OKEA ASA
Q4 quarterly report
2023

Fourth quarter 2023 summary

Highlights

- One serious incident at Brage resulting in a personnel injury during wellhead integrity testing
- Record high production of 30.1 (23.7) kboepd (ex. Statfjord volumes of 10.9 (11.4) kboepd)
- Operating income of NOK 2,118 (2,105) million
- EBITDA of NOK 1,661 (1,336) million
- Impairments of NOK 1,876 (475) million relating to Statfjord and Yme
- Loss before tax of NOK 873 (profit of 460) million
- Tax expense of NOK 390 million; goodwill impairment not tax deductible
- Net loss after tax of NOK 1,263 (profit of 32) million
- Cash dividend of NOK 1.00 (1.00) per share distributed, in total NOK 104 (104) million
- Acquisition of 28% working interest in Statfjord area closed on 29 December

(Amounts in parentheses refer to previous quarter)

Message from CEO, Svein J. Liknes

Following excellent performance from operated assets in particular, production in the fourth quarter increased by 27% and OKEA's full year production of 24.6 kboepd exceeded the latest guiding. The positive developments at Draugen and Brage continue, underlining the capabilities of the OKEA team to create value as operator of mid to late-life assets.

Production at Hasselmus commenced at the beginning of the quarter. This is OKEA's first development project as operator and was completed ahead of schedule and on budget. Hasselmus gross production was 4.8 kboepd in the quarter and export of associated gas and NGL from Draugen has recommenced.

On the more challenging side, closing of the Statfjord transaction with Equinor in December followed thorough assessments and was not a decision easily made. However, we still believe in the potential at Statfjord and I have confidence that, as a license partner, our team will be able to contribute to realise further value at the field.

A growth strategy with M&A as a key pillar carries inherent risks. Mitigating the risks and maximising the value potential of the assets are key tasks. Looking back over the last eight years, OKEA has completed four large and several smaller transactions which represent important building blocks towards becoming the company we are today. OKEA's growth ambition remains firm and we guide today for a 2024 production of 35-40 kboepd, an increase of 40-60% compared to 2023 production.

Svein J. Liknes,
Chief Executive Officer

Financial and operational summary

	Unit	Q4 2023	Q3 2023	Q4 2022	Full year 2023	Full year 2022 4)
Total operating income	MNOK	2,118	2,105	1,664	8,885	6,653
EBITDA 1)	MNOK	1,661	1,336	1,086	5,756	4,793
EBITDAX 1)	MNOK	1,683	1,370	1,277	5,959	5,121
Profit/loss (-) before income tax	MNOK	-873	460	659	1,099	3,215
Net profit / loss (-)	MNOK	-1,263	32	324	-935	670
Net cash flow from operations	MNOK	1,720	748	390	5,188	3,344
Net cash flow used in investments	MNOK	-1,450	-534	-1,729	-3,206	-2,434
Net cash flow used in financing activities	MNOK	-136	-187	-190	-649	-1,969
Net interest-bearing debt (IBD) 1)	MNOK	-578	-535	583	-578	583
Net IBD ex. Other int. bearing liabilities1)	MNOK	-1,055	-1,046	75	-1,055	75
Net production	**Boepd 2)5)**	**30,082**	**23,710**	**19,887**	**24,586**	**16,736**
Third-party volumes available for sale 3)	Boepd 2)	292	210	633	567	596
Over/underlift/inventory adjustments	Boepd 2)	-4,739	2,769	-4,198	3,071	-1,080
Net sold volume	**Boepd 2)**	**25,635**	**26,689**	**16,322**	**28,224**	**16,252**
Production expense per boe 1)	NOK/boe	206.2	195.1	258.4	215.2	236.8
Realised liquids price	USD/boe	83.4	89.0	95.2	80.1	98.4
Realised gas price	USD/boe	74.6	61.9	112.6	82.2	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
5) In 2023, activities from the Statfjord 28% WI acquired from Equinor were not included in the statement of comprehensive income and key figures prior to closing on 29 December 2023. If volumes from Statfjord had been included from effective date on 1 January 2023, 2023 production for OKEA would have been 10,799 boepd higher; totalling 35,385 boepd.

Financial review

Statfjord transaction completed – Purchase price allocation

The transaction with Equinor for 28% working interest (WI) in PL037 (Statfjord area) with effective date on 1 January 2023 was completed on 29 December. All transactions and activities prior to completion were accounted for in the purchase price allocation (PPA) and not included in the statement of comprehensive income and key figures. All identifiable assets and liabilities were recognised in the financial statements at fair value at completion date. The excess of consideration above the fair value of assets less liabilities was recognised as ordinary goodwill which was impaired at day 1. The goodwill impairment was mainly a result of a reduction in production and reserves estimates from RNB 2023 to RNB 2024. RNB 2024 indicated a 10-15%

reduction in volumes over the lifetime of the acquired assets in addition to an increase in costs. The decrease in volumes was most significant in the near-term.

The PPA includes estimated fair value of the *contingent consideration* which will be revalued at each balance sheet date. Any changes in valuation will be recognised as other operating income.

For *asset removal*, an obligation estimated for the full working interest of OKEA was recognised. As the sales and purchase agreement stipulates that Equinor shall cover all costs for removal of Statfjord A, the fair value of the removal of Statfjord A was recognised as an asset retirement reimbursement right.

Technical goodwill was recognised as an offset to deferred tax on oil and gas properties and will be tested for impairment at each balance sheet date. Any impairment of technical goodwill may not be reversed. We recognised just above NOK 1 billion of technical goodwill from the transaction. Technical goodwill arises as an offset to deferred tax liabilities recognised in business combinations after IFRS 3. Technical goodwill will be impaired over the lifetime of the asset as the remaining recoverable amount from the assets gradually reduces below the book value of the fixed asset recognised as an oil & gas property. Reference is made to note 26 to the financial statements for further details on the PPA.

Statement of comprehensive income

Total operating income in the quarter amounted to NOK 2,118 (2,105) million, whereof NOK 2,037 (2,131) million related to petroleum revenue. The average realised crude price was USD 85.6 (89.4) per boe. NGL discount amounted to USD 2.3 (0.4) per boe which resulted in an average realised liquids price of USD 83.4 (89.0) per boe. Average realised price for gas was USD 74.6 (61.9) per boe, of which USD 5.9 (0.7) per boe was attributable to realised gain on fixed price contracts.

Other operating income / loss (-) of NOK 81 (-26) million mainly consisted of a change in fair value of the contingent consideration to Wintershall Dea of NOK 26 (-39) million following a decrease (increase) in crude oil forward prices, tariff income at Gjøa of NOK 33 (26) million, and a net hedging gain (loss) from financial arrangements for oil, gas, and CO_2 quotas of NOK 12 (-26) million.

Production expenses amounted to NOK 606 (465) million, corresponding to NOK 206 (195) per boe. The higher production expense follows from a higher level of maintenance activities and NOK 23 (0) million in cost of obsolete stock recognised in the quarter. The significant increase in production volumes offsets the increase in production expense per boe.

Changes in over-/underlift positions and production inventory amounted to an income of NOK 208 (expense of 224) million as produced volumes exceeded sold volumes by 4,739 (-2,769) boepd.

Sold volumes from third-party compensation received from Duva and Nova (tie-ins to Gjøa) amounted to 292 (210) boepd.

Exploration and evaluation expenses amounted to NOK 22 (34) million which mainly related to NOK 15 (21) million in area fees and various field evaluation activities and 7 (13) million in other exploration costs.

Depreciation of NOK 580 (426) million mainly consisted of unit of production deprecation of oil and gas properties of NOK 568 (414) million. The increase in depreciation was due to an increase in produced volumes.

An impairment charge of NOK 1,876 (475) million was recognised in the quarter. NOK 1,363 (0) million related to impairment of ordinary goodwill on the Statfjord transaction and was mainly a result of a reduction in production and reserves estimates. As a goodwill impairment, there are no associated tax income. NOK 513

(475) million related to an impairment on the Yme asset mainly a result of reduced forward prices for crude oil during the quarter. The related tax income amounted to NOK 400 (370) million, resulting in a net after tax impact on the Yme impairment of NOK 113 (104) million. At balance sheet date, both Statfjord and Yme are carried at fair value. Any adverse adjustments to asset performance and/or macro assumptions will result in future impairments. In the case of Yme, any potential positive adjustments will result in reversal of previous impairments.

