Annual report OKEA ASA

2023

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Letter from the CEO

2023 was an eventful year for OKEA. Solid performance delivered by our operated assets, Draugen and Brage, were key contributors towards a record high EBITDA of NOK 5.8 billion for the year and a cash generation from operations equivalent to NOK 50 per share. Following thorough assessments, closing of the Statfjord transaction were completed in December. The reduction in volume estimates from RNB 2023 to RNB 2024 of 10-15% from the Statfjord area, a majority of which in the near term, was the main driver for the significant goodwill impairment in the fourth quarter. Despite the adverse volume update just before closing, we still believe in the potential at Statfjord. I have confidence that, as a licence partner, our team will be able to contribute to realise further value from the area. Unlocking the potential of Statfjord, in close collaboration with operator, will be a key priority in 2024.

The Draugen asset has continued to perform well in 2023 under OKEA's operatorship. This is a result of an efficient organisation that knows the asset well combined with assigning responsibilities at the right level in the organisation. The Hasselmus gas tie-back project commenced production on 1 October, three months ahead of schedule and within budgeted cost. Hasselmus was OKEA's first field development project as operator and demonstrates the organisation's ability to also deliver on organic growth. In December, the Ministry of Energy approved the plan for development and operation and the plan for construction and operation to electrify the Draugen and Njord assets. Electrification of Draugen is an important enabler in extending the field lifetime beyond 2040 and will result in a reduction of CO2 emissions from the Draugen field alone of 200,000 tonnes per year.

OKEA took over operatorship of the Brage asset in November 2022 with a focus on revitalising the asset through drilling of development and infill wells, reducing production expense per boe, and increasing production efficiency. In 2023, the first full year as operator, OKEA delivered a production efficiency of 93% and a production increase from Q4 2022 to Q4 2023 of 350% which represents an increase of 6,000 boepd net to OKEA.

Safeguarding the well-being of all personnel and the safety of OKEA's assets will always be a key priority for the organisation. Our objective is to ensure that all our activities are carried out with zero harm to people and environment. The adverse trend noted on safety performance in 2023 is taken very seriously, and we are committed to continuously improving HSE performance.

The record high EBITDA in 2023 resulted in strong cash flows from operations which were partly used for acquisition of assets, organic investments, and dividends to our shareholders.

In the fall of 2021, OKEA announced a revised strategy with an ambition to be the leading mid- to late-life operator on the Norwegian continental shelf. Within two years, two significant transactions have been completed that will increase production to 35,000 - 40,000 boepd in 2024, which is more than a doubling from the time of launching the strategy. I consider the company well positioned to continue to execute on our growth strategy and deliver value to our shareholders going forward.

I want to thank our employees, shareholders, bondholders and banks, suppliers, partners and board of directors for all their efforts and for believing in and supporting our strategy and ambitions.

Signed

Board of directors' report

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The board of directors

Chaiwat Kovavisarach – chairman of the board

Non-executive

Chaiwat Kovavisarach (born 1966) has been the president and group CEO of Bangchak Corporation Public Company Limited since 2015. He also serves on the board of several listed and non-listed companies and is chairman of the Thai-Europe Business Council, vice chairman of the Federation of Thai industries, executive chairman of the Board of Trustees of the Asian Institute of Technology, director of the Government Pension Fund, director of Bank of Thailand’s Credit Information Protection Committee and board of trustee of KMITL. He holds a Master of Engineering from the Asian Institute of Technology (AIT), an MBA from Thammasat University and a Bachelor of Engineering from King Mongkut's Institute of Technology Ladkrabang (KMITL).

Rune Olav Pedersen – board member

Independent, non-executive
Chair of the audit committee

Rune Olav Pedersen (born 1970) has been president and CEO of PGS ASA (“PGS”) since 2017. Prior to 2017, Mr Pedersen held the position of executive vice president and general counsel at PGS. Prior to joining PGS, he was partner in the oil and gas department of the law firm Arntzen de Besche. Mr Pedersen has a law degree from the University of Oslo, a post-graduate diploma in European competition law from Kings College London, and an Executive MBA from London Business School.

Finn Haugan – board member

Independent, non-executive
Chair of people and organisation committee and member of audit committee

Finn Haugan (born 1953) was the CEO of SpareBank 1 SMN from 1991 to 2019. He was deputy CEO of Fokus Bank (Danske Bank) from 1989 to 1991. Mr Haugan currently holds various director roles including for listed companies Norbit ASA and SpareBank 1 Sørøst-Norge as well as for Sinkaberg Hansen AS, Elekt AS, Folkeinvest AS, Borg Forvaltning AS and Solon Eiendom AS. Mr Haugan holds a master’s degree in business administration (MBA).

Nicola Gordon – board member

Independent, non-executive
Chair of the sustainability and technical risk committee

Nicola Gordon (born 1957) has many years of experience from the energy industry. Her 35+ years of experience from the Royal Dutch Shell Group includes vice president for Shell International, asset manager and board director at A/S Norske Shell and managing director at Shell Denmark. Ms Gordon currently holds several board positions, among others as chair of the audit & risk committee at the Scottish Environment Protection Agency and trustee at the Scottish Ensemble and the Royal High School Preservation Trust. She is a Chartered Engineer and Fellow of the Energy Institute and holds an MSc in Petroleum Engineering from Heriot-Watt University and a BSc in Chemical Engineering from University of Newcastle upon Tyne.

Mike Fischer – board member

Non-executive
Vice chair, member of the people and organisation committee and member of sustainability and technical risk committee

Mike Fischer (born 1958) has nearly 40 years' experience from various roles within the oil and gas industry. Dr Fischer has previously held senior management positions at Ophir Energy, OMV, Woodside Energy and BP and is currently an executive advisor to the Natural Resources business unit of Bangchak Corporation Public Company Limited. He holds a PhD from the University of Wales and a BSc from the University of Leeds.

Jon Arnt Jacobsen – board member

Independent, non-executive
Member of the audit committee and *member of the people and organisation committee*

Jon Arnt Jacobsen (born 1957) has extensive experience from the energy industry. He has 24 years of executive management experience from Equinor ASA within corporate finance, refining marketing and trading, procurement as well as internal audit and corporate security. He also has 12 years experience from various management positions from DnB ASA within corporate banking both for the oil & gas industry and Norwegian corporates. Mr Jacobsen was also General manager for DnB´s Singapore branch from 1995 to 1998, and has previous experience as board member in Mesta AS, Storebrand ASA and Statoil Fuel & Retail ASA. He has a Business degrees from Agder Regional College (DH kandidat), Norwegian Business School (Bedriftsøkonomisk Inst., Dip.Øk.) and University of Wisconsin (MBA).

Phatpuree Chinkulkitnivat – board member

Non-executive
Member of the audit committee

Phatpuree Chinkulkitnivat (born 1974) is currently Group CFO at Bangchak Corporation Public Company Limited, a leading energy company in Thailand. She had more than 20 years' experience from the banking industry prior to joining Bangchak and held the position of CFO at BCPG Public Company Limited, a flagship in the power generation business of Bangchak Group. Phatpuree holds a Master of Business Administration (High Distinction) from the University of Michigan, USA, and a Bachelor of Economics (First Class Honors) from Chulalongkorn University.

Elizabeth (Liz) Williamson – board member

Independent, Non-executive
Member of the sustainability and technical risk committee

Liz Williamson (born 1984) is the Head of Energy for Rand Merchant Bank and is responsible for M&A transactions in the renewable and oil & gas space across Africa. She has led the growth of the bank's international energy strategy since 2018 and is based in London. Originally from Texas, Ms Williamson started her career in private equity, focused on US upstream transactions. Thereafter she joined GMP Securities and Canaccord where she advised international E&P companies on capital markets and M&A. Ms Williamson holds an Honours degree from Davidson (North Carolina, USA) and a Masters in Energy Finance from the City University London, Bayes Business School.

Sverre Nes – board member

Employee elected
Member of the sustainability and technical risk committee

Sverre Nes (born 1971) was employed in Hydro from 1991 to 2012. He is trained as process technician and worked in various departments including a stationing in Qatar as supervisor in 2009-2010. Mr Nes joined Wintershall DEA in 2013 and currently works offshore at the Brage platform as discipline responsible for process.

Ragnhild Aas – board member

Employee elected
Member of the audit committee

Ragnhild Aas (born 1973) holds the position of VP technology & development in OKEA. She has worked in OKEA since 2016 and previously held the position as VP operations. Prior to joining OKEA she worked in Altera Infrastructure for 16 years where her last position was FPSO Operations Manager. Ms Aas holds an MSc in Process Engineering from Norwegian University of Science and Technology (NTNU).

Per Magne Bjellvåg – board member

Employee elected
Member of the people and organisation committee

Per Magne Bjellvåg (born 1969) has nearly 30 years of experience in the oil and gas industry from various positions within operations and maintenance of onshore and offshore process plants as well as underwater installations. He currently holds the position of lead process engineer in OKEA and has worked for OKEA since 2018. He has previous experience from Norske Shell and FieldTalk Solutions. Mr Bjellvåg holds a BSc in Process Engineering from Høgskolen Stord Haugesund.

Board of directors' report 2023

(Amounts in parentheses refer to previous year)

Description of the company

OKEA is a leading mid- to late-life operator on the Norwegian continental shelf (NCS). The company has a strong asset portfolio including the Draugen and Brage fields, which are operated by OKEA, as well as partner shares in the Gjøa, Ivar Aasen, Nova, Yme and Statfjord fields. In 2023, the portfolio produced 35,385 boepd including 10,799 boepd from the Statfjord area which was acquired from Equinor in 2023. In addition to the inorganic growth focus, OKEA also has activities in projects under development, including Draugen power from shore and drilling of new infill targets. In addition, discoveries, including Hamlet, Calypso and Brasse are under evaluation for development, and the company's portfolio further includes exploration licences with planned and possible wells in the future.

OKEA is head quartered in Trondheim, with major operations centres in Kristiansund and Bergen, and offices in Stavanger and Oslo.

As an operator on the NCS, OKEA carries out various activities related to production of hydrocarbons from existing assets, as well as development of new oil and gas fields. These activities take place at multiple locations both offshore and onshore. Each of the business functions within OKEA contributes to this work in a highly collaborative team effort, working closely with our third-party contractors and licence partners.

Environmental, social and governance (ESG) matters are of significant importance to the board of directors. Continuous focus on securing safe and secure operations and efficient use of existing infrastructure to reduce emissions is essential for the company's licence to operate as well as enabling long-term value creation for shareholders.

Completion of the Statfjord transaction

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 on completion date. The excess of consideration above the fair value of assets less liabilities was recognised as ordinary goodwill which was impaired at date of completion. The goodwill impairment was mainly a result of a reduction in estimated production and reserves from input to Revised National Budget (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 agreement contains a contingent consideration structure based on profit sharing on crude oil volumes sold at a realised price of 75–96 USD/bbl in 2023, 64–85 USD/bbl in 2024, and 53–72 USD/bbl in 2025, as well as on dry gas volumes sold at a realised price of 170-341 p/th in 2023, 125–248 p/th in 2024, and 37–75 p/th in 2025. The profit sharing within these limits is 90% after tax to Equinor and 10% to OKEA. For realised prices on crude oil above 96 USD/bbl in 2023 and 85 USD/bbl in 2024 and realised prices on dry gas above 341 p/th in 2023 and 248 p/th in 2024 the profit sharing is on 50/50 after tax basis. OKEA keeps 100% of realised oil prices above 72 USD/bbl and gas prices above 75 p/th in 2025. All numbers are stated in real 2023 and realised prices are based on annual averages. There is no contingent payment structure for NGL. The Purchase Price Allocation (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 / loss(-).

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 as part of the cash generating unit. Any impairment of technical goodwill will not be reversed. In the PPA, NOK 1,003 million was recognised as technical goodwill . 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 16 to the financial statements for further details on the PPA.

Operational review

In 2023, OKEA participated in production from six fields: Draugen (44.56% and operator), Brage (35.2% and operator), Gjøa (12%), Ivar Aasen (9.2385%), Yme (15%), and Nova (6%). Net production for the year averaged 24,586 (21,037) boepd, split between liquids and gas by 75% and 25% respectively. In 2023, activities from the 28% WI in Statfjord 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 in those figures from effective date on 1 January 2023, production for OKEA would have been 10,799 boepd higher and totalling 35,385 boepd. Net sold volumes for the year averaged 28,224 (16,252) boepd.

Draugen (Operator, 44.56%)

The Draugen field is located in the southern part of the Norwegian sea at a water depth of 250 metres. Draugen was discovered by Shell in 1984, the plan for development and operation (PDO) was approved in 1988, and production started in 1993. The field was developed using a fixed concrete facility with integrated topside and production comes from both platform and subsea wells. Oil is extracted from two formations. The main reservoir is in sandstone of Late Jurassic age (the Rogn Formation) while the western part of the field also produces from sandstone of Middle Jurassic age (the Garn Formation). The reservoirs lie at a depth of 1,600 metres, are of excellent quality and are relatively homogeneous across the field. Stabilised oil is stored in tanks at the base of the facility and two pipelines connect the facility to a floating loading-buoy from where it is offloaded and exported by tankers. Production of gas from the Hasselmus tie-back commenced on 1 October which allowed Draugen to use its own gas for power generation at the platform as well as export gas via Åsgard Transport. Hasselmus is expected to add a total of gross 10.4 mmboe of natural gas and has also enabled restart of export NGL from Draugen. Hasselmus was OKEA's first development project as operator.

The Draugen field produced 6,487 (6,767) boepd net to OKEA in 2023. Production efficiency[1] was 83% (94%). The lower production was mainly due to general field decline, three weeks planned maintenance turnaround in the second quarter, and a planned shut-in of subsea wells to instal new subsea pumps in July.

A licence extension program was launched in 2019 with the aim of extending the Draugen licence and lifetime from 2024 to 2040. The comprehensive program involved several disciplines across the organisation and included development of a new application to document safe production and resource management towards 2040. Third-party analysis and evaluations were used where relevant to document the conclusions and modification requirements. The application was sent to the Norwegian Ocean Industry Authority and the Norwegian Offshore Directorate in March 2023, which is one year prior to expiry of the existing consent. The application was approved by the Norwegian Ocean Industry Authority and the Norwegian Offshore Directorate on 8 March 2024.

The drilling campaign of the two observation wells in Springmus East and Garn West South was completed in July from the Transocean Endurance rig. The well in Springmus East proved an 8 meter hydrocarbon column present in the structure and Garn West South proved an 11.5 meter hydrocarbon column. Post well evaluations are now completed. The base case volumes look attractive and the volumes uncertainties are

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[1] **Production efficiency** = actual production / (actual production + unscheduled 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.

currently being assessed along with planning of further maturation towards potential development.

An investment decision for the Power from shore project was made and a revised PDO was submitted to the Ministry of Energy in the fourth quarter of 2022. The revised PDO was approved in December 2023. The project is expected to 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. The project will result in reduced production expense and extend the economic lifetime of the Draugen field.

Brage (Operator, 35.2%)

Brage is an oil and gas field located in the northern North Sea, 125 kilometres west of Bergen. The water depth is 137 metres. Brage was discovered in 1980, and the PDO was approved in 1990. Production started in 1993. Brage has been developed as a fixed integrated production, drilling and accommodation facility with a steel jacket. Brage produces oil from sandstone of the Early Jurassic age in the Statfjord Group, and sandstone of the Middle Jurassic age in the Brent Group and the Fensfjord Formation. The reservoirs lie at a depth of 2,000-2,300 metres. The main drainage strategy is water injection, with gas lift utilised in most wells. Brage oil is exported via the Oseberg Transport System (OTS) to the Sture terminal. The gas is exported via pipeline to Kårstø for processing and further export into the dry gas area of Gassled and the NGL are lifted by vessels from Kårstø.

The Brage field produced 4,856 (2,568) boepd net to OKEA in 2023. Production efficiency was 93%.

Production drilling on the Brage platform is expected to continue in the coming years, targeting infill wells and development of new resources. Production from the Talisker East well commenced in May. A Sognefjord gas producer commenced production in the third quarter. The Cook and Fensfjord wells commenced production in the fourth quarter. Drilling of the Talisker East water injector started in December and start-up commenced in February 2024. The next planned well is an oil producer from the Brent formation in the southern part of Talisker East. This development well is followed by an infill oil producer in the northern part of the Fensfjord formation. The newly established Sognefjord East project is being matured to target a producer in the already proven resources (Kim-area) and further map the full area potential.

Gjøa (Partner, 12%)

The Gjøa field, operated by Neptune Energy Norge AS, was discovered in 1989, and the PDO was approved by the Norwegian authorities in 2007. Production started in 2010. The field was developed using a semi-submersible production facility with five subsea templates tied back to the facility for processing and export. Oil is exported by pipeline to Mongstad, and gas is exported by pipeline to St. Fergus in the UK. The semi-submersible Gjøa production unit is partly electrified by power from shore.

The Gjøa P1 segment, located in the northern part of the field, was developed as a tie-back to the main subsea facility via a 5 km oil pipeline and a 2 km gas pipeline at a water depth of 340 metres. Production from the P1 well started in February 2021.

The Gjøa field, produced 5,812 (6,932) boepd net to OKEA in 2023. Production efficiency was 94% (90%). The reduced production was mainly driven by general field decline. The Gjøa partners started receiving compensation for the deferred production related to the Duva tie-in scope in 2021 and related to the Nova tie-in scope from July 2022. Compensation volumes received amounted to 567 (596) boepd in 2023.

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.

Ivar Aasen (Partner, 9.2385%)

The Ivar Aasen field, operated by Aker BP ASA, was discovered in 2008 and is located at Utsira High in the North Sea. First oil from the field was produced on 24 December 2016, four years after the PDO was submitted. The field is a coordinated development with the Edvard Grieg field, which is located ten kilometres southeast of Ivar Aasen. Oil and gas are transported to the Edvard Greig platform for final processing. From there, oil is exported to the Grane oil pipeline and on to the Sture terminal.

The Ivar Aasen field produced 3,009 (2,998) boepd net to OKEA in 2023. Production efficiency was 92% (82%). A well intervention campaign was successfully completed 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 completed in the fourth quarter.

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

Yme (Partner, 15%)

The Yme field is an oil field located in the southeastern part of the Norwegian sector of the North Sea at a water depth of 77-93 metres. The field was discovered by Statoil in 1987 and started production in 1996. Low oil prices led to abandonment of the field in 2001. OKEA acquired a 15% ownership interest in Yme in 2016 and started preparing a new PDO. Yme started producing again on 25 October 2021 with Repsol Norge AS as operator. The field comprises two separate main structures, Gamma and Beta, which are 12 kilometres apart. The Gamma and Beta structures comprise six deposits. The reservoirs are in sandstone of Middle Jurassic age in the Sandnes Formation, at a depth of 3,150 metres. They are heterogeneous and have variable reservoir properties. The field is producing from a leased jack-up rig equipped with drilling and production facilities.

Oil is transported with tankers and associated gas is used for power consumption or reinjected in the reservoir.

The Yme field produced 2,809 (1,429) boepd net to OKEA in 2023. Production efficiency was 73% (21%).

The Beta North drilling campaign, employing the Valaris Viking drilling rig, was finalized in January. Beta North is a subsea tie-back to Yme and includes two new production wells and one injector well. In the Yme Gamma campaign two producer wells were drilled and came on stream during the third quarter. A new injector was drilled in the beginning of October and the last producer is currently scheduled to come on stream in the first half 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.

Nova (Partner, 6%)

The Nova field, operated by Wintershall Dea Norge AS, was discovered in 2012 and is located 120 kilometres northwest of Bergen and 17 kilometres southwest of Gjøa at a water depth around 370 metres. The PDO was approved in 2018, and the field started production in July 2022. The field consists of two subsea templates, one with three oil producers and one with three water injectors, tied back to the Gjøa platform. The host platform provides gas lift and water injection to the field and receives the Nova hydrocarbons.

The Nova field produced 1,612 (345) boepd net to OKEA in 2023. Production efficiency was 98% (81%).

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 10,799 boepd in 2023.

A new power solution will be implemented on Statfjord C which will reduce emissions. A steam turbine will produce electricity based on surplus heat from two gas compressors with scheduled start-up in 2026. The project is expected to reduce annual CO2 emissions by 95,000 tonnes, and will also reduce production expense which will be an important contribution to extend the field`s life to 2040.

Production start for the Statfjord Øst project was in August 2023. A pipeline from Statfjord C to Statfjord Øst was installed and four new wells drilled from existing subsea templates in 2023. The final well will be finalized in 2024. The Statfjord Øst project contributes with 26 million boe reserves (gross) and also contributes to extending the life of Statfjord C to 2040.

OKEA's main focus as a licence partner will be to enhance operational deliveries from the Statfjord area. A strong and productive collaboration with Equinor's FLX organisation and the broader partnership has already commenced and OKEA will actively pursue opportunities for improvement.

Nevertheless, it is imperative for the company to fulfil its duty to its owners and other stakeholders by thoroughly examining the circumstances surrounding the transaction. Considering this responsibility, OKEA has decided to initiate legal actions against Equinor Energy AS as a time-barring action in accordance with the SPA regulations. This step is essential to safeguard the company's legal position and to investigate the basis for any potential breaches of the SPA. At this stage, no concrete or defined claim has been made, as further investigations are necessary to determine the facts.

Development projects

Draugen power from shore (Operator, 44.56%)

OKEA and Equinor in collaboration with the licence 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 2023. 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 CO_2 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. The project will result in reduced production expense and extend the economic lifetime of the Draugen field and is expected completed 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 plan to submit a PDO in the second quarter of 2024.

Exploration licences

In November 2022, the Neptune Energy-operated Calypso exploration well (6407/8-8 S) in PL938 was drilled and a discovery was made. The well is located in the greater Draugen area and was drilled to a vertical depth of 3,496 metre. An estimated 8 metres thick gas column and 33 metres thick oil column in a 132 metres thick Garn Formation sandstone reservoir of good to very good quality was encountered. Estimated recoverable volume range are of 11-19 mmboe. OKEA is working with the operator Neptune Energy and partners in the PL938 Calypso license to mature the discovery further towards a feasible development option.

In the third quarter 2022, OKEA entered into a licence swap agreement with Equinor Energy AS (Equinor) to acquire a 20% WI in the Equinor-operated PL1014 exploration licence, containing the Arkenstone project, in exchange for a 10% working interest in the OKEA-operated PL1119 licence, including the Mistral prospect. The agreement included transfer of operatorship of the licence from OKEA to Equinor. The agreement was approved by the authorities in November 2022. 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.

Located 23 kilometres north of Gjøa, in a neighbouring licence which OKEA is not part of, 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 Nord (Hamlet) can be developed jointly with Ofelia to optimise cost synergies.

In January 2024, OKEA was awarded three new licences in the 2023 Awards in Predefined Areas (APA). PL1223 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).

Reserves and resources

2P reserves increased by 38% from 60.2 million boe to 83.2 million boe during 2023. The reduction of production in 2023 was 8.9 million boe. The main increased of reserves are driven by 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 of 4.6 million boe mainly driven on Yme.

Contingent resources (2C) 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.

Strategy

The board annually evaluates the company's financial status, strategy and goals. In the fall of 2021, OKEA launched a refreshed strategy based on the vision of being the leading mid-to-late-life operator on the NCS which the company still is committed to.

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

- actively pursue further value creation in current portfolio,

- pursuing mergers and acquisitions to add new legs to the portfolio, and

- considering organic projects either adjacent to existing hubs or pursuing new hubs, dependent on financial headroom and attractive risk-reward.

