversal of impairment	-474 618	-	-	-474 618
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 September 2023	-5 670 168	-25 147	-150 738	-5 846 054
Carrying amount at 30 September 2023	6 000 947	54 228	207 964	6 263 139

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	6 519	-	-	-
Additions through business combination (see note 27)	-	-4 385	-	-4 385
Expensed exploration expenditures temporarily capitalised	-4 683	-	-	-
Cost at 30 June 2023	186 153	1 637 806	416 415	2 054 221
Accumulated impairment at 1 January 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
Cost at 1 July 2023	186 153	1 637 806	416 415	2 054 221
Additions	20 744	-	-	-
Additions through business combination (see note 27)	-	-	-	-
Expensed exploration expenditures temporarily capitalised	-27	-	-	-
Cost at 30 September 2023	206 871	1 637 806	416 415	2 054 221
Accumulated impairment at 1 July 2023	-	-508 818	-253 198	-762 016
Impairment	-	-	-	-
Accumulated impairment at 30 September 2023	-	-508 818	-253 198	-762 016
Carrying amount at 30 September 2023	206 871	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 September 2023:

Year	Oil USD/BOE*	Gas GBP/therm*	Currency rates USD/NOK
2023	91.2	1.08	10.7
2024	84.2	1.21	10.6
2025	77.2	1.13	10.5
2026	72.9	0.85	9.4
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 Q2 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 CO₂ comprises Norwegian CO₂ 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 475 million in impairment of the Yme asset was recognised in the third quarter. The impairment was mainly driven by a downward revision of reserves, partially offset by increased forward prices for oil.

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

Assumptions	Change	Alternative calculations of pre-tax impairment/reversal (-) Q3 2023 (NOK '000)		Increase / decrease (-) of pre-tax impairment Q3 2023 (NOK '000)	
		Increase in assumption	Decrease in assumption	Increase in assumption	Decrease in assumption
Oil and gas price	+/- 10%	194 292	754 772	-280 326	280 154
Currency rate USD/NOK	+/- 1.0 NOK	200 894	748 170	-273 724	273 551
Discount rate	+/- 1% point	486 401	462 640	11 783	-11 978
Environmental cost (CO ₂ and NOx)	+/- 20%	506 036	443 028	31 418	-31 591

Note 13 General and administrative expenses

Amounts in NOK '000	Q3 2023	Q2 2023	Q3 2022	01.01-30.09		01.01-31.12
				2023	2022	2022
Salary and other employee benefits expenses	249 862	243 336	123 034	723 354	394 306	620 072
Consultants and other operating expenses	124 676	160 962	67 420	428 295	196 685	336 209
Allocated to operated licences	-320 602	-346 468	-142 157	-1 003 881	-454 612	-725 343
Allocated to exploration and production expenses	-8 407	-10 526	-3 434	-27 209	-10 870	-18 336
Total general and administrative expenses	45 529	47 304	44 863	120 560	125 509	212 602

Note 14 Financial items

Amounts in NOK '000	Q3 2023	Q2 2023	Q3 2022	01.01-30.09		01.01-31.12
				2023	2022	2022
Interest income	28 652	22 496	6 246	61 270	11 160	22 165
Unwinding of discount asset retirement reimbursement right (indemnification asset)	44 368	41 396	24 758	127 707	67 974	103 876
Gain on financial investments	-	-	-165	-	-	-
Finance income	73 020	63 892	30 839	188 977	79 134	126 041
Interest expense and fees from loans and borrowings	-50 610	-37 987	-59 705	-124 993	-166 964	-200 371
Capitalised borrowing cost, development projects	37 125	19 646	8 785	71 967	17 259	28 059
Interest expense shareholder loan	-	-	-	-	-	-57
Other interest expense	-61	-15	-744	-121	-4 724	-5 268
Unwinding of discount asset retirement obligations	-50 406	-45 134	-28 307	-140 674	-74 636	-115 645
Loss on buy-back/early redemption bond loan	-28 315	-	-17 127	-28 315	-23 535	-23 535
Loss on financial investments	-	-	-71	-	-71	-64
Other financial expense	-5 608	-4 546	-5 465	-15 421	-13 013	-17 174
Finance costs	-97 875	-68 036	-102 636	-237 557	-265 683	-334 055
Exchange rate gain/loss (-), interest-bearing loans and borrowings	25 467	-50 622	-149 566	-131 484	-468 918	-296 881
Net exchange rate gain/loss (-), other	23 839	-59 832	108 353	40 518	250 693	193 780
Net exchange rate gain/loss (-)	49 306	-110 454	-41 213	-90 966	-218 225	-103 101
Net financial items	24 450	-114 597	-113 010	-139 545	-404 775	-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
Changes in estimates	29 868
Effect of change in the discount rate	-329 280
Asset retirement costs from billing, reimbursement from Shell and Wintershall Dea	-95 680
Unwinding of discount	127 707
Asset retirement reimbursement right at 30 September 2023 (indemnification asset)	3 394 738
Of this:	
Asset retirement reimbursement right, non-current	3 339 001
Asset retirement reimbursement right, current	55 737
Asset retirement reimbursement right at 30 September 2023 (indemnification asset)	3 394 738