General and administrative expenses amounted to NOK 37 (46) million and represent OKEA's share of costs after allocation to licence activities.

Net financial items amounted to an expense of NOK 78 (income of 24) million. Interest income amounted to NOK 30 (29) million. Expensed interest amounted to NOK 35 (37) million. Net foreign exchange gain / loss (-) amounted to NOK -61 (49). The foreign exchange loss was mainly a result of foreign exchange loss on bank deposits exceeding the gain on interest-bearing liabilities. The gain in the previous quarter mainly related to FX derivatives.

Profit / loss (-) before tax amounted to NOK -873 (460) million.

Tax expenses (-) / tax income (+) amounted to NOK -390 (-428) million. Impairment of goodwill is not tax-deductible which results in recognition of a tax expense despite a loss before tax in the quarter.

Net profit / loss (-) for the quarter was NOK -1,263 (32) million. Loss per share amounted to NOK 12.15 (earnings of 0.31).

Statement of financial position

Goodwill amounted to NOK 2,295 (1,292) million consisting of NOK 2,132 (1,129) million in technical goodwill and NOK 163 (163) million in ordinary goodwill. The increase in technical goodwill related to the PPA of Statfjord. Reference is made to note 26 for further information.

Oil and gas properties amounted to NOK 7,199 (6,001) million. NOK 1,619 (0) million related to the PPA of Statfjord, and NOK 522 (542) million mainly related to investments in Draugen power from shore and Brage production well drilling. These increases were partly offset by impairment of the Yme asset of NOK 513 million and depreciation of producing assets of NOK 568 million.

Right-of-use assets amounted to NOK 200 (208) million and mainly related to logistical resources on operated assets and lease of offices. The decrease was due to depreciation.

Non-current asset retirement reimbursement rights amounted to NOK 4,079 (3,339) million and related to Shell's and Wintershall Dea's obligations to cover part of OKEA's decommissioning costs for Draugen/Gjøa and Brage respectively. In addition, Equinor's obligations to cover decommissioning costs for Statfjord A was recognised by NOK 908 million in the PPA.

Trade and other receivables amounted to NOK 1,211 (1,689) million and comprise accrued revenue, working capital from joint venture licences and underlift of petroleum products. The decrease from previous quarter was mainly due to the oil lifting at Draugen taking place late in September with payment received in October.

Cash and cash equivalents amounted to NOK 2,301 (2,346) million.

Spare parts, equipment and inventory amounted to NOK 864 (604) million, whereof NOK 404 (295) million related to oil inventory at Statfjord, Draugen, Brage and Yme. The increase was mainly due to oil inventory and spare parts at Statfjord recognised in PPA, partly offset by obsolete stock recognised in the quarter.

Equity amounted to NOK 726 (2,094) million, corresponding to an equity ratio of 4% (13%). The decrease was due to impairments recognised in the quarter.

Non-current provision for asset retirement obligations amounted to NOK 9,431 (5,484) million. The increase was mainly due to recognition of asset retirement obligations for the Statfjord area. The obligations are partly offset by the asset retirement reimbursement rights outlined above.

Interest-bearing bond loans amounted to NOK 1,246 (1,300) million and comprise the OKEA04 bond.

Total other interest-bearing liabilities amounted to NOK 477 (511) million, whereof the non-current portion was NOK 427 (459) million and the current portion was NOK 50 (52) million. The amount represented 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.

Provisions amounted to NOK 230 (83) million and consisted of a non-current liability of NOK 102 (45) million classified as non-current liabilities and a current liability of NOK 128 (38) million classified as trade and other payables. The provisions comprised accruals for estimated contingent consideration payable in relation to the asset purchases from Wintershall Dea and Equinor. Reference is made to note 27 for further details.

The lease liability consisted of a non-current liability of NOK 178 (187) 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 2,997 (1,777) million and mainly comprise payments received under payment quantity agreements, accrued expenses, and working capital from joint venture licences. The increase was mainly due to the deferred consideration payable to Equinor in connection with the acquisition of 28% WI in the Statfjord area of NOK 610 (0) million, as well as working capital from the purchase price allocation of NOK 390 (0) million.

Income tax payable of NOK 2,141 (1,748) million represent remaining tax payable for 2023. The increase in taxes payable was due to taxable profit in the quarter, partly offset by tax instalments paid.

Statement of cash flows

Net cash flows from operating activities amounted to NOK 1,720 (748) million accounting for taxes paid of NOK 477 (276) million. The higher cash flows from operating activities were mainly due to payment from the Draugen cargo lifted late in the third quarter being received in the fourth quarter.

Net cash flows used in investment activities amounted to NOK 1,450 (534) million of which NOK 920 (0) million related to cash paid in business combinations (Statfjord area). Other investments in oil and gas properties in the quarter amounted to NOK 517 (507) million and mainly relate to Draugen power from shore and drilling of production wells at Brage.

Net cash flows used in financing activities amounted to NOK 136 (187) million and was mainly related to dividend payments of NOK 104 (104) million and financing fees paid of NOK 11 (42) million for interest paid in the quarter. The higher financing fees paid in the previous quarter was mainly due to refinancing fees and call premium following replacement of OKEA03 by OKEA04.

Financial risk management

OKEA uses derivative financial instruments and fixed price contracts to manage exposures to fluctuations in commodity prices and foreign exchange rates. A net realised hedging gain (loss) of NOK 3 (-7) million was recognised as operating income and relate to a gain on fixed price contracts for gas of NOK 45 (4) million partly offset by a net realised loss on financial hedging positions on oil and FX of NOK -42 (-11) million.

As per reporting date, ~16% of the estimated net after tax exposure for natural gas for the first quarter of 2024 were sold forward at an average fixed price of 123 GBp/th, ~21% for the second quarter of 2024 were sold forward at an average fixed price of 125 GBp/th, and ~23% for the third quarter of 2024 were sold forward at an average fixed price 125 GBp/th.

In addition, ~41% of the estimated net after tax exposure for oil for the first quarter of 2024 was in part hedged by the use of collars with price floors around 72-75 USD/bbl and ceilings around 87-105 USD/bbl and in part by puts with strike price at 72 USD/bbl. Furthermore, ~23% of the estimated net after tax exposure for oil for the second quarter of 2024 were hedged by collars with price floors of 75 USD/bbl and ceilings of 87 USD/bbl. In addition, ~15% of the estimated net after tax exposure for oil for the second half of 2024 were hedged by collars with price floors of 75 USD/bbl and ceilings of 89 USD/bbl.

OKEA has also entered into currency swaps of 50 million GBP with exchange rates at approximately 13.5 NOK. These transactions were settled in early 2024, following completion of the Statfjord transaction.

OKEA has bought CO2-quotas for delivery in the first quarter of 2024 for OKEAs operated assets Brage and Draugen at an average price of 73 EUR/ton. OKEA has purchased these quotas to fulfil all EU ETS obligations for our emissions in 2023, and for approximately half of the estimated emissions in 2024.

Oil options, FX derivatives and CO2 quotas are recognised at market value each balance sheet date. The unrealised gain from financial hedging arrangements for the quarter was NOK 66 (35) million and mainly relate to FX derivatives.

Operational review

OKEA's net production was 30,082 (23,710) boepd in the quarter. The increase of 27% compared to previous quarter mainly related to high production reliability and startup of the Hasselmus tie-back to Draugen in October, continued good performance from the Talisker East well in addition to two new wells commencing production at Brage, and successful recompletion of a production well at Yme. Production at Gjøa, Ivar Aasen and Nova were stable throughout the quarter. In addition to the volumes recognised in the key figures and the profit and loss statement, production at Statfjord was 10,862 (11,428) boepd net to OKEA in the quarter.

