

$\begin{array}{c} 2021 \\ \text{Q2} \\ \text{Q2} \\ \text{report} \end{array}$



Second quarter 2021 summary

Highlights

- No serious incidents at operated assets
- Continued managing the Covid-19 situation without production disruptions
- Reorganisation of operations at the Yme field expected to result in significant synergies and positive cash flow effects
- Final investment decision to develop the Hasselmus gas discovery
- Dry exploration well on the Ilder prospect of NOK 78 million
- Production of 13,210 (16,557) boepd
- Operating income of NOK 607 (524) million
- Full impairment reversal of Yme of NOK 730 (0) million
- Profit from operating activities of NOK 898 (68) million
- Profit / loss (-) before tax of NOK 863 (63) million
- Net profit / loss (-) of NOK 200 (23) million
- Cash flow from operations of NOK 634 (408) million

(Amounts in parentheses refer to previous quarter)

Financial and operational summary

	Unit	Q2 2021	Q1 2021	Q2 2020	Full year 2020
Total operating income	MNOK	607	524	275	1,730
EBITDA 1)	MNOK	311	240	210	867
EBITDAX 1)	MNOK	420	349	221	964
Profit/loss (-) before income tax	MNOK	863	63	-187	-1,231
Net profit / loss (-)	MNOK	200	23	18	-603
Net cash flow from operations	MNOK	634	408 ³⁾	11 ³⁾	621 ³⁾
Net cash flow from investments	MNOK	-197	-270 ³⁾	-224 ³⁾	-1,044 ³⁾
Net cash flow from financing activities	MNOK	-77	-33	-97	-390
Net interest-bearing debt 1)	MNOK	1,070	1,424	1,904	1,529
Not muselisation	Doord 2)	42.240	40 557	40.047	40 447
Net production	Boepd ²⁾	13,210	16,557	16,047	16,147
Over/underlift/inventory adjustments	Boepd ²⁾	-162	-1,359	-1,413	-276
Net sold volume	Boepd ²⁾	13,048	15,198	14,634	15,871
Production expense per boe 1)	NOK/boe	158.9	101.8	118.1	104.8
Realised liquids price	USD/boe	63.8	49.5	24.9	36.3
Realised gas price	USD/scm	0.32	0.24	0.05	0.11

Definitions of alternative performance measures are available on page 30 of this report

²⁾ Boepd is defined as barrels of oil equivalents per day

³⁾ Reclassified – reference is made to statement of cash flow for further details

Financial review

Statement of comprehensive income

Total operating income in the second quarter amounted to NOK 607 (524) million, whereof NOK 594 (536) million related to revenue from oil and gas sales. Sold volumes of 1,187 thousand boe were 180 thousand boe lower than previous quarter mainly due to a planned shutdown at Gjøa. The impact of lower volumes was offset by significantly improved market prices. Average realised price for liquids was USD 63.8 (49.5) per boe and average realised gas price was USD 0.32 (0.24) per standard cubic meter (scm).

Other operating income / loss (-) amounted to NOK 12 (-12) million consisting of tariff income at Gjøa of NOK 11 (13) million, income from joint utilisation of logistics resources of NOK 2 (6) million, offset by loss from oil hedging activities of NOK -1 (-31) million.

Production expenses amounted to NOK 213 (176) million, corresponding to NOK 158.9 (101.8) per boe. The increase in production expense per boe was mainly due to high production expense at Draugen relating to a planned well intervention campaign completed in May, and a decrease in produced volumes following 31 days planned maintenance and project shutdown at Gjøa in April/May. Produced volumes net to OKEA were 13,210 (16,557) boepd in the second quarter.

Changes in over-/underlift positions and production inventory amounted to NOK 38 (17) million. Produced volumes exceeded sold volumes by 162 (1,359) boepd in the quarter.

Exploration and evaluation expenses amounted to NOK 109 (109) million, whereof NOK 78 million related to the exploration well Ilder in PL973 which was concluded dry in May. In addition, field evaluation activities on Aurora and Grevling/Vette amounted to NOK 17 million for the quarter. Exploration and evaluation expenses previous quarter was mainly due to the non-commercial exploration well Jerv in PL973 of NOK 93 million.

Reversal of impairment amounted to NOK 730 (0) million. The amount relates to the Yme asset under development and previous impairments on Yme have now been fully reversed. The reversal was mainly due to the improved macro conditions and the positive synergy effects expected following the reorganisation of operations in the Yme license. The reorganisation of operations includes a change in ownership structure of the jack-up production unit, Maersk Inspirer, from Maersk Drilling to Havila Sirius, and Repsol taking over the operation and maintenance of the rig from Maersk Drilling. Under the new structure OKEA will be considered owner for tax purposes for the 15% working interest of the lease contract from Havila. The resulting tax implication is a positive cash effect in the area of NOK 300 million receivable over the next year.

General and administrative expenses amounted to NOK 12 (16) million and represent OKEA's share of costs after allocation to licence activities. The low expense for the quarter was mainly due to high activity in both operated licences and in the project portfolio, resulting in a relatively high allocation to the licences, in addition to a low amount of non-allocable costs.

Net financial items amounted to NOK -34 (-5) million. The amount mainly consists of NOK -18 (-12) million in interest expense and net foreign exchange loss (gain) of NOK -12 (10) million due to a somewhat weakening (strengthening) of NOK compared to USD in the quarter.

Profit / loss (-) before tax amounted to NOK 863 (63) million for the quarter.

Tax expenses (-) / tax income (+) amounted to NOK -663 (-40) million representing an effective tax rate of 77% (64%). The deviation from the expected 78% was mainly due to the positive effect of uplift, partly offset by lower tax rate on onshore and financial items.

Net profit / loss (-) for the second quarter was NOK 200 (23) million. Earnings per share were NOK 1.95 (0.22).

Statement of financial position

Goodwill amounted to NOK 769 (769) million consisting of NOK 606 (606) million in technical goodwill and NOK 163 (163) million in ordinary goodwill.

Oil and gas properties amounted to NOK 4,558 (3,807) million at the end of the quarter. The increase mainly relates to reversal of impairment on the Yme asset of NOK 730 million and additional investments in the Yme New Development project, partly offset by depreciation from producing assets.

Right-of-use assets amounted to NOK 168 (174) million which mainly relates to logistical resources on operated assets and lease of offices.

Other non-current assets amounted to NOK 3,069 (3,049) million which relate to Shell's obligation to cover the decommissioning costs for Draugen and Gjøa.

Total tax refund amounted to NOK 9 (223) million, split into non-current refund of NOK 0 (12) million and current refund of NOK 9 (211) million. The decrease from previous quarter was mainly due to the last two tax instalments for the tax year 2020, of NOK 194 million, being received during the quarter.

Cash and cash equivalents amounted to NOK 1,346 (978) million. The increase from previous quarter was mainly due to net cash flow from operating activities exceeding cash used in investment activities and interest payments as further outlined in the section "statement of cash flows".

Spare parts, equipment and inventory amounted to NOK 231 (228) million whereof NOK 112 (114) million related to oil inventory at Draugen.

Equity amounted to NOK 1,313 (1,113) million, corresponding to an equity ratio of 12% (11%). The increase from previous quarter was due to net profit in the period.

Provisions for asset retirement obligations amounted to NOK 4,232 (4,221) million. The obligation is partly offset by the 3,069 (3,049) million in asset retirement receivable as described in the section "non-current assets".

Interest-bearing loans and borrowings amounted to NOK 2,416 (2,402) million, consisting of the remaining outstanding amounts on the OKEA02 and OKEA03 bonds.

The lease liability relating to IFRS 16 was split into a non-current liability of NOK 132 (138) million and a current liability of NOK 36 (36) million and represents the liability of the right-of-use assets as described above.

Trade and other payables amounted to NOK 948 (898) million and mainly relate to working capital from joint licences, prepayments and accrued expenses. Of this amount, NOK 159 million payable to Shell relating to the settlement for the unusually large norm price adjustment for the Draugen lifting in May 2020 is due in July 2021.

Statement of cash flows

Net cash flows from operating activities amounted to NOK 634 (408) million, whereof NOK 194 (97) million was net taxes received. Cash received from sales of oil and gas increased due to higher prices partly offset by lower sold volumes, while payroll payments was reduced compared to previous quarter mainly due to the employee share incentive program for 2020 being paid in the first quarter of 2021.

Net cash flows used in investment activities amounted to NOK -197 (-270) million of which investment in oil and gas properties amounted to NOK -126 (-175) million mainly relating to the Yme New Development project, and NOK -66 (-93) million relate to drilling campaigns on PL973.