The strategy also includes a clear capital allocation prioritisation with an overall aim to maximise shareholder return and a target to maintain a clear and credible ESG position. OKEA shall maintain a competent organisation fit for growth with direct management engagement and involvement in key projects and use risk-cost-benefit evaluations in all phases of the company's business activities.

The financial statements

OKEA prepares its financial statements in accordance with IFRS® accounting standards (IFRS) as adopted by the European Union (EU) and additional requirements following the Norwegian Accounting Act. New standards and amendments to standards and interpretations effective from 1 January 2023 did not have any significant impact on the company's financial statements and hence the accounting principles are in all material respects the same as in the financial statements for 2022.

Statement of comprehensive income

The financial results for 2023 were significantly influenced by increased volumes of sold petroleum products during the year. This increase was due to solid operational performance on key assets and full year contribution from the assets purchased from Wintershall Dea completed in the fourth quarter of 2022. Sold volumes of liquids (oil and natural gas liquids) amounted to 7.9 (3.8) million boe, while sold volumes of gas amounted to 2.4 (2.0) million boe. The average realised price for liquids was USD 80.1 (98.4) per boe, while average realised gas price was USD 82.2 (138.5) per boe.

Total operating income amounted to NOK 8,885 (6,653) million. Sold volumes were 10.3 (5.9) million of barrels of oil equivalents (boe).

Other operating income amounted to NOK 146 (254) million consisting of tariff income at Gjøa of NOK 127 (132) million, loss on commodity hedging of NOK 6 (gain of 72) million, income from joint utilisation of logistics resources of NOK 22 (38) million and loss on change in fair value of contingent consideration of NOK -11 (gain of 12) million.

Produced volume was 8.97 (6.11) million boe and production expenses amounted to NOK 2,084 (1,616) million. The increase in production and production expense compared to previous year was mainly due to 2023 being the first full year with production and expenses from Brage and Nova being recognised in profit and loss, as well as an increased working interest in Ivar Aasen following the transaction with Wintershall Dea. Production expenses amounted to NOK 215 (237) per boe. The decrease in unit cost was mainly due to the increased production. Reference is made to note 6 to the financial statements for further details.

Exploration and evaluation expenses amounted to NOK 203 (328) million and mainly related to seismic purchases of NOK 78 (87) million and costs for geological and geophysical studies of NOK 30 (25) million. Other exploration and evaluation expenses related to activities in exploration licences, mainly for drilling of the Kim prospect in PL055 Brage. Reference is made to note 7 to the financial statements for further details.

Depreciation amounted to NOK 1,695 (769) million. The increase was due to higher produced volumes as well as the first full year with depreciation on assets acquired from Wintershall Dea in 2022.

Impairments amounted to NOK 2,745 (498) million. NOK 1,382 (498) million related to the Yme asset with an offsetting change in deferred tax of NOK 1,078 (388) million. The impairments were mainly a result of revision of reserves and lower forward prices for oil. Previous year's impairment related to revision of reserves and revised phasing of production. NOK 1,363 (0) million related to a goodwill impairment in relation to acquisition of Statfjord area assets from Equinor, with no associated tax income The goodwill impairment was mainly a result of a reduction in estimated production and reserves. Reference is made to note 9 to the financial statements for further details.

General and administrative expenses amounted to NOK 157 (213) million and represent OKEA's share of costs after allocation to licence activities. The lower expense in 2023 was mainly due to transition activities related to the transfer of operatorship of the Brage asset in addition to corporate expenses related to the acquisition of assets from Wintershall Dea in 2022.

Net financial income/expenses (-) amounted to NOK -217 (-311) million and mainly comprise expensed interest of NOK -163 (-178) million and NOK -151 (-103) million in net exchange rate loss largely relating to USD denominated bond loans. In addition, call premium on early voluntary redemption of the OKEA03 (OKEA02) bond loan amounted to NOK -28 (-24) million. Other financial expenses amounted to NOK -21 (-17) million. These effects were partly offset by interest income on bank deposits of NOK 91 (22) million. Reference is made to note 12 to the financial statements for further details.

Profit/loss (-) before income tax amounted to NOK 1,099 (3,215) million. Tax expense amounted to NOK 2,034 (2,545) million, whereof tax payable amounted to NOK 2,815 (2,109) million and decrease in deferred tax liability were NOK 781 (increase of 436) million. The effective tax rate of 185% (79%) deviates from the standard tax rate of 78% mainly due to impairment of goodwill not being tax deductible.

Net profit/loss (-) was NOK -935 (670) million and total comprehensive income/loss (-) was NOK -937 (670) million.

Statement of financial position

Total assets as per 31 December 2023 amounted to NOK 18,499 (15,621) million. The increase mainly related to the PPA following the completion of the Statfjord transaction on 29 December 2023. The transaction was recognised in the financial statements on fair value basis from this date. As the effective date of the transaction was 1 January 2023, all transactions and activities in the period until completion were reflected as part of the PPA in the statement of financial position. Reference is made to note 16 in the financial statements for further details on the PPA.

Goodwill amounted to NOK 2,295 (1,297) million whereof ordinary goodwill amounted to NOK 163 (163) million and technical goodwill amounted to NOK 2,132 (1,133) million. The increase in technical goodwill of NOK 999 million is mainly related to the Statfjord transaction. Reference is made to note 16 and 17 to the financial statements for further details.

Oil & gas properties amounted to NOK 7,199 (6,556) million. The increase from previous year related to asset additions through business combinations of NOK 1,619 (1,958) million and investments in fields in production and under development of NOK 1,996 (1,080) million. The increase was partly offset by asset impairment at Yme of NOK 1,382 (498) million and unit of production depreciation of NOK 1,650 (742) million.

Right-of-use assets amounted to NOK 200 (233) million and mainly related to logistical resources on operated assets and lease of offices. Addition of new office leases in Bergen and Stavanger was offset by depreciation of lease contracts during the year.

Total asset retirement reimbursement right amounted to NOK 4,163 (3,662) million and relates to Shell, Wintershall Dea and Equinor's obligations to cover decommissioning costs for Draugen/Gjøa, Brage and Statfjord respectively. The increase mainly relates to the Statfjord transaction with Equinor. NOK 4,079 (3,662) million was classified as non-current assets and NOK 83 (0) million as current assets. Reference is made to note 19 to the financial statements for further details.

Trade and other receivables amounted to NOK 1,211 (1,744) million, mainly comprising of accrued revenue, working capital from joint venture licences and underlift of petroleum products.

Cash and cash equivalents amounted to NOK 2,301 (1,104) million. Cash generation from operations was NOK 5,188 (3,344) million for the year after accounting for tax payments of NOK 1,253 (2,289) million.

Spare parts, equipment and inventory was NOK 864 (800) million. The increase mainly related to spare parts and equipment at Statfjord.

Total provisions for asset retirement obligations amounted to NOK 9,535 (5,915), whereof the non-current portion amounted to NOK 9,431 (5,915) million and the current portion amounted to NOK 104 (0) million. There is a corresponding receivable to the obligation, as described above in asset retirement reimbursement right. Reference is made to note 24 to the financial statements for further details.

Deferred tax liabilities amounted to NOK 888 (2,835) million. The decrease was mainly due to effects from the PPA as the difference between the accounting and tax value represent a significant deferred tax asset. The main driver for the deferred tax asset is the asset retirement obligation for Statfjord. Reference is made to note 13 and 16 to the financial statements for further details.

Interest-bearing bond loans amounted to NOK 1,246 (1,179) million consisting of the OKEA04 (OKEA03) bond. In the third quarter a successful refinancing was completed, calling the USD 120 million OKEA03 bond in full at a premium of 3.2% while issuing a USD 125 million senior secured bond (OKEA04). As part of the refinancing, a super senior revolving credit facility (RCF) of USD 25 million was established, which provides an additional liquidity source for the company at relatively low cost. As per balance sheet date, no drawdowns were made under the RCF.

Total other interest-bearing liabilities amounted to NOK 477 (508) million, whereof the non-current share was NOK 427 (462) million and the current share was NOK 50 (46) million. The amount represents OKEA's share of the net present value of the future obligations under the bareboat charter (BBC) agreement for the Inspirer rig.

Trade and other payables amounted to NOK 2,997 (2,220) million mainly relating to working capital from joint venture licences of NOK 1,311 (1,061) million, accrued net consideration payable from acquisitions of NOK 545 (0) million, payment quantity agreements of NOK 276 (507) million and other accrued expenses of NOK 170 (295) million. In addition, the current portion of provision for contingent consideration payable to Equinor and Wintershall Dea amounted to NOK 128 (30) million.

Income tax payable amounted to NOK 2,141 (477) million and mainly comprise accrued tax payable for 2023.

At balance sheet date, OKEA had issued a total of 103,910,350 (103,910,350) ordinary shares. Each ordinary share has one vote at general meetings. There is 0 (0) warrants outstanding.

Share capital amounted to NOK 10 (10) million and total equity amounted to NOK 726 (2,078) million, corresponding to an equity ratio of 4% (13%). Total liabilities amounted to NOK 17,774 (13,543) million.

Statement of cash flows

Net cash flows from operating activities amounted to NOK 5,188 (3,344) million, including net taxes paid of NOK 1,253 (2,289) million. The increase in cash flow from operations was mainly a result of strong performance at key assets resulting in high sold volumes during the year.

Net cash flows used in investing activities amounted to NOK 3,206 (2,434) million. NOK 1,217 (1,240) million related to cash paid for the acquisition of 28% working interest in the Statfjord area (acquisition of working interests in Brage, Ivar Aasen and Nova). In addition, NOK 1,919 (1,052) million was invested in oil and gas properties and NOK 32 (316) million was used for exploration and evaluation assets.

Net cash flows used in financing activities amounted to NOK 649 (1,969) million and related to interest paid of NOK 131 (194) million, dividend payments of NOK 416 (301) million and payments of lease arrangements of NOK 33 (31) million. Net cash flow from the refinancing amounted to NOK 20 (1,401) million. The high refinancing cost previous year relates to deleveraging through buy-back of the OKEA02 bond.

Net increase/decrease (-) in cash and cash equivalents, including exchange rate effects on cash held, amounted to NOK 1,197 (-935) million.

Going concern and liquidity

Pursuant to §3-3 of the Norwegian Accounting Act, the board confirms that conditions for continued operation as a going concern are present and the annual financial statements for 2023 have been prepared under this assumption.

OKEA's current financial position and liquidity is considered adequate, and the company is positioned to continue to execute on its growth strategy. Cash flows, available liquidity and financial flexibility, are expected to be sufficient to finance the company's commitments in 2024.

In the board's view, the annual accounts give a true and fair view of OKEA's assets and liabilities, financial position and results. The board is not aware of any factors that materially affect the assessment of OKEA's financial position as of 31 December 2023, or the result for 2023, other than those presented in the board of directors' report or that otherwise follow from the financial statements.

Allocation of loss for the year

Total comprehensive loss for 2023 amounted to NOK 937 million. The board proposes the following allocation:

Loss amounting to NOK 937 million for the year is transferred from retained earnings/loss.

Retained earnings/ loss (-) as of 31 December 2023 amounted to NOK -723 million.

Risks related to OKEA's business and industry

Comprehensive, transparent, and dynamic risk management, supported by necessary framework, tools, and practice, is of great importance for OKEA's ability to deliver on its strategy and stated goals. The overall purpose of risk management in OKEA is to ensure the balance between creating value and avoiding accidents, damages and losses. As a result, the company is continuously undertaking risk management activities, embedded in the company's management system and operational practices, at all levels of the organisation. Both senior management and the board of directors regularly review major risks and mitigating actions.

The company's business, results of operations, value of assets, reserves, cash flows, financial condition, and access to capital may be adversely affected by, strategic, operational as well as financial risk factors. Measures and actions to manage and mitigate risks are identified, implemented and reported on a continuous basis. Assurance and verification of the company's management practice and structures are governed by risk-based and dynamic audit and verification plans.

OKEA currently has production from seven assets: Draugen, Brage, Gjøa, Nova, Yme, Ivar Aasen and Statfjord. The addition of a 28% WI in the four fields in the Statfjord area (acquired from Equinor) during 2023 improved asset diversification. Operational issues affecting availability and reliability of production from any of the fields in the portfolio may still have a material impact on the company. In addition, risks related to estimated reserves and reservoir potential is inherent in all oil and gas properties in the current portfolio as well as in potential future acquired properties .

Organic and inorganic growth and diversification in the company's production portfolio will seek to further mitigate this risk, in combination with robust due diligence processes, operational follow-up and management of both operated and partner-operated assets.

Creating value through near-field exploration, production optimisation and extension of field life is a key factor in OKEA's strategy. Maturing well targets and development projects, utilising new technology and innovation, and sanctioning profitable volumes is therefore of significant importance. The company's exploration and project portfolios (operated and partner-operated) carry technical, geological and operational uncertainty. The company, together with licence partners, continuously strives to mitigate exploration and project risks and ensure progress to meet defined targets and milestones. However, the inherent complexity of projects may result in delays, cancellations and/or cost increases.

Changes in national and/or international framework conditions, (e.g. changes in regulations related to ESG, QHSSE or taxation) can lead to increased costs, reduced value of the company's asset base, and can potentially impact feasibility of new development projects. Unfavourable changes to governmental regulations for the petroleum industry, such as potential lack of new exploration areas granted, reduced production permits or failure to extend production permits may have considerable impacts to OKEA's business.

Activities throughout the company value chain (exploration, development, production, and decommissioning) within the oil and gas industry have considerable inherent environmental and safety risks. In case of incidents, these risks can result in significant losses and cost increases. OKEA is continuously working to assess such risks and to implement measures both to eliminate the probability of occurrence as well as to mitigate any adverse consequences. This includes ensuring the robustness of the company emergency preparedness framework and organisation. Identifying, managing and controlling all material issues related to ESG is important to OKEA and ESG is therefore embedded in the business and all operational activities This includes assessing financial risk exposure imposed by climate related risk as further outlined in the ESG report for 2023.

Sufficient organisational capabilities, high employee engagement and a good working environment are essential factors for realising the corporate growth strategy as well as improvement initiatives and synergies. Evaluating organisational robustness, competence and capacity considering expected scenarios is therefore important to OKEA. Not being able to hire, retain or replace key members of the organisation, or lack of short- or long-term access to competent staff, may result in an inability to realise the company's strategy and further expand the business.

In addition, OKEA has several key partners and suppliers and relies on these for successful execution of the company's strategy and roadmap. OKEA foresees a high activity level in the industry in the coming years, with potential capacity and competence constraints as well as cost inflation. Any adverse events or conditions impacting our key suppliers' ability to deliver as agreed may impact the company's performance, lead to increased cost, operational disruptions and/or project delays. In addition, the company is dependent on alignment with, and endorsement from, licence partners for operated assets. For partner-operated assets, OKEA exercises it's "see-to-duty" diligently through regular partner meetings and other means as required. However, the company is dependent on the various operators' management and performance and the voting arrangements in each joint venture.

Information security events (e.g. cyber-attacks) may threaten the confidentiality, integrity and availability of company data and information which, in turn, could adversely impact the company’s business activities.

The invasion of Ukraine in late February 2022 and other geopolitical risks have the potential to significantly impact global stability, national security and business continuity. In response, OKEA has enforced control mechanisms to manage the elevated security threats imposed to the industry and maintain a close dialogue with Offshore Norway and relevant authorities. OKEA is monitoring international sanctions and trade control legislation to mitigate the potential impact on the company’s operation particularly in respect of potential interruptions of supply chains and third-party services.

Financial risk factors

OKEA is exposed to a variety of financial risk factors. Oil and gas prices are highly volatile, and the company regularly enters into derivative contracts in order to hedge portions of its oil and gas production to manage market price risk. Reserves and contingent resources are by their nature uncertain with respect to inferred volumes which are also sensitive to oil and gas prices. OKEA will continue to manage these risks in accordance with a defined risk management policy.

OKEA is exposed to foreign exchange rate risk as revenues are denominated in USD for oil sales and in GBP and EUR for gas sales, whilst operational and development costs are mainly denominated in NOK, and all income taxes are denominated in NOK. OKEA manages currency risk by making frequent currency exchanges and utilising hedging instruments when deemed appropriate. However, fluctuations in exchange rates may adversely affect the financial performance of the company. The outstanding bond debt was issued in USD, the same currency as the major revenue streams, which limits currency risk. A successful refinancing was completed in September 2023. The USD 120 million OKEA03 bond was called in full, and a new USD 125 million senior secured bond OKEA04 was issued at a fixed coupon of 9.125% and maturity in September 2026. Cash and cash equivalents exceed interest bearing debt, which limits refinancing risk.

OKEA also has an interest-bearing liability in USD which represents OKEA's share of the net present value of future obligations under the bareboat charter (BBC) agreement between the Yme licence and Havila Sirius AS for the Inspirer rig. This liability will be repaid quarterly until October 2031.

OKEA currently has no major exposure to interest rate risk. The company has no interest-bearing debt with floating interest rate, as the OKEA04 bond loan and the Inspirer liability both carry fixed interest rates. However, any new debt financing will be subject to the prevailing market environment.

The OKEA04 bond agreement may limit OKEA's ability to enter into new financing arrangements. The key financial covenants comprise Leverage Ratio (net debt divided by 12-month EBITDA) and Liquidity of USD 25 million.

Operating in a capital-intensive industry, OKEA is exposed to liquidity risk and has taken mitigating actions to ensure that sufficient liquidity is secured under normal as well as extraordinary circumstances. The company conducts detailed cash flow forecasting, including sensitivity analysis on key variables, to assure it can meet financial liabilities as they fall due without incurring unacceptable losses or risking damage to the company's reputation. The company has USD 25 million in a revolving credit facility ("RCF") available. No amounts were drawn under the RCF at balance sheet date.

OKEA's exposure to credit risk for counterparties to default on their payment obligations is considered limited, as sales agreements and derivative contracts are only entered into with reputable counterparties.

Financial risk is managed by the finance department under policies approved by the board. OKEA management continuously monitors the risk picture and reports to the board regularly. The overall risk management policy seeks to minimise potential adverse effects on financial performance from unpredictable fluctuations in financial and commodity markets.

The fiscal regime for the Norwegian petroleum sector has generally been stable and supportive of the industry. Changes in the petroleum tax regulation were implemented by the Norwegian Parliament in 2022, introducing immediate expensing of investments in the special tax regime (cash flow tax) with effect from 1 January 2022. The change in tax regime results in a lower tax shield with an earlier utilization. The changes made in 2022 has not significantly impacted the financial position and solidity of OKEA.

OKEA is listed on Oslo Stock Exchange (ticker "OKEA") and the market valuation of, and active trading in, OKEA's shares and bonds may impact the company's ability to obtain funding at favourable terms.

Environmental, social and governance (ESG) topics

ESG is about how OKEA handles risk related to climate change and environmental challenges, how the company deals with people and social conditions, and how corporate governance is practised.

The effect of OKEA's operations on people, society and the environment is presented in a separate ESG report, which has been approved by the board of directors. The report is available at www.okea.no/investor/reports/. The report includes information regarding OKEA's due diligence assessment, as required in the Transparency act.

OKEA aims to be an attractive employer and a preferred business partner, as well as a respected corporate citizen. OKEA's most important contribution to society is to create value and develop a future-oriented company that operates in a sustainable, ethical and socially responsible manner. Profitability is a prerequisite for achieving these goals.

OKEA continuously works towards more efficient exploitation of petroleum reserves, including implementation of new and innovative technology. OKEA participated in 10 Research & Development project in 2023, whereof all have the target to enhance performance at the NCS.

OKEA's analysis of the EU Taxonomy Regulations shows that no revenue or expenditure is eligible under the regulations.

Quality, health, safety, security and environment (QHSSE)

Safe production with adherence to the highest standards within health, safety and environmental (HSE) performance and continuous focus on reducing emissions are essential factors for the company's licence to operate as well as enablers of long-term value creation for the company's shareholders. OKEA considers its employees and contractors as its key assets and is focused on motivating employee participation, innovation, and experience transfer to create and sustain a company culture which fosters efficient and cost-effective collaboration and solutions and best practice QHSSE, operational and financial performance.

OKEA had one serious incident in its activities in 2023. Actual and potential serious incidents frequency (SIF) and total recordable injuries frequency (TRIF) increased from 1.47 to 2.39 and from 5.13 to 8.98 respectively. Improving safety performance remain a top priority for OKEA and targeted measures will be implemented going forward. A more detailed reporting on QHSSE matters is included in the ESG report for 2023.

Organisation and equal opportunities

OKEA promotes a healthy working environment for all employees, vendors and contractors involved in its activities. OKEA has established a working environment committee covering all locations, offshore and onshore. Absence due to sickness in the year was 4.6% (2.1%).

The company strives to maintain a working environment with equal opportunities for all based on qualifications, irrespective of race, gender, age, disability, sexual orientation, religion, political views, national or ethnic origin ethnicity or any other characteristic that may compromise the principle of equality. The company's code of conduct contains principles and standards for promoting equality and preventing discrimination and harassment, including sexual harassment. There is no tolerance for unlawful unequal treatment, exclusion or discrimination of colleagues or others working for OKEA.

A large part of our workforce work within engineering and technology, including offshore work, which are disciplines that have traditionally attracted most male applicants. This is reflected in the workforce demographics, which as of end of the year consisted of 26% female and 74% male employees. At the end of 2023, the senior management team consisted of four females (40%) and six males (60%). The board of directors consisted of eleven members, four of whom are female, with three deputy members, of whom two are female.

The working environment in OKEA during 2023 was considered "very good" by the employees as demonstrated by the yearly employee satisfaction survey which was conducted during the autumn of 2023. The employee engagement index was above 85%, which places OKEA amongst the leading companies across a range of industries. The response rate was also excellent with a total of 95% and 89% participation amongst onshore and offshore employees respectively.

Pursuant to section 3-3a and 3-3c of the Norwegian Accounting Act and section 26a of the Norwegian Act on Gender Equality and Prohibition of Discrimination, the board of directors has provided a more detailed reporting on organisation and equal opportunities matters in the ESG Report for 2023.

Corporate governance

The company is committed to create sustained shareholder value and respecting the company's various stakeholders. To achieve this, the company remains committed to maintaining a high standard of corporate governance. The company has established policies and guidelines that lay out how business shall be conducted, including clearly defining the roles and responsibilities of the board and the senior management, as well as the relationship between them. Corporate governance principles, as well as the implementation of those principles, are subject to annual reviews by the board of directors.

Pursuant to section 3-3b of the Norwegian Accounting Act the 2023 statement on corporate governance is provided in a separate section of the annual report. The company complies with relevant rules and regulations for corporate governance, including the most recent version of the Norwegian Code of Practice for Corporate Governance, published on 14 October 2021.

Reporting of payments to governments

OKEA has prepared a report of government payments in accordance with the Norwegian Accounting Act §3-3d and the Norwegian Securities Trading Act §5-5a. These regulations state that companies engaged in activities within the extractive industries shall on an annual basis prepare and publish a report containing information about their payments to governments at country and project level. The report is provided in a separate section of the annual report.

Insurance for board members and chief executive officer

The company has an insurance policy for the board members and the chief executive officer for potential liability to the company and third parties. The board considers the coverage to be reasonable.

Subsequent events

APA 2023 licence awards

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.

Draugen license extension granted

On 11 March 2024, the Ministry of Energy granted a license extension on Draugen from 2024 to 2040.