	Unit	Q4 2023	Q3 2023	Q4 2022 4)	Full year 2023	Full year 2022 4)
Draugen – production reliability1)	%	97	88	96	94	96
Draugen – production availability2)	%	93	80	92	83	94
Brage – production reliability	%	97	98	99	96	N/A
Brage – production availability	%	90	96	95	93	N/A
Gjøa – production reliability	%	90	96	97	95	92
Gjøa – production availability	%	87	91	97	94	90
Yme – production reliability	%	81	80	N/A	83	28
Yme – production availability	%	75	73	25	73	21
Ivar Aasen – production availability	%	98	96	97	92	82
Nova – production availability	%	99	96	73	98	81
Draugen – production	Boepd	8,726	5,830	6,797	6,487	6,767
Brage – Production	Boepd	8,036	5,697	1,520	4,856	383
Gjøa – production	Boepd	5,096	5,126	6,783	5,812	6,932
Yme – production	Boepd	3,439	2,494	1,693	2,809	1,429
Ivar Aasen – production	Boepd	2,874	2,838	2,544	3,009	1,086
Nova – production	Boepd	1,911	1,725	550	1,612	139
Total net production5)	**Boepd**	**30,082**	**23,710**	**19,887**	**24,586**	**16,736**
Draugen – sold volume	Boepd	8,521	6,916	6,494	8,980	6,740
Brage – sold volume	Boepd	5,304	6,752	109	4,935	27
Gjøa – sold volume	Boepd	5,681	4,146	7,926	6,555	7,381
Yme – sold volume	Boepd	3,424	2,182	719	2,942	1,157
Ivar Aasen – sold volume	Boepd	803	4,211	441	3,530	351
Nova – sold volume	Boepd	1,902	2,272	0	1,282	0
Third-party volumes available for sale3)	Boepd	292	210	633	567	596
Total net sold volume	**Boepd**	**25,635**	**26,689**	**16,322**	**28,224**	**16,252**
Total over/underlift/inventory adj.	Boepd	-4,739	2,769	-4,198	3,071	-1,080

1) Production reliability = Actual production / (Actual production + Unscheduled deferment)
2) Production availability = Actual production / (Actual production + Scheduled deferment + Unscheduled deferment)
3) 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
4) Net compensation volumes from Duva and Nova received and sold (tie-in to Gjøa)
5) 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
6) In 2023, activities from the Statfjord 28% WI acquired from Equinor were not included in the statement of comprehensive income and key figures prior to closing on 29 December 2023. If volumes from Statfjord had been included from effective date on 1 January 2023, 2023 production for OKEA would have been 10,799 boepd higher and totalling 35,385 boepd.

Draugen (operator, 44.56%)

Net production to OKEA from Draugen was 8,726 (5,830) boepd in the quarter. Production availability was 93% (80%) and production reliability was 97% (88%). The 50% increase in production mainly related to startup of the Hasselmus well and the high production availability in the quarter.

Production from the Hasselmus gas field, a subsea tieback to Draugen, commenced on 1 October 2023. Gross production from Hasselmus was 4,839 boepd (2,156 boepd net to OKEA) in the quarter, which was above expectations. Hasselmus is expected to add a total of gross 10.4 mmboe of natural gas and has also enabled restarted export of associated gas and NGL from Draugen. Hasselmus was OKEA's first development project as operator. First gas was achieved ahead of schedule and on budget.

In December, the Ministry of Energy approved the PDO and plan for construction and operation to electrify the Draugen and Njord A platforms. Topside modifications and early scope installation work for the power from shore project are ongoing.

A planned production stop of six days in relation to modification of the Draugen gas export pig receiver was completed in January 2024.

Brage (operator, 35.2%)

Net production to OKEA from Brage was 8,036 (5,697) boepd in the quarter. Production availability was 90% (96%) and production reliability was 97% (98%). The 41% increase in production compared to previous quarter was driven by continued good performance from the Talisker East production well in addition to both the Cook and Fensfjord wells commencing production during the quarter.

Gas export infrastructure capacity was temporarily reduced to 0.8 MSm3/day by Gassco for a majority of the quarter which resulted in a production curtailment. The export capacity increased to 1.2 MSm3/day from the middle of December and a further increase is currently being evaluated.

Drilling is ongoing on a Talisker East water injector with scheduled start-up in the first quarter of 2024. A second producer in Talisker South-East has been sanctioned for drilling in the first quarter of 2024. A Fensfjord north infill well project is expected sanctioned in the first quarter with a target to commence production in the second quarter of 2024.

The newly established Sognefjord East project has been matured to consider the Kim discovery and further assess area potential and development options.

Define phase studies for Brage topside modifications for a potential tie-back of Brasse are progressing in line with plan. Project sanctioning will be considered in the first quarter of 2024.

Gjøa (partner, 12%)

Net production to OKEA from Gjøa was 5,096 (5,126) boepd in the quarter. Production reliability was 90% (96%). The lower production reliability was mainly a result of unplanned maintenance in the quarter related to cleaning of the 1 stage compressor Strainer - Cooler system for deposits.

Net delivered and sold compensation volumes from Duva and Nova amounted to 292 (210) boepd in the quarter.

During 2023, 83% of the produced volumes was replaced by maturing of resources and improved reservoir performance. Contingent resources have also increased significantly during the year. IOR (Increased Oil Recovery) targets are under evaluation utilising new reprocessed seismic data.

Located 23 kilometres north of Gjøa, Ofelia will be considered for development as a tie-back to Gjøa. OKEA, together with the other license owners will also evaluate if the oil and gas discovery Gjøa North (Hamlet) can be developed jointly with Ofelia to optimise cost synergies.

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 3,439 (2,494) boepd in the quarter. Production reliability was 81% (80%) and production availability was 75% (73%). The 38% increase in volumes compared to previous quarter was mainly driven by successful recompletion of a production well in November. The effect of the recompleted well was somewhat offset by offloading constraints due to weather which temporarily reduced production.

Following some challenges in the drilling operations, drilling of the C-7 injector is currently expected completed in the first quarter of 2024.

The license is assessing a multilateral well solution for the planned C-3 sidetrack. An investment decision is expected in the first quarter of 2024.

Ivar Aasen (partner, 9.2385%)

Net estimated production to OKEA from Ivar Aasen was 2,874 (2,838) boepd in the quarter. Production availability was 98% (96%).

Successful well intervention campaigns completed in 2023 reduced production decline by 2-300 boepd net to OKEA in the fourth quarter. Additional campaigns are planned in 2024 aiming to reduce production decline. Recompletion of the D-8 well to a water injection was successfully completed in the quarter. The D-9 well produces above expectations and the recompletion to a water injection well has therefore been postponed.

Preparations for the IOR 2026 campaign started during the quarter with potential new wells being considered.

Nova (partner, 6%)

Net production to OKEA from Nova was 1,911 (1,725) boepd in the quarter. Production availability was 99% (96%).

A side-track drilling operation to improve location of one of the injector wells was successfully completed in the second quarter which resulted in improved water injection and increased production. Production at Nova 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 the fourth water injector and further improve the water injection at the field.

Development of a new well for production is currently being evaluated by the licence.

Statfjord area (partner, 28%)

On 29 December 2023, OKEA announced completion of the Statfjord transaction with Equinor Energy AS, acquiring 28% 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 Statfjord assets provide a significant increase in total production and reserves to OKEA and enhances diversification and portfolio robustness. Net production to OKEA from Statfjord area was 10,862 boepd in the fourth quarter.

RNB 2024 indicated a 10-15% reduction in volumes over the lifetime of the acquired assets in addition to an increase in costs compared to RNB 2023. The decrease in volumes was most significant in the near-term. Equinor, as operator, has initiated a project focused on increasing production reliability, maturing well targets and drilling performance, and revisiting the drainage strategy to increase liquid offtake and maximise recoverable reserves.

Development projects

Draugen – power from shore (operator, 44.56%)

OKEA and Equinor in collaboration with respective 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 PIO were approved by the Ministry of Energy in December. The Ministry of Energy also awarded OKEA and Tensio TS concession to build, own and operate facilities to provide the Draugen and Njord installations with power from shore.

The project will result in average annual reductions of CO2 emissions of 200,000 tonnes from Draugen and 130,000 tonnes from Njord as well as average annual reductions of NOX emissions of 1,250 tonnes from Draugen and 520 tonnes from Njord. In addition, the project will result in reduced production expense and extend the economic lifetime of the Draugen field.

Completion of the project is expected in 2027.

Brasse (operator, 39.2788%)

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

To reduce cost and maximise the synergies with Brage, the operatorship of Brasse was transferred from DNO to OKEA on 1 September 2023. Commercial terms for the tie-in of Brasse to Brage are being negotiated with the Brage licence where OKEA is the operator and holds a 35.2% WI.

In order to improve alignment of ownership in the Brage and Brasse licences, OKEA entered into an SPA with M Vest Energy AS to divest 4.4424% WI in Brasse with effective date 1 January 2023. OKEA also entered into an SPA with Lime Petroleum AS to divest 6.2792 % WI in Brasse with effective date 1 July 2023. Both transactions were completed in the fourth quarter.

