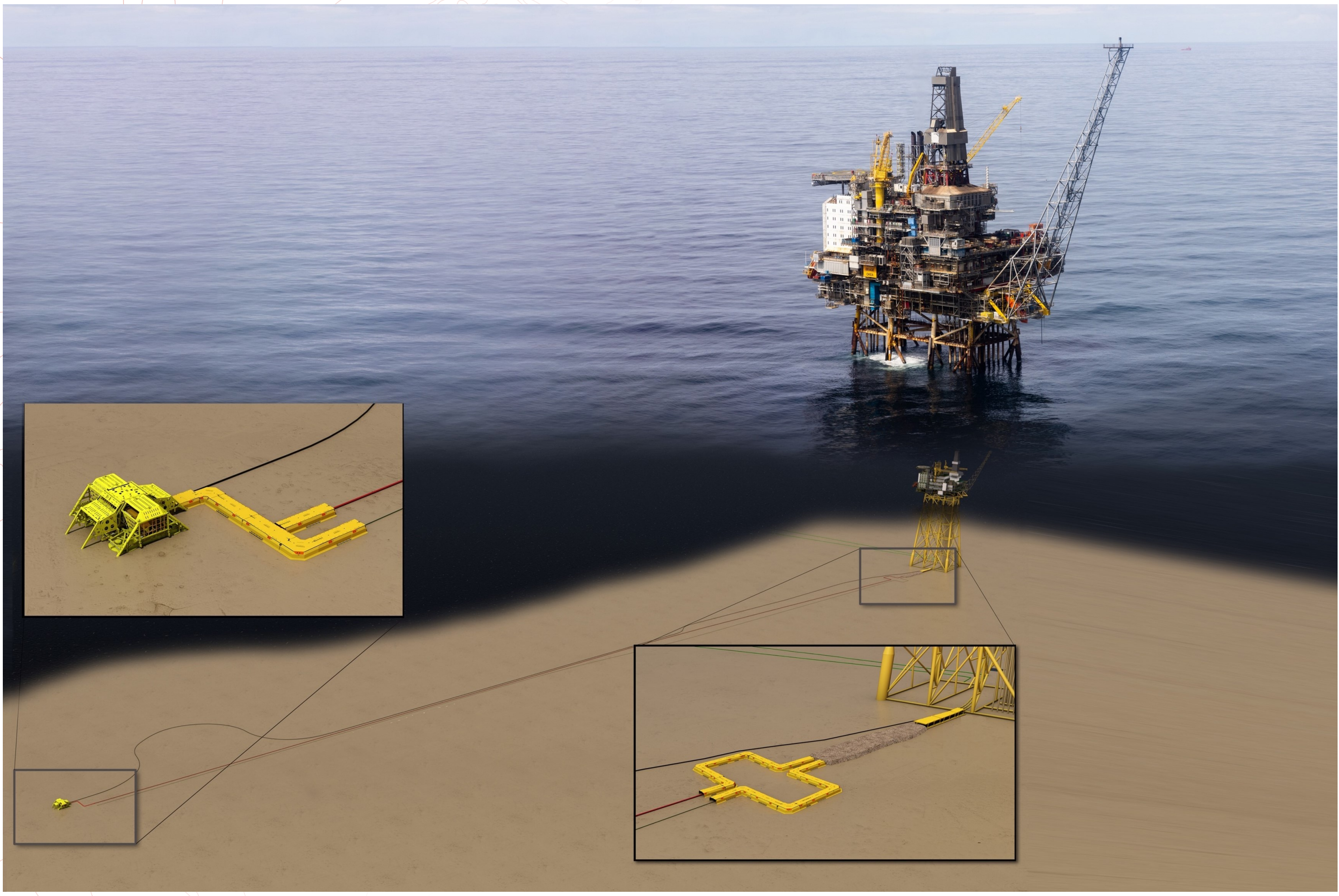
OKEA ASA
Q1 quarterly report

2024



First quarter 2024 summary

Highlights

- No serious incidents at operated assets
- First quarter with Statfjord area included in key figures and income statement resulted in record high production volumes, operating income, and EBITDA
- Production of 42.1 (30.1) kboepd
- Operating income of NOK 3,474 (2,118) million
- EBITDA of NOK 2,159 (1,661) million
- Impairments of NOK 158 (1,876) million; NOK 260 (1,363) million goodwill impairment related to Statfjord area, partly offset by reversal of previous impairments at Yme of NOK -102 (513) million
- Profit before tax of NOK 1,080 (loss of 873) million
- Tax expense of NOK 1,129 (390) million; goodwill impairment not tax deductible
- Net loss after tax of NOK 49 (1,263) million

(Amounts in parentheses refer to previous quarter)

Message from CEO, Svein J. Liknes

I am pleased to report that the strong operational performance, particularly from operated assets, has continued in the first quarter of 2024. I am also pleased to report a reduction in the total recordable injury and serious incident frequencies as no recordable incidents or injuries occurred on our operated assets in the quarter.

The Draugen field continues to deliver consistent production and Hasselmus is adding volumes to the asset. In March, the Ministry of Energy approved an extension of the Draugen licence to 2040, which enables realisation of the long-term potential of Draugen and the surrounding area. In the quarter, we also initiated a lifetime extension project for Brage.

Following drilling of dry wells in late 2023, production expectations for 2024 have been somewhat lowered for the Statfjord area which resulted in NOK 260 million in goodwill impairments in the quarter. We are collaborating with the operator to improve production and remain confident in the long-term potential of the Statfjord area.

An investment decision was made for the Bestla (previously Brasse) development project in March. The field is estimated to contain 24 million barrels of oil equivalent gross in recoverable reserves and will be developed as a tie-back to the Brage field. With OKEA as operator for both Brage and Bestla, both licences will benefit from synergies and economies of scale. The Bestla development aligns well with OKEA's strategy to create additional value in areas close to existing infrastructure by identifying cost-effective solutions that enable extraction of further volumes.

Maintaining financial flexibility is always a key focus. As announced separately this morning, we are contemplating a new USD 125 million four-year senior secured bond. We also expect to increase the revolving credit facility from USD 25 million to USD 37.5 million. The contemplated financing provides strengthened liquidity and enhanced financial flexibility ahead of investments in the Bestla development.

Svein J. Liknes,
Chief Executive Officer

Financial and operational summary

	Unit	Q1 2024	Q4 2023	Q1 2023	Full year 2023
Total operating income	MNOK	3,474	2,118	2,954	8,885
EBITDA [1]	MNOK	2,159	1,661	1,591	5,756
EBITDAX [1]	MNOK	2,209	1,683	1,615	5,959
Profit/loss (-) before income tax	MNOK	1,080	-873	1,121	1,099
Net profit / loss (-)	MNOK	-49	-1,263	226	-935
Net cash flow from operations	MNOK	1,293	1,720	1,318	5,188
Net cash flow used in investments	MNOK	-1,429	-1,450	-686	-3,206
Net cash flow used in financing activities	MNOK	-92	-136	-135	-649
Net interest-bearing debt (IBD) [1]	MNOK	-310	-578	150	-578
Net IBD ex. Other int. bearing liabilities[1]	MNOK	-804	-1,055	-378	-1,055
Net production	**Boepd** [2][4]	**42,107**	**30,082**	**22,210**	**24,586**
Third-party volumes available for sale [3]	Boepd [2]	0	292	448	567
Over/underlift/inventory adjustments	Boepd [2]	4,477	-4,739	15,283	3,071
Net sold volume	**Boepd** [2]	**46,583**	**25,635**	**37,941**	**28,224**
Production expense per boe [1]	NOK/boe	198.4	206.2	241.8	215.2
Realised liquids price	USD/boe	82.0	83.4	77.7	80.1
Realised gas price	USD/boe	55.1	74.6	116.3	82.2

1) Definitions of alternative performance measures are available on page 35 of this report
2) Boepd = barrels of oil equivalents per day
3) Sold volumes include net compensation volumes received from Duva and Nova (tie-in to Gjøa)
4) In 2023, activities from the 28% WI in Statfjord area 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 area 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

Statement of comprehensive income

As this is the first quarter of Statfjord area included in the statement of comprehensive income, production, operating income, and EBITDA was record high.