Net cash flows used in financing activities amounted to NOK -77 (-33) million, of which interest paid amounted to NOK -68 (-24) million. Interest paid in the second quarter relates to both OKEA02 and OKEA03. In previous quarter, only interest for OKEA02 was payable.

Financial risk management

OKEA uses derivative financial instruments to manage exposures to fluctuations in commodity prices. At the end of the quarter, OKEA had outstanding put options for 150 000 barrels of oil (bbl) at a strike price of 50 USD per bbl with expiration in July 2021.

Operational review

Net production to OKEA was 13,210 (16,557) boepd. The decrease compared to previous quarter was mainly due to maintenance and shutdown at Gjøa for 31 days in second quarter and a temporary shut-in of wells at Draugen due to well maintenance and modification work.

	Unit	Q2 2021	Q1 2021	Q2 2020	Full year 2020
Draugen – production reliability ⁴⁾	%	99	97	100	99
Draugen – production availability ⁵⁾	%	93	96	91	90
Gjøa – production reliability	%	100	99	100	99
Gjøa – production availability	%	66	96	77	86
Ivar Aasen – production availability	%	95	95	99	94
Draugen – production	Boepd	7,128	7,246	7,944	7,774
Gjøa – production	Boepd	5,828	8,998	7,758	8,059
Ivar Aasen – production	Boepd	254	313	345	314
Total net production	Boepd	13,210	16,557	16,047	16,147
Draugen – sold volume	Boepd	7,030	7,055	7,514	7,923
Gjøa – sold volume	Boepd	5,984	8,076	7,050	7,610
Ivar Aasen – sold volume	Boepd	34	67	70	338
Total net sold volume	Boepd	13,048	15,198	14,634	15,871
Total over/underlift/inventory adj.	Boepd	-162	-1,359	-1,413	-276

Draugen (Operator, 44.56%)

Net production to OKEA from Draugen was 7,128 (7,246) boepd. Production availability was 93% (96%) and production reliability was 99% (97%).

The lower production was due to the well maintenance campaign and general field decline. The lower availability compared to previous quarter was due to well maintenance and modification.

Managing the Covid-19 situation remains a high priority. During the quarter, OKEA implemented additional mitigating measures to manage the situation including multiple testing prior to departure for all offshore personnel.

Deferment is the reduction in production caused by a reduction in available production capacity due to an activity, an unscheduled event, poor equipment performance or sub-optimum settings.

⁴⁾ **Production reliability** = Actual Production / (Actual production + Unscheduled deferment)

⁵⁾ **Production availability** = Actual Production / (Actual production + Scheduled deferment + Unscheduled deferment)

Following a successful well maintenance campaign, OKEA was able to restart production from the D2 subsea well again in the second quarter. The D2 well has been shut-in since 2019 due to well integrity issues. A well intervention campaign successfully completed a change of x-mas tree on the A6 well and a gas lift valve on the A1 well. Both wells were successfully put back in production in the quarter. A change of x-mas tree on the A4 well is planned for third quarter.

Gjøa (Partner, 12.00%)

Net production to OKEA from Gjøa in the second quarter was 5,828 (8,998) boepd and production availability was 66% (96%). The low availability was due to planned maintenance work and the production reliability was as high as 100% (99%). The Gjøa P1 wells which came onstream in February have produced more than expected during the first half of 2021.

In April/May the Gjøa organisation successfully carried out a 31-day maintenance programme which was the most extensive so far in the Gjøa history. Most of the turnaround work related to scope required for the Duva and Nova tie-ins. The deferred production for Gjøa will be compensated by the Nova and Duva assets with the initial production including interest of 8% p.a. in accordance with the tie-in agreements. The deferred volumes excluding interest element is to be redelivered to Duva and Nova over remaining production period at Gjøa.

The Gjøa operator continues to apply strict offshore and onshore measures to prevent and limit any consequences in case of Covid-19 contamination.

Ivar Aasen (Partner, 0.554%)

Net production to OKEA from Ivar Aasen was 254 (313) boepd and production availability of 95% (95%). The reduced production was a result of reservoir pressure decline and increased water cut. Optimisation of the new wells continued during second quarter in parallel to further maturing of IOR 2021 targets.

Development projects

Yme (Partner, 15.00%)

The Yme project is currently in the final hook-up and commissioning phase. The production unit, Maersk Inspirer, is installed at Yme field and has been connected to the wellhead module.

The subsea storage tank and subsea flowlines have been fully tested and are ready for operation. Following pulling of plugs, the production wells are now ready for start-up. The remaining project scope relates to finalising hook-up and commissioning of Maersk Inspirer and the wellhead platform. Expected production start for the Yme field is in the second half of 2021.

Yme is expected to add production of 7,500 boepd net to OKEA at plateau, and 5,600 boepd net to OKEA on average over the first production year. The production estimate for the first year has increased by 700 boepd compared to prior estimates due to expected faster production ramp-up.

Draugen - Hasselmus (Operator, 44.56%)

OKEA, as operator of Draugen, is currently developing the Hasselmus field as a single subsea gas well with direct tie-back to the Draugen platform for further processing and export.

The Final Investment Decision (FID) was approved in the Draugen licence in May. Production start-up is planned in Q4 2023 with plateau gas production of more than 4,400 barrels of oil equivalents per day (gross).

The Hasselmus project will be the first field development project for OKEA as operator. The Hasselmus project is important for the long-term development of Draugen and demonstrates OKEA's ability to deliver on its organic growth potential. The project also supports the potential for Draugen to be an important hub in the area. On 1 July 2021 OKEA awarded contracts for the topside modification scope of the project to Aker Solutions and for the subsea scope to Subsea Integration Alliance (OneSubsea and Subsea 7).

Draugen power from shore (Operator, 44.56%)

On behalf of the Draugen licence, OKEA has commenced a project to consider the possibility to provide power from shore to the production platform. The project includes assessing the option to extend the power supply to support other nearby fields and the Draugen and Njord licences have entered into a joint study agreement for evaluation of a potential common infrastructure project for power from shore.

A decision for continuation (DG1) was passed in September 2020, and concept selection is planned for Q3 2021. The concept, which comprises a 130 km long subsea cable may be ready for operation in 2025 and will potentially reduce the annual CO₂ emissions from Draugen by approximately 200,000 tonnes.

Aurora (Operator, 65.00%)

OKEA has taken over an additional 25% working interest from Wintershall Dea in the production licences PL195 & PL195 B. An appraisal well is currently considered for 2022 to ascertain the commerciality of the Aurora discovery and to test an additional prospect in the licence. The project is working towards a potential FID in 2023 with production start in 2025.

Grevling / Storskrymten (Operator, 35.00% / 60.00%)

Over the last few years, OKEA has worked to improve the economics for Grevling / Storskrymten and has achieved a reduction in estimated break-even cost from USD 70 per boe to USD 40 per boe. This is still deemed insufficient for a stand-alone field development and OKEA as operator of the licence has continued the work to further improve the economics in the project. As operator, OKEA is currently assessing a serial field development solution, where the Grevling field and a re-deployable field development solution (FPSO) may be harmonised with another field to benefit from sharing cost for the production facility and reducing the geological downside through serial production of two or more fields. This work has intensified through acquisition of the Vette licence, and discussions with the respective partners in these two licenses are ongoing in parallel with the project maturation towards a decision for concretisation (DG2).

Earlier this year, studies for Carbon Capture and Storage (CCS) for the production facility to secure a solution for mitigating CO₂ emissions was concluded a feasible option for Grevling.

Vette (Operator, 40.00%)

Following formal award of operatorship in the Vette license in the beginning of the year, OKEA has worked to further mature the subsurface, drilling and well and design basis for the facility solutions for the Vette field.

As operator, OKEA is working to develop the project forward in parallel with the Grevling field development and is targeting a combined DG2 for both fields through the serial development strategy defined for the Grevling licence described above, subject to reaching agreement of licence harmonisation.

Exploration licences

The Chrysaor-operated Ilder exploration well 15/12-26 was drilled in PL973 in April and May. A 60-meter good quality sandstone was encountered in the target reservoir (Ula Formation), but no hydrocarbons were observed, and the well was plugged as a dry well.

The Equinor-operated Ginny exploration well in PL1060 is now scheduled for the fourth quarter in 2021.