The target for the new partnership is to undertake a fast-track, low-cost review to assess whether a value accretive development concept can be established for the estimated 27.64 mmboe gross recoverable Brasse volumes. The project is currently being matured as a tie-in to Brage concept with a final investment decision (DG3) planned in the first quarter of 2024.

Exploration licences

OKEA was awarded three new exploration licences by the Norwegian authorities in the APA 2023 licencing round announced in January 2024. PL 1223 in the Norwegian Sea is OKEA operated and holds the Galtvort discovery which will be considered developed towards the Draugen hub. The other two licences are located east of Statfjord East (PL1214) and south of Njord and Draugen hubs (PL1222).

OKEA is working with the operator Neptune Energy and partners in the PL938 Calypso license, which is located in the greater Draugen area, to mature the discovery further towards a feasible development option.

The PL1014 Arkenstone and PL1119 Mistral exploration wells are currently in the planning phase. Both licenses are operated by Equinor, and drilling is planned for both wells in the third quarter of 2024.

Annual Statement of Reserves (ASR)

The 2023 annual statement of reserves will be published in April 2024. A preliminary update is provided in this report.

2P reserves increased by 38% from 60.2 million boe to 83.2 million boe during 2023. The main driver was the acquisition of interests in the Statfjord area from Equinor, which contributed with 32 million boe. The positive contributions of 4.4 million boe from organic maturation (Gjøa, Brage and Draugen) were offset by downward revision on Yme of 4.6 million boe.

Contingent resources (2C) have increased by 50% from 43.2 million boe to 64.6 million boe during 2023, mainly due to the acquisition of working interests in the Statfjord area and Brasse.

QHSSE and ESG

A serious HSE incident occurred on the OKEA-operated Brage platform in November when a person sustained injuries related to testing of the wellhead integrity. In line with standard routines, the incident is currently being investigated by the Norwegian Ocean Industry Authority. In line with company policy, the incident is also investigated internally. Establishing the facts and gaining knowledge is key, particularly for serious incidents. Defined focus areas with corresponding actions will target to convert insights gained to organisational learning and improvements.

An important basis for continuous improvement of QHSSE and ESG performance is ensuring that there is a toolbox in place for reviewing key prerequisites, relevant data and information as basis for defining and adjusting the corporate improvement agenda. In OKEA, the Annual Senior Management Review is an important part of this toolbox, and the 2023 review was carried out in December. In this meeting, senior management in

OKEA as well as other key members of the organisation review and assess the overall status and conditions for key QHSSE pillars including company structures and systems, organisational capability and corporate culture. The review was based on both quantitative and qualitative considerations. Output from the review is included as basis for preparation of the annual OKEA QHSSE Activity Plan for 2024.

Guidance

Production for 2023 ended at 24.6 kboepd, exceeding the latest production guidance of 23 - 24 kboepd. In addition, production from Statfjord ended at 10.8 kboepd, somewhat lower than the forecast of 11 - 12 kboepd. Capex in 2023 ended at NOK 1,911 million, slightly below the guidance of NOK 1,950 - 2,100 million.

Production guidance for 2024 is 35 - 40 kboepd for the current portfolio of assets. Major turnarounds scheduled include one week at Draugen in Q1, three weeks at Statfjord in Q2, three weeks at Brage in Q3 and three weeks at Ivar Aasen in Q3.

Capex guidance for 2024 is NOK 2,800 - 3,300 million and comprises drilling of new wells and lifetime extension program at Statfjord, Draugen Power from Shore, Brage infill drilling and other investments. The capex guidance does not include capitalised interest, exploration capex and investments for projects not yet sanctioned.

Three cash tax instalments are payable in the first half of 2024. Each instalment amounts to NOK 715 million and are payable in the first of the month in February, April, and June respectively.

No dividend is proposed for distribution in 2024.

Liftings scheduled for Q1 2024:
Volumes already lifted in January include 203 kbbl from Brage, 384 kbbl from Ivar Aasen, 133 kbbl from Yme, and 199 kbbl from Statfjord. Volumes scheduled to be lifted in February include 132 kbbl from Yme, 406 kbbl from Brage,190 kbbl from Statfjord, and 630 kbbl from Draugen. Volumes scheduled to be lifted in March include 383 kbbl from Brage, 66 kbbl from Yme, and 268 kbbl from Statfjord.

Subsequent events

Awards in Pre-Defined Areas (APA) for 2023

On 16 January OKEA was offered interest in three new production licenses on the Norwegian continental shelf through APA 2023. PL 1223 in the Norwegian Sea is OKEA operated and holds the Galtvort discovery which will be considered developed towards the Draugen hub. The other two licences are located east of Statfjord East (PL1214) and south of Njord and Draugen hubs (PL1222).

Outlook

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.

Despite the challenges with the Statfjord transaction, the board considers that the company is well positioned to continue to execute on its growth strategy.

Guidance

Key parameters of the company's financial plan for 2024 include the following:

- Production of 35 - 40 kboepd
- Capex of NOK 2,800 - 3,300 million
- Three tax instalments payable in H1 2024 of NOK 715 million each

Financial statements with notes Q4 2023

Statement of comprehensive income

Amounts in NOK `000	Note	Q4 2023 (unaudited)	Q3 2023 (unaudited)	Q4 2022 (unaudited)	01.01-31.12 2023 (unaudited)	01.01-31.12 2022 (audited)
Revenues from crude oil and gas sales	6	2 037 425	2 130 596	1 515 809	8 738 903	6 398 654
Other operating income / loss (-)	6, 25	80 699	-25 579	148 644	145 631	253 975
Total operating income		**2 118 124**	**2 105 018**	**1 664 453**	**8 884 534**	**6 652 629**
Production expenses	7	-606 119	-464 899	-522 268	-2 083 788	-1 616 020
Changes in over/underlift positions and production inventory	7	207 578	-224 494	221 588	-684 204	296 523
Exploration and evaluation expenses	8	-21 861	-34 220	-190 268	-203 398	-327 506
Depreciation, depletion and amortisation	10	-580 464	-425 497	-270 243	-1 695 088	-769 359
Impairment (-) / reversal of impairment	10, 11, 12	-1 875 978	-474 618	-251 152	-2 744 808	-497 584
General and administrative expenses	13	-36 507	-45 529	-87 093	-157 066	-212 602
Total operating expenses		**-2 913 351**	**-1 669 256**	**-1 099 436**	**-7 568 352**	**-3 126 549**
Profit / loss (-) from operating activities		**-795 227**	**435 761**	**565 017**	**1 316 182**	**3 526 080**
Finance income	14	75 317	73 020	46 908	264 295	126 041
Finance costs	14	-92 449	-97 875	-68 373	-330 006	-334 055
Net exchange rate gain/loss (-)	14	-60 528	49 306	115 124	-151 494	-103 101
Net financial items		**-77 660**	**24 450**	**93 660**	**-217 205**	**-311 115**
Profit / loss (-) before income tax		**-872 887**	**460 212**	**658 677**	**1 098 977**	**3 214 965**
Taxes (-) / tax income (+)	9	-389 865	-427 821	-334 559	-2 034 335	-2 545 357
Net profit / loss (-)		**-1 262 753**	**32 391**	**324 118**	**-935 358**	**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 (-)		-1 389	-	110	-1 389	110
Total other comprehensive income, net of tax		**-1 389**	**-**	**110**	**-1 389**	**110**
Total comprehensive income / loss (-)		**-1 264 142**	**32 391**	**324 228**	**-936 747**	**669 718**
Weighted average no. of shares outstanding basic		103 910 350	103 910 350	103 881 220	103 910 350	103 873 090
Weighted average no. of shares outstanding diluted		103 910 350	103 910 350	103 939 480	103 910 350	103 947 610
Earnings per share (NOK per share) - Basic		-12.15	0.31	3.12	-9.00	6.45
Earnings per share (NOK per share) - Diluted		-12.15	0.31	3.12	-9.00	6.44