Total operating income amounted to NOK 3,474 (2,118) million, whereof NOK 3,421 (2,037) million related to petroleum revenue. The average realised crude price was USD 85.8 (85.6) per boe. The NGL discount amounted to USD 3.8 (2.3) per boe which resulted in an average realised liquids price of USD 82.0 (83.4) per boe for the quarter. The average realised price for gas was USD 55.1 (74.6) per boe, of which USD 7.5 (5.9) per boe was attributable to realised gain on fixed price contracts.

Other operating income / loss (-) of NOK 53 (81) million mainly consisted of tariff income at Gjøa and Statfjord area of NOK 78 (33) million. This was partly offset by a net hedging loss for oil and CO_2 quotas of NOK 17 (net gain of 12) million and an increase in fair value of the contingent considerations to Wintershall Dea and Equinor of NOK 9 (unrealised income of 26) million following an increase (decrease) in forward prices for crude oil.

Production expenses amounted to NOK 839 (606) million, corresponding to NOK 198 (206) per boe. The higher production expense was mainly driven by production expense for the Statfjord area recognised in the income statement. The reduction in production expense per Boe was mainly due to the prior period adjustment of gas volumes from Hasselmus.

Changes in over-/underlift positions and production inventory amounted to an expense of NOK 385 (income of 208) million as sold volumes exceeded produced volumes by 4,477 (-4,739) boepd.

Exploration and evaluation expenses amounted to NOK 50 (22) million and mainly related to NOK 12 (15) million in area fees and various field evaluation activities, NOK 22 (2) million in seismic costs, and NOK 16 (7) million in other exploration costs.

Depreciation of NOK 778 (580) million mainly relate to unit of production deprecation of oil and gas properties of NOK 765 (568) million. The increase mainly related to depreciation of Statfjord area and increased production from Draugen.

An impairment charge of NOK 158 (1,876) million was recognised in the quarter. NOK 247 million related to impairment of technical goodwill from Statfjord area mainly driven by lower expected volumes in 2024. In addition, PPA revisions recognised in the quarter resulted in impairment of ordinary goodwill of NOK 13 million. Reference is made to note 26 for further details on the revised PPA. The goodwill impairments are not tax deductible and are non-reversable. Partly offsetting, was NOK 102 million in reversal of previous impairments at Yme following positive market price developments of crude during the quarter combined with a decrease in expected discount for Yme crude. The related tax expense was NOK 80 million, resulting in a net positive after tax impact of NOK 22 million. In the previous quarter, impairment of NOK 513 million (NOK 113 million net after tax) was recognised at Yme following adverse market price developments of crude during fourth quarter. At balance sheet date, both Statfjord area 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. Reference is made to note 12 for further details on impairment.

General and administrative expenses amounted to NOK 41 (37) million and represent OKEA's share of costs after allocation to licence activities.

Net financial items amounted to an expense of NOK 144 (78) million. Expensed interest amounted to NOK 47 (39) million, whereof NOK 31 (29) million related to interest on the OKEA04 bond and NOK 8 (7) million related to the Yme Bareboat charter. Net expense on accretion of asset retirement obligations and receivable amounted to NOK 31 (9) million. Net foreign exchange gain / loss (-) amounted to NOK -76 (-61) million and was mainly due to unrealised loss on interest-bearing liabilities, partly offset by unrealised gain on bank deposits. Interest income amounted to NOK 7 (30) million.

Profit / loss (-) before tax amounted to NOK 1,080 (-873) million.

Tax expenses amounted to NOK 1,129 (390) million. The high effective tax rate was mainly due to impairment of goodwill not being tax-deductible. In addition, the financial expense is tax-deductible at a lower tax rate (22%).

Net profit / loss (-) for the quarter was NOK -49 (-1,263) million. Loss per share amounted to NOK 0.48 (12.15).

Statement of financial position

Goodwill amounted to NOK 2,049 (2,295) million and comprise NOK 1,885 (2,132) million in technical goodwill and NOK 163 (163) million in ordinary goodwill. The decrease is related to impairment of technical goodwill at Statfjord CGU. Reference is made to note 12 for further information.

Oil and gas properties amounted to NOK 7,130 (7,199) million. Investments amounted to NOK 808 million, whereof NOK 737 million mainly related to investments in Draugen power from shore, production well drilling at Brage and Statfjord area, and the Statfjord Øst gaslift project. In addition, NOK 102 million in previous impairments at Yme was reversed. These increases were offset by depreciations amounting to NOK 765 million and reduced estimate for future asset retirement obligations of NOK 213 million.

Right-of-use assets amounted to NOK 191 (200) 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 4,001 (4,079) million and related to Equinor's, Shell's and Wintershall Dea's obligations to cover decommissioning costs for Statfjord A, Draugen/Gjøa, and Brage respectively.

Trade and other receivables amounted to NOK 1,932 (1,211) million and comprise accrued revenue, working capital from joint venture licences and underlift of petroleum products. The increase was mainly due to liftings at Statfjord area taking place late in March, with payment received in April.

Cash and cash equivalents amounted to NOK 2,130 (2,301) million.

Spare parts, equipment and inventory amounted to NOK 832 (864) million, whereof NOK 352 (404) million related to oil inventory at Statfjord area, Draugen, Brage and Yme.

Equity amounted to NOK 676 (726) million, corresponding to an equity ratio of 4% (4%).

Non-current provision for asset retirement obligations amounted to NOK 9,169 (9,431) million. The obligations are partly offset by the asset retirement reimbursement rights outlined above.

Interest-bearing bond loans amounted to NOK 1,327 (1,246) million and comprise the OKEA04 bond. The increase was mainly due to unrealized exchange loss in quarter.

Total other interest-bearing liabilities amounted to NOK 494 (477) million, whereof the non-current portion was NOK 440 (427) million and the current portion was NOK 54 (50) 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.

Total provisions amounted to NOK 265 (230) million and consisted of a non-current liability of NOK 198 (102) million and a current liability of NOK 67 (128) million classified as trade and other payables. The provisions comprise estimated contingent consideration payable in relation to the asset purchases from Wintershall Dea and Equinor. The increase from previous quarter follows from increased forward prices for crude oil. Reference is made to note 27 for further details.

The lease liability consisted of a non-current liability of NOK 170 (179) 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 2,935 (2,997) million and mainly comprise payments received under payment quantity agreements, accrued expenses, overlift of petroleum products and working capital from joint venture licences. NOK 610 million in deferred consideration due to Equinor relating to the acquisition of Statfjord area assets were included in the previous quarter and was paid in January.

Income tax payable of NOK 2,358 (2,141) million represent remaining tax payable for 2023 and accrued tax for the first quarter of 2024. The increase 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 1,293 (1,720) million including taxes paid of NOK 709 (477) million. The lower cash flows from operating activities were mainly due to liftings late in March from the Statfjord area with payments being received in the second quarter.