Health, safety, and environment (HSE)

There were no serious incidents, no recordable injuries and no accidental spills to external environment in OKEA's activities and operations in the second quarter of 2021. The strict Covid-19 regime remains and was strengthened even further at Draugen due to a high activity level and more personnel onboard. Workers and contractors travelling to Draugen are now tested twice prior to departure, unless they have been fully vaccinated. There have not been any Covid-19 cases in OKEA's activities so far.

OKEA is always aiming at continuous improvement. In the second quarter, the company revised the security management strategy and security management plans, further strengthening the work to prevent threats and ensure resistance towards possible security exposures.

The Draugen power from shore project represents an opportunity to improve the environmental footprint of our operations significantly with a potential to reduce the CO₂ emissions from Draugen by 200,000 tonnes annually.

Report for the first half of 2021

Financial review

	Unit	H1 2021	H1 2020
Total operating income	MNOK	1,131	825
EBITDA	MNOK	551	523
Net profit / loss (-)	MNOK	223	-766
Cash flow from operations	MNOK	1,042	-74*
Cash flow from investments	MNOK	-467	-529*
Cash flow from financing activities	MNOK	-110	-213

(Amounts in parentheses refer to first half of 2020)

Total operating income amounted to NOK 1,131 (825) million for the first half of 2021. The increase compared to previous year was mainly due to significantly higher realised prices for both liquids and gas. Total sale of petroleum products was 2,555 (2,770) thousand boe. The reduction in volumes was mainly due to general decline on producing field.

Production expenses amounted to NOK 389 (353) million, equivalent to NOK 127.4 (99.3) per barrel of oil equivalent. The increase in production expenses per barrel was mainly due to higher expenses at Draugen related to the D2 well intervention campaign in addition to 506 thousand boe lower produced volumes mainly due to 31 days maintenance work in April/May 2021 at Gjøa, ceased NGL and gas sales from October 2020 at Draugen in addition to general field decline on all fields.

EBITDA amounted to NOK 551 (523) million and net profit/loss (-) after tax was NOK 223 (-766). The increase in EBITDA was mainly due to the significantly higher realised oil and gas prices, partly offset by lower sold volumes. The net profit after tax was additionally impacted by reversal of impairment of Yme asset of pre-tax NOK 730 million in the second quarter of 2021, compared to an impairment of NOK 932 million in first half of 2020 driven by low oil and gas prices and OKEA share price.

Cash flow from operations for the period was NOK 1,042 (-74) million, mainly representing the significantly higher realised prices of liquids and gas.

Cash flow used in investment activities amounted to NOK -467 (-529) million for the period, relating to investments in the Yme new development project, P1 project at Gjøa and exploration drillings of the Jerv and Ilder prospects.

Cash flow used in financing activities was NOK -110 (-213) million, mainly consisting of interest payments on bond loans NOK -91 (-123) million and lease payments of NOK -18 (-37) million. Cash flow from the previous year included a partial buy back of OKEA02 of NOK 52 million. In addition, the lower interest payments in the first half of 2021 compared to previous year was mainly due to lower NOK/USD exchange rate as the interest are paid in USD.

^{*} Reclassified - reference is made to statement of cash flow for further details

Operational review

The first half of 2021 was characterised by significantly improved market conditions and several key events for OKEA. During the first half of the year, OKEA has increased its portfolio through completion of the Vette acquisition from Repsol and picked up six new licences through the APA 2020 round.

At the Gjøa field, a successful production start from the two wells in the P1 segment took place in February.

For Draugen, the final investment decision at OKEA's first field development project, Hasselmus, was made in May.

The Yme licence entered into agreements for the field operator, Repsol, to take over day-to-day operations of the jack-up rig Maersk Inspirer from Maersk Drilling ("MD"). According to the agreements, MD will sell Maersk Inspirer to Havila Sirius AS ("Havila") and the Yme licensees will lease the rig from Havila under a bareboat charter whereby the Yme licence will take ownership of the rig at the end of the lease period. The reorganisation of operations is expected to enable operational synergies and significant positive cash flow effects for the Yme licence partners.

In PL973, operated by Chrysaor, two exploration wells, Jerv and Ilder, were drilled. At the Jerv prospect, a non-commercial gas condensate discovery was made. The Ilder well was concluded dry.

In addition, the board of directors appointed OKEA's new CEO in February and Svein J. Liknes commenced the role as CEO on 1 June. Mr Liknes has broad industry experience, latest as VP special projects & due diligence in Aker BP ASA. He has previously also served as acting CEO and head of operations at Aker Energy AS.

Risks and uncertainties

Investment in OKEA involves risks and uncertainties as described in the company's annual report for 2020. The company's revenues, cash flow, reserve and resource estimates, profitability and rate of growth depend on international and regional prices of oil and gas which may fluctuate significantly based on factors beyond the company's control.

The company is also exposed to other financial risks including, but not limited to, fluctuations in exchange rates, increased interest rates and capital requirements. Reference is made to note 27 in OKEA's annual report for 2020 for further details on financial risks.

Outlook

Oil prices have continued to strengthen during the second quarter of 2021 with Brent crude prices trading around USD 75/bbl at the date of this report. This development follows the rollout of Covid-vaccines and reopening of economies in North America and Europe, continued strong demand in China, and producer discipline from OPEC+ and US shale reducing OECD commercial stock levels to below average 2015-19 levels. European gas prices have climbed to record high seasonal levels above USD 12/mmbtu due to high gas demand in Europe and Asia following the cold winter in the Northern Hemisphere combined with low seasonal gas storage levels in Europe and North America and limited supply response from key suppliers to Europe.

The company's cash position is strong and OKEA targets to deliver organic growth within the existing portfolio without the need for new equity. OKEA also intends to continue to pursue further license farm-in and M&A opportunities.

Production guiding net to OKEA for 2021 remains unchanged at 15,500-16,500 boepd and is expected to increase to 17,000-18,000 boepd in 2022 following commencement of production from Yme. Capex guiding for 2021 remains unchanged at NOK 600-700 million, which includes the expected investments for the Hasselmus project for the year. The increase in volumes combined with higher oil and gas prices and the reorganisation of operations at the Yme field is expected to strengthen OKEA's financial position further.

OKEA has firm plans to participate in drilling of one more exploration well in 2021. The Ginny prospect in PL1060 near Draugen is planned for the fourth quarter.

Three liftings of oil are planned for the third quarter. 602,000 bbl was lifted from Draugen in mid-July, and 135,000 bbl is expected from Gjøa late July and 94,000 bbl is expected in August.

The new CEO, Svein J. Liknes, has initiated a strategy process planned for this fall with a target to position OKEA for the next growth phase.





Statement of comprehensive income

					01.01	01.01-30.06	
		Q2 2021	Q1 2021	Q2 2020	2021	2020	2020
Amounts in NOK `000	Note	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(audited)
Revenues from crude oil and gas sales	6	594 468	536 178	258 997	1 130 646	762 657	1 652 311
Other operating income / loss (-)	6	12 252	-12 113	15 587	139	62 698	77 911
Total operating income		606 720	524 065	274 584	1 130 785	825 354	1 730 222
Production expenses	7	-212 653	-176 335	-185 789	-388 988	-352 652	-695 877
Changes in over/underlift positions and production inventory	7	38 041	16 978	155 399	55 019	121 905	16 690
Exploration and evaluation expenses	8	-108 897	-108 736	-10 452	-217 633	-37 892	-97 036
Depreciation, depletion and amortisation	10	-143 870	-172 245	-192 033	-316 115	-373 655	-699 403
Impairment (-) / reversal of impairment	10, 11, 12	730 397	-	-297 969	730 397	-931 689	-1 387 018
General and administrative expenses	13	-12 039	-16 013	-23 321	-28 051	-34 147	-86 713
Total operating expenses		290 979	-456 351	-554 165	-165 372	-1 608 129	-2 949 358
Profit / loss (-) from operating activities		897 698	67 714	-279 581	965 412	-782 775	-1 219 136
Finance income	14	19 691	19 694	19 620	39 385	56 718	105 559
Finance costs	14	-41 707	-34 878	-104 115	-76 585	-181 922	-268 907
Net exchange rate gain/loss (-)	14	-12 480	10 412	176 936	-2 068	-205 429	151 744
Net financial items		-34 496	-4 773	92 441	-39 268	-330 632	-11 604
Profit / loss (-) before income tax		863 203	62 941	-187 140	926 144	-1 113 408	-1 230 740
Taxes (-) / tax income (+)	9	-662 735	-40 303	205 466	-703 037	347 003	628 014
Net profit / loss (-)		200 468	22 639	18 326	223 107	-766 404	-602 726
Other comprehensive income, net of tax:							
Items that will not be reclassified to profit or loss in subsequent	it perioas:						500
Remeasurements pensions, actuarial gain/loss (-)			-			-	-509
Total other comprehensive income, net of tax		-	-	-	-	-	-509
Total comprehensive income / loss (-)		200 468	22 639	18 326	223 107	-766 404	-603 235
Weighted average no. of shares outstanding basic		102 972 205	102 502 650	102 502 650	102 738 725	102 285 760	102 394 798
Weighted average no. of shares outstanding basic Weighted average no. of shares outstanding diluted		103 917 205	103 447 650	102 302 030	103 683 725	102 285 760	102 394 798
Earnings per share (NOK per share) - Basic		1,95	0,22	0,18	2,17	-7,49	-5,89
Earnings per share (NOK per share) - Diluted		1,93	0,22	0,18	2,15	-7,49	-5,89
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Statement of financial position