Outlook

OKEA launched a dividend plan in the second quarter of 2022 and has since paid a total of NOK 7.90 per share through quarterly distributions. Following the significant goodwill impairment related to the Statfjord area in the fourth quarter of 2023, and due to dividend restrictions in the OKEA04 bond tied to net profit after tax, the board has not proposed any dividend for distribution in 2024. OKEA's capital allocation principles comprise maintaining financial flexibility, ensuring a robust portfolio, and having a healthy balance between growth and dividends.

Following the closing of the Statfjord transaction, the asset is a top priority for OKEA and close collaboration with the operator is ongoing with a target to unlock the asset's potential. The improvement plan focuses on increasing production efficiency, maturing well targets and drilling performance and revisiting drainage strategy to increase liquid offtake and maximize recoverable resources.

The company's strategy is centred around three growth levers:

- actively pursue further value creation in current portfolio,
- pursue mergers and acquisitions to add new legs to the portfolio, and
- consider organic projects either adjacent to existing hubs or pursue 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.

Board of directors, Trondheim, 4 April 2024

Chaiwat Kovavisarach
Chairman of the board

Phatpuree Chinkulkitnivat
Board member

Mike Fischer
Vice chair of the board

Elizabeth Anne Williamson-Holland
Board member

Nicola Carol Gordon
Board member

Rune Olav Pedersen
Board member

Finn Haugan
Board member

Per Magne Bjellvåg
Board member

Sverre Nes
Board member

Ragnhild Aas
Board member

Jon-Arnt Jacobsen
Board member

Svein J. Liknes
CEO

Corporate governance report

Annual report 2023

Statement on corporate governance 2023

1.0. Governance principles and objectives

OKEA ASA ("OKEA" or "the company") seeks to create sustained shareholder value and to pay due respect to the company's various stakeholders. These include its shareholders, employees, business partners, authorities, and society in general. OKEA is committed to maintain a high standard of corporate governance.

OKEA is a public limited liability company incorporated and registered in Norway and subject to Norwegian law. The company's shares are listed on Oslo Stock Exchange under the ticker OKEA. As of the date of this statement, the company also has one bond on issue, OKEA04, which is listed on Oslo Stock Exchange.

As a public limited liability company with listed shares and bonds, the company is required to report on its corporate governance in accordance with the Norwegian Accounting Act section 3-3b, 3rd subsection as well as Oslo Rule Book II - Issuer Rules2, section 4 "Continuing obligations for Issuers of Shares" and section 6 "Continuing obligations for Issuers of Bonds", both available on www.oslobors.no. Further, the Oslo Stock Exchange requires listed companies to report annually on the company's corporate governance policy in accordance with the Norwegian Code of Practice for Corporate Governance (the "Code"). The Code is available on www.nues.no.

OKEA has an established a corporate governance policy, a code of conduct and various corporate governance instructions and guidelines that address the framework of guidelines and principles regulating the interaction between the company's shareholders, the board of directors (the "board"), the chief executive officer (the "CEO") and the company's senior management team. The corporate governance policy and relevant instructions and guidelines are available at www.okea.no. The board is responsible for adherence to sound corporate governance standards, to plan and strategize goals and objectives for the short- and long-term interest of the company, and to put mechanisms in place to monitor progress against the objectives.

The principles and implementation of corporate governance are subject to annual reviews by the board of directors. This report discusses OKEA's main corporate governance policies and practices and how the company has complied with the code in the preceding year.

Unless otherwise specifically stated, OKEA complies with the current edition of the code. The following statement on corporate governance 2023 is organised in line with the structure of the Norwegian Code of Practice for Corporate Governance as most recently revised on 14 October 2021.

Deviations from the code: None

2.0. Business

The company's operations comply with the business objective set forth in its articles of association:

"The objective of the company is petroleum-related activities on the Norwegian continental shelf, including the development and production of oil and gas, and all other business activities as are associated with the above objectives, and share subscription or participation by other means in such operations alone or in cooperation with others."

OKEA is a leading mid-to late-life operator on the NCS. The company has a strong asset portfolio including the Draugen and Brage fields, which are operated by OKEA, as well as partner shares in the Gjøa, Nova, Ivar Aasen, Yme and Statfjord fields. In 2023, the portfolio produced 35,385 boepd including 10,799 boepd from the Statfjord area which was acquired from Equinor in 2023. In addition to the inorganic growth focus, OKEA also has activities in projects under development, including Draugen power from shore and drilling of new infill targets. In addition, discoveries, including Hamlet, Calypso and Brasse are under evaluation for development, and the company's portfolio further includes exploration licences with planned and possible wells in the future.

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

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

The strategy also includes a clear capital allocation prioritisation with an overall aim to maximise shareholder return and a target to maintain a clear and credible ESG position. OKEA shall maintain a competent organisation fit for growth with direct management engagement and involvement in key projects and use risk-cost-benefit evaluations in all phases of the company's business activities.

Pursuant to section 3-3a and 3-3c of the Norwegian accounting act and requirements from Oslo Stock Exchange, OKEA has prepared an ESG Report for 2023, which describes how the company addresses ESG matters. The report is available at www.okea.no/investor/reports/.

Deviations from the code: None

3.0. Equity and dividends

3.1. Capital adequacy

As of 31 December 2023, OKEA's total equity was NOK 726 million (equity ratio 4%). The board aims to maintain a satisfactory equity ratio in support of the company's goals, strategy and risk profile, to ensure an appropriate balance between equity and other sources of financing.

As per the date of this report, the board considers the capital structure to be adequate. The board continuously monitors the company's capital situation to be prepared to take necessary steps if the company's equity and/or liquidity position is considered less than adequate including in order to pursue value accretive investment opportunities.

3.2. Dividends and dividend policy

OKEA is growing its business and a major part of surplus cash is anticipated to be used to fund ongoing and future projects and to manage its debt obligations. In 2022, the company initiated a dividend policy as a commitment to its shareholders. Dividends shall be maintained and determined on annual basis, while following OKEA's capital allocation principles which include: 1) maintaining financial flexibility, 2) ensuring a robust portfolio and 3) having a healthy balance between growth and dividends. An ordinary quarterly dividend of NOK 1.00 per share was paid out for the 2023 financial year, making the total dividend for 2023 NOK 4 per share. Based on the current outlook, and due to dividend restrictions in the OKEA04 bond, the board has not proposed any dividend plan for distribution in 2024. Dividend payments are subject to an authorisation from the general meeting and may be revised due to changes in the market environment, company situation and/or value accretive opportunities available.

3.3. Board authorisations

At the ordinary general meeting on 11 May 2023, the board was granted an authorisation to increase the share capital by a maximum amount of NOK 1,560,000 in one or more share capital increases through issuance of new shares and an authorisation to increase the share capital for the company's incentive program by a maximum amount of NOK

10,000 in one or more share capital increases through issuance of new shares. The board was further granted an authorisation to approve the distribution of dividends based on the company's annual accounts for 2022. The board was also granted an authorisation to acquire shares in the company corresponding to up to 10% of the share capital, i.e. shares with a nominal value of NOK 1,039,103.

The authorisations are valid from the dates of registration with the Register of Business Enterprises until the annual general meeting in 2024, however no longer than until 30 June 2024.

For supplementary information, reference is made to the minutes of the ordinary general meeting held on 11 May 2023, available from https://www.okea.no/investor/general-meetings/ and www.newsweb.no.

Deviations from the code: None

4.0. Equal treatment of shareholders and transactions with close associates

4.1. Basic principles

The company has one class of shares with equal rights for all shareholders.

As of 31 December 2023, BCPR PTE. LTD. (BCPR) owned 45.44% of OKEA. BPCR is a wholly owned subsidiary within Bangchak Corporation Plc. Group (BCP).

OKEA is committed to equal treatment of all shareholders. The board is of the view that it is positive for OKEA that BCP assumes an active ownership role and is actively involved in matters of major importance to OKEA and all shareholders. The cooperation with BCP offers OKEA access to expertise and resources within upstream business activities, technology, strategy, transactions and funding. It may be necessary to offer BCP special access to commercial information in connection with such cooperation. Any information disclosed to BCP's representatives in such a context will be disclosed in compliance with the laws and regulations governing the stock exchange and the securities market.

Since the second half of 2021, BCP has been consolidating OKEA as a subsidiary in its financial statements. To enable BCP to execute such consolidation, OKEA discloses information as required for this purpose in line with the regulations in the Securities Trading Act. OKEA publishes its financial statements prior to publication of BCP's financial statements.

4.2. Approval of agreements with shareholders and close associates

Any agreement between the company and any shareholder or other close associate shall be made in writing and entered into on arm's length terms. If applicable, the agreements will be presented for approval by the general meeting in accordance with the Norwegian Public Limited Liability Companies Act section 3-8. Related party transactions are disclosed in the company's financial statements.

Waiver of pre-emptive rights of existing shareholders were decided in share capital increases for long-term incentive shares to employees, in accordance with the mandate given to the board by the general meeting on 11 May 2023.

Deviations from the code: None

5.0. Shares and negotiability

OKEA's shares are freely negotiable securities and the company's articles of association do not impose any form of restriction on their negotiability. The company's shares are listed on the Oslo Stock Exchange and the company works actively to attract the interest of Norwegian and foreign shareholders. There is only one class of shares in the Company and all shares carry equal rights.

Deviations from the code: None

6.0. General meetings

The general meeting is the company's highest decision-making body. The general meeting is an effective forum for communication between the shareholders and the board encourage shareholders to participate in the general meetings. Shareholders who cannot attend a general meeting in person will be given the opportunity to vote via advance electronical voting and/or proxies, both including options to vote on each individual matter.

The ordinary general meeting is normally held no later than end of June, which is the latest date permitted by the Public Limited Liability Companies Act. The date of the next ordinary general meeting is included in the company's financial calendar, which is available at https://www.okea.no/investor/financial-calendar/. Extraordinary general meetings can be called by the board of directors at any time, or by shareholders representing at least 1/10 of share capital.

The board of directors decides whether to hold a general meeting as a physical or electronic meeting, in accordance with the Norwegian Public Limited Liability Companies Act section 5-8.

According to the company's articles of association section 7, the documents pertaining matters to be handled at a general meeting shall be made available to shareholders at the company's webpage. This rule also applies for documents which according to statutory law shall be included in or attached to the notice of the general meeting.

Further, pursuant to the Norwegian Public Limited Liability Companies Act, the right to participate and vote at general meetings of the company can only be exercised for shares which have been acquired and registered in the shareholders register on the fifth business day prior to the general meeting. The board may decide that shareholders shall be able to cast their votes in writing, including through the use of electronic communications, for a period prior to the general meeting. For such voting, a reassuring method must be used to authenticate the voter. In 2023, the board allowed for advance voting through the use of electronic communications, with an option to vote on individual matters including elections.

Resolutions of the general meeting shall be by simple majority, unless a qualified majority is required by law.

The board proposes the agenda for the ordinary general meeting. The main agenda items are determined in compliance with the requirements of the Norwegian Public Limited Liability Companies Act.

The chairman of the board of directors shall attend the general meeting and the meetings are normally chaired by the chairman of the board, or a person appointed by the chairman of the board. If the chairman of the board is conflicted in respect of any matters on the agenda, another person will be appointed to chair the meeting.

Minutes from the general meetings, including voting results, are published on www.okea.no.

Deviations from the code: The chairman of the board of directors was unable to attend the 2023 general meeting, and thus issued an authorisation to a board member who attended on his behalf and acted in the capacity as chairman.

7.0. Nomination committee

In accordance with the articles of association, the company's general meeting shall elect a nomination committee, including its chair. The general meeting has approved a set of guidelines for the nomination committee's work. The nomination committee and procedures around the organisation of the nomination committee is further laid down in the company’s articles of association. The articles of association states that the committee shall consist of three members. The nomination committee’s main purpose is to propose candidates for election to the board and propose the remuneration of the board members.

Deviations from the code: The chair of the committee withdrew from the committee due to other commitments in June 2023, and the committee decided it was adequate to wait until the ordinary general meeting in 2024 to elect a new chair of the committee.

8.0. The board of directors; composition and independence

In accordance with the company’s articles of association, the board of directors shall consist of three to eleven board members. Board members and the chairman are elected by the general meeting for a term of two years. Members of the board of directors may be re-elected.

In addition to the board members elected by the general meeting, and pursuant to the Norwegian Public Limited Liability Companies Act section 6-4, employees of the company have elected three board members and three deputy board members. The employee elected members are elected for terms of two years.

OKEA has an agreement with the employees of OKEA not to have a corporate assembly, in accordance with the Norwegian Public Limited Liability Companies Act section 6-35 (2) and has expanded employee representation in the board of directors as detailed above.

At 31 December 2023, the board of directors consisted of eleven board members. 3 of 8 shareholder-elected board members were women. 1 of 3 employee-elected board members were women and 2 of 3 deputies were women.

The composition of the shareholder-elected board members aims to ensure that the board can attend to the common interests of all shareholders. The board shall have the necessary capacity and adequate competency to independently evaluate the cases presented by the senior management team as well as the company's operations. It is also considered important that the board can function well as a collegiate body. The board shall comply with all applicable requirements as set out in the Norwegian Public Limited Liability Companies Act, the Oslo Rule Book II – Issuer Rules and the recommendations set out in the Norwegian Code of Practice for Corporate Governance.

The composition of the board of directors is in compliance with the independence requirements of the Code, meaning that (i) the majority of the members of the board of directors elected by the company’s shareholders are independent of the company’s senior management and material business contacts, (ii) at least two board members elected are independent of the company's main shareholders (shareholders holding more than 10% of the shares in the company), and (iii) no member of the company's senior management team serves on the board of directors.

Members of the board of directors are encouraged to own shares in the company. The individual shareholdings for each board member are specified in note 10 to the financial statements.

In 2023, the board held a total of 15 board meetings. Attendance was 97% (including attendance of a deputy member for employee elected board members). The table below shows attendance on meetings in the period the person was part of and available for the board in 2023.

	Position	# BoD meetings	# meetings attended	Attendance in %
Chaiwat Kovavisarach	Chairman	14	14	100 %
Mike Fischer	Vice chair	14	14	100 %
Rune Olav Pedersen	Member	14	13	93 %
Nicola Gordon	Member	14	14	100 %
Finn Haugan	Member	14	14	100 %
Jon Arnt Jacobsen	Member	11	11	100 %
Phatpuree Chinkulkitnivat	Member	11	10	91 %
Elizabeth Williamson	Member	11	11	100 %
Paul Murray	Member	3	2	67 %
Saowapap Sumeksri	Member	3	3	100 %
Grethe Moen	Member	3	3	100 %
Sverre Nes	Member (ee)	11	11	100 %
Ragnhild Aas**	Member (ee)	11	11	100 %
Per Magne Bjellvåg	Member (ee)	11	11	100 %
Anne Lene Rømuld*	Member (ee)	3	3	100 %
Jan Atle Johansen*	Member (ee)	3	3	100 %
John Kristian Larsen*	Member (ee)	3	3	100 %
Harmonie Wiesenberg	Deputy member (ee)	0	0	
Jan Atle Johansen*	Deputy member (ee)	0	0	
Gry Anette Haga	Deputy member (ee)	0	0	
Ragnhild Aas**	Deputy member (ee)	0	0	
Jens Arne Megaard**	Deputy member (ee)	0	0	
Gro Anita Markussen**	Deputy member (ee)	0	0	
Average				97 %

Employee elected (ee).

* Member (ee) until general meeting on 11 May 2023

** Deputy Member (ee) until general meeting on 11 May 2023

Deviations from the code: None

9.0. The work of the board of directors

The board of directors is responsible for the overall management of the company and shall supervise the company's management and company's activities in general.

The board has prepared instructions to allocate duties and responsibilities between the CEO and the board. The instructions are based on applicable laws and well-established practices.

The board of directors is responsible for determining the company's overall goals and strategic direction, principles, risk management, and financial reporting. The board of directors is also responsible for ensuring the company has competent management with clear allocation of responsibilities, as well as ongoing performance evaluation of the work of the CEO. Guidelines for the CEO, including clarification of duties, authorities and responsibilities, have been adopted.

In accordance with the company's guidelines, members of the board and senior management are expected to notify the board if they have any material direct or indirect interest in any transaction entered into by the company. The board has routines for handling of conflict of interest and disclosure. If a conflict occurs, the relevant member of the board will abstain from participating in the board's discussion and decision making.

The board held an annual training session on governance and stock exchange related topics, as per requirements from Oslo Stock Exchange also in 2023. In the board meetings, senior management contributes with developing the board's collective knowledge on topics and issues relevant to the company's business.

Evaluation of the board

The board evaluates its performance, capacity and expertise at least annually. Identified areas of improvement are implemented immediately if required or incorporated in the plan for the following year.

9.1. Board committees

The board establishes its own sub-committees based on legal requirements and the board's needs. The board will assess competence and interest when selecting members for its committees. As of the date of this report, the board has established the sub-committees of the board as listed below.

In addition to the below-mentioned committees, the board may in the future decide to establish various sub-committees with limited duration and mandate as deemed necessary.

Audit committee

The company has established an audit committee in accordance with the rules of the Public Limited Liability Companies Act chapter 6 V.

The function of the audit committee is to prepare matters to be considered by the board and to support the board in the exercise of its management and supervisory responsibilities relating to financial reporting, statutory audit, internal control and collaboration with the Financial Supervisory Authorities. Furthermore, the audit committee shall perform a separate financial review of contract commitments exceeding NOK 100 million (gross amount for operated licences and not for non-operated licences) as part of the internal control of major commitments.

The audit committee currently consists of Rune Olav Pedersen (chair), Finn Haugan, Jon Arnt Jacobsen, Phatpuree Chinkulkitnivat and Ragnhild Aas.

The board has established a charter for the audit committee, stating its tasks and duties.

Sustainability and technical risk committee ("STR committee")

The company has established an STR committee as a sub-committee to the board. The STR committee shall follow up the company's management of ESG related matters, review key risks for exploration, reserves and resources, projects and investments, and monitor overall risk management and internal control.

The STR committee shall further contribute to the board's review of the company's most important areas of exposure to risk and its internal control arrangements.

Furthermore, the STR committee reviews opportunities related to business development and M&A and has some authorisations related to approval of relinquishment, sale and purchase of exploration licenses and assets.

The STR committee currently consists of Nicola Gordon (chair), Mike Fischer, Elizabeth Williamson and Sverre Nes.

The board has established a charter for the STR committee, stating its tasks and duties.

People and organisation committee (P&O committee)

The company has established a P&O committee as a sub-committee to the board. The P&O committee shall evaluate and propose the compensation of the company's CEO, administer the company's incentive programmes and advice the board on general compensation and organisation related matters as well as on the annual report on the compensation of the senior management team and other leading persons, pursuant to applicable rules and regulations. The P&O committee shall also advise the CEO on matters relating to other material employment issues in respect of the senior management.

The P&O committee shall endorse the overall limits for the annual salary adjustments for employees, within the budget set by the board.

The P&O committee currently consists of Finn Haugan (chair), Mike Fischer, Jon Arnt Jacobsen and Per Magne Bjellvåg.

The board has established a charter for the P&O committee, stating its tasks and duties.

Deviations from the code: None

10.0. Risk management and internal control

The board shall ensure that the company has sound internal control and systems for risk management that are appropriate in relation to the extent and nature of the company's activities. The internal control and the systems shall encompass the company's corporate values and ethical guidelines as well as material aspects and risks related to ESG. OKEA applies a risk-based approach in planning, execution and monitoring activities as described in OKEA's management system.

Comprehensive, transparent, and dynamic risk management, supported by necessary framework, tools, and practice, is of great importance for OKEA's ability to deliver on strategy and stated goals. The following governing principles apply for risk management in OKEA:

- Uncertainty is handled through continuous risk management processes in top management, as well as in departments and projects
- Risk management processes shall be incorporated in the company management system framework
- Risk management shall be an important foundation for all major decisions
- Risk management shall address both threats and opportunities
- Risk management in OKEA shall be comprehensive, transparent, and dynamic

OKEA's overall governing principles for risk management are incorporated in the management system manual. Risk management activities are further integrated in processes and documents in the management system as well as in operational practices, at all levels of the organisation. The company's operational activities are limited to Norway and are subject to Norwegian regulations. All activities taking place in a production license are subject to supervision and audits from governmental bodies (e.g. the Norwegian Ocean Industry Authority and the Norwegian Environment Agency), and license partners. OKEA's risk management shall be in accordance with the Norwegian regulations relating to health, safety and environment in all petroleum activities in addition to certain onshore facilities (the Framework Regulations section 11).

The CEO is the overall responsible for risk management in OKEA. Responsibility for managing risk on department or project/activity level belongs to respective appointed managers. The senior vice president for business performance is responsible for coordinating enterprise risk management across the company and provide the board with a status of the internal control, key risks and mitigation measures on a monthly basis. The board and the STR committee regularly review major risks.

The internal control of the financial reporting system shall ensure reliable and timely financial information and reporting. The company has implemented a framework for risk management and internal control of financial reporting based on the framework published by the committee of Sponsoring Organisations of the Treadway Commission (COSO). The framework has the following five components:

1. Control environment
2. Risk assessment and objective setting
3. Control activities
4. Information and communication
5. Monitoring activities

The established framework and processes are integrated in the company’s management system with a target to enable:

- Appropriate and effective identification of risks and events
- Establishment of relevant controls
- Information and communication of risks
- Monitoring of process compliance
- Provision of relevant, timely and reliable financial reporting that provides a fair view of the company’s business
- Prevention of manipulation/fraud of reported figures
- Compliance with relevant requirements of IFRS

OKEA makes use of third-party professional accounting expertise to support its internal and external financial reporting. Meetings are held regularly to ensure alignment and proper assessment of new events, risks and issues, to provide updates of status of operations and projects, and to provide additional capacity if required.

The company’s internal control environment is characterised by clearly defined responsibilities and roles between the board of directors, audit committee, senior management, the finance department and the accounting service providers.

OKEA has formalised and implemented processes in the management system for all areas deemed to have high risk of errors in the financial reporting or otherwise deemed important for internal control purposes. The formalised processes comprise:

- Assess impairment of goodwill and tangible and intangible assets
- Estimates for asset retirement obligations
- Tax assessment and tax calculation
- The financial statement closing process
- Revenue recognition
- Financial modelling and forecasting

The company has implemented a combination of manual and automatic controls, both preventive and detective. OKEA has formalised documentation and monitoring of internal controls in several areas. The processes established and the controls implemented are considered appropriate for a company of OKEA's size and complexity. The internal control of financial reporting is continuously considered and adapted.

Deviations from the code: None

11.0. Remuneration of the board of directors

The ordinary general meeting in 2023 approved the following remuneration:

Of the board of directors:

- For the chairman: NOK 47,000/month with an additional NOK 11,000/meeting
- For other shareholder-elected members of the board: NOK 31,000/month with an additional NOK 8,000/meeting
- For the employee-elected members of the board: NOK 18,000/month with an additional NOK 4,500/meeting

Additional fees for board sub-committees:

- For the committee chair: NOK 19,500/meeting
- For the shareholder-elected members of the committee: NOK 14,000/meeting
- For the employee-elected members of the committee: NOK 8,000/meeting

Committee fees are capped at 12 meetings per year.

Additional cash compensation to the board with an obligation to purchase shares in the company for a minimum of 50 % of the amount:

- For the chairman of the board: NOK 252,000
- For the shareholder-elected members of the board: NOK 168,000 4
- For the employee-elected members of the board: NOK 97,200

Purchased shares are subject to a 12-month lock-up from the date of purchase.