Statement of financial position

Amounts in NOK `000	Note	31.12.2023 (unaudited)	30.09.2023 (unaudited)	31.12.2022 (audited)
ASSETS				
Non-current assets				
Goodwill	11, 12	2 295 470	1 292 206	1 296 591
Exploration and evaluation assets	11	210 481	206 871	184 317
Oil and gas properties	10	7 198 586	6 000 947	6 556 314
Furniture, fixtures and office equipment	10	56 667	54 228	40 622
Right-of-use assets	10	199 652	207 964	232 901
Asset retirement reimbursement right	15	4 079 318	3 339 001	3 662 122
Total non-current assets		**14 040 173**	**11 101 217**	**11 972 868**
Current assets				
Trade and other receivables	17, 25	1 210 790	1 688 971	1 743 901
Spare parts, equipment and inventory	20	864 248	604 051	800 333
Asset retirement reimbursement right, current	15	83 229	55 737	-
Cash and cash equivalents	18	2 301 181	2 345 637	1 104 026
Total current assets		**4 459 448**	**4 694 395**	**3 648 261**
TOTAL ASSETS		**18 499 621**	**15 795 612**	**15 621 128**
EQUITY AND LIABILITIES				
Equity				
Share capital	16	10 391	10 391	10 391
Share premium		1 419 486	1 419 486	1 627 307
Other paid in capital		19 140	19 140	19 140
Retained earnings/loss (-)		-723 376	644 676	421 191
Total equity		**725 642**	**2 093 694**	**2 078 030**
Non-current liabilities				
Asset retirement obligations	19	9 431 431	5 484 350	5 915 084
Pension liabilities		60 570	52 066	43 255
Lease liability	23	178 537	187 415	212 409
Deferred tax liabilities	9	888 183	2 415 435	2 835 089
Other provisions	26, 27	102 115	45 019	39 107
Interest bearing bond loans	22	1 245 860	1 300 055	1 178 610
Other interest bearing liabilities	23	427 128	459 400	462 078
Total non-current liabilities		**12 333 823**	**9 943 740**	**10 685 633**
Current liabilities				
Trade and other payables	21, 25	2 997 001	1 776 777	2 219 658
Other interest bearing liabilities, current	23	49 995	51 530	45 874
Income tax payable	9	2 141 182	1 747 740	476 850
Lease liability, current	24	50 190	49 643	49 643
Asset retirement obligations, current	19	104 036	69 671	-
Public dues payable		97 753	62 818	65 440
Total current liabilities		**5 440 156**	**3 758 178**	**2 857 465**
Total liabilities		**17 773 980**	**13 701 918**	**13 543 099**
TOTAL EQUITY AND LIABILITIES		**18 499 621**	**15 795 612**	**15 621 128**

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	-	-	-	669 718	669 718
Dividend paid	-	-301 264	-	-	-301 264
Share issues, cash	4	712	-	-	716
Share based payment	-	-	76	-	76
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	-	-	-	-936 747	-936 747
Dividend paid	-	-207 821	-	-207 821	-415 641
Equity at 31 December 2023	**10 391**	**1 419 486**	**19 140**	**-723 376**	**725 642**

Statement of cash flows

Amounts in NOK `000	Note	Q4 2023 (unaudited)	Q3 2023 (unaudited)	Q4 2022 (unaudited)	01.01-31.12 2023 (unaudited)	01.01-31.12 2022 (audited)
Cash flow from operating activities						
Profit / loss (-) before income tax		-872 888	460 212	658 677	1 098 977	3 214 965
Income tax paid/received	9	-477 156	-276 100	-1 200 739	-1 252 743	-2 289 373
Depreciation, depletion and amortization	10	580 464	425 497	270 243	1 695 088	769 359
Impairment / reversal of impairment	10, 11, 12	1 875 978	474 618	251 152	2 744 808	497 584
Expensed exploration expenditures temporary capitalised	8, 11	-6	27	78 491	4 703	141 892
Accretion asset retirement obligations/reimbursement right - net	14, 15, 19	8 938	6 038	5 106	21 905	11 768
Asset retirement costs from billing (net after reimbursement)	15, 19	-1 691	-5 648	48	-25 455	-22 525
Interest expense	14	33 135	13 485	22 664	86 161	172 369
Gain / loss on financial investments	14	-	-	-7	-	64
Change in fair value contingent consideration	6, 27	-25 621	38 851	-12 376	10 934	-12 376
Change in trade and other receivables, and inventory		-45 238	-213 307	-623 966	467 963	-799 208
Change in trade and other payables		525 865	-204 441	1 062 709	71 084	1 425 986
Change in foreign exchange interest bearing debt and other non-current items		118 530	28 959	-122 118	264 662	233 567
Net cash flow from / used in (-) operating activities		**1 720 310**	**748 190**	**389 884**	**5 188 087**	**3 344 073**
Cash flow from investment activities						
Investment in exploration and evaluation assets	11	-3 603	-21 817	-182 695	-31 939	-315 833
Business combinations, cash paid	26, 27, 17	-920 507	-	-1 103 109	-1 217 107	-1 239 721
Investment in oil and gas properties	10, 14	-517 369	-506 846	-421 709	-1 918 704	-1 052 354
Investment in furniture, fixtures and office machines	10	-8 636	-5 496	-30 470	-37 826	-36 422
Cash used on (-)/received from financial investments		-	-	9 107	-	209 896
Net cash flow from / used in (-) investment activities		**-1 450 115**	**-534 159**	**-1 728 876**	**-3 205 575**	**-2 434 433**
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	-	-1 328 211	-1 401 531
Repayment of other interest bearing liabilities	23	-13 141	-12 520	-13 352	-48 793	-42 730
Interest paid		-10 665	-41 864	-64 412	-131 435	-193 729
Payments of lease debt	24	-8 331	-8 331	-8 823	-33 325	-30 544
Dividend payments	16	-103 910	-103 910	-103 910	-415 641	-301 264
Net proceeds from share issues		-	-	716	-	716
Net cash flow from / used in (-) financing activities		**-136 047**	**-186 812**	**-189 780**	**-649 381**	**-1 969 082**
Net increase/ decrease (-) in cash and cash equivalents		**134 147**	**27 219**	**-1 528 773**	**1 333 131**	**-1 059 442**
Cash and cash equivalents at the beginning of the period		2 345 637	2 334 876	2 668 452	1 104 026	2 038 745
Effect of exchange rate fluctuation on cash held		-178 604	-16 458	-35 653	-135 976	124 723
Cash and cash equivalents at the end of the period		**2 301 181**	**2 345 637**	**1 104 026**	**2 301 181**	**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 fourth 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 financial statements for 2022 were prepared in accordance with IFRS Accounting Standards (IFRS) as adopted by the European Union (EU) and in accordance with the additional requirements following the Norwegian Accounting Act.

The interim financial statements were authorised for issue by the company's board of directors on 7 February 2024.

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	Q4 2023	Q3 2023	Q4 2022	01.01-31.12 2023	01.01-31.12 2022
Sale of liquids	1 454 019	1 759 380	916 152	6 672 215	3 621 472
Sale of gas	583 406	371 217	599 657	2 066 688	2 777 182
Total petroleum revenues	**2 037 425**	**2 130 596**	**1 515 809**	**8 738 903**	**6 398 654**
Sale of liquids (boe*)	1 624 346	1 882 788	967 625	7 920 985	3 841 817
Sale of gas (boe*)	734 062	572 571	534 008	2 380 613	2 090 128
Total sale of petroleum in boe*	**2 358 407**	**2 455 359**	**1 501 633**	**10 301 598**	**5 931 945**

*Barrels of oil equivalents

Other operating income

Amounts in NOK `000	Q4 2023	Q3 2023	Q4 2022	01.01-31.12 2023	01.01-31.12 2022
Gain / loss (-) from put/call options, oil	8 600	-24 986	-	-11 476	-
Gain / loss (-) from forward contracts, gas	-	-	86 236	5 648	72 492
Gain / loss (-) from forward contracts, CO2 quotas	3 312	-926	-	2 386	-
Change in fair value contingent consideration (see note 27)	25 621	-38 851	12 376	-10 934	12 376
Tariff income Gjøa and NOx refund Brage	32 659	30 494	39 707	130 656	131 596
Sale of licenses	7 566	-	-	7 566	-
Joint utilisation of logistics resources	2 941	8 690	10 326	21 783	37 512
Total other operating income/loss (-)	**80 699**	**-25 579**	**148 644**	**145 631**	**253 975**

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

Production expenses

Amounts in NOK `000	Q4 2023	Q3 2023	Q4 2022	01.01-31.12 2023	01.01-31.12 2022
From licence billings - producing assets	538 403	384 923	451 451	1 780 685	1 420 803
Other production expenses (insurance, transport)	60 981	72 340	64 407	272 067	179 295
G&A expenses allocated to production expenses	6 735	7 636	6 410	31 036	15 922
Total production expenses	**606 119**	**464 899**	**522 268**	**2 083 788**	**1 616 020**