	30.06.2021	31.03.2021	31.12.2020	30.06.2020
Note	(unaudited)	(unaudited)	(audited)	(unaudited)
11, 12	768 946	768 946	768 946	772 487
11	22 037	34 187	38 349	20 845
10	4 558 398	3 807 264	3 757 546	3 858 844
10	80 938	82 094	83 250	85 563
10	12 879	10 304	10 236	10 524
10	168 075	174 325	179 235	130 819
9	-	12 396	-	28 544
15	3 068 749	3 049 058	3 029 367	3 011 388
	8 680 022	7 938 575	7 866 930	7 919 014
17	533 652	523 160	513 601	465 776
20	231 199	227 601	228 790	258 207
9	9 368	210 695	295 932	489 373
18	1 346 099	977 925	871 210	916 958
	2 120 319	1 939 382	1 909 534	2 130 314
	10 800 341	9 877 957	9 776 464	10 049 328
16				10 250
				1 912 462
	18 846			10 537
	-			-
				-1 014 498
	1 313 386	1 112 669	1 082 725	918 751
19				4 069 235
				28 326
				104 052
				1 001 330
22, 25				2 820 699
	8 441 419	7 792 428	7 716 687	8 023 642
				899 889
				145 704
23				26 752
				34 589
				1 106 934
	9 486 954	8 765 288	8 693 739 9 776 464	9 130 576
	11, 12 11 10 10 10 10 9 15	11, 12	11, 12 768 946 768 946 11 22 037 34 187 10 4 558 398 3 807 264 10 80 938 82 094 10 12 879 10 304 10 168 075 174 325 9 - 12 396 15 3 068 749 3 049 058 8 680 022 7 938 575 17 533 652 523 160 20 231 199 227 601 9 9 368 210 695 18 1 346 099 977 925 2 120 319 1 939 382 10 800 341 9 877 957 16 10 301 10 250 1 912 462 1 912 462 1 8 46 18 596 - 50 -628 222 -828 690 1 313 386 1 112 669 19 4 231 765 4 220 815 33 648 32 818 23 131 855 138 105 9 1 627 947 998 728 22, 25 2 416 204 2 401 961 8 4	11, 12 768 946 768 946 768 946 768 946 11 22 037 34 187 38 349 10 4 558 398 3 807 264 3 757 546 10 80 938 82 094 83 250 10 12 879 10 304 10 236 10 168 075 174 325 179 235 9 - 12 396 - 15 3 068 749 3 049 058 3 029 367 8 680 022 7 938 575 7 866 930 17 533 652 523 160 513 601 20 231 199 227 601 228 790 9 9 368 210 695 295 932 18 1 346 099 977 925 871 210 2 120 319 1 939 382 1 909 534 10 800 341 9 877 957 9 776 464 16 10 301 10 250 10 250 19 2 462 1 912 462 1 912 462 1 91 462 18 846 18 596 11 342 - 50 - -628 222 -828 690 -851 329 1 368 </td

Statement of changes in equity

Amounts in NOK `000	Share capital	Share premium	Other paid in capital	Un-registered share capital	Accumulated loss	Total equity
	-			-		
Equity at 1 January 2020	10 206	1 912 462	6 855	-	-248 094	1 681 430
Total comprehensive income/loss (-) for the period	-	-	-	-	-766 404	-766 404
Share issues, cash	44	-	-	_	-	44
Share based payment	-	-	3 682	_	-	3 682
Equity at 30 June 2020	10 250	1 912 462	10 537	-	-1 014 498	918 751
Equity at 1 July 2020	10 250	1 912 462	10 537	-	-1 014 498	918 751
Total comprehensive income/loss (-) for the period	-	-	-	_	163 169	163 169
Share issues, cash	-	-	-	_	-	-
Share based payment	-	-	805	_	-	805
Equity at 31 December 2020	10 250	1 912 462	11 342		-851 329	1 082 725
Equity at 1 January 2021	10 250	1 912 462	11 342	_	-851 329	1 082 725
Total comprehensive income/loss (-) for the period	10 200	1 312 402	11 342	-	223 107	223 107
	-	-	-		223 107	
Share issues, cash	50	-	-	-	-	50
Share based payment	-	-	7 504	-	-	7 504
Equity at 30 June 2021	10 301	1 912 462	18 846	-	-628 222	1 313 386

Statement of cash flows

					01.01-30.06		01.01-31.12
		Q2 2021 (unaudited)	Q1 2021 (unaudited)	Q2 2020 (unaudited)	2021 (unaudited)	2020 (unaudited)	2020 (audited)
Amounts in NOK `000	Note	(unadanou)	(unuuuntuu)	(unadatod)	(unuuuntuu)	(unuuuntuu)	(addition)
Cash flow from operating activities							
Profit / loss (-) before income tax		863 203	62 941	-187 140	926 144	-1 113 408	-1 230 740
Income tax paid/received	9	194 214	97 107	-99 333	291 321	-149 000	169 052
Depreciation, depletion and amortization	10	143 870	172 245	192 033	316 115	373 655	699 403
Impairment / reversal of impairment	10, 11, 12	-730 397	-	297 969	-730 397	931 689	1 387 018
Expensed exploration expenditures temporary capitalised**	8, 11	78 495	88 192	-2 761	166 687	-3 661	335
Accretion asset retirement obligations/receivable	14, 15, 19	1 258	1 258	779	2 517	1 557	3 106
Interest expense	14	18 493	11 520	81 759	30 013	126 914	166 950
Loss on financial assets		-	-	-	-	10 615	10 615
Change in trade and other receivables, and inventory		-15 074	-7 744	4 808	-22 818	3 710	-15 710
Change in trade and other payables		71 279	-19 746	-74 407	51 533	-468 991	-475 024
Change in foreign exchange bond loans, effect of exchange rate fluctuation on cash held and other non-current items		8 579	2 244	-202 989	10 823	212 666	-93 596
Net cash flow from / used in (-) operating activities		633 921	408 017	10 716	1 041 938	-74 255	621 410
Cash flow from investment activities Investment in exploration and evaluation assets**		-66 345	-93 436	-431	-159 781	-1 257	-28 280
Business combination, cash paid		-	-	-	-	-	-
Investment in oil and gas properties	10, 14	-125 751	-175 026	-222 078	-300 777	-515 549	-1 000 516
Investment in furniture, fixtures and office machines	10	-4 474	-1 688	-1 541	-6 162	-1 792	-4 377
Investment in financial assets		-	-	-	-	-10 615	-10 615
Net cash flow from / used in (-) investment activities		-196 570	-270 150	-224 050	-466 721	-529 213	-1 043 788
Cash flow from financing activities							
Repayment/buy-back of borrowings, bond loan	22	-	-	-	-	-51 690	-120 955
Interest paid		-67 567	-23 819	-82 997	-91 386	-123 455	-222 715
Payments of lease debt	23	-9 090	-9 090	-13 510	-18 179	-37 409	-46 380
Net proceeds from share issues		-0	50	0	50	44	44
Net cash flow from / used in (-) financing activities		-76 657	-32 858	-96 507	-109 515	-212 510	-390 006
Net increase/ decrease (-) in cash and cash equivalents		360 694	105 009	-309 841	465 703	-815 978	-812 383
Cash and cash equivalents at the beginning of the period		977 925	871 210	1 259 339	871 210	1 663 478	1 663 478
Effect of exchange rate fluctuation on cash held*		7 480	1 706	-32 540	9 186	69 458	20 116
Cash and cash equivalents at the end of the period		1 346 099	977 925	916 958	1 346 099	916 958	871 210

^{*} Effect of exchange rate fluctuation on cash held has in previous periods been classified under operating activities. This has been reclassified to conform presentation to the current quarters classification.