Net cash flows used in investment activities amounted to NOK 1,429 (1,450) million of which NOK 627 (921) million was a deferred consideration paid to Equinor in January relating to the acquisition of the Statfjord area assets. Other investments in oil and gas properties in the quarter amounted to NOK 800 (517) million and mainly relate to Draugen power from shore, production well drilling at Brage and Statfjord area, and the gas-lift project at Statfjord Øst.

Net cash flows used in financing activities amounted to NOK 92 (136) million and mainly related to interest paid of NOK 72 (11) million. The lower amount of cash used in financing activities was a result of no dividend payment in the first quarter (NOK 104 million), partly offset by higher interest paid.

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 of NOK 72 (3) million was recognized in the first quarter, this gain primarily resulted from fixed price contracts for gas, which contributed NOK 75 (45) million, recognized as revenues from crude oil and gas sales. Partly offset by a net realised loss on financial hedging positions on oil of NOK -3 (-42) million.

As per reporting date, approx. ~25% of the estimated net after tax exposure for natural gas for the second and third quarter of 2024 were sold forward at an average fixed price of 125 GBp/th.

In addition, ~40% of the estimated net after tax exposure for oil for the second quarter of 2024 was partly hedged by collars with price floors of 75 USD/bbl and ceilings around 88 USD/bbl and in part by puts with strike price at 73 USD/bbl. ~25% of the estimated net after tax exposure for oil for the third quarter of 2024 were hedged by collars with price floors of 75 USD/bbl and ceilings around 88 USD/bbl. ~30% of the estimated net after tax exposure for oil for the fourth quarter of 2024 were hedged by collars with price floors of 75 USD/bbl and ceilings around 89 USD/bbl.

OKEA has bought CO2-quotas for 2024 for operated assets Brage and Draugen at an average price of approx. 58 EUR/ton. At reporting date, OKEA has bought approximately half of the estimated requirement for quotas for 2024.

The oil options and CO2 quotas are recognised at market value each balance sheet date. Unrealised loss from such financial hedging arrangements amounted to NOK -14 (gain of 66) million for the quarter and mainly relate to oil options.

Operational review

OKEA's net production was 42,108 (30,082) boepd in the quarter. The 40% increase was mainly due to inclusion of Statfjord area in key figures. In addition, a prior period adjustment of gas volumes produced in the fourth quarter from Hasselmus increases production by equivalent to 1,145 boepd in the first quarter. These effects were partly offset by a closed well at Gjøa and natural decline at Brage.

	Unit	Q1 2024	Q4 2023	Q1 2023	Full year 2023
Draugen – production [4]	Boepd	10,592	8,726	6,584	6,487
Brage – production	Boepd	7,638	8,036	2,162	4,856
Statfjord area – production[3]	Boepd	11,256	N/A	N/A	N/A
Gjøa & Nova – production	Boepd	6,362	7,007	7,912	7,424
Yme – production	Boepd	3,444	3,439	2,442	2,809
Ivar Aasen – production	Boepd	2,816	2,874	3,110	3,009
Total net production[3]	**Boepd**	**42,107**	**30,082**	**22,210**	**24,586**
Draugen – sold volume	Boepd	8,357	8,521	13,774	8,980
Brage – sold volume	Boepd	13,928	5,304	7,078	4,935
Statfjord area – sold volume	Boepd	11,281	N/A	N/A	N/A
Gjøa & Nova– sold volume	Boepd	4,366	7,583	8,953	7,837
Yme – sold volume	Boepd	3,444	3,424	3,628	2,942
Ivar Aasen – sold volume	Boepd	2,816	803	4,508	3,530
Third-party volumes available for sale[2]	Boepd	0	292	448	567
Total net sold volume	**Boepd**	**46,583**	**25,635**	**37,941**	**28,224**
Total over/underlift/inventory adj.	Boepd	4,476	-4,739	15,283	3,071
Draugen – production efficiency [1]	%	90	93	96	83
Brage – production efficiency	%	96	90	91	93
Statfjord area – production efficiency	%	89	N/A	N/A	N/A
Gjøa & Nova – production efficiency	%	91	90	99	95
Yme – production efficiency	%	78	75	55	73
Ivar Aasen – production efficiency	%	99	98	90	92

1. Production efficiency = 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
2. Net compensation volumes from Duva and Nova received and sold (tie-in to Gjøa)
3. In 2023, activities from the 28% WI in Statfjord area 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 area 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.
4. A prior period adjustment of gas volumes produced from Hasselmus in the fourth quarter increased production by equivalent to 1,145 boepd in the first quarter.

Draugen (operator, 44.56%)

Net production to OKEA from Draugen was 10,592 (8,726) boepd in the quarter. Production efficiency was 90% (93%).

The lower production efficiency was due to a planned six-day production stop for modification of the Draugen gas export pig receiver which was completed in January.

The increase in production mainly relates to a prior period adjustment of gas volumes produced in the fourth quarter from Hasselmus which increases production by equivalent to 1,145 boepd in the first quarter.

In March, the Ministry of Energy approved an extension of the Draugen production licence until 31 December 2040.

Offshore topside modifications and installation work for the power from shore project and carry-over scope from Hasselmus project is ongoing.

Brage (operator, 35.2%)

Net production to OKEA from Brage was 7,638 (8,036) boepd in the quarter. Production efficiency was 96% (90%).

The reduction in volumes compared to previous quarter was due to natural decline. No new production wells were put into production during the quarter. One water injector well were put in production in the first quarter.

Drilling activities continued during the quarter of which two wells are expected to commence production in 2024.

A Sognefjord East project has been established to consider maturing a development well for the Kim discovery as well as to outline an appraisal strategy for the area. An exempt for development and operation (PDO) for the development is planned submitted to the authorities in the second quarter of 2024.

The Brage license approved the tie-in agreement for Bestla (previously Brasse) in March and is ready to commence the project execution of the topside modifications project.

Statfjord area (partner, 28%)

Net production to OKEA from the Statfjord area was 11,256 (pro-forma 10,862) boepd in the quarter. Production efficiency was 89%.

Technical problems during a well completion at the Statfjord Unit in January resulted in production loss from that respective well. In addition, two wells drilled at the Statfjord Unit in December have been concluded dry which resulted in somewhat reduced volume expectations for 2024. Two sidetracks targeted to mitigate the dry wells are planned at the end of the year. Four wells were drilled in the first quarter and in total 10-15 wells are scheduled for 2024 in the Statfjord area.

Two out of four planned gas lift wells at Statfjord Øst started production at the end of March. The remaining two wells are expected to come onstream in the second quarter.

OKEA is collaborating with the operator, Equinor, to improve production efficiency and drilling performance. Work to share best practices and learnings is ongoing. The partnership is targeting to conclude on a new strategy with the goal to improve production at the Statfjord Unit during the second quarter.

Gjøa & Nova (partner, 12% & 6%)

Net production to OKEA from Gjøa and Nova was 6,362 (7,007) boepd in the quarter. Production efficiency was 91% (90%). The lower production compared to fourth quarter was due to closing of one of the wells at Gjøa due to sand production. A light well intervention is planned for the second quarter to assess possibilities to restart the well.

A rig to drill a fourth water injector well at Nova in the second half of 2024 has been secured. In addition, an additional perforation of water injector W-1 AH is planned in the second quarter of 2024. These two measures will further increase injectivity at the field and are expected to increase oil production.

An appraisal well at Ofelia, located 23 kilometres north of Gjøa, proved additional volumes. The license partnerships are pursuing a coordinated development of Ofelia and Gjøa North (formerly Hamlet) to capture synergies and improve project economy. The ambition is to reach DG1 in December 2024.

Options to appraise the Aurora discovery and drill the Selene prospect in PL195 west of Gjøa are still under review. Several other tie-in candidates are also approaching Gjøa as potential host, which has potential to generate synergies and reduce cost.