Changes in over/underlift positions and production inventory

Amounts in NOK `000	Q4 2023	Q3 2023	Q4 2022	01.01-31.12 2023	01.01-31.12 2022
Changes in over/underlift positions	192 210	-95 752	82 405	-483 505	196 372
Changes in production inventory	15 367	-128 741	139 182	-200 699	100 151
Total changes income/loss (-)	**207 578**	**-224 494**	**221 588**	**-684 204**	**296 523**

Note 8 Exploration and evaluation expenses

Amounts in NOK `000	Q4 2023	Q3 2023	Q4 2022	01.01-31.12 2023	01.01-31.12 2022
Share of exploration and evaluation expenses from participation in licences excluding dry well impairment, from billing	11 063	25 609	22 936	91 183	75 304
Share of exploration expenses from participation in licences, dry well write off, from billing	-6	27	78 491	4 703	141 892
Seismic and other exploration and evaluation expenses, outside billing	8 642	7 813	87 794	102 441	108 525
G&A expenses allocated to exploration expenses	2 163	771	1 047	5 070	1 786
Total exploration and evaluation expenses	**21 861**	**34 220**	**190 268**	**203 398**	**327 506**

Note 9 Taxes

Income taxes recognised in the income statement

Amounts in NOK `000	Q4 2023	Q3 2023	Q4 2022	01.01-31.12 2023	01.01-31.12 2022
Change in deferred taxes current year	360 834	358 758	-239 559	780 489	-436 027
Taxes payable current year	-750 700	-786 579	-94 996	-2 853 024	-2 105 157
Tax payable adjustment previous year	-	-	-4	38 201	-4 173
Total taxes (-) / tax income (+) recognised in the income statement	**-389 865**	**-427 821**	**-334 559**	**-2 034 335**	**-2 545 357**

Reconciliation of income taxes

Amounts in NOK `000	Q4 2023	Q3 2023	Q4 2022	01.01-31.12 2023	01.01-31.12 2022
Profit / loss (-) before income taxes	**-872 887**	**460 212**	**658 677**	**1 098 977**	**3 214 965**
Expected income tax at tax rate 78.004%	680 887	-358 984	-513 794	-857 246	-2 507 802
Permanent differences, including impairment of goodwill	-1 054 260	-67 346	44 272	-1 155 423	-25 612
Effect of uplift	26 937	17 733	31 676	83 158	102 044
Financial and onshore items	-43 430	-19 224	103 250	-150 077	-105 620
Effect of new tax rates	-	-	-	-	-104
Adjustments previous year and other	-	-	38	45 253	-8 264
Total income taxes recognised in the income statement	**-389 865**	**-427 821**	**-334 559**	**-2 034 335**	**-2 545 357**
Effective income tax rate	**-45 %**	**93 %**	**51 %**	**185 %**	**79 %**

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

Amounts in NOK `000	31.12.2023	30.09.2023	31.12.2022
Tangible and intangible non-current assets	-4 907 112	-4 165 306	-4 372 336
Provisions (net ARO), lease liability, pensions and gain/loss account	4 524 553	2 091 030	2 102 801
Interest bearing loans	-6 434	-6 977	-1 466
Current items (spareparts and inventory)	-499 191	-334 182	-564 088
Tax losses carried forward, onshore 22%	4 887	4 887	4 887
Valuation allowance (uncapitalised deferred tax asset)	-4 887	-4 887	-4 887
Total deferred tax assets / liabilities (-) recognised	**-888 183**	**-2 415 435**	**-2 835 089**

Specifiaction of tax payable

Amounts in NOK `000	Total
Tax payable at 1 January 2023	476 850
Tax paid	-1 252 743
Tax payable adjustment previous year	-38 201
Tax payable current year recognised in the income statement	2 853 024
Tax payable recognised in business combination (see note 26)	103 324
Taxes recognised on acquisition, sale and swap of licences	-1 072
Tax payable at 31 December 2023	**2 141 182**

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	1 473 302	29 189	-	1 502 492
Reclassification from inventory	4 648	-	-	4 648
Removal and decommissioning asset	-82 881	-	-	-82 881
Disposals	-	-2 464	-	-2 464
Cost at 30 September 2023	**11 671 115**	**79 375**	**358 702**	**12 109 192**
Accumulated depreciation and impairment at 1 January 2023	-3 719 732	-12 027	-125 802	-3 857 561
Depreciation	-1 081 606	-15 584	-17 434	-1 114 624
Impairment (-) / reversal of impairment	-868 830	-	-	-868 830
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	-	-	-7 502	-7 502
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**
Cost at 1 October 2023	11 671 115	79 375	358 702	12 109 192
Additions	522 914	8 636	-	531 551
Additions through business combination (see note 26)	1 619 488	-	-	1 619 488
Reclassification from inventory	139	-	-	139
Removal and decommissioning asset	136 855	-	-	136 855
Disposals	-	-	-	-
Cost at 31 December 2023	**13 950 512**	**88 011**	**358 702**	**14 397 226**
Accumulated depreciation and impairment at 1 October 2023	-5 670 168	-25 147	-150 738	-5 846 054
Depreciation	-568 455	-6 197	-5 811	-580 464
Impairment (-) / reversal of impairment	-513 303	-	-	-513 303
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 31 December 2023	**-6 751 926**	**-31 345**	**-159 050**	**-6 942 321**
Carrying amount at 31 December 2023	**7 198 586**	**56 667**	**199 652**	**7 454 905**

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	27 263	-	-	-
Additions through business combination (see note 26)	-	-4 385	-	-4 385
Expensed exploration expenditures temporarily capitalised	-4 710	-	-	-
Cost at 30 September 2023	**206 871**	**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 September 2023	**-**	**-508 818**	**-253 198**	**-762 016**
Carrying amount at 30 September 2023	**206 871**	**1 128 988**	**163 217**	**1 292 206**
Cost at 1 October 2023	206 871	1 637 806	416 415	2 054 221
Additions	3 603	-	-	-
Additions through business combination (see note 26)	-	1 003 264	1 362 675	2 365 939
Expensed exploration expenditures temporarily capitalised	6	-	-	-
Cost at 31 December 2023	**210 481**	**2 641 070**	**1 779 090**	**4 420 161**
Accumulated impairment at 1 October 2023	-	-508 818	-253 198	-762 016
Impairment	-	-	-1 362 675	-1 362 675
Accumulated impairment at 31 December 2023	**-**	**-508 818**	**-1 615 873**	**-2 124 691**
Carrying amount at 31 December 2023	**210 481**	**2 132 253**	**163 217**	**2 295 470**

Note 12 Impairment / reversal of impairment

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

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

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

Below is an overview of the key assumptions applied in the impairment test as of 31 December 2023:

Year	Oil USD/BOE*	Gas GBP/therm*	Currency rates USD/NOK
2024	73.6	0.81	10.1
2025	69.1	0.85	10.0
2026	69.7	0.82	9.8
From 2027	72.1	0.8	9.5

* Prices in real terms

Other assumptions

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

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

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

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

Total cost for CO_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 513 million in impairment of the Yme asset was recognised in the fourth quarter. The impairment was mainly driven by reduced forward prices for oil. In addition to this, an impairment of NOK 1,363 million was recognised in relation to the acqusition of Statfjord Area assets, as the goodwill could not be substantiated.

No impairment of technical goodwill or ROU assets was required in the three month period ending on 31 December 2023.