The board shall approve any consultancy work by a member of the board, including the remuneration of such work.

Total remuneration of the board of directors for 2023 was NOK 7.9 million. The individual remuneration of the board members is specified in a separate report "Remuneration of leading persons" and in note 10 to the annual financial statements.

Nomination committee fees:

- For the committee chair: NOK 15,000/meeting
- For members of the committee: NOK 12,000/meeting

The nomination committee fees are capped at NOK 60,000 per year and NOK 48,000 per year for the nomination committee chair and members respectively, (based on a maximum of 4 committee meetings).

Total remuneration of the nomination committee for 2023 was NOK 26 000.

Deviations from the code: None

12.0. Remuneration of the senior management

Combined remuneration of senior management was NOK 49 million for 2023.

The individual remuneration of senior management is specified in a separate report "Remuneration of leading persons" and in note 10 to the financial statements.

Guidelines for salaries and other benefits to leading persons are available on www.okea.no.

Deviations from the code: None

13.0. Information and communication

The board places great emphasis on open, honest and timely dialogue with shareholders and other participants of the capital markets to build trust and credibility, and to support access to capital and a fair valuation of the company's listed shares and debt. The board seeks to present the information factually, transparently, and accurately. All information is published in English, which is OKEA's corporate language.

OKEA's investor relations (IR) team comprises the CEO, CFO, and vice president for investor relations. The main responsibility for the company's IR work rests with the vice president for communication and investor relations.

The primary channels for investor communication are www.okea.no and www.newsweb.no.

OKEA provides interim and annual financial statements and issues other notices when appropriate, in accordance with Oslo Rule Book II - Issuer Rules2, section 4. "Continuing obligations for Issuers of Shares" and section 6 "Continuing obligations for Issuers of Bonds", and quarterly financial statements as required under the company's bond agreements. The information is made available on the company's website and at www.newsweb.no.

Deviations from the code: None

14.0. Takeovers

The board has established procedures for how to act should a take-over bid be made.

In a take-over process, the board and the senior management team each have an individual responsibility to ensure that the company's shareholders are treated equally and that there are no unnecessary interruptions to the company's business activities. The board has a particular responsibility to ensure that the shareholders have sufficient information and time to assess the offer.

In the event of a take-over process, the board shall ensure that:

1. the board will not seek to hinder or obstruct any takeover bid for the company's operations or shares unless there are particular reasons for doing so;
2. the board shall not undertake any actions intended to give shareholders or others an unreasonable advantage at the expense of other shareholders or the company;
3. the board shall not institute measures with the intention of protecting the personal interests of its members at the expense of the interests of the shareholders; and
4. the board must be aware of the particular duty it has for ensuring that the values and interests of the shareholders are protected.

In the event of a take-over bid, the board will, in addition to complying with relevant legislation and regulations, comply with the recommendations in the Norwegian Code of Practice for Corporate Governance. This includes obtaining a valuation from an independent expert. On this basis, the board will make a recommendation as to whether or not the shareholders should accept the bid.

Any transaction that is in effect a disposal of the company's activities should be decided by a general meeting.

Deviations from the code: None

15.0. Auditor

The company's external auditor is PwC.

The board of directors requires the company's auditor to annually present a review of the company's internal control procedures, including identified weaknesses and proposals for improvement, as well as the main features of the plan for the audit of the company.

Furthermore, the board of directors requires the auditor to participate in meetings of the board of directors that deal with the annual financial statements. At these meetings the auditor reports on any material changes in the company's accounting principles and key aspects of the audit, comments on estimated accounting figures and reports all material matters on which there has been disagreement between the auditor and the senior management of the company. The board of directors will meet with the auditor annually without representatives of company management being present.

The auditor normally participates in all meetings with the audit committee, except those parts discussing possible changes of auditor. The auditor meets the audit committee without the company's management being present at least once a year.

The auditor's independence in relation to the company is evaluated at least annually. The auditor submits a written confirmation that the auditor satisfies established requirements as to independence and objectivity. The auditor may carry out certain audit related or non-audit services for the company, providing these are not in conflict with its duties as auditor. The company has established an audit and non-audit service policy, including approval limits for the management and the audit committee.

The remuneration of the auditor is approved by the ordinary general meeting. The board of directors will report to the general meeting details of fees for audit work and any fees for other specific assignments. The auditor attends the general meeting if the business which is to be transacted is of such a nature that attendance is considered necessary.

Deviations from the code: None

Reporting on payments to governments

Annual report 2023

Reporting on payments to governments

This report is prepared in accordance with the Norwegian Accounting Act Section § 3-3 d and the Securities Trading Act § 5-5a which stipulates that companies engaged in activities within the extractive industries shall annually prepare and publish a report containing information about their payments to governments at country and project level. The Ministry of Finance has issued a regulation (F20.12.2013 no. 1682) stipulating that the reporting obligation only applies to reporting entities above a certain size and to payments above certain threshold amounts. In addition, the regulation stipulates that the report shall include other information than payments to governments, as included in section 6 of this report, and it provides more detailed rules applicable to definitions, publication, and group reporting.

The reportable payments are defined in the regulation (F20.12.2013 nr 1682) §3. Management has applied judgment in the interpretation of the regulation regarding the type of payments to be included in the reporting and on what level it should be reported. When payments are required to be reported on a project-by-project basis, OKEA reports by field. Management interprets the regulations as such that only gross amounts on operated licences are reportable, and only for the period when OKEA formally has been acting as operator. This is due to payments in each licence generally being cash calls transferred to the operator. Tax is reported on a corporate basis. All activities in OKEA within the extractive industries are located on the Norwegian continental shelf and all the reported payments below have been made to the Norwegian government.

1.0. Area fee

OKEA, as operator, has paid area fees for the following licences in 2023:

License	Area fee paid in 2023 (MNOK)
Draugen	1.1
Aurora	8.1
Brage	8.7
Brasse	1.0
Total area fee paid	**19.0**

2.0. Income tax

Income taxes are calculated for OKEA ASA. Net tax paid in 2023 amounted to NOK 1,252,742,890 and relate to last three tax instalments for the income year 2022 and the three first tax instalments for the income year 2023, partly offset by a tax refund for 2022.

3.0. CO_2 tax

The CO_2 tax paid in 2023 amounted to NOK 244,305,064, whereof NOK 112,981,850 relates to the Draugen field and NOK 131,323,214 relates to the Brage field.

4.0. NOx

OKEA is a member of the NOx fund and all NOx payments are made to this fund rather than to the government. The total amount paid to the NOx fund in 2023 amounted to NOK 30,358,638, whereof NOK 16,907,021 relates to the Draugen field and NOK 13,451,618 relates to the Brage field.

5.0. Norwegian Ocean Industry Authority (Havtil)

In 2023, the company paid NOK 6,059,655 to Havtil mainly in relation to sector fees and supervisory activities on operated licenses.

6.0. Other information

OKEA is also required to report on investments, operating income, production volumes and purchases of goods and services. All reported information relates to OKEAs activities within the extractive industries on the Norwegian continental shelf:

- Total net investments amounted to NOK 3,206 million as specified in the statement of cash flows, of this NOK 1,919 million was related to investments in oil and gas properties.
- Revenues from crude oil and gas sales amounted to NOK 8,739 million as reported in the statement of comprehensive income.
- OKEA’s net production was 8.97 million barrels of oil equivalents as reported in note 6 to the financial statements.

Reference is made to the statement of comprehensive income and related disclosures notes for information about purchases of goods and services.

Financial statements

Annual report 2023

Financial statements with notes

Overview of the financial statements with notes

Statement of comprehensive income

Amounts in NOK `000	Note	**2023**	**2022**
Revenues from crude oil and gas sales	4, 5	8 738 903	6 398 654
Other operating income / loss (-)	5	145 631	253 975
Total operating income		**8 884 534**	**6 652 629**
Production expenses	6	-2 083 788	-1 616 020
Changes in over/underlift positions and production inventory	6	-684 204	296 523
Exploration and evaluation expenses	7	-203 398	-327 506
Depreciation, depletion and amortization	8	-1 695 088	-769 359
Impairment (-) / reversal of impairment	9	-2 744 808	-497 584
General and administrative expenses	10, 11	-157 066	-212 602
Total operating expenses		**-7 568 352**	**-3 126 549**
Profit / loss (-) from operating activities		**1 316 182**	**3 526 080**
Finance income	12	264 295	126 041
Finance costs	12	-330 006	-334 055
Net exchange rate gain/loss (-)	12	-151 494	-103 101
Net financial items		**-217 205**	**-311 115**
Profit / loss (-) before income tax		**1 098 977**	**3 214 965**
Taxes (-) / tax income (+)	13	-2 034 335	-2 545 357
Net profit / loss (-)		**-935 358**	**669 608**
Other comprehensive income (OCI), net of tax:			
Items that will not be reclassified to profit or loss in subsequent periods:			
Remeasurements pensions, actuarial gain/loss (-)	14	-1 389	110
Total other comprehensive income, net of tax		**-1 389**	**110**
Total comprehensive income / loss (-)		**-936 747**	**669 718**
Earnings per share (NOK per share)			
- Basic	15	-9,00	6,45
- Diluted	15	-9,00	6,44

Statement of financial position

Amounts in NOK `000	Note	31/12/2023	31/12/2022
ASSETS			
Non-current assets			
Goodwill	16, 17	2 295 470	1 296 591
Exploration and evaluation assets	17	210 481	184 317
Oil and gas properties	8	7 198 586	6 556 314
Furniture, fixtures and office equipment	8	56 667	40 622
Right-of-use assets	18, 8	199 652	232 901
Asset retirement reimbursement right	19	4 079 318	3 662 122
Total non-current assets		**14 040 173**	**11 972 868**
Current assets			
Trade and other receivables	20, 29	1 210 790	1 743 901
Spare parts, equipment and inventory	21	864 248	800 333
Asset retirement reimbursement right, current	19	83 229	0
Cash and cash equivalents	22, 29	2 301 181	1 104 026
Total current assets		**4 459 448**	**3 648 261**
TOTAL ASSETS		**18 499 621**	**15 621 128**

Statement of financial position

Amounts in NOK `000	Note	31/12/2023	31/12/2022
EQUITY AND LIABILITIES			
Equity			
Share capital	23	10 391	10 391
Share premium		1 419 486	1 627 307
Other paid in capital		19 140	19 140
Retained earnings/loss (-)		-723 376	421 191
Total equity		**725 642**	**2 078 030**
Non-current liabilities			
Asset retirement obligations	24	9 431 431	5 915 084
Pension liabilities	14	60 570	43 255
Lease liability	18	178 537	212 409
Deferred tax liabilities	13	888 183	2 835 089
Other provisions	25	102 115	39 107
Interest bearing bond loans	26, 29	1 245 860	1 178 610
Other interest bearing liabilities	27, 29	427 128	462 078
Total non-current liabilities		**12 333 823**	**10 685 633**
Current liabilities			
Trade and other payables	28, 29	2 997 001	2 219 658
Other interest bearing liabilities, current	27, 29	49 995	45 874
Income tax payable	13	2 141 182	476 850
Lease liability, current	18	50 190	49 643
Asset retirement obligations, current	24	104 036	0
Public dues payable		97 753	65 440
Total current liabilities		**5 440 156**	**2 857 465**
Total liabilities		**17 773 980**	**13 543 099**
TOTAL EQUITY AND LIABILITIES		**18 499 621**	**15 621 128**

Trondheim, 4 April 2024

Chaiwat Kovavisarach
Chairman of the Board

Phatpuree Chinkulkitnivat
Board member

Mike Fischer
Vice chair of the board

Elizabeth Anne Williamson-Holland
Board member

Nicola Carol Gordon
Board member

Rune Olav Pedersen
Board member

Finn Haugan
Board member

Per Magne Bjellvåg
Board member

Sverre Nes
Board member

Ragnhild Aas
Board member

Jon Arnt Jacobsen
Board member

Svein Jakob Liknes
CEO

Statement of changes in equity

Amounts in NOK `000	Note	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
Net profit/loss (-) for the year		0	0	0	669 608	669 608
Total other comprehensive income/loss (-) for the year		0	0	0	110	110
Dividend paid		0	-301 264	0	0	-301 264
Share issues, cash	23	4	712	0	0	716
Share based payment	10	0	0	76	0	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
Net profit/loss (-) for the year		0	0	0	-935 358	-935 358
Total other comprehensive income/loss (-) for the year		0	0	0	-1 389	-1 389
Dividend paid	23	0	-207 821	0	-207 821	-415 641
Share issues, cash	23	0	0	0	0	0
Share based payment	10	0	0	0	0	0
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	2023	2022
Cash flow from operating activities			
Profit / loss (-) before income tax		1 098 977	3 214 965
Net income tax paid/received	13	-1 252 743	-2 289 373
Depreciation, depletion and amortization	8	1 695 088	769 359
Impairment / reversal of impairment	9	2 744 808	497 584
Expensed exploration expenditures temporary capitalised	7, 17	4 703	141 892
Accretion asset retirement obligations/reimbursement right	19, 24	21 905	11 768
Asset retirement costs from billing (net after reimbursement)	19, 24	-25 455	-22 525
Interest expense	12	86 161	172 369
Loss on financial investments	12	0	64
Change in fair value contingent consideration	25	10 934	-12 376
Change in trade and other receivables, and inventory		467 963	-799 208
Change in trade and other payables		71 084	1 425 986
Unrealised fx and non-cash changes in other non-current items		264 662	233 567
Net cash flow from / used in (-) operating activities		**5 188 087**	**3 344 073**
Cash flow from investing activities			
Investment in exploration and evaluation assets	17	-31 939	-315 833
Business combination, cash paid	16	-1 217 107	-1 239 721
Investment in oil and gas properties	8, 12	-1 918 704	-1 052 354
Investment in furniture, fixtures and office machines	8	-37 826	-36 422
Cash used on (-)/received from financial investments		0	209 896
Net cash flow from / used in (-) investing activities		**-3 205 575**	**-2 434 433**
Cash flow from financing activities			
Net proceeds from issue of bond loans	26	1 308 025	0
Repayment/buy-back of bond loans	26	-1 328 211	-1 401 531
Repayment of other interest bearing liabilities	27	-48 793	-42 730
Interest paid		-131 435	-193 729
Repayments of lease debt	18	-33 325	-30 544
Dividend payments	23	-415 641	-301 264
Net proceeds from share issues	23	0	716
Net cash flow from / used in (-) financing activities		**-649 381**	**-1 969 082**
Net increase/ decrease (-) in cash and cash equivalents		**1 333 131**	**-1 059 442**
Cash and cash equivalents at the beginning of the period		1 104 026	2 038 745
Effect of exchange rate fluctuation on cash held		-135 976	124 723
Cash and cash equivalents at the end of the period	22	**2 301 181**	**1 104 026**

Note 1. Corporate information

OKEA ASA ("OKEA" or "the company") is a public limited liability company incorporated and domiciled in Norway. The company's registered business address is Kongens gate 8, 7011 Trondheim, Norway. OKEA'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. The company has a strong asset portfolio including the Draugen and Brage fields, which are operated by OKEA, as well as partner shares in Gjøa, Ivar Aasen, Yme, Nova and Statfjord. Furthermore, OKEA has activities in projects under development, as well as discoveries being evaluated for development and exploration licences with planned and possible wells.

The financial statements of OKEA for the year ended 31 December 2023 were authorised for issue in accordance with a resolution of the board of directors on 4 April 2024.

Note 2. Accounting policies

Basis of preparation

OKEA ASA's financial statements have been 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 financial statements have been prepared under the assumption of going concern and on historical cost basis, with some exceptions where fair value measurement is applied. These exceptions are specifically disclosed in the accounting policies sections in relevant notes.

Classification in statement of financial position

Current assets and current liabilities include items due less than a year from the date of the statement of financial position, and items related to the operating cycle, if longer. Other assets and liabilities are classified as non-current.

Interest in oil and gas licences

The company accounts for its interest in oil and gas licenses based on its ownership interest in the licence. The company recognises its share of each licence's income, expenses, assets, liabilities and cash flows, on a line-by-line basis in the company's financial statements.

Foreign currency translation and transactions

The functional currency and the reporting currency of the company is NOK.

Foreign currency transactions are translated into NOK using the exchange rates prevailing at transaction date. Monetary assets and liabilities in foreign currencies are translated at prevailing exchange rates on each balance sheet date. Non-monetary items in foreign currencies are translated at the historical exchange rate on the transaction date. Non-monetary items that are measured at fair value are translated at the exchange rate on the date when the fair value was determined. Foreign exchange gains and losses resulting from settlement of foreign currency transactions and translation of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

Cost of equity transactions

Transaction costs directly attributable to an equity transaction are recognised directly in equity, net of taxes.

Cash flow statement

The cash flow statement is prepared using the indirect method. Interest paid is presented under financing activities.

Other material accounting policies

Other material accounting policies applied in the preparation of the financial statements are described in the respective note disclosures.

New and amended standards and interpretations adopted by the company

New standards and amendments to standards and interpretations effective from 1 January 2023 did not have any significant impact on the financial statements.

New and amended standards and interpretations issued, but not adopted

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning on or after 1 January 2024 and have not been applied in preparing these financial statements. None of these new standards and amendments to standards and interpretations are expected to have any significant impact on the company's financial statements.

Note 3. Critical accounting judgements and estimates

The preparation of financial statements requires management to make judgements, use estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, revenues and expenses. Although these estimates are based on management's best knowledge of historical experience and current events, actual future results may differ from these estimates. The estimates and the underlying assumptions are reviewed on an ongoing basis.

Currently, the company's most important accounting estimates relate to the following items:

Impairment
The company reviews whether its non-financial assets have suffered any impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An asset is written down to its recoverable amount when the recoverable amount is lower than the carrying value of the asset. The recoverable amount is the higher of fair value less expected cost to sell and value in use (present value based on the future use of the asset).

All impairment assessments require a high degree of estimation, including assessments of expected future cash flows from the cash generating unit and the estimation of applicable discount rates. Impairment testing requires long-term assumptions to be made concerning a number of economic factors such as future production levels, market conditions, production expense, discount rates and political risk among others, in order to establish relevant future cash flow estimates. There is a high degree of reasoned judgement involved in establishing these assumptions and in determining other relevant factors.

Goodwill is tested for impairment at each balance sheet date. The term "technical goodwill" is used to describe a category of goodwill arising as an offsetting account to deferred tax recognised in business combinations. There are no specific IFRS guidelines pertaining the allocation of technical goodwill, and management has therefore applied the general guidelines for allocating goodwill for the purpose of impairment testing. The appropriate allocation of goodwill requires management's judgment and may impact the subsequent impairment charge significantly. In general, technical goodwill is allocated to CGU level for impairment testing purposes, while residual goodwill may be allocated across all CGUs based on facts and circumstances in the business combination. When performing the impairment test for technical goodwill, deferred tax recognised in relation to the acquired licences reduces the net carrying value prior to the impairment charges in order to avoid an immediate impairment of all technical goodwill. When deferred tax from the initial recognition decreases, more goodwill is as such exposed for impairment. Going forward, depreciation of values calculated in the purchase price allocation will result in decreased deferred tax liability.

Fair value measurement
At balance sheet date the fair values of non-financial assets and liabilities are required to be determined. This may include situations when the entity acquires a business, determines allocation of purchase price in an asset deal or where an entity measures the recoverable amount of an asset or CGU at fair value less cost to sell. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use. The company uses valuation techniques that are appropriate in the circumstances. Sufficient data is available to measure fair value in order to maximise the use of relevant observable inputs, and minimise the use of unobservable inputs. The fair value of oil fields in production and development phase is normally based on discounted cash flow models, where the determination of the different input in the model requires significant judgment from management (ref. chapter regarding impairment above).

Asset retirement obligations
Production of oil and gas is subject to statutory requirements relating to decommissioning and removal. Provisions to cover such future asset retirement obligations is recognised at the time the statutory requirement arises, which is defined as when the equipment has been installed or a well has been drilled. The estimates are uncertain and may vary in response to many factors including changes to relevant legal requirements, the emergence of new restoration techniques or experience at other production sites. The expected timing and amount of expenditure can also change, for example in response the changes in reserves or changes in laws and regulations or their interpretation. A premise in the estimation for the future obligations is current technology and market conditions. As such, there is also inherent risk related to future developments in technology and market prices. Furthermore, future price levels, market conditions and development in technology can impact the timing of the closing of production and thus the timing of abandonment. The company is reviewing the estimates and assumptions related to asset retirement obligations to ensure the financial statements reflect the company's best estimate at any reporting date.

Proven and probable oil and gas reserves
Oil and gas reserves are estimated by the company in accordance with industry standards. The estimates are based on OKEA's own assessment of internal information and information from operators. In addition, proven and probable reserves are certified by an external party. Proven and probable reserves and production volumes are used to calculate the depreciation of oil and gas properties by applying the unit-of-production method. Reserve estimates are also used as basis for impairment testing of oil and gas properties and goodwill. Changes in petroleum prices and cost estimates may change reserve estimates and accordingly economic cut-off, which may impact the timing of assumed decommissioning and removal activities. Changes to reserve estimates can also result from updated production and reservoir information. Future changes to proven and probable reserves can have a material impact on depreciation, life of field, impairment, and operating results.

Note 4. Segment reporting

The company has identified its reportable segment based on the nature of the risk and return within its business. The company's only business segment is development and production of oil and gas on the Norwegian continental shelf.

Note 5. Operating income

Accounting policies

Revenue recognition
Revenue from the sale of petroleum products is recognised when the company's contractual performance obligation has been fulfilled and control is transferred to the customer, which will ordinarily be at the point of delivery when the title passes (sales method). The lifting schedule and allocation of lifts to OKEA will vary with the production profiles and commercial arrangements for the various petroleum products and assets. Sale of petroleum products is mostly made to large international oil companies with investment grade credit rating. The pricing of the sales of petroleum products is determined based on market pricing for each product.

There is no significant judgement related to applying IFRS 15 to the company's contracts.

Revenues from crude oil and gas sales

Amounts in NOK `000	2023	2022
Sale of liquids	6 672 215	3 621 472
Sale of gas	2 066 688	2 777 182
Total revenues from crude oil and gas sales	**8 738 903**	**6 398 654**

Sales volumes in boe*	2023	2022
Sale of liquids	7 920 985	3 841 817
Sale of gas	2 380 613	2 090 128
Total sale of petroleum	**10 301 598**	**5 931 945**

Production volumes in boe*	2023	2022
Production of liquids	6 755 146	4 241 579
Production of gas	2 218 581	1 867 218
Total production	**8 973 727**	**6 108 797**

* Barrels of oil equivalents

Other operating income / loss (-)

Amounts in NOK `000	2023	2022
Gain / loss (-) from put/call options, oil	-11 476	0
Gain / loss (-) from forward contracts, gas	5 648	72 492
Gain / loss (-) from forward contracts, CO2 quotas	2 386	0
Change in fair value contingent consideration**	-10 934	12 376
Tariff income Gjøa and NOx refund Brage	130 656	131 596
Sale of licenses	7 566	0
Joint utilisation of logistics resources at Draugen***	21 783	37 512
Total other operating income / loss (-)	**145 631**	**253 975**

** See note 25.
*** Relates to joint utilisation of the offshore supply ship "Siem Pride" and supply base "Vestbase".

Note 6. Production expenses and changes in over/underlift position and production inventory

Accounting policies

Overlift and underlift of petroleum products
Over/underlift balances are measured at the lower of production cost including depreciation and net realisable value. Changes in over/underlift balances are presented as an adjustment to cost on a separate line item in the statement of comprehensive income.