Yme (partner, 15%)

Net production to OKEA from Yme was 3,444 (3,439) boepd in the quarter. Production efficiency was 78% (81%) mainly due to production stops due to weather conditions preventing offloading.

Drilling of the C-7 injector was completed at the end of March and commenced operation in early April. The license has approved a multilateral well solution for the planned C-3 sidetrack with drilling expected to commence in the second quarter.

Ivar Aasen (partner, 9.2385%)

Net production to OKEA from Ivar Aasen was 2,816 (2,874) boepd in the quarter with and the production efficiency remained high at 99% (98%).

The first out of two planned well intervention campaigns were completed in the first quarter resulting in a ~120boepd (gross) increase in oil production and a decrease in water production from D-11 A. Initial results also show an increase in water injection capacity in D-08 C. The second intervention campaign is expected completed in the fourth quarter.

Maturation of the IOR 2026 campaign is ongoing and the license is planning for a DG0 in the second quarter of 2024.

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.

Manufacturing of the power cable for Draugen is on schedule for completion by summer 2024.

Preparatory work for installation of new equipment at Draugen is ongoing, and the plan for start-up of onshore facilities construction has been initiated.

The project will result in average annual reductions of CO_2 emissions of 200,000 tonnes from Draugen and 130,000 tonnes from Njord as well as average annual reductions of NO_X 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.

Bestla (previously Brasse) (operator, 39.2788%)

The Bestla development (PL740) is located in the northern North Sea, 13 kilometers south of the Brage field. Transactions amongst the partners have resulted in an ownership structure with substantial overlap with the Brage Unit. OKEA will continue as operator for both licenses. The licences alignment simplified the commercial discussions and enabled the partnership to focus on the best technical solutions for the project.

The development plan for Bestla consists of a two-well subsea tie-back to the Brage platform, which will function as host facility for production, processing, and export. Use of standard solutions, well-proven technology, and close cooperation with strategic partners will ensure an efficient and cost-effective development.

The final investment decision (DG3) was taken in the Bestla licence in March 2024. The plan for development and operation (PDO) will be submitted during April 2024 and the formal renaming to Bestla will be effective upon approval of the PDO. The field is expected to come on stream during the first half of 2027 and is anticipated to operate until 2031 with potential for extension. Plateau production is estimated at around 10 kboepd OKEA share (26 kboepd gross) and is expected within the first year of production.

Estimated gross capex for the project development is NOK 6.3 billion and the breakeven is around 40 USD/bbl.

Exploration licences

The licenses awarded by the Norwegian authorities in the APA 2023 licencing round in January 2024, has been established and license work commenced:

- PL 1223 Galtvort discovery, which will be considered developed towards the Draugen hub
- PL 1214 East of Statfjord East
- PL 1222 South of Njord and Draugen hubs

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

OKEA is working to prepare for APA24, which has an expected application deadline at the end of third quarter.

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

QHSSE and ESG

Key QHSSE indicators	Unit	Q1 2024	Q4 2023
Total recordable injury frequency (TRIF)	12 months rolling, per million hours worked	6.97	8.98
Serious incident frequency (SIF)	12 months rolling, per million hours worked	0.58	2.39
Serious acute spills to sea (A-B)	Count	0	0
Hydrocarbon leakages (> 0.1 kg/s)	Count	0	0
Equity share GHG emissions intensity	Kg CO_2e per boe produced	25.3	20.1

OKEA puts safety first, and preventing harm to people's health and the environment is a key priority. Work to ensure safe working conditions is a continuous focus.

Both the TRIF and SIF rates were reduced in the quarter and no serious incidents or recordable injuries were registered. There were no serious acute spills or hydrocarbon leakages from OKEA-operated assets during the quarter. The GHG emissions intensity increased from 20.1 to 25.3 kg CO2e per boe produced following inclusion of Statfjord area in key figures.

Guidance

Production guidance for 2024 of 35 - 40 kboepd for the current portfolio of assets remains unchanged. Major turnarounds scheduled include one week at Draugen in the first quarter, five weeks at Statfjord A in the second quarter, three weeks at Brage and three weeks at Ivar Aasen in the third quarter.

As capex guidance includes sanctioned projects only, guidance for 2024 increases to NOK 3.2 – 3.7 billion from NOK 2.8 – 3.3 billion following the investment decision for the Bestla development project in March. About one third of the capex relates to infill and production drilling at Brage and Statfjord area. In addition, the guided capex comprises Statfjord lifetime extension program, Statfjord Øst gaslift project, Draugen Power from Shore, and other investments. The capex guidance does not include capitalised interest, exploration spending or projects not yet sanctioned.

Two remaining cash tax instalments for 2023 are payable in the second quarter of 2024 amounting to NOK 715 million each.

Subsequent events

Contemplated new senior secured bond issue
OKEA is contemplating to issue a new 4-year senior secured bond with an initial issue amount of USD 125 million, subject to inter alia market conditions. The contemplated bond issue will strengthen liquidity ahead of planned investments on the recently sanctioned Bestla development. Please refer to the separate stock exchange notice for further information.

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.

The board of directors considers that the company is well positioned to continue to execute on the strategy and deliver value to shareholders going forward.

Financial statements with notes Q1 2024

Statement of comprehensive income

Amounts in NOK `000	Note	Q1 2024 (unaudited)	Q4 2023 (unaudited)	Q1 2023 (unaudited)	2023 (audited)
Revenues from crude oil and gas sales	6	3 420 662	2 037 425	2 929 405	8 738 903
Other operating income / loss (-)	6, 25	53 371	80 699	24 701	145 631
Total operating income		**3 474 033**	**2 118 124**	**2 954 106**	**8 884 534**
Production expenses	7	-839 482	-606 119	-517 868	-2 083 788
Changes in over/underlift positions and production inventory	7	-384 693	207 578	-793 349	-684 204
Exploration and evaluation expenses	8	-49 729	-21 861	-23 561	-203 398
Depreciation, depletion and amortisation	10	-777 646	-580 464	-327 174	-1 695 088
Impairment (-) / reversal of impairment	10, 11, 12	-158 163	-1 875 978	-94 417	-2 744 808
General and administrative expenses	13	-40 983	-36 507	-27 726	-157 066
Total operating expenses		**-2 250 697**	**-2 913 351**	**-1 784 095**	**-7 568 352**
Profit / loss (-) from operating activities		**1 223 336**	**-795 227**	**1 170 011**	**1 316 182**
Finance income	14	55 307	75 317	52 065	264 295
Finance costs	14	-122 503	-92 449	-71 646	-330 006
Net exchange rate gain/loss (-)	14	-76 341	-60 528	-29 818	-151 494
Net financial items		**-143 536**	**-77 660**	**-49 398**	**-217 205**
Profit / loss (-) before income tax		**1 079 800**	**-872 887**	**1 120 613**	**1 098 977**
Taxes (-) / tax income (+)	9	-1 129 235	-389 865	-894 483	-2 034 335
Net profit / loss (-)		**-49 435**	**-1 262 753**	**226 130**	**-935 358**
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	-	-1 389
Total other comprehensive income, net of tax		**-**	**-1 389**	**-**	**-1 389**
Total comprehensive income / loss (-)		**-49 435**	**-1 264 142**	**226 130**	**-936 747**
Weighted average no. of shares outstanding basic		103 910 350	103 910 350	103 910 350	103 910 350
Weighted average no. of shares outstanding diluted		103 910 350	103 910 350	103 910 350	103 910 350
Earnings per share (NOK per share) - Basic		-0.48	-12.15	2.18	-9.00
Earnings per share (NOK per share) - Diluted		-0.48	-12.15	2.18	-9.00