Sensitivity analysis

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

		Alternative calculations of pre-tax impairment/reversal (-) Q4 2023 (NOK '000)		Increase / decrease (-) of pre-tax impairment Q4 2023 (NOK '000)	
Assumptions	**Change**	**Increase in assumption**	**Decrease in assumption**	**Increase in assumption**	**Decrease in assumption**
Oil and gas price	+/- 10%	1 632 823	2 634 369	-243 155	758 392
Currency rate USD/NOK	+/- 1.0 NOK	1 630 793	2 586 420	-245 185	710 442
Discount rate	+/- 1% point	1 924 100	1 864 213	48 122	-11 765
Environmental cost (CO_2 and NOx)	+/- 20%	1 904 124	1 850 241	28 146	-25 737

Note 13 General and administrative expenses

Amounts in NOK `000	Q4 2023	Q3 2023	Q4 2022	01.01-31.12 2023	01.01-31.12 2022
Salary and other employee benefits expenses	295 157	249 862	225 766	1 018 511	620 072
Consultants and other operating expenses	151 416	124 676	139 524	579 711	336 209
Allocated to operated licences	-401 168	-320 602	-270 731	-1 405 049	-725 343
Allocated to exploration and production expenses	-8 898	-8 407	-7 466	-36 107	-18 336
Total general and administrative expenses	**36 507**	**45 529**	**87 093**	**157 066**	**212 602**

Note 14 Financial items

Amounts in NOK `000	Q4 2023	Q3 2023	Q4 2022	01.01-31.12 2023	01.01-31.12 2022
Interest income	30 110	28 652	11 005	91 380	22 165
Unwinding of discount asset retirement reimbursement right (indemnification asset)	45 208	44 368	35 903	172 915	103 876
Gain on financial investments	-	-	-	-	-
Finance income	**75 317**	**73 020**	**46 908**	**264 295**	**126 041**
Interest expense and fees from loans and borrowings	-38 624	-50 610	-33 407	-163 617	-200 371
Capitalised borrowing cost, development projects	5 545	37 125	10 800	77 513	28 059
Interest expense shareholder loan	-57	-	-57	-57	-57
Other interest expense	-162	-61	-544	-283	-5 268
Unwinding of discount asset retirement obligations	-54 146	-50 406	-41 009	-194 820	-115 645
Loss on buy-back/early redemption bond loan	-	-28 315	-	-28 315	-23 535
Loss on financial investments	-	-	7	-	-64
Other financial expense	-5 006	-5 608	-4 162	-20 428	-17 174
Finance costs	**-92 449**	**-97 875**	**-68 373**	**-330 006**	**-334 055**
Exchange rate gain/loss (-), interest-bearing loans and borrowings	76 929	25 467	172 037	-54 555	-296 881
Net exchange rate gain/loss (-), other	-137 457	23 839	-56 913	-96 939	193 780
Net exchange rate gain/loss (-)	**-60 528**	**49 306**	**115 124**	**-151 494**	**-103 101**
Net financial items	**-77 660**	**24 450**	**93 660**	**-217 205**	**-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 26)	908 214
Changes in estimates	-396 312
Effect of change in the discount rate	-80 303
Asset retirement costs from billing, reimbursement from Shell and Wintershall Dea	-104 089
Unwinding of discount	172 915
Asset retirement reimbursement right at 31 December 2023 (indemnification asset)	**4 162 547**
Of this:	
Asset retirement reimbursement right, non-current	4 079 318
Asset retirement reimbursement right, current	83 229
Asset retirement reimbursement right at 31 December 2023 (indemnification asset)	**4 162 547**

Asset retirement reimbursement right consists of a receivable from the seller Shell from OKEA's acquisition of Draugen and Gjøa assets in 2018, a receivable from the seller Wintershall Dea from OKEA's acquisition of the Brage asset in 2022, and a receivable from the seller Equinor from OKEA's acquisition of the Statfjord asset in 2023 (see note 26).

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 OKEA's share of total decommissioning costs 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 4.4% (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 5.2% (year end 2022: 6.4%).

Receivable from the seller Equinor from OKEA's acquisition of the Statfjord asset in 2023 (see note 26):
The parties have agreed that Equinor will retain responsibility for 100% of OKEA's share of total decommissioning costs related to Statfjord A.

The net present value of the receivable is calculated using a discount rate of 4.2%.

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 31 December 2023	**103 910 350**
Nominal value NOK per share at 31 December 2023	0.1
Share capital NOK at 31 December 2023	10 391 035

Dividend paid in Q1 2023, Q2 2023, Q3 2023 and Q4 2023 is NOK 103.9 million, in total NOK 415,6 million.

Note 17 Trade and other receivables

Amounts in NOK `000	31.12.2023	30.09.2023	31.12.2022
Accounts receivable and receivables from operated licences*	265 711	131 632	234 811
Accrued revenue	340 848	943 822	422 885
Prepayments	100 901	336 852	79 009
Working capital and overcall, joint operations/licences	306 891	210 253	386 637
Underlift of petroleum products	141 269	43 769	588 934
VAT receivable	16 582	11 951	21 049
Accrued interest income	-	10 691	-
Other receivables	3 354	-	-
Fair value forward contracts, gas	-	-	10 578
Fair value put/call options, oil	3 748	-	-
Fair value forward contracts, foreign exchange**	29 101	-	-
Fair value forward contracts, CO2 quotas	2 386	-	-
Total trade and other receivables	**1 210 790**	**1 688 971**	**1 743 901**

* There is no provision for bad debt on receivables.

** Outstanding contracts at 31 December 2023: The company has entered into currency swaps with a total value of GBP 50 million against NOK. The swaps were done at GBPNOK rates of 13.49 with expiry dates early Q1 2024

Note 18 Cash and cash equivalents

Cash and cash equivalents:

Amounts in NOK `000	31.12.2023	30.09.2023	31.12.2022
Bank deposits, unrestricted	2 191 256	1 505 603	1 010 492
Bank deposit, time deposit	-	743 575	-
Bank deposit, restricted, employee taxes	40 691	27 900	31 224
Bank deposit, restricted, deposit office leases	14 930	14 824	14 824
Bank deposit, restricted, other	54 304	53 736	47 486
Total cash and cash equivalents	**2 301 181**	**2 345 637**	**1 104 026**

Note 19 Asset retirement obligations

Amounts in NOK `000	
Provision at 1 January 2023	5 915 084
Additions	118 145
Additions through business combination (see note 26)	3 969 801
Changes in estimates	-391 938
Effects of change in the discount rate	-140 901
Asset retirement costs from billing	-129 544
Unwinding of discount	194 820
Asset retirement obligations at 31 December 2023	**9 535 467**
Of this:	
Asset retirement obligations, non-current	9 431 431
Asset retirement obligations, current	104 036
Asset retirement obligations at 31 December 2023	**9 535 467**

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 3.3% (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, Wintershall Dea and Equinor, reference is made to note 15.

Note 20 Spare parts, equipment and inventory

Amounts in NOK `000	31.12.2023	30.09.2023	31.12.2022
Inventory of petroleum products	404 495	295 443	511 509
Spare parts and equipment	459 753	308 608	288 824
Total spare parts, equipment and inventory	**864 248**	**604 051**	**800 333**

Note 21 Trade and other payables

Amounts in NOK `000	31.12.2023	30.09.2023	31.12.2022
Trade creditors	197 028	78 015	126 044
Accrued holiday pay and other employee benefits	213 911	156 692	146 858
Working capital, joint operations/licences	1 310 913	1 050 763	1 061 014
Overlift of petroleum products	121 526	178 503	47 952
Accrued interest bond loans	34 164	5 385	5 175
Other provisions, current (see note 27)	128 167	38 722	29 810
Prepayments from customers	275 620	106 739	506 637
Fair value put/call options, oil	-	14 134	-
Fair value forward contracts, foreign exchange	-	17 302	-
Fair value forward contracts, CO2 quotas	-	926	-
Loan from shareholder OKEA Holdings Ltd	1 485	1 428	1 428
Accrued consideration from acquisitions of interests in licences*	544 809	-	-
Other accrued expenses	169 378	128 168	294 740
Total trade and other payables	**2 997 001**	**1 776 777**	**2 219 658**

* The liability at 31 December 2023 consist of an accrual for deferred consideration and adjustments in the pro&contra settlement payable to Equinor in connection with OKEA's acquisition of the Statfjord asset in 2023 (see note 26).