^{**} Expenditure relating to drilling of dry/non-commercial wells has in previous periods been classified under operating activities. From Q2-21 onwards, the company will classify such expenditure under investment activities. Cash flow from previous periods are reclassified accordingly.

Notes to the interim financial statements

Note 1 General and corporate information

These financial statements are the unaudited interim condensed financial statements of OKEA ASA for the second quarter and first half of 2021.

OKEA ASA ("OKEA" or the "company") is a public limited liability company incorporated and domiciled in Norway, with its main office located in Trondheim. The company's shares are listed on the Oslo Stock Exchange under the ticker OKEA.

The company's overall vision is to be the leading company on the Norwegian continental shelf in terms of delivering safe and cost-effective field developments and operational excellence, while maintaining a competent organisation with direct management engagement in all projects and activities.

Note 2 Basis of preparation

The interim accounts have been prepared in accordance with IAS 34 Interim Financial Reporting. The interim accounts do not include all the information required in the annual accounts and should therefore be read in conjunction with the annual accounts for 2020. The annual accounts for 2020 were prepared in accordance with EU's approved International Financial Reporting Standards (IFRS).

The interim financial statements were authorised for issue by the company's board of directors on 13 July 2021.

Note 3 Accounting policies

The accounting policies adopted in the preparation of the interim accounts are consistent with those followed in the preparation of the annual accounts for 2020. New standards, amendments and interpretations to existing standards effective from 1 January 2021 did not have any significant impact on the financial statements.

Note 4 Critical accounting estimates and judgements

The preparation of the interim accounts entails the use of judgements, estimates and assumptions that affect the application of accounting policies and the amounts recognised as assets and liabilities, income and expenses. The estimates, and associated assumptions, are based on historical experience and other factors that are considered as reasonable under the circumstances. The actual results may deviate from these estimates. The material assessments underlying the application of the company's accounting policies, and the main sources of uncertainty, are the same for the interim accounts as for the annual accounts for 2020.

Note 5 Business segments

The company's only business segment is development and production of oil and gas on the Norwegian continental shelf.

Note 6 Income

Breakdown of petroleum revenues

			01.01-30	0.06	01.01-31.12	
Amounts in NOK `000	Q2 2021	Q1 2021	Q2 2020	2021	2020	2020
Sale of liquids	445 134	388 635	230 143	833 769	648 659	1 373 994
Sale of gas	149 334	147 543	28 854	296 877	113 997	278 317
Total petroleum revenues	594 468	536 178	258 997	1 130 646	762 657	1 652 311
Sale of liquids (boe*)	844 835	919 907	946 983	1 764 742	1 854 479	4 079 188
Sale of gas (boe*)	342 549	447 890	384 719	790 439	915 915	1 729 642
Total sale of petroleum in boe*	1 187 384	1 367 796	1 331 702	2 555 181	2 770 394	5 808 830

^{*}Barrels of oil equivalents

Other operating income

Other operating income				01.01-30.06		01.01-31.12	
Amounts in NOK `000	Q2 2021	Q1 2021	Q2 2020	2021	2020	2020	
Gain / loss (-) from put/call options, oil	-1 378	-31 388	-3 254	-32 766	27 632	9 568	
Tariff income Gjøa	11 217	13 087	13 315	24 304	28 496	53 237	
Joint utilisation of logistics resources	2 413	6 188	5 526	8 600	6 569	15 107	
Total other operating income/loss (-)	12 252	-12 113	15 587	139	62 698	77 911	

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

Production expenses

Production expenses				01.01-30.06		01.01-31.12	
Amounts in NOK `000	Q2 2021	Q1 2021	Q2 2020	2021	2020	2020	
From licence billings - producing assets	184 300	149 791	160 748	334 091	304 171	591 305	
From licence billings - assets under construction - various							
preparations for operation	7 682	5 322	-	13 004	-	7 813	
Other production expenses (insurance, transport)	20 671	21 222	25 042	41 893	48 481	96 759	
Total production expenses	212 653	176 335	185 789	388 988	352 652	695 877	

Changes in over/underlift positions and production inventory

				01.01-30.06		01.01-31.12	
Amounts in NOK `000	Q2 2021	Q1 2021	Q2 2020	2021	2020	2020	
Changes in over/underlift positions	39 554	20 392	24 702	59 946	-20 992	-77 423	
Changes in production inventory	-1 513	-3 415	130 698	-4 928	142 898	94 112	
Total changes income/loss (-)	38 041	16 978	155 399	55 019	121 905	16 690	

Note 8 Exploration and evaluation expenses

				01.01-30.06		01.01-31.12
Amounts in NOK `000	Q2 2021	Q1 2021	Q2 2020	2021	2020	2020
Share of exploration and evaluation expenses from participation in licences excluding dry well impairment, from billing	27 210	20 943	11 085	48 154	39 328	74 942
Share of exploration expenses from participation in licences, dry well write off, from billing *	78 495	88 192	-2 761	166 687	-3 661	335
Seismic and other exploration and evaluation expenses, outside billing	3 192	-400	2 129	2 792	2 226	21 759
Total exploration and evaluation expenses	108 897	108 736	10 452	217 633	37 892	97 036

^{*} The drilling of exploration well Jerv in licence PL973 was completed in Q1 2021 and concluded non-commercial discovery. The drilling of exploration well llder in licence PL973 was completed in Q2 2021 and the well was dry.

Note 9 Taxes

Income taxes recognised in the income statement

				01.01-30	0.06	01.01-31.12
Amounts in NOK `000	Q2 2021	Q1 2021	Q2 2020	2021	2020	2020
Change in deferred taxes current year	-629 219	-58 170	-312 451	-687 389	-170 914	-111 946
Taxes payable current year	-20 405	-	-	-20 405	-	-
Tax payable adjustment previous year	-	-	-	-	-	-12 046
Tax refund current year	-17 867	17 867	517 917	-	517 917	752 006
Tax refund adjustment previous year	4 757	-	-	4 757	-	-
Total taxes (-) / tax income (+) recognised in the income	•			•	•	
statement	-662 735	-40 303	205 466	-703 037	347 003	628 014

Reconciliation of income taxes

Effective income tax rate

			01.01-30.06		01.01-31.12	
Amounts in NOK `000	Q2 2021	Q1 2021	Q2 2020	2021	2020	2020
Profit / loss (-) before income taxes	863 203	62 941	-187 140	926 144	-1 113 408	-1 230 740
Expected income tax at nominal tax rate, 22%	-189 905	-13 847	41 171	-203 752	244 950	270 763
Expected petroleum tax, 56%	-483 393	-35 247	104 798	-518 641	623 508	689 214
Permanent differences, including impairment of goodwill	-2 259	-4 313	-42 317	-6 572	-511 376	-504 605
Effect of uplift	28 611	34 715	87 231	63 326	102 299	180 613
Financial and onshore items	-19 045	-19 515	14 583	-38 560	-112 378	3 429
Change valuation allowance	-2 637	-2 095	-	-4 732	-	-
Adjustments previous year and other	5 893	-	-	5 893	-	-11 401
Total income taxes recognised in the income statement	-662 735	-40 303	205 466	-703 037	347 003	628 014

77 %

64 %

110 %

76 %

51 %

31 %

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

Amounts in NOK `000	30.06.2021	31.03.2021	31.12.2020	30.06.2020
Tangible and intangible non-current assets	-2 800 591	-2 178 818	-2 113 571	-1 991 045
Provisions (net ARO), lease liability, pensions and gain/loss account	1 295 747	1 301 192	1 299 894	1 148 657
Interest-bearing loans and borrowings	-5 268	-7 444	-7 240	-6 987
Current items (spareparts and inventory)	-118 609	-114 818	-122 180	-159 869
Tax losses carried forward, onshore 22%	4 732	2 095	992	1 190
Uplift, offshore 56%	774	1 161	1 548	6 723
Valuation allowance (uncapitalised deferred tax asset)	-4 732	-2 095	-	-
Total deferred tax assets / liabilities (-) recognised	-1 627 947	-998 728	-940 558	-1 001 330

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%, giving a total tax rate of 78%.

Companies operating on the Norwegian continental shelf under the offshore tax regime can claim the tax value of any unused tax losses or other tax credits related to its offshore activities to be paid in cash (including interest) from the tax authorities when operations cease. Deferred tax assets that are based on offshore tax losses carried forward are therefore normally recognised in full.

There is no time limitation on the right to carry tax losses forward in Norway.