Statement of financial position

Amounts in NOK `000	Note	31.03.2024 (unaudited)	31.12.2023 (audited)	31.03.2023 (unaudited)
ASSETS				
Non-current assets				
Goodwill	11, 12	2 048 600	2 295 470	1 292 206
Exploration and evaluation assets	11	212 669	210 481	192 304
Oil and gas properties	10	7 130 042	7 198 586	6 496 242
Furniture, fixtures and office equipment	10	50 400	56 667	45 699
Right-of-use assets	10	191 340	199 652	224 588
Asset retirement reimbursement right	15	4 000 985	4 079 318	3 760 131
Total non-current assets		**13 634 035**	**14 040 173**	**12 011 171**
Current assets				
Trade and other receivables	17, 25	1 931 801	1 210 790	1 793 034
Spare parts, equipment and inventory	20	831 958	864 248	472 786
Asset retirement reimbursement right, current	15	71 437	83 229	-
Cash and cash equivalents	18	2 130 187	2 301 181	1 633 594
Total current assets		**4 965 383**	**4 459 448**	**3 899 415**
TOTAL ASSETS		**18 599 419**	**18 499 621**	**15 910 586**
EQUITY AND LIABILITIES				
Equity				
Share capital	16	10 391	10 391	10 391
Share premium		1 419 486	1 419 486	1 523 397
Other paid in capital		19 140	19 140	19 140
Retained earnings/loss (-)		-772 811	-723 376	647 322
Total equity		**676 207**	**725 642**	**2 200 250**
Non-current liabilities				
Asset retirement obligations	19	9 168 991	9 431 431	5 958 198
Pension liabilities		63 979	60 570	46 192
Lease liability	24	170 172	178 537	204 078
Deferred tax liabilities	9	1 013 264	888 183	2 594 237
Other provisions	26, 27	197 773	102 115	51 864
Interest bearing bond loans	22	1 326 514	1 245 860	1 255 250
Other interest bearing liabilities	23	439 886	427 128	478 502
Total non-current liabilities		**12 380 578**	**12 333 823**	**10 588 321**
Current liabilities				
Trade and other payables	21, 25	2 935 283	2 997 001	1 547 509
Other interest bearing liabilities, current	23	53 677	49 995	49 482
Income tax payable	9	2 358 399	2 141 182	1 429 114
Lease liability, current	24	50 190	50 190	49 643
Asset retirement obligations, current	19	89 297	104 036	-
Public dues payable		55 789	97 753	46 267
Total current liabilities		**5 542 633**	**5 440 156**	**3 122 015**
Total liabilities		**17 923 212**	**17 773 980**	**13 710 336**
TOTAL EQUITY AND LIABILITIES		**18 599 419**	**18 499 621**	**15 910 586**

Statement of changes in equity

Amounts in NOK `000	Share capital	Share premium	Other paid in capital	Unregistered share capital	Retained earnings/loss (-)	Total equity
Equity at 1 January 2023	10 391	1 627 307	19 140	-	421 191	2 078 030
Total comprehensive income/loss (-) for the period	-	-	-	-	226 130	226 130
Dividend paid	-	-103 910	-	-	-	-103 910
Equity at 31 March 2023	**10 391**	**1 523 397**	**19 140**	**-**	**647 322**	**2 200 250**
Equity at 1 April 2023	10 391	1 523 397	19 140	-	647 322	2 200 250
Total comprehensive income/loss (-) for the period	-	-	-	-	-1 162 877	-1 162 877
Dividend paid	-	-103 910	-	-	-207 821	-311 731
Equity at 31 December 2023	**10 391**	**1 419 486**	**19 140**	**-**	**-723 376**	**725 642**
Equity at 1 January 2024	10 391	1 419 486	19 140	-	-723 376	725 642
Total comprehensive income/loss (-) for the period	-	-	-	-	-49 435	-49 435
Equity at 31 March 2024	**10 391**	**1 419 486**	**19 140**	**-**	**-772 811**	**676 207**

Statement of cash flows

Amounts in NOK `000	Note	Q1 2024 (unaudited)	Q4 2023 (unaudited)	Q1 2023 (unaudited)	2023 (audited)
Cash flow from operating activities					
Profit / loss (-) before income tax		1 079 800	-872 888	1 120 613	1 098 977
Income tax paid/received	9	-709 001	-477 156	-166 496	-1 252 743
Depreciation, depletion and amortization	10	777 646	580 464	327 174	1 695 088
Impairment / reversal of impairment	10, 11, 12	158 163	1 875 978	94 417	2 744 808
Expensed exploration expenditures temporary capitalised	8, 11	64	-6	4 512	4 703
Accretion asset retirement obligations/reimbursement right - net	14, 15, 19	31 389	8 938	3 191	21 905
Asset retirement costs from billing (net after reimbursement)	15, 19	-4 734	-1 691	-106	-25 455
Interest expense	14	32 635	33 135	21 200	86 161
Change in fair value contingent consideration	6, 27	9 079	-25 621	15 631	10 934
Change in trade and other receivables, and inventory		-689 151	-45 238	536 603	467 963
Change in trade and other payables		547 065	525 865	-722 026	71 084
Unrealised foreign exchange and non-cash changes in other non-current items		59 866	118 530	83 412	264 662
Net cash flow from / used in (-) operating activities		**1 292 824**	**1 720 310**	**1 318 126**	**5 188 087**
Cash flow from investment activities					
Investment in exploration and evaluation assets	11	-2 252	-3 603	-12 499	-31 939
Business combinations, cash paid	26, 27, 17	-626 799	-920 507	-274 869	-1 217 107
Investment in oil and gas properties	10, 14	-799 975	-517 369	-389 618	-1 918 704
Investment in furniture, fixtures and office machines	10	-245	-8 636	-9 459	-37 826
Net cash flow from / used in (-) investment activities		**-1 429 270**	**-1 450 115**	**-686 446**	**-3 205 575**
Cash flow from financing activities					
Net proceeds from issue of bond loans	22	-0	-	-	1 308 025
Repayment/buy-back of bond loans	22	-	-	-	-1 328 211
Repayment of other interest bearing liabilities	23	-12 202	-13 141	-11 165	-48 793
Interest paid		-71 531	-10 665	-11 276	-131 435
Repayments of lease debt	24	-8 365	-8 331	-8 331	-33 325
Dividend payments	16	-	-103 910	-103 910	-415 641
Net cash flow from / used in (-) financing activities		**-92 098**	**-136 047**	**-134 682**	**-649 381**
Net increase/ decrease (-) in cash and cash equivalents		**-228 545**	**134 147**	**496 998**	**1 333 131**
Cash and cash equivalents at the beginning of the period		2 301 181	2 345 637	1 104 026	1 104 026
Effect of exchange rate fluctuation on cash held		57 551	-178 604	32 570	-135 976
Cash and cash equivalents at the end of the period		**2 130 187**	**2 301 181**	**1 633 594**	**2 301 181**

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 first quarter of 2024.
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 2023. The financial statements for 2023 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 24 April 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 2023. New standards, amendments and interpretations to existing standards effective from 1 January 2024 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 2023.