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 4.9% (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 September 2023	103 910 350
Nominal value NOK per share at 30 September 2023	0,1
Share capital NOK at 30 September 2023	10 391 035

Dividend paid in Q1 2023 is NOK 103.9 million, dividend paid in Q2 2023 is NOK 103.9 million, and dividend paid in Q3 2023 is NOK 103.9 million.

Note 17 Trade and other receivables

Amounts in NOK '000	30.09.2023	30.06.2023	31.12.2022	30.09.2022
Accounts receivable and receivables from operated licences*	131 632	277 434	234 811	346 353
Accrued revenue	943 822	302 883	422 885	268 844
Prepayments	336 852	372 701	79 009	140 483
Working capital and overcall, joint operations/licences	210 253	273 079	386 637	255 383
Underlift of petroleum products	43 769	107 211	588 934	322 071
VAT receivable	11 951	20 852	21 049	12 239
Accrued interest income	10 691	-	-	1 690
Fair value forward contracts, gas	-	-	10 578	-
Fair value put/call options, oil	-	7 562	-	-
Total trade and other receivables	1 688 971	1 361 721	1 743 901	1 347 063

* There is no provision for bad debt on receivables.

** Prepayments at 30.09.2023 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	30.09.2023	30.06.2023	31.12.2022	30.09.2022
Bank deposits, unrestricted	1 505 603	2 233 326	1 010 492	1 994 781
Bank deposit, time deposit	743 575	-	-	617 148
Bank deposit, restricted, employee taxes	27 900	33 500	31 224	12 578
Bank deposit, restricted, deposit office leases	14 824	14 824	14 824	14 810
Bank deposit, restricted, other	53 736	53 226	47 486	29 136
Total cash and cash equivalents	2 345 637	2 334 876	1 104 026	2 668 452

Note 19 Asset retirement obligations

Amounts in NOK `000	
Provision at 1 January 2023	5 915 084
Additions	110 197
Changes in estimates	44 115
Effects of change in the discount rate	-536 606
Asset retirement costs from billing	-119 444
Unwinding of discount	140 674
Asset retirement obligations at 30 September 2023	5 554 021
Of this:	
Asset retirement obligations, non-current	5 484 350
Asset retirement obligations, current	69 671
Asset retirement obligations at 30 September 2023	5 554 021

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 3.9% (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	30.09.2023	30.06.2023	31.12.2022	30.09.2022
Inventory of petroleum products	295 443	424 184	511 509	85 226
Spare parts and equipment	308 608	290 008	288 824	143 509
Total spare parts, equipment and inventory	604 051	714 193	800 333	228 735

Note 21 Trade and other payables

Amounts in NOK `000	30.09.2023	30.06.2023	31.12.2022	30.09.2022
Trade creditors	78 015	114 024	126 044	20 618
Accrued holiday pay and other employee benefits	156 692	123 841	146 858	83 501
Working capital, joint operations/licences	1 050 763	946 018	1 061 014	761 291
Overlift of petroleum products	178 503	146 192	47 952	-
Accrued interest bond loans	5 385	5 655	5 175	34 201
Other provisions, current (see note 28)	38 722	26 317	29 810	-
Prepayments from customers	106 739	336 272	506 637	77 259
Fair value put/call options, oil	14 134	-	-	-
Fair value forward contracts, gas	-	-	-	24 510
Fair value forward contracts, foreign exchange*	17 302	74 665	-	1 371
Fair value forward contracts, CO2 quotas	926	-	-	-
Loan from shareholder OKEA Holdings Ltd	1 428	1 428	1 428	-
Other accrued expenses	128 168	186 500	294 740	189 909
Total trade and other payables	1 776 777	1 960 912	2 219 658	1 192 660

* Outstanding contracts at 30 September 2023: OKEA has sold a total of GBP 82.5 million against NOK forward at GBP/NOK rates in the range of 12.813-12.816 with expiry dates in Q4 2023. The company has also entered into currency swaps with a total value of GBP 75 million against NOK, with that purpose of changing the settlement dates of the forward sale mentioned above. The swaps was done at GBP/NOK rates in the range of 12.9125-13.48 with expiry dates in Q4 2023.