Specification of tax refund

Amounts in NOK `000	30.06.2021	31.03.2021	31.12.2020	30.06.2020
Tax value of exploration expenditures	84 267	92 196	85 735	28 544
Residual tax value of tax losses	-74 899	130 895	210 197	489 373
Total tax refund	9 368	223 091	295 932	517 917

The tax value of exploration expenditures is paid in November the following year.

The residual tax value of tax losses in 2020 and 2021, deducted for tax refund from exploration expenses, is received in six instalments occuring every two months, and is a part of the temporary change to the tax regime for oil and gas companies for the income years 2020 and 2021, as enacted by the Norwegian Parliament in June 2020.

Specifiaction of tax payable

Amounts in NOK '000	Total
Tax payable at 1 January 2021	14 207
Taxes payable current year	20 405
Taxes recognised on acquisition of licences	-6 399
Tax payable at 30 June 2021	28 213

Note 10 Tangible assets and right-of-use assets

Amounts in NOK `000	Oil and gas properties in production	Oil and gas properties under development	Buildings	Furniture, fixtures and office machines	Right-of-use assets	Total
Cost at 1 January 2021	3 918 980	2 037 626	92 501	19 434	249 439	6 317 979
Additions	97 438	115 617	-	1 688	1 340	216 083
Reclassification from inventory	-626	-		-	-	-626
Reclassification from exploration	-020	3 008	_	-	-	3 008
Removal and decommissioning asset	_	-	_	_	_	-
Disposals	_	_	_	-33	_	-33
Cost at 31 March 2021	4 015 793	2 156 250	92 501	21 089	250 779	6 536 412
Accumulated depreciation and impairment at 1 January 2021	-1 468 663	-730 397	-9 250	-9 198	-70 204	-2 287 711
	-1406 003	-730 397	-9 250 -1 156			
Depreciation	-105 /20	-		-1 619	-3 750	-172 245
Impairment (-) / reversal of impairment	-	-	-	-	-	-
Disposals Additional depreciation of IFRS 16 Right-of- use assets presented gross related to	-	-	-	33	-	33
leasing contracts entered into as licence operator	_	_	_	-	-2 501	-2 501
Accumulated depreciation and impairment at 31 March 2021	-1 634 383	-730 397	-10 406	-10 785	-76 454	-2 462 424
Carrying amount at 31 March 2021	2 381 410	1 425 853	82 094	10 304	174 325	4 073 987
Cost at 1 April 2021	4 015 793	2 156 250	92 501	21 089	250 779	6 536 412
Additions	54 898	101 920	-	4 474	-	161 292
Reclassification from inventory	984	-	-	-	-	984
Reclassification from exploration		-				-
Removal and decommissioning asset	-	-	-	-	-	-
Disposals	-	-	-	-	-	-
Cost at 30 June 2021	4 071 675	2 258 170	92 501	25 563	250 779	6 698 688
Accumulated depreciation and impairment at						
1 April 2021	-1 634 383	-730 397	-10 406	-10 785	-76 454	-2 462 424
Depreciation	-137 065	_	-1 156	-1 899	-3 750	-143 870
Impairment (-) / reversal of impairment	-	730 397	-	_	-	730 397
Disposals	-	-	-	-	-	-
Additional depreciation of IFRS 16 Right-of- use assets presented gross related to leasing contracts entered into as licence						
operator	-	-	-	-	-2 501	-2 501
Accumulated depreciation and						
impairment at 30 June 2021	-1 771 447	-	-11 563	-12 684	-82 704	-1 878 398
Carrying amount at 30 June 2021	2 300 228	2 258 170	80 938	12 879	168 075	4 820 290

Note 11 Goodwill, exploration and evaluation assets

Amounts in NOK `000	Exploration and evaluation assets	Technical goodwill	Ordinary goodwill	Total goodwill
Cost at 1 January 2021	38 349	1 114 547	416 415	1 530 962
Additions	87 038	-	-	-
Additions through business combination	-	-	-	-
Reclassification to oil and gas properties under development	-3 008	-	-	-
Expensed exploration expenditures temporarily capitalised	-88 192	-	-	-
Cost at 31 March 2021	34 187	1 114 547	416 415	1 530 962
Accumulated impairment at 1 January 2021	-	-508 818	-253 198	-762 016
Impairment	-	_	-	_
Accumulated impairment at 31 March 2021	-	-508 818	-253 198	-762 016
Carrying amount at 31 March 2021	34 187	605 729	163 217	768 946
Cost at 1 April 2021	34 187	1 114 547	416 415	1 530 962
Additions	66 345	1 114 547	410413	1 330 902
	00 343	-	-	-
Additions through business combination	-	-	-	-
Reclassification to oil and gas properties under development	-	-	-	-
Expensed exploration expenditures temporarily capitalised	-78 495	<u> </u>		<u> </u>
Cost at 30 June 2021	22 037	1 114 547	416 415	1 530 962
Accumulated impairment at 1 April 2021	-	-508 818	-253 198	-762 016
Impairment	-	-	-	-
Accumulated impairment at 30 June 2021	-	-508 818	-253 198	-762 016
Carrying amount at 30 June 2021	22 037	605 729	163 217	768 946

Note 12 Impairment / reversal of impairment

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

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

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

Below is an overview of the key assumptions applied in the impairment test as of 30 June 2021:

Year	Oil USD/BOE*	Gas GBP/therm*	Currency rates USD/NOK
2021	72.7	0.86	8.6
2022	67.9	0.65	8.6
2023	65.8	0.53	8.3
From 2024	66.3	0.48	8.0

^{*} Prices in real terms

Other assumptions

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

Future capex, opex and abandonment cost are calculated based on the expected production profiles and the best estimate of the related cost. For fair value testing the discount rate applied is 10.0% post tax, unchanged from 2020.

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

Impairment testing of technical goodwill, ordinary goodwill, fixed assets and ROU assets

Based on the impairment test, NOK 730 million of previous impairment charge related to the Yme asset under development was reversed in the second quarter with an offsetting change in deferred tax of NOK 569 million. The impairment reversal was driven by positive cash effects from expected synergies following the reorganisation of operations in addition to improved macro conditions. The reorganisation of operations includes change in ownership structure of the jack-up production unit, Maersk Inspirer, from Maersk Drilling to Havila Sirius, and Repsol taking over the operation and maintenance of the rig from Maersk Drilling. Under the new structure OKEA will be considered owner for tax purposes for the 15% working interest of the lease contract from Havila.

Based on the company's impairment assessments including calculation of net present value of assets, no impairment of technical or ordinary goodwill or ROU assets was required in the three month period ending on 30 June 2021.

Sensitivity analysis

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

Alternative calculations of pretax impairment/reversal (-) in Q2 2021 (NOK '000) Increase in Decrease in

Assumptions	Change	assumption	assumption
Oil and gas price	+/- 10%	-730 000	-241 630
Currency rate USD/NOK	+/- 1.0 NOK	-283 812	59 119
Discount rate	+/- 1% point	-677 807	-730 000

Note 13 General and administrative expenses

				01.01-30.06		01.01-31.12	
Amounts in NOK `000	Q2 2021	Q1 2021	Q2 2020	2021	2020	2020	
Salary and other employee benefits							
expenses	116 133	120 277	95 297	236 410	202 984	438 868	
Consultants and other operating expenses	45 361	37 360	39 389	82 721	80 259	160 498	
Allocated to operated licences	-148 126	-140 949	-109 774	-289 074	-245 822	-502 367	
Reclassified to oil and gas properties under							
development	-1 329	-675	-1 591	-2 005	-3 273	-10 286	
Total general and administrative expenses	12 039	16 013	23 321	28 051	34 147	86 713	

Note 14 Financial items

				01.01-30.06		01.01-31.12
Amounts in NOK `000	Q2 2021	Q1 2021	Q2 2020	2021	2020	2020
Interest income	-	3	271	3	2 703	4 036
Unwinding of discount asset retirement receivable						
(indemnification asset)	19 691	19 691	19 349	39 382	38 698	77 450
Gain on buy-back bond loan	-	-	-	-	15 318	24 074
Finance income	19 691	19 694	19 620	39 385	56 718	105 559
Interest expense and fees to bondholders	-49 560	-49 549	-111 111	-99 109	-183 372	-291 237
Capitalised borrowing cost, development projects	31 067	38 029	29 352	69 096	56 459	124 344
Interest expense shareholder loan	-	-	-	-	-	-57
Other interest expense	-331	-242	-235	-573	-785	-4 331
Unwinding of discount asset retirement obligations	-20 949	-20 949	-20 127	-41 899	-40 255	-80 555
Other financial expense	-1 933	-2 167	-1 993	-4 100	-13 969	-17 071
Finance costs	-41 707	-34 878	-104 115	-76 585	-181 922	-268 907
Exchange rate gain/loss (-), bond loans	-9 890	2 220	223 289	-7 670	-295 153	57 171
Net exchange rate gain/loss (-), other	-2 590	8 192	-46 353	5 602	89 725	94 573
Net exchange rate gain/loss (-)	-12 480	10 412	176 936	-2 068	-205 429	151 744
Net financial items	-34 496	-4 773	92 441	-39 268	-330 632	-11 604