Overlift and underlift is calculated as the difference between the company's share of production and its actual sales and are classified as current assets and current liabilities respectively. If accumulated production exceeds accumulated sales, there is an underlift (asset) and if accumulated sales exceeds accumulated production there is an overlift (liability).

Production expenses

Amounts in NOK `000	**2023**	**2022**
From licence billings - producing assets	1 780 685	1 420 803
From licence billings - assets under development - various preparations for operation	0	0
Other production expenses (insurance, transport)	272 067	179 295
G&A expenses allocated to production expenses	31 036	15 922
Production expenses	**2 083 788**	**1 616 020**

Production expenses	**2 083 788**	**1 616 020**
Less: processing tariff income	-130 656	-131 596
Less: joint utilisation of logistics resources	-21 783	-37 512
Less: preparation for operation asset under development	0	0
Net production expenses	1 931 349	1 446 912
Produced volumes (boe)	8 973 727	6 108 797
Production expense NOK per boe*	**215**	**237**

* Barrels of oil equivalents

Changes in over/underlift positions and production inventory

Amounts in NOK `000	**2023**	**2022**
Changes in over/underlift positions	-483 505	196 372
Changes in production inventory	-200 699	100 151
Total changes income/loss (-)	**-684 204**	**296 523**

Volumes in boe	**2023**	**2022**
Produced volumes	8 973 727	6 108 797
Third-party volumes available for sale*	-207 071	-217 542
Sold own produced volumes	-10 094 527	-5 714 403
Total changes in boe	**-1 327 871**	**176 852**

* Compensation volumes received from Duva (tie-in to Gjøa)

Note 7. Exploration and evaluation expenses

Specification of exploration and evaluation expenses

Amounts in NOK `000	**2023**	**2022**
Share of exploration and evaluation expenses from participation in licences excluding dry well impairment, from billing	91 183	75 304
Share of exploration expenses from participation in licences, dry well write off, from billing*	4 703	141 892
Seismic and other exploration and evaluation expenses, outside billing	102 441	108 525
G&A expenses allocated to exploration expenses	5 070	1 786
Total exploration and evaluation expenses	**203 398**	**327 506**

* The drilling of exploration well Ginny in licence PL1060 was completed in 2022 and the well was concluded dry. The discovery in the Hamlet exploration well in licence PL153 was concluded non-commercial in 2022, and expensed the same year.

Note 8. Oil and gas properties, furniture, fixtures and office machines, right-of-use assets

Accounting policies

Property, plant and equipment, including oil and gas properties
Property, plant and equipment acquired by the company are stated at historical cost, less accumulated depreciation and impairment charges. Depreciation of other assets than oil and gas properties are calculated on a straight-line basis and adjusted for residual values and impairment charges.

Ordinary repairs and maintenance costs, defined as day-to-day servicing costs, are charged to the income statement during the financial period in which they are incurred. The cost of major overhauls is included in the asset's carrying amount when it is probable that the company will derive future economic benefits in excess of the originally assessed standard of performance of the existing asset.

Gains and losses on disposals are determined by comparing the disposal proceeds with the carrying amount and are included in operating profit.

Right-of-use assets represent the right to use the underlying leased asset during the lease term according to IFRS 16.

Depreciation of oil and gas properties
Capitalised costs for oil and gas fields in production are depreciated individually for each field using the unit-of-production method. The depreciation is calculated based on proved and probable reserves. The rate of depreciation is equal to the ratio of oil and gas production for the period over the estimated remaining proved and probable reserves expected to be recovered at the beginning of the period. The rate of depreciation is multiplied with the carrying value plus estimated future capital expenditure necessary to develop any undeveloped reserves included in the reserve basis. Any changes in the reserves estimate that affect unit-of-production calculations, are accounted for prospectively over the revised remaining reserves.

Development costs for oil and gas properties
For accounting purposes, a project is considered to enter the development phase when the technical feasibility and commercial viability of extracting hydrocarbons from the field are demonstrable, normally at the time of concept selection (Decision gate 2). Costs of developing commercial oil and/or gas fields are capitalised together with borrowing costs incurred in the period of development. Capitalised development costs and acquisition cost of fields in development are classified as tangible assets (oil and gas properties). Pre-operational costs are expensed when incurred.

Borrowing costs
Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that take a substantial period of time to get ready for their intended use or sale. Any investment income earned on the temporary investment of specific borrowings, pending their expenditure on qualifying assets, is deducted from the borrowing costs eligible for capitalisation. Other borrowing costs are expensed in the period in which they incur.

Amounts in NOK `000	Oil and gas properties	Furniture, fixtures and office machines	Right-of-use assets	Total
2023				
Cost at 1 January 2023	10 276 046	52 650	358 702	10 687 398
Additions	1 996 217	37 826	0	2 034 042
Additions through business combinations (see note 16)	1 619 488	0	0	1 619 488
Reclassification from inventory	4 787	0	0	4 787
Removal and decommissioning asset	53 974	0	0	53 974
Disposals	0	-2 464	0	-2 464
Cost at 31 December 2023	**13 950 512**	**88 011**	**358 702**	**14 397 226**
Accumulated depreciation and impairment at 1 January 2023	-3 719 732	-12 027	-125 802	-3 857 561
Depreciation	-1 650 061	-21 781	-23 246	-1 695 088
Additional depreciation of IFRS 16 Right-of-use assets*	0	0	-10 003	-10 003
Impairment (-) / reversal of impairment	-1 382 133	0	0	-1 382 133
Disposals	0	2 464	0	2 464
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**
2022				
Cost at 1 January 2022	7 165 077	20 512	329 404	7 514 993
Additions	1 080 413	36 422	11 983	1 128 817
Additions through business combinations (see note 16)	1 957 730	0	17 315	1 975 045
Reclassification from inventory	2 969	0	0	2 969
Removal and decommissioning asset	69 858	0	0	69 858
Disposals	0	-4 284	0	-4 284
Cost at 31 December 2022	**10 276 046**	**52 650**	**358 702**	**10 687 398**
Accumulated depreciation and impairment at 1 January 2022	-2 480 324	-9 370	-95 205	-2 584 899
Depreciation	-741 824	-6 942	-20 594	-769 359
Additional depreciation of IFRS 16 Right-of-use assets*	0	0	-10 003	-10 003
Impairment (-) / reversal of impairment	-497 584	0	0	-497 584
Disposals	0	4 284	0	4 284
Accumulated depreciation and impairment at 31 December 2022	**-3 719 732**	**-12 027**	**-125 802**	**-3 857 561**
Carrying amount at 31 December 2022	**6 556 314**	**40 622**	**232 901**	**6 829 837**

* Depreciation of IFRS 16 right-of-use assets are presented net in the income statement related to leasing contracts entered into as licence operator.

Depreciation plan	Unit of Production	Linear	Linear
Estimated useful life (years)	N/A	3 - 5	2 - 20

Amounts in NOK `000	2024	2025	2026	2027
Planned capital expenditure for existing licences (work program and budget)	3 050 000	2 015 000	1 441 000	823 000

Note 9. Impairment / reversal of impairment

Accounting policies

Impairment of assets
Property, plant and equipment and other non-current assets are subject to impairment testing when there is an indication that the assets may be impaired and at least on an annual basis. The company makes such assessment on each reporting date. If an indication exists, an impairment test where the company estimates the recoverable amount of the asset is performed.

The recoverable amount is the higher of fair value less expected cost to sell and value in use. If the carrying amount of an asset or cash generating unit is higher than the recoverable amount, an impairment loss is recognised in the income statement. The impairment loss is the amount by which the carrying amount of the asset exceeds the recoverable amount.

The value in use is determined as the discounted future net cash flows expected to be generated by the asset. 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). For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows. For oil and gas properties, the field or license is typically considered as one cash generating unit. All other assets are assessed separately.

An impairment loss on assets, except for goodwill, will be reversed when the recoverable amount exceeds the carrying amount. Impairment of goodwill will not impact tax income and as such the impact to Net Profit after tax will be the same as the impairment of goodwill.

Technical goodwill arises as an offsetting account to the deferred tax recognised in business combinations and is allocated to each Cash Generating Unit (CGU) and is tested for impairment as part of the relevant 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.

Overview of the key assumptions applied in the impairment test as of 31 December 2023

	Oil	Gas	Currency rates
Year	USD/boe*	GBP/therm*	NOK/USD
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

Key assumptions applied in the impairment test as of 31 December 2022:

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

* Prices per 31.12.2023 in real 2023 terms and per 31.12.2022 in real 2022 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 the related cost. For fair value testing the discount rate applied is 10.0% nominal post tax (2022: 10.0% nominal post tax).

The long-term inflation rate is assumed to be 2% (2022: 2%).

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 1,715 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 right-of-use assets as of 31 December 2023
Based on impairment testing, NOK 1,382 million in impairment of the Yme asset was recognised in 2023 with an offset to changes in deferred taxes of NOK 1,078 million. The key drivers for the impairment was reserves revision and reduced forward prices for oil. In addition to this, an goodwill impairment of NOK 1,363 million was recognised in relation to the acqusition of Statfjord Area assets, as the goodwill could not be substantiated.

There was no impairment or reversal of impairment for any of the other fixed assets or right-of-use assets in 2023, further no impairment of technical goodwill in 2023.

Impairment testing of technical goodwill, ordinary goodwill, fixed assets and right-of-use assets as of 31 December 2022
Based on impairment testing, NOK 498 million in impairment of the Yme asset was recognised in 2022 with an offset to changes in deferred taxes of NOK 388 million. The key drivers for the impairment was reserves revision and revised phasing of production.

There was no impairment or reversal of impairment for any of the other fixed assets or right-of-use assets in 2022, further no impairment of ordinary or technical goodwill in 2022.

Sensitivity analysis 2023

The table below shows what the impairment (pre-tax) would have been in 2023 under various alternative assumptions for key variables in the calculation (all else equal). The amounts represent the combined impairment for CGUs Gjøa, Draugen, Ivar Aasen, Yme, Brage, Nova, Statfjord, and ordinary goodwill.

		Alternative calculations of pre-tax impairment/reversal (-) in 2023 (NOK '000)		Increase / decrease (-) of pre-tax impairment 2023 (NOK '000)	
Assumptions	**Change**	**Increase in assumption**	**Decrease in assumption**	**Increase in assumption**	**Decrease in assumption**
Oil and gas price	+/- 10%	2 501 811	3 511 601	-242 997	766 793
Currency rate NOK/USD	+/- 1.0 NOK	2 499 781	3 492 271	-245 027	747 463
Discount rate	+/- 1% point	2 774 342	2 733 201	29 534	-11 607
Inflation rate	+/- 1% point	2 712 437	2 828 544	-32 371	83 736
Environmental opex	+/- 20% point	2 773 000	2 719 229	28 192	-25 579

In addition, scenarios from the International Energy Agency (IEA) have been tested for impairment. Descriptions of these three scenarios can be found in OKEA's ESG report for 2022. The prices in these scenarios are provided in real 2023 terms for 2030 and 2050. Forward prices are applied for 2024 and linearly interpolated from average 2024 forward price to IEA scenario price 2030 and linearly interpolated from IEA scenario price 2030 to IEA scenario prices 2050. The numbers to the left are alternative calculations of impairment or impairment reversal (-) and the numbers to the right are changes from what is reflected in the income statement of a impairment of NOK 2 744 808 thousand.

IEA scenario	**Prices 2030 & 2050**	**Alternative calculations of pre-tax impairment/ reversal (-) in 2023 (NOK '000)**	**Increase/ decrease (-) of pre-tax impairment 2023 (NOK '000)**
Net zero emissions by 2050	Oil 44 - 27 $/bbl, Gas 36 - 34 pence/therm	3 470 442	725 634
Announced pledges	Oil 78 - 64 $/bbl, Gas 54 - 45 pence/therm	2 323 832	-420 976
Stated policies	Oil 90 - 88 $/bbl, Gas 58 - 59 pence/therm	2 128 681	-616 127

Only the Net zero scenario results in greater impairment than the current base case for OKEA's portfolio. The impairment figure in the Net zero case is mainly related to fixed asset value at Yme CGU, partly offset by changes in deferred tax. As well as impairment of technical goodwill at Draugen, Ivar Aasen, Nova and Statfjord. The analysis performed indicates the risk of any stranded assets in OKEA's portfolio is limited under the current IEA scenarios.

Sensitivity analysis 2022

The table below shows what the impairment (pre-tax) would have been in 2022 under various alternative assumptions for key variables in the calculation (all else equal). The amounts represent the combined impairment for CGUs Gjøa, Draugen, Ivar Aasen and Yme, Brage, Nova, and ordinary goodwill.

		Alternative calculations of pre-tax impairment/reversal (-) in 2022 (NOK '000)		Increase / decrease (-) of pre-tax impairment 2022 (NOK '000)	
Assumptions	**Change**	**Increase in assumption**	**Decrease in assumption**	**Increase in assumption**	**Decrease in assumption**
Oil and gas price	+/- 10%	-7 119	1 002 288	-504 703	504 703
Currency rate NOK/USD	+/- 1.0 NOK	-40 269	1 035 438	-537 853	537 853
Discount rate	+/- 1% point	544 758	448 948	47 174	-48 637
Inflation rate	+/- 1% point	393 562	598 712	-104 023	101 127
Environmental opex	+/- 20% point	567 774	427 395	70 190	-70 190

In addition, scenarios from the International Energy Agency (IEA) have been tested for impairment. Descriptions of these three scenarios can be found in OKEA's ESG report for 2022. The prices in these scenarios are provided in real 2021 terms for 2030 and 2050. Forward prices are applied for 2023 and linearly interpolated from average 2023 forward price to IEA scenario price 2030 and linearly interpolated from IEA scenario price 2030 to IEA scenario prices 2050. The numbers to the left are alternative calculations of impairment or impairment reversal (-) and the numbers to the right are changes from what is reflected in the income statement of a impairment of NOK 497 584 thousand.

IEA scenario	**Prices 2030 & 2050**	**Alternative calculations of pre-tax impairment/ reversal (-) in 2022 (NOK '000)**	**Increase/ decrease (-) of pre-tax impairment 2022 (NOK '000)**
Net zero emissions by 2050	Oil 35 - 24 $/bbl, Gas 38 - 32 pence/therm	641 468	143 884
Announced pledges	Oil 64 - 60 $/bbl, Gas 66 - 52 pence/therm	-99 030	-596 615
Stated policies	Oil 82 - 95 $/bbl, Gas 71 - 77 pence/therm	-366 632	-864 217

Only the Net zero scenario results in greater impairment than the current base case for OKEA's portfolio. The impairment figure in the Net zero case is mainly related to fixed asset value at Yme CGU, partly offset by changes in deferred tax. The reversal indicated in the Stated policies is capped at previous impaired fixed asset value of the Yme CGU. The analysis performed indicates the risk of any stranded assets in OKEA's portfolio is limited under the current IEA scenarios.

Note 10. Employee benefit expenses

Specification of employee benefits expenses included in general and administrative expenses

Amounts in NOK `000	**2023**	**2022**
Salary expenses	773 718	481 781
Employer's payroll tax expenses	144 913	73 966
Pensions	83 568	48 045
Share based payment	0	76
Other personnel expenses	16 311	16 204
Gross employee benefits expenses	**1 018 511**	**620 072**
Number of man-years during the year	433	249
Gross other general and administrative expenses, see note 11	579 711	336 209
Gross general and administrative expenses	**1 598 222**	**956 281**
Allocated to operated licences	-1 405 049	-725 343
Allocated to exploration and production expenses	-36 107	-18 336
Total general and administrative expenses	**157 066**	**212 602**

Pensions

The company has a defined contribution pension scheme for all employees which satisfies the statutory requirements in the Norwegian law on required occupational pension (“lov om obligatorisk tjenestepensjon”). In addition, the company has a defined benefit pension plan to cover for the age 65-67 for offshore employees. Reference is made to note 14 for further details.

The company is part of the AFP ("avtalefestet pensjon") scheme and contributes to the AFP pension for all eligible employees in accordance with the AFP regulations.

Compensation to management in 2023 *

Amounts in NOK `000	Salary	Variable remuneration**	Pension	Other benefits***
Svein J. Liknes (CEO)[1]	5 608	2 523	201	342
Birte Norheim (CFO)	3 566	1 438	201	18
Tor Bjerkestrand (SVP operations)	3 544	1 383	201	18
Dag Eggan (SVP special projects)	3 115	1 142	201	18
Espen Myhra (SVP strategy, BD & commercial)	3 094	1 141	201	18
Knut Gjertsen (SVP projects & technology)	3 518	1 188	201	596
Marit Moen Vik-Langlie (VP legal)	2 024	763	201	27
Kjersti Hovdal (SVP business performance)	2 902	1 078	201	81
Børge Nerland (SVP drilling & wells)	2 811	1 398	201	18
Ida Ianssen Lundh (SVP subsurface)[2]	619	585	67	4
Andrew McCann (SVP subsurface)[3]	2 058	694	134	13
Total compensation to management	**32 859**	**13 333**	**2 007**	**1 153**

* Compensation in form of salaries is included in the year paid. Variable and other compensations are included in year earned.
** Variable remuneration includes remuneration related to employee share incentive program and long-term incentive scheme.
*** Other benefits include fringe benefits, value of warrants triggered and other benefits.

1) Svein J. Liknes is entitled to 6 – 18 months severance pay, depending on the circumstances.
2) Ida Ianssen Lundh was appointed interim SVP subsurface and part of senior management from 1 September 2023
3) Andrew McCann was part of senior management until 1 September 2023

OKEA has a share bonus scheme for all employees, also including the senior management. The criteria for the share bonus are determined by the board of directors on a yearly basis. The board conducts an annual assessment of the arrangement, determines the achievement of the criteria and sets bonus criteria for the coming year.

The CEO and senior management are eligible to participate in the company's long-term incentive program (LTIP). The purpose of the LTIP is to further align the interests of the company and its shareholders by providing a long-term program to incentivise and retain key employees. Each participant is eligible to be allocated and awarded a number of synthetic restricted stock units (RSUs), each of which will entitle the participant to receive the value equivalent to one share in the company. Eligibility for the LTIP will be assessed by the CEO at the time of allocation and award.

No loans have been granted and no guarantees have been issued to the management or any member of the board of directors.

Compensation to management in 2022 *

Amounts in NOK `000	Salary	Variable remuneration**	Pension	Other benefits***
Svein J. Liknes (CEO) 1)	4 560	4 349	190	337
Birte Norheim (CFO)	3 281	2 560	190	113
Tor Bjerkestrand (SVP operations)	3 298	2 846	190	13
Andrew McCann (SVP subsurface & wells)	2 865	2 305	190	13
Dag Eggan (SVP special projects)	2 870	1 902	190	13
Espen Myhra (SVP business development)	2 791	2 434	190	14
Knut Gjertsen (SVP projects & technology)	3 336	2 945	190	577
Marit Moen Vik-Langlie (VP legal)	1 851	1 888	190	21
Kjersti Hovdal (SVP business performance)	1 673	1 523	111	7
Børge Nerland (SVP drilling & wells)	492	738	32	2
Ørjan Johanessen, (VP drilling & wells)	937	262	79	5
Total compensation to management	**27 954**	**23 753**	**1 738**	**1 115**

* Compensation in form of salaries is included in the year paid. From 2021 variable and other compensations are included in year earned.
** Variable remuneration includes remuneration related to employee share insentive program and long-term incentive scheme.
*** Other benefits include fringe benefits, value of warrants triggered and other benefits.

1) Svein J. Liknes is entitled to 6 – 18 months severance pay, depending on the circumstances.

Compensation to Board of Directors in 2023 **

Amounts in NOK `000	Board fees	Sub-committee fees	Other variable[2]	Total fees
Chaiwat Kovavisarach (chairman)	696	0	252	948
Mike Fischer (vice chair)	468	224	168	860
Rune Olav Pedersen (board member)	460	156	168	784
Nicola Gordon (board member)	468	176	168	812
Finn Haugan (board member)	468	249	168	885
Jon Arnt Jacobsen (board member)	326	112	168	606
Phatpuree Chinkulkitnivat (board member)	318	56	168	542
Elizabeth Williamson (board member)	326	84	168	578
Paul Murray (board member)	135	42	0	177
Saowapap Sumeksri (board member)	142	112	0	254
Grethe Moen (board member)	142	42	0	184
Sverre Nes (board member)	183	56	97	337
Ragnhild Aas (board member)	188	32	97	317
Per Magne Bjellvåg (board member)	188	32	97	317
Anne Lene Rømuld (board member)	81	24	0	105
John Kristian Larsen (board member)	81	32	0	113
Jan Atle Johansen (deputy member)	81	16	0	97
Total compensation to board of directors	**4 751**	**1 444**	**1 719**	**7 915**

** The table shows the compensation earned by the board of directors in 2023.

[2)] relates to an additional compensation with an obligation to purchase OKEA shares. The shares are subject to a 12-month lock-up period from the date of purchase. in accordance with the company's general meeting on 11 May 2023.

Compensation to Board of Directors in 2022 ***

Amounts in NOK `000	Board fees	Sub-committee fees	Other variable[3]	Total fees
Chaiwat Kovavisarach (chairman)	650	14	252	916
Paul Murray (board member)	435	81	168	684
Mike Fischer (board member)	435	139	168	741
Saowapap Sumeksri (board member)	435	106	168	709
Finn Haugan (board member)	435	216	168	819
Grethe Moen (board member)	435	120	168	723
Rune Olav Pedersen (board member)	435	148	168	751
Nicola Gordon (board member)	435	115	168	718
John Kristian Larsen (board member)	250	62	97	409
Anne Lene Rømuld (board member)	250	63	97	410
Jan Atle Johansen (board member)	239	48	97	384
Ragnhild Aas (deputy board member)	0	0	0	0
Jens Arne Megaard (deputy board member)	0	0	0	0
Gro Anita Markussen (deputy board member)	11	0	0	11
Total compensation to board of directors	**4 445**	**1 111**	**1 720**	**7 275**

*** The table shows the compensation earned by board of directors in 2022.

[3)] relates to an additional compensation with an obligation to purchase OKEA shares. The shares are subject to a 12-month lock-up period from the date of purchase. in accordance with the company's general meeting on 12 May 2022

Share based payment

Amounts in NOK `000	2023	2022
Warrants to employees	0	76
Total share based payment expense	**0**	**76**

Warrants to employees

In February 2018, OKEA granted 1 250 000 equity-settled warrants to employees, each warrant with an exercise price of NOK 17.9.

Warrants granted in connection with share based payment owned by management

Amounts in NOK `000	Number of warrants[1)]	Expense recognised 2023	Expense recognised 2022
Dag Eggan (SVP special projects)	40 000	0	38
Tor Bjerkestrand (SVP operations)	40 000	0	38
Other employees and former management	1 170 000	0	0
Total	**1 250 000**	**0**	**76**

[1)] Warrants owned directly or indirectly by employee.

Overview of outstanding warrants in connection with share based payment

	2023	2022
Outstanding warrants at 1 January	0	80 000
Warrants exercised	0	-40 000
Warrants expired	0	-40 000
Outstanding warrants at 31 December	**0**	**0**
Of which exercisable	**0**	**0**

Guideline and report on remuneration for leading persons

A guideline on remuneration for leading persons was endorsed by the annual general meeting on 11 May 2023. A revision of these guidelines for leading persons in 2024 will be presented at the annual general meeting scheduled for 14 May 2024, as well as a separate report on remuneration for leading persons published at the same time as the annual report.