Note 22 Interest bearing bond loans

Amounts in NOK '000	Bond loan OKEA04	Bond loan OKEA03	Total
Interest bearing bond loans at 1 January 2023	-	1 178 610	1 178 610
Bond issue OKEA04 *	1 340 150		1 340 150
Capitalised transaction costs OKEA04	-28 102		-28 102
Amortisation of transaction costs	345	16 095	16 439
Bond buy-back/early redemption *		-1 299 896	-1 299 896
Foreign exchange movement	-12 338	105 192	92 854
Interest bearing bond loans at 30 September 2023	1 300 055	-	1 300 055
Of this:			
Interest bearing bond loans, non-current	1 300 055	-	1 300 055
Interest bearing bond loans, current	-	-	-
Interest bearing bond loans at 30 September 2023	1 300 055	-	1 300 055

Amounts in NOK '000	Bond loan OKEA04	Bond loan OKEA03	Total
Interest bearing bond loans at 1 January 2023	-	1 178 610	1 178 610
Cash flows:			
Gross proceeds from borrowings	1 340 150	-	1 340 150
Transaction costs	-28 102	-	-28 102
Repayment/buy-back of borrowings		-1 328 211	-1 328 211
Total cash flows:	1 312 048	-1 328 211	-16 163
Non-cash changes:			
Amortisation of transaction costs	345	16 095	16 439
Foreign exchange movement	-12 338	105 192	92 854
Loss / gain (-) on buy-back/early redemption		28 315	28 315
Interest bearing bond loans at 30 September 2023	1 300 055	-	1 300 055

* In September 2023 the company completed a refinancing of the OKEA03 bond loan maturing in December 2024. The company has issued a USD 125 million secured bond loan, OKEA04. Maturity date for OKEA04 is September 2026, and interest rate is fixed at 9.125% p.a. with half-yearly interest payments. OKEA04 was issued at par value USD 125 million. The USD 120 million bond loan OKEA03 was settled in September 2023 by way of voluntary early redemption and was called at a premium of 103.2.

During 2023 the company has been in full compliance with the covenants under the bond agreements.

The OKEA04 covenants comprise of:

- (i) Leverage Ratio (Total Debt – Liquid Assets) / 12-mth rolling EBITDA of no more than 1.75x
- (ii) Minimum Liquidity of USD 25 million

Note 23 Other interest bearing liabilities

In September 2023 the company completed the establishment of a USD 25 million Revolving Credit Facility with a tenor of 2.5 years. The Revolving Credit Facility will be available for working capital purposes and will enhance financial flexibility for the company. At 30 September 2023 there are no draw downs on the facility.

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	-35 652	-35 652
Foreign exchange movement	38 630	38 630
Other interest bearing liabilities at 30 September 2023	510 930	510 930
Of this:		
Other interest bearing liabilities, non-current	459 400	459 400
Other interest bearing liabilities, current	51 530	51 530
Other interest bearing liabilities at 30 September 2023	510 930	510 930

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	-35 652	-35 652
Total cash flows:	-35 652	-35 652
Non-cash changes:		
Foreign exchange movement	38 630	38 630
Other interest bearing liabilities at 30 September 2023	510 930	510 930

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	12 648
Payments of lease debt and interest	-37 642
Total lease debt at 30 September 2023	237 058

Break down of lease liability

Short-term (within 1 year)	49 643
Long-term	187 415
Total lease liability	237 058

Undiscounted lease liabilities and maturity of cash outflows:

Amounts in NOK '000	30.09.2023
Within 1 year	50 190
1 to 5 years	155 552
After 5 years	141 424
Total	347 166

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	30.09.2023	30.06.2023	31.12.2022	30.09.2022
Premium commodity contracts	-	-	-	-
Accumulated unrealised gain/loss (-) commodity contracts included in other operating income / loss(-)	-14 134	7 562	10 578	-24 510
Short-term derivatives included in assets/liabilities (-)	-14 134	7 562	10 578	-24 510

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 September 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 September 2023 the outstanding contracts are 41 650 000 therms of gas with delivery in Q4 2023 - Q3 2024 at fixed prices in the range of 103 - 144.5 GBp/therm. Revenue from these contracts will be recognised at delivery of the gas.