Note 15 Other non-current assets

Amounts in NOK `000	
Other non-current assets at 1 January 2021 (Indemnification asset)	3 029 367
Changes in estimates	-
Effect of change in the discount rate	-
Unwinding of discount	39 382
Total other non-current assets at 30 June 2021	3 068 749

Other non-current assets consists of a receivable from the seller Shell from OKEA's acquisition of Draugen and Gjøa assets in 2018. The parties agreed that the seller Shell will cover 80% of the actual abandonment expenses for the Draugen and Gjøa fields up to a predefined after-tax cap amount of NOK 679 million (2020 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 399 million (2020 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 2.6%.

Note 16 Share capital

Number of shares	Ordinary shares
Outstanding shares at 1 January 2021	102 502 650
New shares issued during 2021	502 700
Number of outstanding shares at 30 June 2021	103 005 350
Nominal value NOK per share at 30 June 2021 Share capital NOK at 30 June 2021	0,1 10 300 535

As per 30 June 2021, 945,000 equity-settled warrants are still outstanding. Reference is made to note 10 in the 2020 annual financial statements for further details.

Note 17 Trade and other receivables

Amounts in NOK `000	30.06.2021	31.03.2021	31.12.2020	30.06.2020
Assembly and the state of the form of the difference of				
Accounts receivable and receivables from operated licences*	67 966	69 660	67 640	37 775
Accrued revenue	95 831	43 026	64 807	38 291
Prepayments	20 118	29 450	30 906	26 490
Working capital and overcall, joint operations/licences	102 191	174 581	161 392	121 035
Underlift of petroleum products	244 619	205 065	184 672	241 102
VAT receivable	2 928	-	4 184	1 082
Fair value put/call options, oil	-	1 378	-	-
Total trade and other receivables	533 652	523 160	513 601	465 776

^{*} There are no accruals for potential losses on receivables.

Note 18 Cash and cash equivalents

Cash and cash equivalents:

Amounts in NOK `000	30.06.2021	31.03.2021	31.12.2020	30.06.2020
Bank deposits, unrestricted	1 330 736	968 053	853 903	903 477
Bank deposit, employee taxes	15 363	9 873	17 307	13 481
Total cash and cash equivalents	1 346 099	977 925	871 210	916 958

Note 19 Asset retirement obligations

Amounts in NOK `000	Total non- current
Provision at 1 January 2021	4 199 866
Additions	-
Reclassified to current provision, see note 21	-10 000
Changes in estimates	-
Effects of change in the discount rate	-
Unwinding of discount	41 899
Total non-current provisions at 30 June 2021	4 231 765

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 2%, unchanged from year end 2020. The assumptions are based on the economic environment at balance sheet date. Actual asset retirement costs will ultimately depend upon future market prices for the necessary works which will reflect market conditions at the relevant time. Furthermore, the timing of the close-down is likely to depend on when the field ceases to produce at economically viable rates. This in turn will depend upon future oil and gas prices, which are inherently uncertain.

For recovery of costs of decommissioning related to assets acquired from Shell, reference is made to note 15.

Note 20 Spareparts, equipment and inventory

Amounts in NOK `000	30.06.2021	31.03.2021	31.12.2020	30.06.2020
Inventory of petroleum products	112 094	113 607	117 022	165 807
Spare parts and equipment	119 105	113 994	111 768	92 400
Total spareparts, equipment and inventory	231 199	227 601	228 790	258 207

Note 21 Trade and other payables

Amounts in NOK `000	30.06.2021	31.03.2021	31.12.2020	30.06.2020
Trade creditors	12 513	20 023	46 509	19 208
Accrued holiday pay and other employee benefits	66 204	55 578	89 595	45 051
Working capital, joint operations/licences	508 337	434 543	451 217	447 422
Accrued interest bond loans	4 494	26 853	5 008	5 116
Prepayments from customers	263 682	201 034	199 001	279 636
Fair value put/call options, oil	-	-	7 169	-
Loan from shareholder OKEA Holdings Ltd	1 314	1 314	1 314	1 257
Accrued consideration from acquisitions of interests in licences	10 000	-	-	-
Other accrued expenses	81 360	158 884	90 550	102 201
Total trade and other payables	947 903	898 230	890 362	899 889

Note 22 Interest-bearing loans and borrowings

Amounts in NOK `000	OKEA02	OKEA03	Total
Bond loans at 1 January 2021	1 395 997	1 004 299	2 400 297
Amortisation of transaction costs	5 395	2 843	8 238
Bond buy-back	-	-	-
Foreign exchange movement	4 446	3 224	7 670
Bond loans at 30 June 2021	1 405 838	1 010 366	2 416 204

Amounts in NOK `000	OKEA02	OKEA03	Total
Bond loans at 1 January 2021	1 395 997	1 004 299	2 400 297
Cash flows:			
Gross proceeds from borrowings	-	-	-
Transaction costs	-	-	-
Repayment/buy-back of borrowings	-	-	-
Total cash flows:	-	-	-
Non-cash changes:			
Amortisation of transaction costs	5 395	2 843	8 238
Foreign exchange movement	4 446	3 224	7 670
Gain on buy-back	-	-	-
Bond loans at 30 June 2021	1 405 838	1 010 366	2 416 204

During the first half of 2021 the company has been in full compliance with the covenants under the bond agreements.

Revised bond terms affecting the covenants in the waiver period effective from 30 June 2020 to an including 31 December 2021 comprise OKEA02 and OKEA03 and can be summarised as follows:

Leverage Ratio covenant:

Shall not exceed:

- (i) 3:1 to and including 30 June 2020;
- (ii) 5:1 from 1 July 2020 to and including 30 September 2020;
- (iii) 7:1 from 1 October 2020 to and including 30 June 2021;
- (iv) 6:1 from 1 July 2021 to and including 30 September 2021; and
- (v) 3:1 from 1 October 2021 to and including 31 December 2021.

During the waiver period, a breach of the Leverage Ratio covenant will only result in a default if the company is in breach on two consecutive calculation dates.

The following changes are permanent:

Capital Employment Ratio covenant:

The covenant shall be calculated in USD by converting the cash equity capital using the NOK/USD exchange rate applicable at the time of registering the share capital.

Other terms:

- Alignment of the definition of permitted hedging in the OKEA02 bond terms with OKEA03 bond terms
- All call prices are increased by 1%
- Outstanding bonds shall be redeemed at 101% of the nominal amount at the maturity date
- All put prices are increased by 1%
- The company shall not declare or make any dividends or grant any loans or other transfer of value to its shareholders
- Security in any additional tax refund claims if at any time Norwegian law permits this
- Extraordinary put option event on 30 June 2021 for up to 15% of outstanding bonds at 100% of the nominal amount. The exercise period for the put options expires on 4 August 2021.

Note 23 Leasing

The company has entered into operating leases for office facilities. In addition, the company has entered into operating leases as an operator of the Draugen field for logistic resources such as platform supply vessel with associated remote operated vehicle (ROV), base and warehouse for spare parts.

Amounts in NOK `000	
Lease liability 1 January 2021	179 235
Additions/disposals lease contracts	1 340
Accretion lease liability	5 679
Payments of lease debt	-18 179
Total lease debt at 30 June 2021	168 075
Break down of lease liability	
Short-term (within 1 year)	36 220
Long-term	131 855
Total lease liability	168 075

Future minimum lease payments under non-cancellable lease agreements:

Amounts in NOK `000	30.06.2021
Within 1 year	36 012
1 to 5 years	131 933
After 5 years	83 594
Total	251 538

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

Note 24 Derivatives

Amounts in NOK `000	30.06.2021	31.03.2021	31.12.2020	30.06.2020
Premium commodity contracts	12 585	36 556	6 653	-
Unrealised gain/loss (-) commodity contracts	-12 585	-35 178	-13 821	-
Short-term derivatives included in assets/liabilities (-)	0	1 378	-7 169	_

OKEA uses derivative financial instruments to manage exposures to fluctuations in commodity prices. At the end of second quarter 2021, OKEA had outstanding put options for 150 000 barrels of oil (bbl) at a strike price of 50 USD per bbl with expiration in July 2021.