Note 11. Other operating expenses

Specification of other operating expenses included in general and administrative expenses

Amounts in NOK `000	2023	2022
Technical and IT consultants	300 802	171 244
Administrative consultants	25 764	14 087
Travel expenses	33 404	15 936
Office rentals and other office expenses	27 193	14 867
IT software and hardware	167 827	99 254
Other expenses	24 721	20 821
Gross other general and administrative expenses	**579 711**	**336 209**
Gross employee benefits expenses, see note 10	1 018 511	620 072
Gross general and administrative expenses	**1 598 222**	**956 281**
Allocated to operated licences	-1 405 049	-725 343
Allocated to exploration and production expenses	-36 107	-18 336
Total general and administrative expenses	**157 066**	**212 602**

Auditor's fees (ex. VAT)

Amounts in NOK `000	2023	2022
Auditor's fee	1 496	1 739
Other attestation services	658	101
Other services outside audit	389	0
Total auditor's fees	**2 543**	**1 840**

Note 12. Financial items

Amounts in NOK `000	2023	2022
Interest income	91 380	22 165
Unwinding of discount asset retirement reimbursement right (indemnification asset)	172 915	103 876
Total finance income	**264 295**	**126 041**
Interest expense and fees from loans and borrowings	-163 617	-200 371
Capitalised borrowing cost on development projects	77 513	28 059
Interest expense shareholder loan	-57	-57
Other interest expense	-283	-5 268
Unwinding of discount asset retirement obligations	-194 820	-115 645
Loss on buy-back/early redemption bond loan	-28 315	-23 535
Loss on financial investments	0	-64
Other financial expense	-20 428	-17 174
Total finance costs	**-330 006**	**-334 055**
Exchange rate gain/loss (-), interest-bearing loans and borrowings	-54 555	-296 881
Net exchange rate gain/loss (-), other	-96 939	193 780
Net exchange rate gain/loss (-)	**-151 494**	**-103 101**
Net financial items	**-217 205**	**-311 115**

Note 13. Taxes

Accounting policies

Income taxes
The taxes/tax income consists of current income tax (taxes payable/receivable) and changes in deferred income taxes.

Current income taxes
Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the tax authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantially enacted by the balance sheet date.

Current income tax relating to items recognised directly in equity is recognised directly in equity.

Deferred income taxes
Deferred tax/tax benefits are calculated on the basis of the differences between book value and tax basis values of assets and liabilities.

Deferred income tax assets are recognised for all deductible temporary differences (with the exception of temporary differences on acquisition of licences that is defined as an asset purchase). Carry forward of unused tax credits and unused tax losses, to the extent that it is probable that the taxable profit will be available against deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised. The carrying amount of deferred income tax assets are reviewed at each balance sheet date, and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised. Unrecognised deferred income tax assets are reassessed at each balance sheet date, and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered (onshore activity).

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Deferred income tax assets and deferred income tax liabilities are offset if a legally enforceable right exists to set off current tax assets against income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority/tax regime. Timing differences are considered.

Deferred tax assets and liabilities are recognised for the future tax consequences attributable to differences between the carrying amounts of existing assets and liabilities and their respective tax bases, subject to the initial recognition exemption for acquisition of assets. Deferred income tax relating to items recognised directly in equity is recognised in equity and not in the income statement.

Cash flow based petroleum tax legislation
The tax calculation is from 2022 based on the cash flow based petroleum tax legislation enacted by the the Norwegian Parliament in June 2022. The main feature of the legislation affecting the company is that investments in field facilities, production wells and pipelines incurred from 1 January 2022 can be expensed when incurred for Special petroleum tax (SPT) purposes. Such expensing replaced the previous 6 years depreciation for SPT and uplift. For projects where a plan for development and operation (PDO) was filed by the end of 2022 and approved prior to the end of 2023, an uplift of 12.4% (2022: 17.69%) of the investment can be deducted in the investment year for SPT purposes. The tax effect on uplift is recognised when the deduction is included in the current year tax return and impacts taxes payable.

Deferred tax is calculated based on tax rates applicable on the balance sheet date. Ordinary income tax is 22%, to which is added a special tax for oil and gas companies at the rate of 56.004%, providing a total tax rate of 78.004%.

Income taxes recognised in the income statement

Amounts in NOK `000	2023	2022
Change in deferred taxes current year	780 489	-436 027
Taxes payable current year	-2 853 024	-2 105 157
Tax payable adjustment previous year	38 201	-4 173
Total taxes (-) / tax income (+) recognised in the income statement	**-2 034 335**	**-2 545 357**

Reconciliation of income taxes

Amounts in NOK `000	2023	2022
Profit / loss (-) before income taxes	**1 098 977**	**3 214 965**
Expected income tax rate, 78.004%*	-857 246	-2 507 802
Permanent differences, including impairment of goodwill	-1 155 423	-25 612
Effect of uplift	83 158	102 044
Financial and onshore items	-150 077	-105 620
Effect of new tax rates	0	-104
Adjustments previous year and other	45 253	-8 264
Total income taxes recognised in the income statement	**-2 034 335**	**-2 545 357**
Effective income tax rate	**185%**	**79%**

*From 1 January 2022 the corporate tax rate is unchanged at 22% and the special petroleum tax rate was increased from 56% to 71.8% with a deduction in the special tax basis of a calculated corporate tax. With this deduction the total effective tax rate is 78.004%.

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

Amounts in NOK `000	31/12/2023	31/12/2022
Tangible and intangible non-current assets	-4 907 112	-4 372 336
Provisions (net ARO), lease liability, pensions and gain/loss account	4 524 553	2 102 801
Interest bearing loans	-6 434	-1 466
Current items (spare parts and inventory)	-499 191	-564 088
Tax losses carried forward, onshore 22%	4 887	4 887
Total deferred tax assets / liabilities (-)	-883 296	-2 830 202
Valuation allowance for deferred tax assets	-4 887	-4 887
Total deferred tax assets / liabilities (-) recognised	**-888 183**	**-2 835 089**

Change in deferred taxes

Amounts in NOK `000	2023	2022
Deferred tax income / expense (-)	780 489	-436 027
Deferred taxes charged to equity	4 925	-390
Deferred taxes from business combinations	1 161 492	-662 952
Total change in deferred tax assets	**1 946 906**	**-1 099 369**

Specification of income tax payable

Amounts in NOK `000	2023	2022
Tax payable from business combinations	-103 324	115 745
Tax payable (-) / credit recognised in the income statement	-2 853 024	-2 105 157
Tax payable recognised on acquisition, sale and swap of licences	1 072	382
Tax payable from previous years not settled	-14 207	-14 207
Advance tax paid	828 300	1 526 387
Total income tax payable (-)	**-2 141 182**	**-476 850**

Amounts in NOK `000	2023	2022
Tax payable years 2016-2019	-14 207	-14 207
Tax payable year 2022	0	-1 989 030
Tax payable year 2023	-2 955 275	0
Advance tax paid for year 2022	0	1 526 387
Advance tax paid for year 2022	828 300	0
Total income tax payable (-)	**-2 141 182**	**-476 850**

Note 14. Pensions

Accounting policies

According to Norwegian law, all employees are members of the company's mandatory pension scheme ("obligatorisk tjenestepensjon"). The company's pension scheme is a defined contribution plan where contributions are paid to the pension insurer and charged to the income statement in the period to which the contributions relate. Once the contributions have been paid, there are no further obligations to fund the scheme (as the case may be under a defined benefit plan).

To accommodate for employees working offshore at Draugen and Brage retiring at the age of 65 as required by Norwegian law for offshore personnel, the company has established an unfunded defined benefit scheme to cover pension for the 2 years between 65 and 67 which is recognised as pension liability in the statement of financial position.

Defined benefit plans are valued at the present value of accrued future pension benefits at each balance sheet date.

The current service cost and interest costs are recognised immediately and is presented as part of the salary and personnel cost in the income statement. Interest cost is calculated by using the discount rate of the liability at the beginning of the period on the net liability. Changes in net pension liability as a result of pension payments have been taken into consideration. The pension costs are recognised as part of chargeable costs to operated joint ventures and reflected in the income statement across several line items such as production expenses, exploration expenses, general and administrative expenses and as oil and gas properties in the statement of financial position. Actuarial gains and losses are recognised through other comprehensive income and are not reclassified over profit and loss.

The company has a defined contribution and a defined benefit pension plan for its employees which satisfies the statutory requirements in the Norwegian law on required occupational pension ("lov om obligatorisk tjenestepensjon").

The defined contribution plan covers all employees. The defined benefit plan covers offshore employees and has 203 active members at year end 2023. The defined benefit plan is to cover for the age 65-67 for offshore employees, as they are required by Norwegian law to retire at the age of 65 offshore. There are no defined funds to meet the liability related to the defined benefit plan.

The details in the tables below pertain to the defined benefit plan.

Pension cost

Amounts in NOK `000	2023	2022
Service cost - employee benefit	10 512	4 655
Service cost - interest expense	1 233	703
Total pension related costs	11 745	5 358
Remeasurements pensions, actuarial loss/gain (-) recorded to OCI	6 314	-500
Taxes, 78.004%	-4 925	390
Remeasurements pensions, actuarial loss/gain (-), net after tax to OCI	**1 389**	**-110**

Movement in pension obligations during the year

Amounts in NOK `000	31/12/2023	31/12/2022
Pension obligations January 1	41 564	37 311
Service cost - employee benefit	10 512	4 655
Service cost - interest expense	1 233	703
Remeasurements pensions, actuarial loss/gain (-)	6 314	-500
Pensions paid	-922	-606
Pension obligations 31 December	**58 700**	**41 564**
Pension liability individual plan	1 869	1 692
Total pension liabilities 31 December	**60 570**	**43 255**

Assumptions	31/12/2023	31/12/2022
Discount interest rate	3,10%	3,00%
Annual projected increase in salary	3,50%	3,50%
Annual projected G- regulation	3,25%	3,25%
Annual projected regulation of pension	3,25%	3,25%
Number of employees included in the defined benefit scheme	203	193

Note 15. Earnings per share

	2023	2022
Net profit / loss (-) attributable to ordinary shares, in NOK `000	-935 358	669 608
Weighted average number of ordinary shares outstanding basic	103 910 350	103 873 090
Weighted average number of ordinary shares outstanding diluted	103 910 350	103 947 610
Earnings per share (NOK per share)		
- Basic	-9,00	6,45
- Diluted	-9,00	6,44

Note 16. Business combinations

Accounting policies

Acquisitions of interests in oil and gas licences:
Acquisitions of interests in oil and gas licences or similar joint operations where the joint operation constitutes a business, are accounted for in accordance with the principles in IFRS 3 Business Combinations (acquisition method).

Identifiable assets acquired and liabilities and contingent liabilities assumed are measured initially at their fair values at the acquisition date. Acquisition-related costs are expensed as incurred.

The excess of the consideration transferred over the fair value of the net identifiable assets acquired is recorded as goodwill. Technical goodwill arises as an offsetting account to deferred tax recognised in business combinations. If, following careful consideration, the consideration transferred is less than the fair value of the net identifiable assets of the joint operation acquired, such difference is recognised directly in profit or loss.

Any provision for contingent consideration is after the acquisition date measured at fair value, and changes in fair value after the acquisition date that are not measurement period adjustments are recognised in the income statement.

Acquisitions of interests in oil and gas licences or similar joint operations where the joint operation is not considered to be a business, are accounted for as acquisitions of assets. The consideration for the interest is allocated to individual assets and liabilities acquired.

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

On 19 March 2023 OKEA entered into an agreement to acquire 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 transaction was completed on 29 December 2023.

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
Total liabilities	4 154 976
Total identifiable net assets at fair value	-465 781
Contingent consideration***	173 467
Total cash 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.
** Net working capital consist of trade and other payables NOK 341.1 million, spare parts, equipment and inventory NOK 242.4 million, and trade and other receivables NOK 33.5 million.
*** 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. See note 25.

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 9 and 17). 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. OKEA also assumed the operatorship of the Brage field effective from 1 November 2022. As part of the transaction, more than 140 employees were transferred from Wintershall Dea Norge AS to OKEA.

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

A preliminary purchase price allocation (PPA) was performed in 2022 and all identified assets and liabilities have been measured at their acquisition date fair values in accordance with the requirements of IFRS 3. The agreed purchase price is USD 117.5 million, equivalent with NOK 1,221.1 million. Adjusted for interim period adjustments and working capital, the total cash consideration is estimated to NOK 1,165.4 million.

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

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

Amounts in NOK `000	PPA Q4 2022	Changes Q1 2023	Updated final PPA
Assets			
Oil and gas properties	1 791 614	0	1 791 614
Receivables on seller*	947 255	0	947 255
Net working capital	441 429	0	441 429
Income tax receivable (reduced tax payable)	165 808	16 574	182 382
Right-of-use assets	17 315	0	17 315
Total assets	3 363 421	16 574	3 379 996
Liabilities			
Deferred tax liabilities	633 483	0	633 483
Asset retirement obligations	1 926 780	0	1 926 780
Lease liability	17 315	0	17 315
Total liabilities	2 577 577	0	2 577 577
Total identifiable net assets at fair value	785 844	16 574	802 418
Contingent consideration**	116 041		116 041
Total cash consideration	1 165 383	12 189	1 177 572
Goodwill	495 580	-4 385	491 194
Goodwill consist of:			
Negative ordinary goodwill	-500 811	0	-500 811
Technical goodwill	996 390	-4 385	992 005
Total goodwill	495 580	-4 385	491 194

* The parties have agreed that Wintershall Dea will retain responsibility for 80% of OKEA's share of total decommissioning costs related to the Brage Unit, limited to an agreed cap of NOK 1520.6 million subject to index regulation.
** In addition to the fixed consideration, OKEA shall pay to Wintershall Dea an additional contingent consideration based on an upside sharing arrangement subject to oil price level during the period 2022-2024. See note 25.

The negative ordinary goodwill is mainly caused by the increase in the oil price in the period between the agreement date and the acquisition date. The technical goodwill arises as a consequence of the requirement to recognise deferred tax for the differences between the assigned fair values (which have been based on a post-tax market for such transactions) and the tax basis of assets acquired. The negative ordinary goodwill and the technical goodwill is recognised net as technical goodwill. 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 2022, total revenues for the year would have been approximately NOK 1,441.1 million higher and profit before tax would have been approximately NOK 631.9 million higher.

Acquisition of a 2.223% interest in Ivar Aasen (completed in 2022)

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

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

A purchase price allocation (PPA) was performed in 2022 and all identified assets and liabilities have been measured at their acquisition date fair values in accordance with the requirements of IFRS 3. The agreed purchase price is USD 12 million, equivalent with NOK 105.2 million. Adjusted for interim period adjustments and working capital, the total cash consideration is estimated to NOK 39.6 million.

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	166 116
Net working capital	-89
Total assets	166 027
Liabilities	
Deferred tax liabilities	29 469
Asset retirement obligations	78 968
Income tax payable	50 063
Total liabilities	158 501
Total identifiable net assets at fair value	7 525
Total cash consideration	39 590
Goodwill	32 065
Goodwill consist of:	
Negative ordinary goodwill	-63 556
Technical goodwill	95 621
Total goodwill	32 065

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

A preliminary estimation of the impact from the transaction indicates that if the acquisition had taken place at the beginning of the year 2022, total revenues for the year would have been approximately NOK 85 million higher and profit before tax would have been approximately NOK 66.3 million higher.

Note 17. Goodwill, exploration and evaluation assets

Accounting principles

Goodwill
Goodwill arising from acquisitions of interests in oil and gas licences accounted for in accordance with the principles in IFRS 3 Business Combinations is classified as intangible assets. Goodwill is not amortised, but it is tested for impairment at each balance date, or more frequently if an impairment indicator exists, for example by events or changes in circumstances. Goodwill is carried at cost less accumulated impairment losses.

Goodwill is allocated to the Cash Generating Units (CGU) that are expected to benefit from synergy effects of the acquisition. The allocation of goodwill may vary depending on the basis for its initial recognition. The main part of the company's goodwill relates to the requirement to recognise deferred tax for the difference between the assigned fair values and the related tax base ("technical goodwill"). The fair value of the company's licences, all of which are located on the Norwegian continental shelf, are based on cash flows after tax. This is because these licences are only sold in an after-tax market as stipulated in the Petroleum Taxation Act Section 10. The purchaser is therefore not entitled to a tax deduction for the consideration paid over and above the seller's tax values. In accordance with IAS 12 paragraphs 15 and 24, a provision is made for deferred tax corresponding to the difference between the acquisition cost and the transferred tax depreciation basis. The offsetting entry is goodwill. Hence, goodwill arises as a technical effect of deferred tax. Technical goodwill is tested for impairment separately for each CGU which give rise to the technical goodwill. A CGU may be individual oil fields, or a group of oil fields that are connected to the same infrastructure/production facilities.

Exploration costs for oil and gas properties
The company uses the 'successful efforts' method to account for exploration costs. All exploration costs with the exception of acquisition costs of licences and drilling costs of exploration wells are expensed as incurred. Drilling costs of exploration wells are temporarily capitalised pending the determination of oil and gas reserves. If reserves are not found, or if discoveries are assessed not to be technically and commercially recoverable, the drilling costs of exploration wells are expensed. Costs of acquiring licences are capitalised and assessed for impairment at each reporting date. Licence acquisition costs and capitalised exploration costs are classified as intangible assets (Exploration and evaluation assets) during the exploration phase.

Exploration and evaluation assets
Exploration and evaluation assets are assessed for impairment when circumstances suggest that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount, and before reclassification as described below.

Intangible assets relating to expenditure on the exploration for, and evaluation of, oil and gas resources are reclassified from intangible assets (Exploration and evaluation assets) to tangible assets (Oil and gas properties under development) when technical feasibility and commercial viability of the assets are demonstrable, and the decision to develop a particular area is made. The assets are assessed for impairment, and any impairment loss recognised, before such reclassification.

Exploration and evaluation assets are subject to unit-of-production depreciations if and when production from the field commences.

Amounts in NOK `000	Exploration and evaluation assets	Technical goodwill	Ordinary goodwill	Total goodwill
2023				
Cost at 1 January 2023	184 317	1 642 191	416 415	2 058 607
Additions	30 867	0	0	0
Additions through business combination (see note 16)	0	998 879	1 362 675	2 361 554
Expensed exploration expenditures previously capitalised	-4 703	0	0	0
Cost at 31 December 2023	**210 481**	**2 641 070**	**1 779 090**	**4 420 161**
Accumulated amortisation and impairment at 1 January 2023	0	-508 818	-253 198	-762 016
Impairment	0	0	-1 362 675	-1 362 675
Accumulated amortisation and impairment at 31 December 2023	**0**	**-508 818**	**-1 615 873**	**-2 124 691**
Carrying amount at 31 December 2023	**210 481**	**2 132 253**	**163 217**	**2 295 470**
2022				
Cost at 1 January 2022	10 759	1 114 547	416 415	1 530 962
Additions	315 450	0	0	0
Additions through business combination (see note 16)	0	527 645	0	527 645
Expensed exploration expenditures previously capitalised	-141 892	0	0	0
Cost at 31 December 2022	**184 317**	**1 642 191**	**416 415**	**2 058 607**
Accumulated amortisation and impairment at 1 January 2022	0	-508 818	-253 198	-762 016
Accumulated amortisation and impairment at 31 December 2022	**0**	**-508 818**	**-253 198**	**-762 016**
Carrying amount at 31 December 2022	**184 317**	**1 133 374**	**163 217**	**1 296 591**

Note 18. Lease liability

Accounting policies

Leases (as lessee)
IFRS 16 defines a lease as a contract that conveys the right to control the use of an identified asset for a period of time in exchange for a consideration. For each contract that meets this definition, except for short-term leases and leases of low value assets, IFRS 16 requires lessees to recognise a right-of-use asset and a lease liability in the statement of financial position with certain exemptions for short term and low value leases. Lease payments are recognised as interest expense and a reduction of lease liabilities, while the right-of-use assets are depreciated over the shorter of the lease term and the assets' useful life. Lease liabilities are measured at the present value of remaining lease payments, discounted using the interest rate implicit in the lease contract, or if this is not available, the company's calculated borrowing rate per lease object. Right-of-use assets are measured at an amount equal to the lease liability at initial recognition. Leasing contracts entered into as an operator of a licence are presented on a gross basis when the contract is signed by the company on behalf of the licence.

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	**2023**	**2022**
Lease debt 1 January	262 052	263 298
Additions lease contracts	0	11 983
Additions through business combination (see note 16)	0	17 315
Accretion lease liability	16 865	15 527
Payments of lease debt and interest	-50 190	-46 071
Total lease debt at 31 December	**228 727**	**262 052**
Breakdown of lease debt		
Short-term (within 1 year)	50 190	49 643
Long-term	178 537	212 409
Total lease debt	**228 727**	**262 052**

Undiscounted lease liabilities and maturity of cash outflows

Amounts in NOK `000	**31/12/2023**	**31/12/2022**
Within 1 year	50 190	49 643
1 to 5 years	150 367	166 268
After 5 years	134 062	158 499
Total	**334 619**	**374 410**

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

Note 19. Asset retirement reimbursement right

Amounts in NOK `000	31/12/2023	31/12/2022
Asset retirement reimbursement right at 1 January (indemnification asset)	3 662 122	3 107 974
Additions through business combination (see note 16)	908 214	947 255
Changes in estimates	-396 312	122 483
Effect of change in the discount rate	-80 303	-529 368
Asset retirement costs from billing, reimbursement from Shell	-104 089	-90 099
Unwinding of discount	172 915	103 876
Asset retirement reimbursement right at 31 December (indemnification asset)	**4 162 547**	**3 662 122**
Of this:		
Asset retirement reimbursement right, non-current	4 079 318	3 662 122
Asset retirement reimbursement right, current	83 229	0
Asset retirement reimbursement right at 31 December (indemnification asset)	**4 162 547**	**3 662 122**

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 4.4% (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:
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 20. Trade and other receivables

Accounting policies

Derivative financial instruments
The company uses derivative financial instruments to manage certain exposures to fluctuations in oil and gas prices, foreign currency exchange rates and CO2 quotas prices. Such derivative financial instruments are initially recognised at fair value on the date of which a derivative contract is entered into and are subsequently re-measured at fair value through profit and loss. Hedge accounting is not applied. For derivative financial instruments where the underlying is a commodity, changes in fair value are recognised as part of operating activities. Changes in fair values for other derivative financial instruments are classified as part of financial activities.

Amounts in NOK `000	31/12/2023	31/12/2022
Accounts receivable and receivables from operated licences*	265 711	234 811
Accrued revenue	340 848	422 885
Prepayments	100 901	79 009
Working capital and overcall, joint operations/licences	306 891	386 637
Underlift of petroleum products**	141 269	588 934
VAT receivable	16 582	21 049
Other receivables	3 354	0
Fair value forward contracts, gas***	0	10 578
Fair value put/call options, oil***	3 748	0
Fair value forward contracts, foreign exchange****	29 101	0
Fair value forward contracts, CO2 quotas	2 386	0
Total trade and other receivables	**1 210 790**	**1 743 901**

* There is no provision for bad debt on receivables. The receivables mature within 12 months. Approximately 75% of the company's sales revenue recognised in 2023 is from sale to oil companies which are subsidiaries of an international oil company with Standard & Poor's long-term credit rating A+. In addition, approximately 22% of the company's sales revenue recognised in 2023 is from sale to oil companies which are subsidiaries of an international oil company with Standard & Poor's long-term credit rating A-2.
** The balance at 31.12.2023 consists of Draugen MNOK 0 (171), Gjøa MNOK 0 (8), Ivar Aasen MNOK 53 (108), Yme MNOK 11 (45), Brage MNOK 70 (241) and Nova MNOK 7 (17).
*** Reference is made to note 30 for more information about the company's forward contracts gas and put/call options oil.
**** 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 21. Spare parts, equipment and inventory

Accounting policies

Spare parts, equipment and inventory:
Inventories of petroleum products are stated at the lower of cost and net realisable value. Cost is determined by the first-in first-out method and comprises direct purchase costs, cost of production, transportation and processing expenses. Inventories of spare parts and consumables are valued at the lower of cost price (based on weighted average cost) and net realisable value. Capital spare parts are accounted for under the same principles as property, plant and equipment.