Note 26 Financial investments

Amounts in NOK '000	30.09.2023	30.06.2023	31.12.2022	30.09.2022
Investments in money-market funds and combination funds	-	-	-	9 100
Total financial investments	-	-	-	9 100

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 or Q3 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	36 555
Other provisions at 30 September 2023	83 741
Of this:	
Other provisions, non-current	45 019
Other provisions, current (classified within trade and other payables)	38 722
Other provisions at 30 September 2023	83 741

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 OKEA04, the fair value is estimated to be NOK 1,353 million at 30 September 2023. The OKEA04 bond loan is planned to be 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, forward contracts foreign exchange and forward contracts CO2 quotas are based on quoted market prices at the balance sheet date (level 2 in the fair value hierarchy). The put/call options oil, the forward contracts foreign exchange and the forward contracts CO2 quotas 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 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

EBITDA	Q3 2023	Q2 2023	Q3 2022	2023	2022	2022
Amounts in NOK '000	3 months	3 months	3 months	9 months	9 months	12 months
Profit / loss (-) from operating activities	435 761	505 637	850 638	2 111 409	2 961 063	3 526 080
Add: depreciation, depletion and amortisation	425 497	361 953	176 185	1 114 624	499 116	769 359
Add: impairment	474 618	299 795	609 030	868 830	246 433	497 584
EBITDA	1 335 876	1 167 385	1 635 853	4 094 864	3 706 612	4 793 024

EBITDAX	Q3 2023	Q2 2023	Q3 2022	2023	2022	2022
Amounts in NOK '000	3 months	3 months	3 months	9 months	9 months	12 months
Profit / loss (-) from operating activities	435 761	505 637	850 638	2 111 409	2 961 063	3 526 080
Add: depreciation, depletion and amortisation	425 497	361 953	176 185	1 114 624	499 116	769 359
Add: impairment / reversal of impairment	474 618	299 795	609 030	868 830	246 433	497 584
Add: exploration and evaluation expenses	34 220	123 756	18 553	181 536	137 238	327 506
EBITDAX	1 370 096	1 291 141	1 654 406	4 276 400	3 843 850	5 120 530

Production expense per boe	Q3 2023	Q2 2023	Q3 2022	2023	2022	2022
Amounts in NOK '000	3 months	3 months	3 months	9 months	9 months	12 months
Productions expense	464 899	494 902	425 468	1 477 669	1 093 752	1 616 020
Less: processing tariff income	-30 494	-35 442	-41 528	-97 997	-91 889	-131 596
Less: joint utilisation of resources	-8 690	-7 614	-9 360	-18 841	-27 186	-37 512
Divided by: produced volumes (boe)	2 181 346	2 025 961	1 477 922	6 206 209	4 279 176	6 108 800
Production expense NOK per boe	195,1	223,0	253,1	219,3	227,8	236,8

Net interest-bearing debt	30.09.2023	30.06.2023	31.12.2022	30.09.2022
Amounts in NOK '000				
Interest bearing bond loans	1 300 055	1 292 803	1 178 610	1 297 576
Other interest bearing liabilities	459 400	479 429	462 078	522 256
Other interest bearing liabilities, current	51 530	51 577	45 874	49 874
Less: Cash and cash equivalents	-2 345 637	-2 334 876	-1 104 026	-2 668 452
Net interest-bearing debt	-534 652	-511 067	582 537	-798 746

Net interest-bearing debt excl. other interest bearing liabilities	30.09.2023	30.06.2023	31.12.2022	30.09.2022
Amounts in NOK '000				
Interest bearing bond loans	1 300 055	1 292 803	1 178 610	1 297 576
Less: Cash and cash equivalents	-2 345 637	-2 334 876	-1 104 026	-2 668 452
Net interest-bearing debt excl. other interest bearing liabilities	-1 045 582	-1 042 073	74 584	-1 370 875

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.



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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