Note 25 Fair value of financial instruments

It is assessed that the carrying amounts of financial assets and liabilities, except for interest-bearing loans and borrowings, is approximately equal to its fair values. For interest-bearing loans and borrowings, the fair value is estimated to be

NOK 2 491 305 thousand at 30 June 2021. The OKEA02 and OKEA03 bond loans are listed on the Oslo Stock Exchange and the fair value is based on the latest quoted market prices (level 1 in the fair value hierarchy according to IFRS 13) as per balance sheet date.

Note 26 Events after the balance sheet date

There are no subsequent events with significant accounting impacts that have occured between the end of the reporting period and the date of this report that are not already reflected or discloused in these financial statements.

Alternative performance measures

Reconciliations

EBITDA	Q2 2021	Q1 2021	Q2 2020	2021	2020	2020
Amounts in NOK `000	3 months	3 months	3 months	6 months	6 months	12 months
Profit / loss (-) from operating activities	897 698	67 714	-279 581	965 412	-782 775	-1 219 136
Add: depreciation, depletion and amortisation	143 870	172 245	192 033	316 115	373 655	699 403
Add: impairment	-730 397	-	297 969	-730 397	931 689	1 387 018
EBITDA	311 172	239 959	210 421	551 131	522 568	867 286

EBITDAX	Q2 2021	Q1 2021	Q2 2020	2021	2020	2020
Amounts in NOK `000	3 months	3 months	3 months	6 months	6 months	12 months
Profit / loss (-) from operating activities	897 698	67 714	-279 581	965 412	-782 775	-1 219 136
Add: depreciation, depletion and amortisation	143 870	172 245	192 033	316 115	373 655	699 403
Add: impairment / reversal of impairment	-730 397	-	297 969	-730 397	931 689	1 387 018
Add: exploration and evaluation expenses	108 897	108 736	10 452	217 633	37 892	97 036
EBITDAX	420 069	348 695	220 872	768 764	560 461	964 322

Production expense per boe	Q2 2021	Q1 2021	Q2 2020	2021	2020	2020
Amounts in NOK `000	3 months	3 months	3 months	6 months	6 months	12 months
Productions expense	212 653	176 335	185 789	388 988	352 652	695 877
Less: processing tariff income	-11 217	-13 087	-13 315	-24 304	-28 496	-53 237
Less: joint utilisation of resources	-2 413	-6 188	-5 526	-8 600	-6 569	-15 107
Less: preparation for operation asset under construction	-7 682	-5 322	-	-13 004	-	-7 813
Divided by: produced volumes (boe)	1 202 100	1 490 070	1 460 264	2 692 170	3 198 281	5 909 921
Production expense NOK per boe	158,9	101,8	114,3	127,4	99,3	104,9

Profit/loss (-) before tax per share	Q2 2021	Q1 2021	Q2 2020	2021	2020	2020
Amounts in NOK `000	3 months	3 months	3 months	6 months	6 months	12 months
Profit / loss (-) before income tax	863 203	62 941	-187 140	926 144	-1 113 408	-1 230 740
Divided by: weigh. average no. of shares	102 972 205	102 502 650	102 502 650	102 738 725	102 285 760	102 394 798
Result before tax per share (NOK per share)	8,38	0,61	-1,83	9,01	-10,89	-12,02

Net interest-bearing debt	30.06.2021	31.03.2021	31.12.2020	30.06.2020
Amounts in NOK `000				
Interest-bearing loans and borrowings	2 416 204	2 401 961	2 400 297	2 820 699
Less: Cash and cash equivalents	1 346 099	977 925	871 210	916 958
Net interest-bearing debt	1 070 105	1 424 036	1 529 086	1 903 741

Definitions

EBITDA is defined as earnings before interest and other financial items, taxes, depreciation, depletion, amortisation and impairments.

EBITDAX is defined as earnings before interest and other financial items, taxes, depreciation, depletion, amortisation, impairments and exploration and evaluation expenses.

Net interest-bearing debt is book value of current and non-current interest-bearing debt excluding lease liability (IFRS 16) 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.

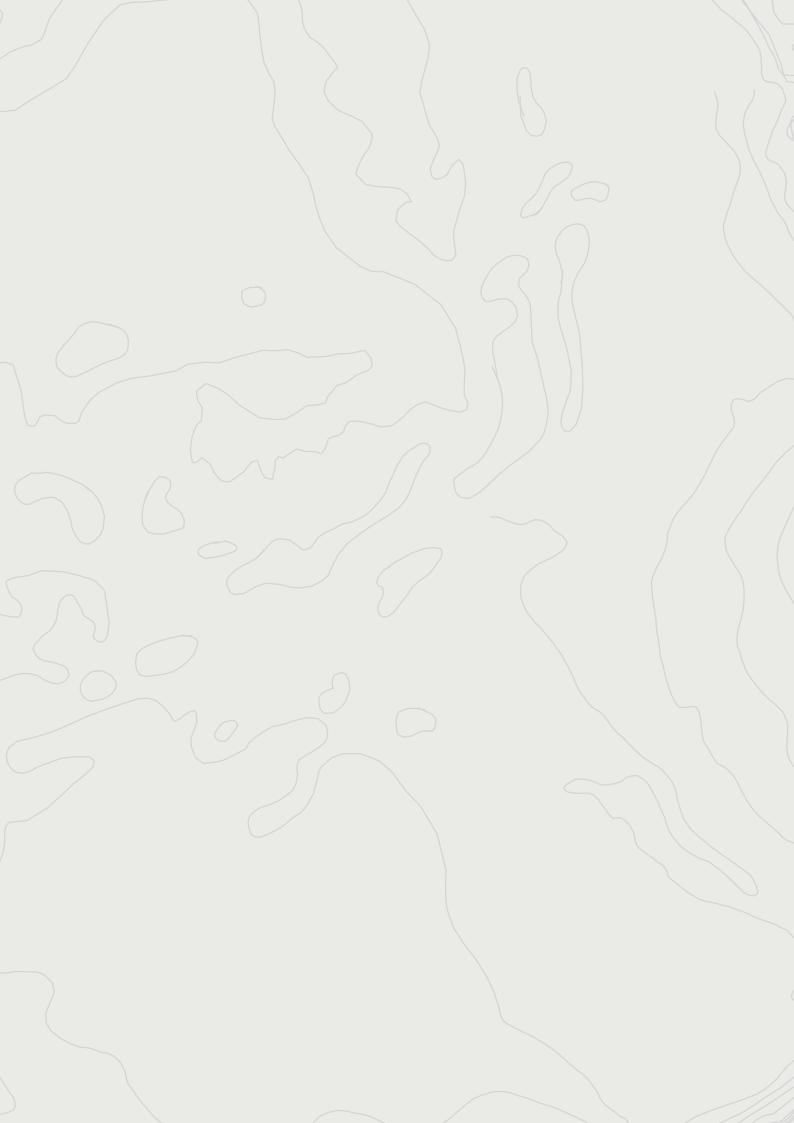
Profit/loss (-) before tax per share is profit/loss (-) before income tax divided by weighted average number of shares outstanding.

Statement from the board of directors and CEO

We hereby confirm, to the best of our knowledge, that the unaudited interim financial statement for the period 1 January to 30 June 2021 of OKEA ASA have been prepared in accordance with IAS 34 Interim Financial Reporting and that the information presented gives a true and fair view of the company's assets, liabilities, financial position and results for the period viewed in their entirety and that the half year report gives a fair view of the information as described in the Securities Trading Act §5-6 fourth paragraph.

The board of directors of OKEA ASA Trondheim, 13 July 2021

Chaiwat Kovavisarach Chairman of the board	Grethe Moen Board member
Chairman of the board	Board member
Michael William Fischer	Paul Anthony Murray
Board member	Board member
Nicola Carol Gordon	Rune Olav Pedersen
Board member	Board member
Finn Haugan	Anne Lene Rømuld
Board member	Board member
Jan Atle Johansen	Saowapap Sumeksri
Board member	Board member
John Kristian Larsen	Svein Jakob Liknes
Board member	CEO





OKEA is an oil and gas company contributing to the value creation on the Norwegian continental shelf with cost effective development and operation systems

OKEA ASA

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