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	Q1 2024	Q4 2023	Q1 2023	2023
Sale of liquids	2 868 856	1 454 019	2 305 721	6 672 215
Sale of gas	551 806	583 406	623 684	2 066 688
Total petroleum revenues	**3 420 662**	**2 037 425**	**2 929 405**	**8 738 903**
Sale of liquids (boe*)	3 295 885	1 624 346	2 892 527	7 920 985
Sale of gas (boe*)	943 191	734 062	522 167	2 380 613
Total sale of petroleum in boe*	**4 239 075**	**2 358 407**	**3 414 693**	**10 301 598**

*Barrels of oil equivalents

Other operating income

Amounts in NOK `000	Q1 2024	Q4 2023	Q1 2023	2023
Gain / loss (-) from put/call options, oil	-15 525	8 600	212	-11 476
Gain / loss (-) from forward contracts, gas	-	-	5 523	5 648
Gain / loss (-) from forward contracts, CO2 quotas	-1 114	3 312	-	2 386
Change in fair value contingent consideration (see note 27)	-9 079	25 621	-15 631	-10 934
Tariff income Gjøa and NOx refund Brage	78 084	32 659	32 061	130 656
Sale of licenses	-	7 566	-	7 566
Joint utilisation of logistics resources	1 005	2 941	2 537	21 783
Total other operating income/loss (-)	**53 371**	**80 699**	**24 701**	**145 631**

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

Production expenses

Amounts in NOK `000	Q1 2024	Q4 2023	Q1 2023	2023
From licence billings - producing assets	707 701	538 403	436 467	1 780 685
Other production expenses (insurance, transport)	113 863	60 981	74 041	272 067
G&A expenses allocated to production expenses	17 918	6 735	7 361	31 036
Total production expenses	**839 482**	**606 119**	**517 868**	**2 083 788**

Changes in over/underlift positions and production inventory

Amounts in NOK `000	Q1 2024	Q4 2023	Q1 2023	2023
Changes in over/underlift positions	-332 562	192 210	-474 992	-483 505
Changes in production inventory	-52 131	15 367	-318 357	-200 699
Total changes income/loss (-)	**-384 693**	**207 578**	**-793 349**	**-684 204**

Note 8 Exploration and evaluation expenses

Amounts in NOK `000	Q1 2024	Q4 2023	Q1 2023	2023
Share of exploration and evaluation expenses from participation in licences excluding dry well impairment, from billing	21 928	11 063	19 582	91 183
Share of exploration expenses from participation in licences, dry well write off, from billing	64	-6	4 512	4 703
Seismic and other exploration and evaluation expenses, outside billing	25 685	8 642	-1 449	102 441
G&A expenses allocated to exploration expenses	2 051	2 163	916	5 070
Total exploration and evaluation expenses	**49 729**	**21 861**	**23 561**	**203 398**

Note 9 Taxes

Income taxes recognised in the income statement

Amounts in NOK `000	Q1 2024	Q4 2023	Q1 2023	2023
Change in deferred taxes current year	-125 081	360 834	240 852	780 489
Taxes payable current year	-1 004 154	-750 700	-1 135 334	-2 853 024
Tax payable adjustment previous year	-	-	-	38 201
Total taxes (-) / tax income (+) recognised in the income statement	**-1 129 235**	**-389 865**	**-894 483**	**-2 034 335**

Reconciliation of income taxes

Amounts in NOK `000	Q1 2024	Q4 2023	Q1 2023	2023
Profit / loss (-) before income taxes	**1 079 800**	**-872 887**	**1 120 613**	**1 098 977**
Expected income tax at tax rate 78.004%	-842 287	680 887	-874 123	-857 246
Permanent differences, including impairment of goodwill	-227 813	-1 054 260	-22 632	-1 155 423
Effect of uplift	16 702	26 937	22 704	83 158
Financial and onshore items	-75 593	-43 430	-20 431	-150 077
Change valuation allowance	-244	-	-	-
Adjustments previous year and other	-	-	-	45 253
Total income taxes recognised in the income statement	**-1 129 235**	**-389 865**	**-894 483**	**-2 034 335**
Effective income tax rate	**105 %**	**-45 %**	**80 %**	**185 %**

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

Amounts in NOK `000	31.03.2024	31.12.2023	31.03.2023
Tangible and intangible non-current assets	-4 918 295	-4 907 112	-4 406 969
Provisions (net ARO), lease liability, pensions and gain/loss account	4 379 594	4 524 553	2 061 117
Interest bearing loans	-5 890	-6 434	-1 397
Current items (spareparts and inventory)	-468 673	-499 191	-246 989
Tax losses carried forward, onshore 22%	5 130	4 887	4 887
Valuation allowance (uncapitalised deferred tax asset)	-5 130	-4 887	-4 887
Total deferred tax assets / liabilities (-) recognised	**-1 013 264**	**-888 183**	**-2 594 237**

Specifiaction of tax payable

Amounts in NOK `000	Total
Tax payable at 1 January 2024	2 141 182
Tax paid	-709 001
Tax payable current year recognised in the income statement	1 004 154
Tax payable recognised in business combination (see note 26)	-77 936
Tax payable at 31 March 2024	**2 358 399**

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 2024	13 950 512	88 011	358 702	14 397 226
Additions	808 374	245	-	808 618
Additions through business combination (see note 26)	-	-	-	-
Reclassification from inventory	28	-	-	28
Removal and decommissioning asset	-213 711	-	-	-213 711
Disposals	-	-	-	-
Cost at 31 March 2024	**14 545 203**	**88 256**	**358 702**	**14 992 161**
Accumulated depreciation and impairment at 1 January 2024	-6 751 926	-31 345	-159 050	-6 942 321
Depreciation	-765 324	-6 511	-5 811	-777 646
Impairment (-) / reversal of impairment	102 089	-	-	102 089
Disposals	-	-	-	-
Additional depreciation of IFRS 16 Right-of-use assets presented net in the income statement related to leasing contracts entered into as licence operator	-	-	-2 501	-2 501
Accumulated depreciation and impairment at 31 March 2024	**-7 415 161**	**-37 856**	**-167 362**	**-7 620 380**
Carrying amount at 31 March 2024	**7 130 042**	**50 400**	**191 340**	**7 371 782**

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 2024	210 481	2 641 070	1 779 090	4 420 161
Additions	2 252	-	-	-
Additions through business combination (see note 26)	-	-	13 382	13 382
Expensed exploration expenditures temporarily capitalised	-64	-	-	-
Cost at 31 March 2024	**212 669**	**2 641 070**	**1 792 472**	**4 433 543**
Accumulated impairment at 1 January 2024	-	-508 818	-1 615 873	-2 124 691
Impairment	-	-246 870	-13 382	-260 252
Accumulated impairment at 31 March 2024	**-**	**-755 687**	**-1 629 255**	**-2 384 942**
Carrying amount at 31 March 2024	**212 669**	**1 885 383**	**163 217**	**2 048 600**

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 technical 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 March 2024:

Year	Oil USD/BOE*	Gas GBP/therm*	Currency rates USD/NOK
2024	84.8	0.71	10.7
2025	76.3	0.77	10.7
2026	72.7	0.72	10.4
2027	76.0	0.71	9.5
From 2028	76.1	0.71	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 Q4 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 1,715 per tonne in 2023 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 2023 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 111 million in reversal of impairment of the Yme asset was recognised in the first quarter. The reversal of impairment was mainly driven by increased forward prices for oil. In addition to this, an impairment of technical goodwill of NOK 234 million was recognised on the Statfjord asset mainly driven by negative development in production performance in 2024 and effect of removing one quarter of cash flow exposing more technical goodwill for impairment. In addition to this, a revised PPA was booked in the quarter with an increased ordinary goodwill of NOK 13 million which has been impaired in the quarter.