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	2 412	16 095	18 506
Bond buy-back/early redemption *		-1 299 896	-1 299 896
Foreign exchange movement	-68 600	105 192	36 592
Interest bearing bond loans at 31 December 2023	**1 245 860**	**-**	**1 245 860**
Of this:			
Interest bearing bond loans, non-current	1 245 860	-	1 245 860
Interest bearing bond loans, current	-	-	-
Interest bearing bond loans at 31 December 2023	**1 245 860**	**-**	**1 245 860**

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	2 412	16 095	18 506
Foreign exchange movement	-68 600	105 192	36 592
Loss / gain (-) on buy-back/early redemption		28 315	28 315
Interest bearing bond loans at 31 December 2023	**1 245 860**	**-**	**1 245 860**

* 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 31 December 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	-48 793	-48 793
Foreign exchange movement	17 963	17 963
Other interest bearing liabilities at 31 December 2023	**477 123**	**477 123**
Of this:		
Other interest bearing liabilities, non-current	427 128	427 128
Other interest bearing liabilities, current	49 995	49 995
Other interest bearing liabilities at 31 December 2023	**477 123**	**477 123**

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	-48 793	-48 793
Total cash flows:	-48 793	-48 793
Non-cash changes:		
Financing Yme Rig	-	-
Foreign exchange movement	17 963	17 963
Other interest bearing liabilities at 31 December 2023	**477 123**	**477 123**

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	16 865
Payments of lease debt and interest	-50 190
Total lease debt at 31 December 2023	**228 727**

Break down of lease liability	
Short-term (within 1 year)	50 190
Long-term	178 537
Total lease liability	**228 727**

Undiscounted lease liabilities and maturity of cash outflows:

Amounts in NOK `000	**31.12.2023**
Within 1 year	50 190
1 to 5 years	150 367
After 5 years	134 062
Total	**334 619**

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

Note 25 Commodity contracts

Amounts in NOK `000	**31.12.2023**	**30.09.2023**	**31.12.2022**
Premium commodity contracts	1 101	-	-
Accumulated unrealised gain/loss (-) commodity contracts included in other operating income / loss(-)	2 647	-14 134	10 578
Short-term derivatives included in assets/liabilities (-)	3 748	-14 134	10 578

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 31 December 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 2024 at fixed price. At 31 December 2023 the outstanding contracts are 37 000 000 therms of gas with delivery in Q1 2024 - 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 Business combinations

Acquisition of a 28% interest in PL037 (Statfjord Area)
On 29 December 2023 OKEA completed the acquisition of a 28% working interest in PL037 (Statfjord Area) from Equinor Energy AS, comprising a 23.93123% working interest in Statfjord Unit, a 28% working interest in Statfjord Nord, a 14% working interest in Statfjord Øst Unit and a 15.4% working interest in Sygna Unit.

The transaction has been determined to constitute a business combination and has been accounted for using the acquisition method of accounting as required by IFRS 3. The economic date of the transaction, which will be used for tax purposes, is 1 January 2023. The acquisition date for accounting purposes (transfer of control) has been determined to be 29 December 2023.

A preliminary purchase price allocation (PPA) has been performed and all identified assets and liabilities have been measured at their acquisition date fair values in accordance with the requirements of IFRS 3. The agreed purchase price is USD 220 million, equivalent with NOK 2,237.9 million. Adjusted for interim period adjustments and working capital, the total cash consideration is estimated to NOK 1,726.7 million.

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

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

Amounts in NOK `000	
Assets	
Oil and gas properties	1 619 488
Deferred tax assets (reduced deferred tax liabilities)	1 161 492
Receivables on seller*	908 214
Total assets	3 689 195
Liabilities	
Net working capital	65 277
Asset retirement obligations	3 969 801
Income tax payable	119 898
Contingent consideration**	173 467
Total liabilities	4 328 443
Total identifiable net assets at fair value	-639 249
Total consideration	1 726 691
Goodwill	2 365 939
Goodwill consist of:	
Ordinary goodwill	1 362 675
Technical goodwill	1 003 264
Total goodwill	2 365 939

* The parties have agreed that Equinor will retain responsibility for 100% of OKEA's share of total decommissioning costs related to Statfjord A.

** In addition to the fixed consideration, OKEA shall pay to Equinor an additional contingent consideration with contingent payment terms applicable for 2023-2025 for certain thresholds of realised oil and gas prices.

The ordinary goodwill is mainly caused by the reduction in estimated reserves combined with an increase in estimated cost in the period between the agreement date and the acquisition date. The ordinary goodwill has been impaired at 31 December 2023 (see note 11 and 12). The technical goodwill arises as a consequence of the requirement to recognise deferred tax for the differences between the assigned fair values (which have been based on a post-tax market for such transactions) and the tax basis of assets acquired. None of the goodwill recognised will be deductible for income tax purposes.

A preliminary estimation of the impact from the transaction indicates that if the acquisition had taken place at the beginning of the year, total revenues for the year would have been approximately NOK 3,200 million higher and profit before tax would have been approximately NOK 1 400 million higher.

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.

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, Q3 or Q4 2023.

Note 27 Other provisions

Amounts in NOK `000	
Provision at 1 January 2023	68 917
Additions through business combination (see note 26)	173 467
Settlements/payments to Wintershall Dea	-23 035
Changes in fair value	10 934
Other provisions at 31 December 2023	**230 282**
Of this:	
Other provisions, non-current	102 115
Other provisions, current (classified within trade and other payables)	128 167
Other provisions at 31 December 2023	**230 282**

Other provisions consists of provisions for additional contingent consideration from OKEA's acquisition of the Brage, Ivar Aasen and Nova assets in 2022, and from OKEA's acquisition of the Statfjord asset in 2023 (see note 26).

The provisions for 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.

<u>Additional contingent consideration from OKEA's acquisition of the Brage, Ivar Aasen and Nova assets in 2022:</u>
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.

<u>Additional contingent consideration from OKEA's acquisition of the Statfjord asset in 2023 (see note 26):</u>
OKEA shall pay to Equinor an additional contingent consideration with contingent payment terms applicable for 2023-2025 for certain thresholds of realised oil and gas prices.

Note 28 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 1,289 million at 31 December 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 29 Events after the balance sheet date

In January 2024, OKEA was offered interests in three new production licences on the Norwegian continental shelf, through the Awards in Pre-Defined Areas (APA) for 2023.

Alternative performance measures

Reconciliations

EBITDA Amounts in NOK `000	**Q4 2023** **3 months**	**Q3 2023** **3 months**	**Q4 2022** **3 months**	**2023** **12 months**	**2022** **12 months**
Profit / loss (-) from operating activities	-795 227	435 761	565 017	1 316 182	3 526 080
Add: depreciation, depletion and amortisation	580 464	425 497	270 243	1 695 088	769 359
Add: impairment	1 875 978	474 618	251 152	2 744 808	497 584
EBITDA	**1 661 214**	**1 335 876**	**1 086 412**	**5 756 078**	**4 793 024**

EBITDAX Amounts in NOK `000	**Q4 2023** **3 months**	**Q3 2023** **3 months**	**Q4 2022** **3 months**	**2023** **12 months**	**2022** **12 months**
Profit / loss (-) from operating activities	-795 227	435 761	565 017	1 316 182	3 526 080
Add: depreciation, depletion and amortisation	580 464	425 497	270 243	1 695 088	769 359
Add: impairment / reversal of impairment	1 875 978	474 618	251 152	2 744 808	497 584
Add: exploration and evaluation expenses	21 861	34 220	190 268	203 398	327 506
EBITDAX	**1 683 076**	**1 370 096**	**1 276 680**	**5 959 476**	**5 120 530**

Production expense per boe Amounts in NOK `000	**Q4 2023** **3 months**	**Q3 2023** **3 months**	**Q4 2022** **3 months**	**2023** **12 months**	**2022** **12 months**
Productions expense	606 119	464 899	522 268	2 083 788	1 616 020
Less: processing tariff income	-32 659	-30 494	-39 707	-130 656	-131 596
Less: joint utilisation of resources	-2 941	-8 690	-10 326	-21 783	-37 512
Less: preparation for operation asset under construction	-	-	-	-	-
Divided by: produced volumes (boe)	2 767 518	2 181 346	1 829 621	8 973 727	6 108 800
Production expense NOK per boe	**206.1**	**195.1**	**258.4**	**215.2**	**236.8**

Net interest-bearing debt Amounts in NOK `000	**31.12.2023**	**30.09.2023**	**31.12.2022**
Interest bearing bond loans	1 245 860	1 300 055	1 178 610
Other interest bearing liabilities	427 128	459 400	462 078
Interest bearing bond loans, current	-	-	-
Other interest bearing liabilities, current	49 995	51 530	45 874
Less: Cash and cash equivalents	-2 301 181	-2 345 637	-1 104 026
Net interest-bearing debt	**-578 199**	**-534 652**	**582 537**

Net interest-bearing debt excl. other interest bearing liabilities Amounts in NOK `000	**31.12.2023**	**30.09.2023**	**31.12.2022**
Interest bearing bond loans	1 245 860	1 300 055	1 178 610
Interest bearing bond loans, current	-	-	-
Less: Cash and cash equivalents	-2 301 181	-2 345 637	-1 104 026
Net interest-bearing debt excl. other interest bearing liabilities	**-1 055 321**	**-1 045 582**	**74 584**

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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