Amounts in NOK `000	31/12/2023	31/12/2022
Inventory of petroleum products*	404 495	511 509
Spare parts and equipment	459 753	288 824
Total spare parts, equipment and inventory	**864 248**	**800 333**

* The balance at 31.12.2023 consists of Draugen MNOK 86 (218), Yme MNOK 12 (15), Brage MNOK 195 (230), Ivar Aasen MNOK 18 (49) and Statfjord MNOK 94 (0).

Note 22. Cash and cash equivalents

Accounting policies

Cash and cash equivalents

Cash and cash equivalents comprise of cash on hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less. Time deposits available on demand are classified as cash and cash equivalents.

Amounts in NOK `000	31/12/2023	31/12/2022
Bank deposits, unrestricted	2 191 256	1 010 492
Bank deposit, restricted, employee taxes	40 691	31 224
Bank deposit, restricted, deposit office leases	14 930	14 824
Bank deposit, restricted, other	54 304	47 486
Total cash and cash equivalents	**2 301 181**	**1 104 026**

Note 23. Share capital and shareholder information

Number of shares	Ordinary shares
Outstanding shares at 1.1.2022	103 870 350
New shares issued in exchange for cash	40 000
Number of outstanding shares at 31 December 2022	**103 910 350**
New shares issued in exchange for cash	0
Number of outstanding shares at 31 December 2023	**103 910 350**
Nominal value NOK per share at 31 December 2023	0,10
Share capital NOK at 31 December 2023	10 391 035

2023:
Dividend paid in 2023 is NOK 415.6 million.

2022:
In 2022 OKEA issued 40 000 shares in connection with exercise of warrants in 2022. At 31 December 2022 there are no equity-settled warrants outstanding. 40 000 of the previous 80 000 outstanding warrants were exercised in 2022 and the remaining 40 000 expired in 2022. Reference is made to note 10 for further details.

Dividend paid in 2022 is NOK 301.3 million.

Shareholders at 31 December 2023:

Shareholder	Ordinary shares	% Share
BCPR PTE. LTD.	47 218 098	45,44%
SALT VALUE AS	2 559 710	2,46%
CLEARSTREAM BANKING S.A.	2 395 111	2,30%
State Street Bank and Trust Comp	1 530 794	1,47%
Morgan Stanley & Co. LLC	1 209 798	1,16%
SJÆKERHATTEN AS	1 093 000	1,05%
SKANDINAVISKA ENSKILDA BANKEN AB	1 043 262	1,00%
KØRVEN AS	789 285	0,76%
SKJEFSTAD VESTRE AS	780 617	0,75%
SILVERCOIN INDUSTRIES AS	733 395	0,71%
NORDNET LIVSFORSIKRING AS	729 746	0,70%
WAATVIKA AS	562 489	0,54%
Interactive Brokers LLC	525 964	0,51%
The Bank of New York Mellon	514 697	0,50%
The Bank of New York Mellon	508 133	0,49%
NIMA INVEST AS	464 517	0,45%
The Bank of New York Mellon SA/NV	453 659	0,44%
The Bank of New York Mellon	438 041	0,42%
The Bank of New York Mellon SA/NV	432 743	0,42%
ESPEDAL & CO AS	425 908	0,41%
OTHER SHAREHOLDERS	39 501 383	38,01%
Total	**103 910 350**	**100,00%**

Shares owned directly or indirectly by senior management and board of directors:

Shareholder	At 31 December 2023 Ordinary shares	% Share	At 31 December 2022 Ordinary shares	% Share
Espen Myhra (SVP business development)	243 763	0,23%	224 936	0,22%
Dag Eggan (SVP special projects)	195 710	0,19%	186 043	0,18%
Svein Liknes (CEO)	185 240	0,18%	140 345	0,14%
Knut Gjertsen (SVP projects & technology)	174 046	0,17%	163 587	0,16%
Kjersti Hovdal (SVP business performance)	168 304	0,16%	159 200	0,15%
Birte Norheim (CFO)	156 203	0,15%	144 145	0,14%
Marit Moen Vik-Langlie (VP legal)	118 335	0,11%	111 834	0,11%
Ragnhild Aas (board member)	103 554	0,10%	98 374	0,09%
Tor Bjerkestrand (SVP operations)	99 625	0,10%	187 804	0,18%
Ida Ianssen Lundh (SVP subsurface)[1]	74 992	0,07%	0	0,00%
Finn Haugan (board member)	47 973	0,05%	45 814	0,04%
Jan Atle Johansen (deputy board member)	47 487	0,05%	45 605	0,04%
Chaiwat Kovavisarach (chairman of the board)	38 610	0,04%	35 371	0,03%
Per Magne Bjellvåg (board member)[2]	27 306	0,03%	0	0,00%
Michael William Fischer (vice chair of the board)	24 438	0,02%	22 279	0,02%
Nichola Carol Gordon (board member)	24 438	0,02%	22 279	0,02%
Rune Olav Pedersen (board member)	24 438	0,02%	22 279	0,02%
Harmonie Wiesenberg (deputy board member)[2]	14 425	0,01%	0	0,00%
Sverre Nes (board member)[2]	10 200	0,01%	0	0,00%
Børge Nerland (SVP drilling & wells)	7 525	0,01%	0	0,00%
Jon Arnt Jacobsen (board member)[2]	4 809	0,00%	0	0,00%
Elizabeth Williamson (board member)[2]	2 159	0,00%	0	0,00%
Phatpuree Chinkulkitnivat (board member)[2]	2 159	0,00%	0	0,00%
Gry Annette Haga (deputy board member)[2]	760	0,00%	0	0,00%
Andrew McCann (SVP subsurface & wells)[3]	0	0,00%	176 000	0,17%
Paul Murray (board member)[4]	0	0,00%	182 303	0,18%
Saowapap Sumeksri (board member)[4]	0	0,00%	2 279	0,00%
Grethe Moen (board member)[4]	0	0,00%	2 279	0,00%
John kristian Larsen (board member)[4]	0	0,00%	77 031	0,07%
Anne Lene Rømuld (board member)[4]	0	0,00%	53 442	0,05%
Jens Arne Megaard (deputy board member)[4]	0	0,00%	19 638	0,02%
Gro Anita Markussen (deputy board member)[4]	0	0,00%	13 870	0,01%
Total	**1 796 499**	**1,73%**	**2 136 737**	**2,06%**

1) Not part of senior management in 2022

2) Not part of board of directors 2022

3) Not part of senior management at reporting date

4) Not part of board of directors 2023

Warrants:

Overview of outstanding warrants

Amounts in NOK `000	2023	2022
Outstanding warrants at 1 January	0	80 000
Warrants forfeited (ref. note 10)	0	0
Warrants exercised (ref. note 10)	0	-40 000
Warrants expired (ref. note 10)	0	-40 000
Outstanding warrants at 31 December	**0**	**0**

Reference is made to note 10 for information about warrants granted to employees in connection with share based payment.

Note 24. Asset retirement obligations

Accounting policies

Asset retirement obligations
The company recognises an asset retirement obligation when the oil and gas installations are installed or at the later date when the obligation is incurred. The obligation is measured at the present value of the estimated future expenditures determined in accordance with current technology, local conditions and requirements for the dismantlement or removal of oil and gas installations.

Applicable asset retirement costs are capitalised as part of the carrying value of the tangible fixed asset and are depreciated over the useful life of the asset (i.e. unit-of-production method). The liability is accreted for the change in its present value on each balance sheet date. The accretion effect is classified as financial expense.

The asset retirement provision and the discount rate are reviewed at each balance sheet date. Changes in estimates for the asset retirement obligations, net of asset retirement reimbursement right, are recognised towards oil and gas properties.

Amounts in NOK `000	2023	2022
Asset retirement obligations at 1 January	5 915 084	4 237 442
Additions	118 145	89 343
Additions through business combination (see note 16)	3 969 801	2 005 748
Changes in estimates	-391 938	418 756
Effects of change in the discount rate	-140 901	-839 226
Asset retirement costs from billing	-129 544	-112 623
Unwinding of discount	194 820	115 645
Asset retirement obligations at 31 December	**9 535 467**	**5 915 084**
Of this:		
Asset retirement obligations, non-current	9 431 431	5 915 084
Asset retirement obligations, current	104 036	0
Asset retirement obligations at 31 December	**9 535 467**	**5 915 084**

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 the 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 estimated cease of production and sensitivities, reference is made to 2023 ESG report page 28
For recovery of costs of decommissioning related to assets acquired from Shell, Wintershall Dea and Equinor, reference is made to note 19.

Climate risk
As described in note 32 climate change risk may accelerate the cease of production in certain scenarios. Under the IEA net zero scenario the ARO liability will increase by 494 million NOK and the corresponding receivable increase by 289 million NOK.

Note 25. Other provisions

Accounting policies

Provisions for contingent consideration in a business combination 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.

Amounts in NOK `000	**2023**	**2022**
Provision at 1 January	68 917	0
Additions through business combination (see note 16)	173 467	116 041
Settlements/payments to Wintershall Dea	-23 035	-34 748
Changes in fair value	10 934	-12 376
Other provisions at 31 December	**230 282**	**68 917**
Of this:		
Other provisions, non-current	102 115	39 107
Other provisions, current (classified within trade and other payables)	128 167	29 810
Other provisions at 31 December	**230 282**	**68 917**

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.

Additional contingent consideration from OKEA's acquisition of the Brage, Ivar Aasen and Nova assets in 2022:
The contingent consideration is based on an upside sharing arrangement subject to oil price level and oil production performance during the period 2022-24. The contingent consideration will be paid if the average oil price for each of the six half year periods during 2022-24 exceeds USD 80/bbl. The split on the price exceeding 80 USD/bbl is 70% net after tax to Wintershall Dea and 30% to OKEA in 2022 and a 42.5% to Wintershall Dea and 57.5% to OKEA in 2023-24. The fair value of the contingent consideration has been estimated with option pricing methodology based on the Black (1976) model framework. The market prices applied to calculate the future cash flow is in line with those applied for impairment testing. Reference is made to note 9 for details on prices, inflation and currency rates. 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) at 10%. The annual volatility of the stochastic process has been set to 35%, based on an estimate of the the standard deviation of historical changes in the logarithm of the oil price.

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. The structure is based on profit sharing on crude oil volumes sold at a realised price of 75–96 USD/bbl in 2023, 64–85 USD/bbl in 2024, and 53–72 USD/bbl in 2025, as well as on dry gas volumes sold at a realised price of 170-341 p/th in 2023, 125–248 p/th in 2024, and 37–75 p/th in 2025. The profit sharing within these limits is 90% after tax to Equinor and 10% to OKEA. For realised prices on crude oil above 96 USD/bbl in 2023 and 85 USD/bbl in 2024 and realised prices on dry gas above 341 p/th in 2023 and 248 p/th in 2024 the profit sharing is on 50/50 after tax basis. OKEA keeps 100% of realised oil prices above 72 USD/bbl and gas prices above 75 p/th in 2025. All numbers are stated in real 2023 and realised prices are based on annual averages. There is no contingent payment structure for NGL. The fair value of the contingent consideration has been estimated with option pricing methodology based on the Black (1976) model framework and based on volumes from RNB 2024 figures. The market prices applied to calculate the future cash flow is in line with those applied for impairment testing. Reference is made to note 9 for details on prices, inflation and currency rates. 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) at 10%. The annual volatility of the stochastic process has been set to 35% for oil and 58% for gas, based on an estimate of the the standard deviation of historical changes in the logarithm of the oil and gas prices.

Note 26. Interest bearing bond loans

Accounting policies

Interest-bearing loans and liabilities
All loans and borrowings are initially recognised at cost as represented by the fair value of the consideration received net of issue costs and transaction costs associated with the borrowing.

Following initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method with the difference between net proceeds received and the redemption value being recognised in the income statement over the term of the loan. Amortised cost is calculated by taking into account any issue costs and any discount or premium on settlement.

Amounts in NOK `000	31/12/2023	31/12/2022
Bond loan OKEA04	1 271 550	0
Capitalised transaction costs bond loan OKEA04	-25 690	0
Bond loan OKEA03	0	1 194 705
Capitalised transaction costs bond loan OKEA03	0	-16 095
Total interest bearing bond loans	**1 245 860**	**1 178 610**

Changes in interest bearing bond loans:

Amounts in NOK `000	OKEA04	OKEA03	Total
Interest bearing bond loans at 1 January 2023	0	1 178 610	1 178 610
Bond issue OKEA04	1 340 150	0	1 340 150
Capitalised transaction costs OKEA04	-28 102	0	-28 102
Amortisation of transaction costs	2 412	16 095	18 506
Bond buy-back/early redemption	0	-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**	**0**	**1 245 860**

Amounts in NOK `000	2023	2022
Interest bearing bond loans at 1 January	1 178 610	2 294 873
Cash flows:		
Gross proceeds from borrowings	1 340 150	0
Transaction costs	-28 102	0
Repayment/buy-back of borrowings	-1 328 211	-1 401 531
Total cash flows:	**-16 163**	**-1 401 531**
Non-cash changes:		
Amortisation of transaction costs	18 506	22 089
Foreign exchange movement	36 592	239 643
Loss / gain (-) on buy-back/early redemption	28 315	23 535
Interest bearing bond loans at 31 December	**1 245 860**	**1 178 610**

Bond loan OKEA04:
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.

Bond loan OKEA03:
The USD 120 million secured bond loan OKEA03 was issued in December 2019 and was scheduled to mature full in December 2024. The loan was issued at a price of 99% of the nominal value and carried a fixed interest rate of 8.75% p.a. with semi-annual interest payments.

OKEA03 was settled in September 2023 by way of voluntary early redemption and was called at a premium of 103.2.

Financial covenants
During 2023 and 2022, and at 31 December 2023 and 2022, the company was in 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

Security granted
The obligations under OKEA04 are secured with the following security granted in favour of the Nordic Trustee AS acting on behalf of the bondholders:

(a) the accounts, any money deposit therein and any interest accrued thereon, whether booked or not;
(b) the receivables over which security is created or contemplated to be created under the Factoring agreement;
(c) the license interests:
(d) the insurance claims;

Note 27. 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.

Amounts in NOK `000	**31/12/2023**	**31/12/2022**
Liability Yme rig	477 123	507 952
Total other interest bearing liabilities	**477 123**	**507 952**
Of this:		
Other interest bearing liabilities, non-current	427 128	462 078
Other interest bearing liabilities, current	49 995	45 874
Total other interest bearing liabilities	**477 123**	**507 952**

Changes in other interest bearing liabilities:

Amounts in NOK `000	**Liability Yme rig**	**Total**
Other interest bearing liabilities at 1 January 2023	507 952	507 952
Financing Yme rig	0	0
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	**2023**	**2022**
Other interest bearing liabilities at 1 January	507 952	493 445
Cash flows:		
Gross proceeds from borrowings	0	0
Repayment of borrowings	-48 793	-42 730
Total cash flows:	**-48 793**	**-42 730**
Non-cash changes:		
Financing Yme rig	0	0
Foreign exchange movement	17 963	57 237
Other interest bearing liabilities at 31 December	**477 123**	**507 952**

Note 28. Trade and other payables

Amounts in NOK `000	31/12/2023	31/12/2022
Trade creditors	197 028	126 044
Accrued holiday pay and other employee benefits	213 911	146 858
Working capital, joint operations/licences	1 310 913	1 061 014
Overlift of petroleum products*	121 526	47 952
Accrued interest bond loans	34 164	5 175
Other provisions, current (see note 26)	128 167	29 810
Prepayments from customers	275 620	506 637
Loan from shareholder OKEA Holdings Ltd	1 485	1 428
Accrued consideration from acquisitions of interests in licences**	544 809	0
Other accrued expenses	169 378	294 740
Total trade and other payables	**2 997 001**	**2 219 658**

All payables mature within 12 months.

* The balance at 31.12.2023 consists of Draugen MNOK 76 (15), Gjøa MNOK 8 (0), Brage MNOK 0 (33) and Statfjord MNOK 38 (0).
** 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.

Note 29. Financial instruments

Financial instruments by category
Year ended 31 December 2023
Financial assets

Amounts in NOK `000	Amortised cost	Fair value through profit or loss	Total carrying amount
Trade and other receivables *	889 643	35 235	924 877
Cash and cash equivalents	2 301 181	0	2 301 181
Total	**3 190 824**	**35 235**	**3 226 058**

Financial liabilities

Amounts in NOK `000	Amortised cost	Fair value through profit or loss	Total carrying amount
Trade and other payables *	1 619 608	0	1 619 608
Interest bearing bond loans	1 245 860	0	1 245 860
Other interest bearing liabilities	477 123	0	477 123
Other provisions	0	230 282	230 282
Total	**3 342 590**	**230 282**	**3 572 873**

* Prepaid expenses, VAT receivable and accrued expenses are not included. Forward contracts and put/call options oil are included at fair value through profit or loss.

Year ended 31 December 2022
Financial assets

Amounts in NOK `000	Amortised cost	Fair value through profit or loss	Total carrying amount
Trade and other receivables *	921 313	10 578	931 890
Cash and cash equivalents	1 104 026	0	1 104 026
Total	**2 025 338**	**10 578**	**2 035 916**

Financial liabilities

Amounts in NOK `000	Amortised cost	Fair value through profit or loss	Total carrying amount
Trade and other payables *	738 032	0	738 032
Interest bearing bond loans	1 178 610	0	1 178 610
Other interest bearing liabilities	507 952	0	507 952
Other provisions	0	68 917	68 917
Total	**2 424 594**	**68 917**	**2 493 512**

* Prepaid expenses, VAT receivable and accrued expenses are not included. Forward contracts are included at fair value through profit or loss.

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 loans the fair value is estimated to be NOK 1,289 million at 31 December 2023 (2022: NOK 1,196 million). 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 the balance sheet date.

Fair values of put/call options oil, forward contracts foreign exchange and forward contracts CO2 quotas are based on quoted market prices at the balance sheet date (level 2 in the fair value hierarchy). The put/call options oil, the forward contracts foreign exchange and the forward contracts CO2 quotas are carried in the statement of financial position at fair value.

Note 30. Financial risk management

Overview
The company is exposed to a variety of risks, including credit risk, liquidity risk, interest rate risk, oil and gas price risk and currency risk. This note presents information about the company's exposure to each of the above mentioned risks, and the company's objectives, policies and processes for managing such risks. The note also presents the company's objectives, policies and processes for managing capital.

Credit risk
The company has no significant credit risk. The company's exposure to credit risk for counterparties to default on their payment obligations is considered limited, as sales agreements are only entered into with solid customers and derivative contracts are entered into with reputable counterparties. Cash and cash equivalents at year end are deposits with DNB Bank ASA.

Liquidity risk
Liquidity risk is the risk of being unable to settle financial liabilities as they fall due. The company's has taken mitigating actions to ensure that sufficient liquidity is secured under normal as well as extraordinary circumstances. The company conducts detailed cash flow forecasting, including sensitivity analyses on key variables, to assure ability to meet financial liabilities as they fall due without incurring unacceptable losses or risking damage to the company's reputation.

Market risk
The company is exposed to market risks including fluctuations in hydrocarbon prices, foreign currency rates, interest rates and electricity prices, which can can affect the revenues and costs of operating, investing and financing. These risks are managed through financial instruments such as hedging, derivatives and commercial sales contracts.

Maturity analysis for financial liabilities

The cash flow forecast below assumes repayment on the latest date available, even if expected repayment may be earlier:

31/12/2023

Amounts in NOK `000	Carrying amount	Cash Flow	< 1 year	1-5 year	> 5 year
Trade and other payables	1 619 608	1 619 608	1 619 608	0	0
Interest bearing bond loans	1 245 860	1 271 550	0	1 271 550	0
Interest bearing bond loans, interest	0	348 087	116 029	232 058	0
Other interest bearing liabilities	477 123	477 123	49 995	225 583	201 545
Other interest bearing liabilities, interest	0	109 579	23 994	68 033	17 552
Other provisions	230 282	230 282	128 167	102 115	0
Total financial liabilities	**3 572 873**	**4 056 229**	**1 937 793**	**1 899 340**	**219 097**

31/12/2022

Amounts in NOK `000	Carrying amount	Cash Flow	< 1 year	1-5 year	> 5 year
Trade and other payables	1 244 669	1 244 669	1 244 669	0	0
Interest bearing bond loans	1 178 610	1 194 705	0	1 194 705	0
Interest bearing bond loans, interest	0	207 003	103 502	103 502	0
Other interest bearing liabilities	507 952	507 952	45 874	207 539	254 540
Other interest bearing liabilities, interest	0	131 790	25 606	76 983	29 202
Other provisions	68 917	68 917	29 810	39 107	0
Total financial liabilities	**3 000 149**	**3 355 037**	**1 449 461**	**1 621 835**	**283 742**

The table below shows a maturity analysis for financial assets:

31/12/2023

Amounts in NOK `000	Carrying amount	Cash Flow	< 1 year	1-5 year	> 5 year
Trade and other receivables	924 877	924 877	924 877	0	0
Cash and cash equivalents	2 301 181	2 301 181	2 301 181	0	0
Total financial assets	**3 226 058**	**3 226 058**	**3 226 058**	0	0

31/12/2022

Amounts in NOK `000	Carrying amount	Cash Flow	< 1 year	1-5 year	> 5 year
Trade and other receivables	509 006	509 006	509 006	0	0
Cash and cash equivalents	1 104 026	1 104 026	1 104 026	0	0
Total financial assets	**1 613 031**	**1 613 031**	**1 613 031**	0	0

Interest rate risk

At 31 December 2023 the company has no interest-bearing borrowings with floating interest rate conditions. The bond loan OKEA04 carries a fixed interest rate of 9.125% p.a, and the Yme rig liability carries a implicit interest rate of 5.21% p.a.

Sensitivity analysis:

Interest rate sensitivity is calculated based on the exposure to interest-bearing debt with floating interest rate conditions at the balance sheet date.
2023: At 31 December 2023 the company has no interest-bearing borrowings with floating interest rate conditions.
2022: At 31 December 2022 the company has no interest-bearing borrowings with floating interest rate conditions.

Currency risk

The company is exposed to foreign exchange rate risk relating to the value of NOK relative to other currencies, mainly due to product sales in USD and GBP, operational costs in USD, development costs in USD, bank deposits in USD and GBP, and interest-bearing loans and borrowings in USD.

At 31 December 2023, the company's exposure to exchange rate risk mainly relate to bank deposits and interest-bearing loans and borrowings in USD, and bank deposits in GBP.