Sensitivity analysis
The table below shows what the impairment pre-tax would have been in the first 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 (-) Q1 2024 (NOK '000)		Increase / decrease (-) of pre-tax impairment Q1 2024 (NOK '000)	
Assumptions	**Change**	**Increase in assumption**	**Decrease in assumption**	**Increase in assumption**	**Decrease in assumption**
Oil and gas price	+/- 10%	-337 513	801 317	-495 676	643 154
Currency rate USD/NOK	+/- 1.0 NOK	-326 154	766 549	-484 317	608 386
Discount rate	+/- 1% point	167 961	121 010	9 798	-37 153
Environmental cost (CO_2 and NOx)	+/- 20%	168 271	121 292	10 107	-36 872

Note 13 General and administrative expenses

Amounts in NOK `000	Q1 2024	Q4 2023	Q1 2023	2023
Salary and other employee benefits expenses	273 283	295 157	230 156	1 018 511
Consultants and other operating expenses	162 721	151 416	142 657	579 711
Allocated to operated licences	-375 051	-401 168	-336 811	-1 405 049
Allocated to exploration and production expenses	-19 969	-8 898	-8 276	-36 107
Total general and administrative expenses	**40 983**	**36 507**	**27 726**	**157 066**

Note 14 Financial items

Amounts in NOK `000	Q1 2024	Q4 2023	Q1 2023	2023
Interest income	7 254	30 110	10 122	91 380
Unwinding of discount asset retirement reimbursement right (indemnification asset)	48 053	45 208	41 943	172 915
Finance income	**55 307**	**75 317**	**52 065**	**264 295**
Interest expense and fees from loans and borrowings	-41 034	-38 624	-36 396	-163 617
Capitalised borrowing cost, development projects	8 399	5 545	15 196	77 513
Interest expense shareholder loan	-	-57	-	-57
Other interest expense	-5 988	-162	-45	-283
Unwinding of discount asset retirement obligations	-79 442	-54 146	-45 134	-194 820
Loss on buy-back/early redemption bond loan	-	-	-	-28 315
Other financial expense	-4 438	-5 006	-5 268	-20 428
Finance costs	**-122 503**	**-92 449**	**-71 646**	**-330 006**
Exchange rate gain/loss (-), interest-bearing loans and borrowings	-107 229	76 929	-106 329	-54 555
Net exchange rate gain/loss (-), other	30 889	-137 457	76 511	-96 939
Net exchange rate gain/loss (-)	**-76 341**	**-60 528**	**-29 818**	**-151 494**
Net financial items	**-143 536**	**-77 660**	**-49 398**	**-217 205**

Note 15 Asset retirement reimbursement right

Amounts in NOK `000	
Asset retirement reimbursement right at 1 January 2024 (indemnification asset)	4 162 547
Additions through business combination (see note 26)	-
Changes in estimates	53 333
Effect of change in the discount rate	-172 655
Asset retirement costs from billing, reimbursement from Shell and Wintershall Dea	-18 855
Unwinding of discount	48 053
Asset retirement reimbursement right at 31 March 2024 (indemnification asset)	**4 072 422**
Of this:	
Asset retirement reimbursement right, non-current	4 000 985
Asset retirement reimbursement right, current	71 437
Asset retirement reimbursement right at 31 March 2024 (indemnification asset)	**4 072 422**

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.

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 4.8% (year end 2023: 4.4%).

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 5.5% (year end 2023: 5.2%).

Receivable from the seller Equinor from OKEA's acquisition of the Statfjord asset in 2023:
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 4.7% (year end 2023: 4.2%).

Note 16 Share capital

Number of shares	Ordinary shares
Outstanding shares at 1 January 2024	103 910 350
New shares issued during 2024	-
Number of outstanding shares at 31 March 2024	**103 910 350**
Nominal value NOK per share at 31 March 2024	0.1
Share capital NOK at 31 March 2024	10 391 035

Note 17 Trade and other receivables

Amounts in NOK `000	31.03.2024	31.12.2023	31.03.2023
Accounts receivable and receivables from operated licences*	239 713	265 711	666 723
Accrued revenue	876 384	340 848	335 981
Prepayments	201 682	100 901	342 721
Working capital and overcall, joint operations/licences	454 927	306 891	268 722
Underlift of petroleum products	126 697	141 269	163 041
VAT receivable	21 119	16 582	15 342
Accrued interest income	6 651	-	-
Other receivables	3 354	3 354	-
Fair value put/call options, oil	-	3 748	505
Fair value forward contracts, foreign exchange	-	29 101	-
Fair value forward contracts, CO2 quotas	1 272	2 386	-
Total trade and other receivables	**1 931 801**	**1 210 790**	**1 793 034**

* There is no provision for bad debt on receivables.

Note 18 Cash and cash equivalents

Cash and cash equivalents:

Amounts in NOK `000	31.03.2024	31.12.2023	31.03.2023
Bank deposits, unrestricted	2 035 023	2 191 256	1 547 485
Bank deposit, restricted, employee taxes	23 255	40 691	18 468
Bank deposit, restricted, deposit office leases	17 011	14 930	14 824
Bank deposit, restricted, other	54 898	54 304	52 817
Total cash and cash equivalents	**2 130 187**	**2 301 181**	**1 633 594**

Note 19 Asset retirement obligations

Amounts in NOK `000	
Provision at 1 January 2024	9 535 467
Additions	-
Additions through business combination (see note 26)	-
Changes in estimates	54 722
Effects of change in the discount rate	-387 755
Asset retirement costs from billing	-23 589
Unwinding of discount	79 442
Asset retirement obligations at 31 March 2024	**9 258 287**
Of this:	
Asset retirement obligations, non-current	9 168 991
Asset retirement obligations, current	89 297
Asset retirement obligations at 31 March 2024	**9 258 287**

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 3.7% (year end 2023: 3.3%). 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	31.03.2024	31.12.2023	31.03.2023
Inventory of petroleum products	352 363	404 495	193 152
Spare parts and equipment	479 595	459 753	279 634
Total spare parts, equipment and inventory	**831 958**	**864 248**	**472 786**

Note 21 Trade and other payables

Amounts in NOK `000	31.03.2024	31.12.2023	31.03.2023
Trade creditors	323 372	197 028	48 428
Accrued holiday pay and other employee benefits	118 053	213 911	110 086
Working capital, joint operations/licences	1 439 793	1 310 913	779 796
Overlift of petroleum products	439 515	121 526	97 050
Accrued interest bond loans	5 476	34 164	33 003
Other provisions, current (see note 27)	67 291	128 167	32 685
Prepayments from customers	123 973	275 620	277 748
Fair value put/call options, oil	5 726	-	-
Fair value forward contracts, foreign exchange	-	-	9 245
Loan from shareholder OKEA Holdings Ltd	1 485	1 485	1 428
Accrued consideration from acquisitions of interests in licences	-	544 809	-
Other accrued expenses	410 599	169 378	158 040
Total trade and other payables	**2 935 283**	**2 997 001**	**1 547 509**

Note 22 Interest bearing bond loans

Amounts in NOK `000	Bond loan OKEA04	Total
Interest bearing bond loans at 1 January 2024	1 245 860	1 245 860
Amortisation of transaction costs	2 067	2 067
Foreign exchange movement	78 588	78 588
Interest bearing bond loans at 31 March 2024	**1 326 514**	**1 326 514**
Of this:		
Interest bearing bond loans, non-current	1 326 514	1 326 514
Interest bearing bond loans, current	-	-
Interest bearing bond loans at 31 March 2024	**1 326 514**	**1 326 514**

Amounts in NOK `000	Bond loan OKEA04	Total
Interest bearing bond loans at 1 January 2024	1 245 860	1 245 860
Cash flows:		
Gross proceeds from borrowings	-	-
Total cash flows:	-	-
Non-cash changes:		
Amortisation of transaction costs	2 067	2 067
Foreign exchange movement	78 588	78 588
Interest bearing bond loans at 31 March 2024	**1 326 514**	**1 326 514**

In September 2023 the company completed a refinancing of the OKEA03 bond loan maturing in December 2024. The company 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 2024 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 March 2024 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 2024	477 123	477 123
Repayments	-12 202	-12 202
Foreign exchange movement	28 642	28 642
Other interest bearing liabilities at 31 March 2024	**493 562**	**493 562**
Of this:		
Other interest bearing liabilities, non-current	439 886	439 886
Other interest bearing liabilities, current	53 677	53 677
Other interest bearing liabilities at 31 March 2024	**493 562**	**493 562**

Amounts in NOK `000	**Liability Yme rig**	**Total**
Other interest bearing liabilities at 1 January 2024	477 123	477 123
Cash flows:		
Gross proceeds from borrowings	-	-
Repayment of borrowings	-12 202	-12 202
Total cash flows:	-12 202	-12 202
Non-cash changes:		
Foreign exchange movement	28 642	28 642
Other interest bearing liabilities at 31 March 2024	**493 562**	**493 562**

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 2024	228 727
Additions lease contracts	-
Accretion lease liability	4 278
Payments of lease debt and interest	-12 643
Total lease debt at 31 March 2024	**220 362**

Break down of lease liability	
Short-term (within 1 year)	50 190
Long-term	170 172
Total lease liability	**220 362**

Undiscounted lease liabilities and maturity of cash outflows:

Amounts in NOK `000	**31.03.2024**
Within 1 year	50 572
1 to 5 years	146 710
After 5 years	131 567
Total	**328 849**

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	**31.03.2024**	**31.12.2023**	**31.03.2023**
Premium commodity contracts	4 179	1 101	631
Accumulated unrealised gain/loss (-) commodity contracts included in other operating income / loss(-)	-9 904	2 647	-126
Short-term derivatives included in assets/liabilities (-)	-5 726	3 748	505

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.

In addition OKEA has entered into non-financial contracts with physical delivery of gas in 2024 at fixed price. At 31 March 2024 the outstanding contracts are 26 535 000 therms of gas with delivery in Q2 2024 - Q3 2024 at fixed prices in the range of 119.5 - 130.5 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), completed in Q4 2023
On 29 December 2023 OKEA completed the acquisition of a 28% working interest in PL037 (Statfjord Area) from Equinor Energy AS, comprising a 23.9% 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 purchase price allocation (PPA) presented below is based on a updated completion statement from Q1 2024 and a revised valuation of the contingent consideration compared to the PPA presented in Q4 2023. 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 2023	Changes Q1 2024	Updated PPA
Assets			
Oil and gas properties	1 619 488		1 619 488
Deferred tax assets (reduced deferred tax liabilities)	1 161 492		1 161 492
Receivables on seller	908 214		908 214
Total assets	3 689 195	-	3 689 195
Liabilities			
Net working capital	65 277		65 277
Asset retirement obligations	3 969 801		3 969 801
Income tax payable	119 898	-77 936	41 962
Total liabilities	4 154 976	-77 936	4 077 040
Total identifiable net assets at fair value	-465 781	77 936	-387 845
Contingent consideration	173 467	25 702	199 169
Total cash consideration	1 726 691	65 616	1 792 307
Goodwill	2 365 939	13 382	2 379 321
Goodwill consist of:			
Ordinary goodwill	1 362 675	13 382	1 376 057
Technical goodwill	1 003 264		1 003 264
Total goodwill	2 365 939	13 382	2 379 321

Note 27 Other provisions

Amounts in NOK `000	
Provision at 1 January 2024	230 282
Additions through business combination (see note 26)	25 702
Settlements/payments to Wintershall Dea and Equinor	-
Changes in fair value	9 079
Other provisions at 31 March 2024	**265 064**
Of this:	
Other provisions, non-current	197 773
Other provisions, current (classified within trade and other payables)	67 291
Other provisions at 31 March 2024	**265 064**

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.

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.

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

Additional contingent consideration from OKEA's acquisition of the Statfjord asset in 2023:
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 1,382 million at 31 March 2024. The OKEA04 bond loan is listed on the Oslo Stock Exchange and the fair value is based on the latest quoted market price (level 2 in the fair value hierarchy according to IFRS 13) as per balance sheet date.

Fair values of put/call options oil and forward contracts 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 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

Contemplated new senior secured bond issue
OKEA is contemplating to issue a new 4-year senior secured bond with an initial issue amount of USD 125 million, subject to inter alia market conditions. In addition, the RCF will be increased from USD 25 million to USD 37.5 million. The contemplated bond issue will strengthen liquidity ahead of planned investments on the recently sanctioned Bestla development. Please refer to the separate stock exchange notice for further information.

Alternative performance measures

Reconciliations

EBITDA Amounts in NOK `000	**Q1 2024** **3 months**	**Q4 2023** **3 months**	**Q1 2023** **3 months**	**2023** **12 months**
Profit / loss (-) from operating activities	1 223 336	-795 227	1 170 011	1 316 182
Add: depreciation, depletion and amortisation	777 646	580 464	327 174	1 695 088
Add: impairment	158 163	1 875 978	94 417	2 744 808
EBITDA	**2 159 146**	**1 661 214**	**1 591 602**	**5 756 078**

EBITDAX Amounts in NOK `000	**Q1 2024** **3 months**	**Q4 2023** **3 months**	**Q1 2023** **3 months**	**2023** **12 months**
Profit / loss (-) from operating activities	1 223 336	-795 227	1 170 011	1 316 182
Add: depreciation, depletion and amortisation	777 646	580 464	327 174	1 695 088
Add: impairment / reversal of impairment	158 163	1 875 978	94 417	2 744 808
Add: exploration and evaluation expenses	49 729	21 861	23 561	203 398
EBITDAX	**2 208 875**	**1 683 076**	**1 615 163**	**5 959 476**

Production expense per boe Amounts in NOK `000	**Q1 2024** **3 months**	**Q4 2023** **3 months**	**Q1 2023** **3 months**	**2023** **12 months**
Productions expense	839 482	606 119	517 868	2 083 788
Less: processing tariff income	-78 084	-32 659	-32 061	-130 656
Less: joint utilisation of resources	-1 005	-2 941	-2 537	-21 783
Divided by: produced volumes (boe)	3 831 711	2 767 518	1 998 902	8 973 727
Production expense NOK per boe	**198.4**	**206.1**	**241.8**	**215.2**

Net interest-bearing debt Amounts in NOK `000	**31.03.2024**	**31.12.2023**	**31.03.2023**
Interest bearing bond loans	1 326 514	1 245 860	1 255 250
Other interest bearing liabilities	439 886	427 128	478 502
Other interest bearing liabilities, current	53 677	49 995	49 482
Less: Cash and cash equivalents	-2 130 187	-2 301 181	-1 633 594
Net interest-bearing debt	**-310 110**	**-578 199**	**149 640**

Net interest-bearing debt excl. other interest bearing liabilities Amounts in NOK `000	**31.03.2024**	**31.12.2023**	**31.03.2023**
Interest bearing bond loans	1 326 514	1 245 860	1 255 250
Less: Cash and cash equivalents	-2 130 187	-2 301 181	-1 633 594
Net interest-bearing debt excl. other interest bearing liabilities	**-803 673**	**-1 055 321**	**-378 345**

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.

Disclaimer

Forward-looking statements in this report reflect current views about future events and are, by their nature, subject to significant risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future and may not be within our control. All figures are presented in NOK unless otherwise stated, and figures in brackets apply to the previous quarter restated.

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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