Sensitivity analysis at 31 December 2023:

If NOK was 5% stronger against the USD on 31 December 2023, the company's profit after tax would have been NOK 74.2 million higher.
If NOK was 5% weaker against the USD on 31 December 2023, the company's profit after tax would have been NOK 74.2 million lower.
If NOK was 5% stronger against the GBP on 31 December 2023, the company's profit after tax would have been NOK 40.4 million lower.
If NOK was 5% weaker against the GBP on 31 December 2023, the company's profit after tax would have been NOK 40.4 million higher.
Exposure against other currencies is not considered material.

Sensitivity analysis at 31 December 2022:

If NOK was 5% stronger against the USD on 31 December 2022, the company's profit after tax would have been NOK 52.5 million higher.
If NOK was 5% weaker against the USD on 31 December 2022, the company's profit after tax would have been NOK 52.5 million lower.
If NOK was 5% stronger against the GBP on 31 December 2023, the company's profit after tax would have been NOK 1.7 million lower.
If NOK was 5% weaker against the GBP on 31 December 2023, the company's profit after tax would have been NOK 1.7 million higher.
Exposure against other currencies is not considered material.

Oil and gas price risk

The company’s revenue comes from oil and gas sales, which are exposed to fluctuations in the oil and gas price level.

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 terms 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.

Capital management

The overall objective of capital management is to ensure that the company maintains a strong financial position and healthy capital ratios in order to support its business and maximise shareholder value.

The company manages its capital structure, and makes adjustments to it, in light of changes in economic conditions.

Surplus liquidity is managed according to the company's liquidity management policy.

Climate risk

The effect of the climate change risks described in note 32 is illustrated by calculating a 2% increase in the interest rate on the balance of interest bearing debt. A 2% increase in interest would increase the yearly interest expense by 25 million NOK.

Note 31. Asset acquisitions, sales and swaps

During 2023 and 2022, the company completed the following acquisitions, sales and swaps of interests in licences on the Norwegian continental shelf, accounted for as acquisitions and sales of assets:

Acquisitions:

Year	Licence	Interest	Seller	Buyer	Effective date	Completion
2023	PL740	50%	DNO Norge AS	OKEA ASA	01/01/2023	28/02/2023
2023	PL1113	20%	Sval Energi AS	OKEA ASA	01/01/2023	31/08/2023
2023	PL1113	10%	Harbour Energy Norge AS	OKEA ASA	01/01/2023	31/08/2023

Sales:

Year	Licence	Interest	Seller	Buyer	Effective date	Completion
2023	PL740	4,4424 %	OKEA ASA	M Vest Energy AS	01/01/2023	31/10/2023
2023	PL740	6,2788 %	OKEA ASA	Lime Petroleum AS	01/07/2023	29/12/2023

Swaps:

Year	Licence	Interest	Seller	Buyer	Effective date	Completion
2022	PL1119	10%	OKEA ASA	Equinor Energy AS	01/08/2022	30/11/2022
2022	PL1014/1014B	20%	Equinor Energy AS	OKEA ASA	01/08/2022	30/11/2022

On 31 March 2022 the company acquired 2.223% working interest in Ivar Aasen from Neptune Energy Norge AS and on 1 November 2022 the acquisition of 35.2% in Brage, 6.4615% in Ivar Aasen and 6% in Nova from Wintershall Dea Norge AS was completed. These transactions were determined to constitute as business combinations for accounting purposes. Refer to note 16 for further details.

Note 32. Climate change impact and risks

OKEA is a pure play oil and gas company on the NCS. The company's strategy therefore focuses on creating value through extending the life of existing producing assets through operational improvements, maximizing the use of existing infrastructure, and reducing emissions. As a pure play oil and gas company, the energy transition and climate change will impact OKEA. OKEA follows the TCFD guidelines for reporting on climate risk and opportunities, as described in the sustainability report together with OKEA's risk assessment and management of climate change.

Traditionally the climate change risk is divided into two main categories, transitional risks and physical risks.

Transitional risks

Below are the key identified climate associated risks with potential for impacting OKEA's business:

- *Market and technology:* More competitive pricing on renewable energy sources will likely reduce pricing on oil and gas and adversely impact OKEA's financial results and shareholder returns. Several mitigating measures are possible, some of which has already been implemented. This includes cost reduction initiatives and co2 reducing measures like electrification of assets.

- *Policy and regulatory:* Regulation is an essential driver of the transition to the low carbon economy. Increased pricing of CO2 emissions and taxes in the EU ETS framework will drive operational cost up and provide uncertainty in the operating model. Regulations on production, development and emissions may reduce access to new exploration acreage, combined with restrictions on developing proven resources would potentially limit future growth opportunities.

- *Reputational:* Changing investor sentiment and risk perception for the long term outlook for the oil and gas sector may increase the cost of capital and/or limit potential access to new capital. Although the sentiment have changed somewhat and leaning more towards energy security during the recent year, several financial institutions have limited the capital available for financing of oil and gas companies. Increased scrutiny from the capital markets on ESG prompts a clear ESG strategy and engagement with stakeholders.

Impact on the financial reporting

To illustrate the potential impacts on the financial reporting we have included sensitivity analysis within the following areas:

-Impairment (note 9): We have included scenario analysis for the three IEA scenarios as described in note 9.

-Abandonment provisions (note 24): The impact on book value of abandonment liabilities and receivables under the net zero IEA scenario.

-Interest expense (note 30): We have included analysis with a 2% increase in interest rate on the current loan balances to show potential increase in finance cost under a scenario with lower access to financing.

Physical risk

- *Physical:* Extreme weather events may impact operational as well and financial performance of the company's business. Mitigating actions may include regularly updates of meteorology and oceanography data used in project and operational planning, insurance coverage and inclusion of contract clauses related to weather events.

Opportunities

The following climate change related opportunities are identified:

-We expect that transaction activity on the NCS will increase over the next years as companies divest ageing assets. This could represent an opportunity for OKEA in realising the growth strategy and becoming the leading mid- to late-life operator on the NCS.

-Increased revenue in circular economy projects, e.g. decommissioning and green steel. Utilise circular economy opportunities and increased profits through resale of steel and other metals from future decommissioning projects.

-Reduction of costs through initiatives aimed at reducing climate related impacts (e.g., offshore wind)

Stranded assets are a potential risk of the transition to a low carbon economy. Several of the risk factors mentioned above, could in the longer term alone or together lead to an abrupt change in the market for oil and gas and lead to a sudden cease of production.

The potential risk of stranded assets and expediated asset retirement if proved reserves cannot be fully developed due to the global carbon budget is present, but somewhat limited, for OKEA. This is due to the majority of the revenue from OKEA's assets are near term. Several scenarios reflecting various aspects (short- and long-term) of potential economic, technological, and social developments and their implications for the energy market and, consequently, for OKEAs business have been assessed. Reference is made to note 9 for impairment test done under the assumptions of the IEA scenarios from the World Energy Outlook.

Note 33. Commitments and contingencies

Accounting policies

Contingent liabilities
Contingent liabilities are not recognised in the financial statements unless it is assessed to be probable. Significant contingent liabilities are disclosed, except for contingent liabilities where the probability of the liability occurring is considered to be remote.

Provisions
A provision, other than a provision for contingent consideration in a business combination, is recognised when the company has a present obligation (legal or constructive) as a result of a past event, and it is probable (i.e. more likely than not) that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. During the normal course of its business, the company may be involved in disputes, including tax disputes. The company makes accruals for probable liabilities related to litigation and claims based on management's best judgment and in line with IAS 37 and IAS 12. As per end of 2023 and 2022, estimated exposures are not significant and no material provision were recognised.

Minimum work programs
The company is required to participate in the approved work programmes for the licences. Reference is made to note 8 for a specification of future committed capital expenditure.

Liability for damages/insurance
The company's operations involves risk for damages to property, equipment and the environment, including pollution. Installations and operations are covered by an operations insurance policy, including loss of production income insurance, and construction all risk insurance covering assets under development.

Insurance for board members and chief executive officer
The company has an insurance policy for the board members and the chief executive officer for potential liability to the company and third parties. The board considers the coverage to be reasonable.

Note 34. Related party transactions

Reference is made note 10 for information about compensation to senior management and board of directors.

Note 35. Reserves (unaudited)

Proven and probable reserves

Mill barrels oil equivalents (mmboe)	**2023**	**2022**
Balance at 1 January	60,2	46,6
Production	-8,9	-6,1
Acquisition of reserves	32,2	15,4
Projects matured / New developments	3,3	8,8
Revisions of previous estimates and other changes	-3,6	-4,6
Total reserves at 31 December	**83,2**	**60,2**

Expected reserves represent the company's share of reserves according to the SPE/ WPC/ AAPG/ SPEE Petroleum Resources Management system (SPE - PRMS) published in 2007 and with Oslo Stock Exchange's requirements for the disclosure of hydrocarbon reserves and contingent resources; circular 9/ 2009. The figures represent the best estimate of proven and probable reserves (2P/P50 Base estimate).

Reference is made to the annual statement of reserves (ASR) report per 31 December 2023 available at www.okea.no/investor/reports/.

Note 36. Events after the balance sheet date

Accounting policies

Events after the balance sheet date
The financial statements are adjusted to reflect events after the balance sheet date, that provide evidence of conditions that existed at this date. Events that are indicative of conditions that arose after the balance sheet date are disclosed if significant.

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.

Draugen lifetime extension from 2024 to 2040 was granted from the Ministry of Energy 11 March 2024.

Confirmation from the board of directors and CEO

Pursuant to the Norwegian Securities Trading Act section 5-5 with pertaining regulations, we confirm that, to the best of our knowledge, the financial statements for the period from 1 January to 31 December 2023 have been prepared in accordance with IFRS as adopted by EU, with such additional information as required by the Norwegian Accounting Act, and give a true and fair view of the company's assets, liabilities, financial position and results of operations.

We confirm that the board of directors' report provides a true and fair view of the development and performance of the business and the position of the company, together with a description of the key risks and uncertainty factors that the company is facing.

Trondheim, 4 April 2024

____________________	____________________
Chaiwat Kovavisarach Chairman of the Board	Phatpuree Chinkulkitnivat Board member
____________________	____________________
Mike Fischer Vice chair of the Board	Elizabeth Anne Williamson-Holland Board member
____________________	____________________
Nicola Carol Gordon Board member	Rune Olav Pedersen Board member
____________________	____________________
Finn Haugan Board member	Per Magne Bjellvåg Board member
____________________	____________________
Sverre Nes Board member	Ragnhild Aas Board member
____________________	____________________
Jon Arnt Jacobsen Board member	Svein Jakob Liknes CEO

Reconciliations of alternative performance measures

OKEA discloses alternative performance measures as part of its financial reporting as a supplement to the financial statements prepared in accordance with international accounting standards (IFRS). OKEA believes that the alternative performance measures provide useful supplement information to management, investors, bondholders and other stakeholders and are meant to provide an enhanced insight and better understanding into the financial development of OKEA and improve comparability between periods.

EBITDA Amounts in NOK `000	**2023** **12 months**	**2022** **12 months**
Profit / loss (-) from operating activities	1 316 182	3 526 080
Add: depreciation, depletion and amortisation	1 695 088	769 359
Add: impairment	2 744 808	497 584
EBITDA	**5 756 078**	**4 793 024**

EBITDAX Amounts in NOK `000	**2023** **12 months**	**2022** **12 months**
Profit / loss (-) from operating activities	1 316 182	3 526 080
Add: depreciation, depletion and amortisation	1 695 088	769 359
Add: impairment / reversal of impairment	2 744 808	497 584
Add: exploration and evaluation expenses	203 398	327 506
EBITDAX	**5 959 476**	**5 120 530**

Production expense per boe Amounts in NOK `000	**2023** **12 months**	**2022** **12 months**
Production expenses	2 083 788	1 616 020
Less: processing tariff income	-130 656	-131 596
Less: joint utilisation of logistics resources	-21 783	-37 512
Less: preparation for operation asset under construction	0	0
Net production expenses	1 931 349	1 446 912
Divided by: produced volumes (boe)	8 973 727	6 108 797
Production expense NOK per boe	**215,1**	**236,8**

Net interest-bearing debt Amounts in NOK `000	**2023** **12 months**	**2022** **12 months**
Interest bearing bond loans	1 245 860	1 178 610
Other interest bearing liabilities	427 128	462 078
Other interest bearing liabilities, current	49 995	45 874
Less: Cash and cash equivalents	-2 301 181	-1 104 026
Net interest-bearing debt	**-578 199**	**582 537**

Net interest-bearing debt excl. other interest bearing liabilities Amounts in NOK `000	**2023** **12 months**	**2022** **12 months**
Interest bearing bond loans	1 245 860	1 178 610
Less: Cash and cash equivalents	-2 301 181	-1 104 026
Net interest-bearing debt excl. other interest bearing liabilities	**-1 055 321**	**74 584**

Definitions of alternative performance measures

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.

To the General Meeting of OKEA ASA

Independent Auditor's Report

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of OKEA ASA (the Company), which comprise the statement of financial position as at 31 December 2023, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion the financial statements comply with applicable statutory requirements, and the financial statements give a true and fair view of the financial position of the Company as at 31 December 2023, and its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards as adopted by the EU.

Our opinion is consistent with our additional report to the Audit Committee.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company as required by relevant laws and regulations in Norway and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

To the best of our knowledge and belief, no prohibited non-audit services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided.

We have been the auditor of the Company for 9 years from the election by the general meeting of the shareholders on 25 September 2015 for the accounting year 2015 with a renewed election in 2020.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Impairment of Goodwill and Oil & Gas Properties, and *Estimation of Asset Retirement Obligations* have the same characteristics and risks as in the prior year, and therefore continue to be areas of focus this year. During 2023 the Company acquired working interests in North Sea oil fields from Equinor Energy AS. The judgmental nature of purchase price allocation calculations made *Acquisition of Working Interests in North Sea Oil fields* a Key Audit Matter for our audit of the 2023 financial statements.

Key Audit Matters	How our audit addressed the Key Audit Matter

Impairment of Goodwill and Oil & Gas Properties

OKEA ASA has oil and gas properties with a carrying amount of NOK 7 198 586 thousand at 31 December 2023. In addition, the carrying value of goodwill (including technical goodwill) was NOK 2 295 470 thousand.

In line with OKEA's accounting policies for impairment of non-financial assets, management assessed whether there were impairment or reversal indicators. Based on identified impairment indicators, a calculation of recoverable amount by each CGU was prepared.

Based on the results of the assessment of impairment and reversal indicators and the corresponding calculation of recoverable amounts, a total impairment charge of NOK 2 744 808 thousand was recognized in 2023 related to the Yme field and goodwill arising from the Acquisition of working interest in PL 037, the Statfjord Unit, the Statfjord Øst Unit and the Sygna Unit.

Management's assessment of recoverable amounts of goodwill, and oil & gas properties require estimates and application of assumptions relating to operational and market factors, which, in turn, involves judgment. In addition, the calculation of recoverable amounts requires financial modelling of cash flows related to cash generating units, which can be inherently complex, and may also require use of judgment. Furthermore, the valuation of oil & gas properties and goodwill are inherently uncertain due to the judgmental nature of the underlying estimates.

We focused on this area because goodwill and oil & gas properties constitute a significant share of total assets in the balance sheet, and because the assessment of recoverable amounts is complex and requires management judgement which may have a direct impact on net profit.

Please refer to note 9 for a description of management's assessment of impairment.

We assessed management's identification of impairment- and reversal indicators and agreed that indicators were present.

We obtained management's calculation of recoverable amounts as of 31 December 2023. Management's identification of cash generating units were in line with our expectations. For relevant cash generating units, including allocated technical goodwill, we assessed the key inputs to the calculation of recoverable amounts by:

- comparing management´s short-term price assumptions against external price forward curves,
- comparing management's long-term oil price assumptions against long-term price assumptions communicated by peers and other publicly available sources,
- comparing asset specific assumptions underlying the impairment test model (e.g. production profiles, capital expenditures, operating costs) towards information reported by the field operator in the 2024 RNB (reporting to Revised National Budget) numbers,
- assessing the calculation from post to pretax impairment charge, and
- benchmarking of inflation, exchange rates and discount rates applied against external market data.

We also assessed the mathematical accuracy and methodology of management's impairment models.

Management determined that ordinary goodwill at the balance sheet date was not impaired. Consequently, we obtained and considered management's assessment. We also calculated the market capitalization based on the quoted share price at year-end. We found support for the carrying value of oil and properties and ordinary goodwill as of 31 December 2023.

We also assessed the sensitivity analysis and underlying calculations showing how the recoverable amounts of property plant and equipment and technical goodwill would be impacted by changes to underlying assumptions, such as change in hydrocarbon prices and discounts rates. In addition, we also considered consistency between the climate risk related disclosures in note 32 and the sensitivity analysis to the impairment testing in note 9.

We evaluated the appropriateness of the related note disclosures and found that they satisfied IFRS requirements.

Estimation of Asset Retirement Obligations

Management estimated asset retirement obligations for operated and non-operated assets as of 31 December 2023. Asset retirement obligations represent a non-current provision of NOK 9 431 431 thousand and a current provision of NOK 104 036 thousand at the balance-sheet date.

The estimation of asset retirement obligations requires use of a number of judgmental assumptions. Important assumptions include timing of actual cash flows, amount of abandonment costs and discount rate. The timing of removal is also dependent on the reserves estimation and is impacted by the commodity price outlook. Calculation of asset retirement obligation requires financial modelling of cash flows related to the removal and decommissioning cost. Such modelling can be complex and may require use of further judgment.

The abandonment cost estimates for the non-operated assets are based on the respective operators' cost estimates. For the operated assets, the cost estimate is based on OKEA's internal calculation and assessment. The calculation of cost estimates for the OKEA operated fields are based on several cost inputs, such as number of wells plugged, rig rates per day, and number of days per well.

We focused on this area due to the significant value the asset retirement obligations represent in the balance sheet, and the level of management judgment used in determining the provision for asset retirement obligations.

Refer to note 24 for a description of how management has estimated and accounted for the abandonment provision.

Meetings were held with management to understand the process for identifying and measuring the asset retirement obligations.

We obtained management's assessment and model for calculation of abandonment provisions. We also considered the nature and details of the underlying calculation model. We found the methodology to be in line with requirements in IFRS.

For the non-operated assets, we obtained the cost estimates prepared by the external operators of the non-operated fields from management. We checked if the external cost estimates were included as input in the calculation of the asset retirement obligation for the non-operated fields and challenged assumptions applied.

For the operated assets, we assessed the cost estimate assumptions applied for reasonableness. This included, but was not limited to, the number of wells to be plugged, rig rates per day, and number of days per well. We also tested the model used for calculating the abandonment obligations and found that the model makes calculations as expected. We received management's assessment of the timing of decommissioning and removal activities for each field. In addition, we benchmarked the inflation rate and the discount rate used in calculating the abandonment provision. Our testing substantiated that management assumptions were fair.

We evaluated the appropriateness of the related note disclosures and found that they satisfied IFRS requirements.

Acquisition of Working Interest in North Sea Oil Fields

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.

Management determined that using the acquisition method of accounting in line with IFRS 3 requirements was appropriate. The purchase price allocation (PPA) and the measurement and determination of fair values required financial modeling of the cash flows relating to each tangible asset acquired and abandonment provision assumed, including tax effects. The modeling and the identification of assets are inherently complex and requires a number of estimates and judgements to be applied.
We focused on this area due to the significant value the investment represents in the balance sheet, and the applied level of management judgement in determining the value of the assets and liabilities acquired from the transaction and resulting subsequent potential impacts on the income statement.

Refer to note 16 for a description of the business combination and how management has accounted for the PPA.

We obtained and read the Sale & Purchase Agreement between OKEA ASA and Equinor Energy AS, and held meetings with management to understand the nature and details of the transaction.

We obtained and read managements purchase price allocation (PPA). We found the methodology to be in line with the requirements in IFRS, and that the model made calculations as expected.

We challenged whether there could be other assets and liabilities not properly accounted for. As part of this process, we held several meetings where we discussed with management and obtained underlying documentation to support calculations and measurements in the PPA.

A large part of the value assumed in the transaction was allocated to oil and gas properties. Management has measured the value of the investment in oil and gas properties as the net present value (NPV) after tax of future estimated cash flows. We applied selected procedures to compare the estimated future cash flows related to production profiles, operating and capital expenditures, and future crude and gas prices to relevant reliable external and internal information. We assessed the discount rate applied with reference to market data.

We compared management estimates for asset retirement obligations to reliable external information, assessed supporting documentation and consistency with other assumptions, and tested for mathematical accuracy. Management’s calculation of deferred and payable taxes, we tested for mathematical accuracy and assessed the application of tax regulations.

A material part of goodwill from the transaction relates to technical goodwill calculated based on the difference between the estimated fair market value and tax value of the assets acquired. We tested the mathematical calculation of ordinary and technical goodwill.

We involved PwC valuation specialists to assess and discuss important parts of the PPA.

We evaluated the appropriateness of the related note disclosures and found that they satisfied IFRS requirements.

Other Information

The Board of Directors and the Managing Director (management) are responsible for the information in the Board of Directors' report and the other information accompanying the financial statements. The other information comprises information in the annual report, but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the information in the Board of Directors' report nor the other information accompanying the financial statements.

In connection with our audit of the financial statements, our responsibility is to read the Board of Directors' report and the other information accompanying the financial statements. The purpose is to consider if there is material inconsistency between the Board of Directors' report and the other information accompanying the financial statements and the financial statements or our knowledge obtained in the audit, or whether the Board of Directors' report and the other information accompanying the financial statements otherwise appears to be materially misstated. We are required to report if there is a material misstatement in the Board of Directors' report or the other information accompanying the financial statements. We have nothing to report in this regard.

Based on our knowledge obtained in the audit, it is our opinion that the Board of Directors' report

- is consistent with the financial statements and
- contains the information required by applicable statutory requirements.

Our opinion on the Board of Director's report applies correspondingly to the statements on Corporate Governance and Corporate Social Responsibility, and to the report on payments to governments.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with IFRS Accounting Standards as adopted by the EU, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error. We design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Report on Compliance with Requirement on European Single Electronic Format (ESEF)

Opinion

As part of the audit of the financial statements of OKEA ASA, we have performed an assurance engagement to obtain reasonable assurance about whether the financial statements included in the annual report, with the file name OkeaASA-31-12-23-en.zip, have been prepared, in all material respects, in compliance with the requirements of the Commission Delegated Regulation (EU) 2019/815 on the European Single Electronic Format (ESEF Regulation) and regulation pursuant to Section 5-5 of the Norwegian Securities Trading Act, which includes requirements related to the preparation of the annual report in XHTML format.

In our opinion, the financial statements, included in the annual report, have been prepared, in all material respects, in compliance with the ESEF regulation.

Management's Responsibilities
Management is responsible for the preparation of the annual report in compliance with the ESEF regulation. This responsibility comprises an adequate process and such internal control as management determines is necessary.

Auditor's Responsibilities
Our responsibility, based on audit evidence obtained, is to express an opinion on whether, in all material respects, the financial statements included in the annual report have been prepared in compliance with ESEF. We conduct our work in compliance with the International Standard for Assurance Engagements (ISAE) 3000 – "Assurance engagements other than audits or reviews of historical financial information". The standard requires us to plan and perform procedures to obtain reasonable assurance about whether the financial statements included in the annual report have been prepared in compliance with the ESEF Regulation.

As part of our work, we have performed procedures to obtain an understanding of the Company's processes for preparing the financial statements in compliance with the ESEF Regulation. We examine whether the financial statements are presented in XHTML-format. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Stavanger, 4 April 2024
PricewaterhouseCoopers AS

Arne Birkeland
State Authorised Public Accountant

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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