OKEA

Credit Research

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JANUARY 2023

ARCTIC SECURITIES

CONTENTS

ARCTIC SECURITIES

OKEA IN BRIEF

COMMENTS

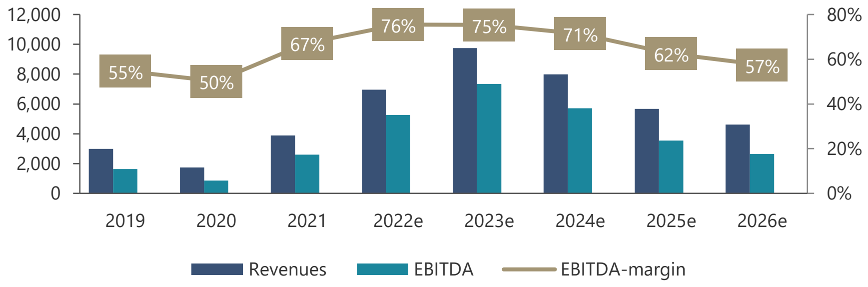
Leading mid-to late-life operator on the Norwegian continental shelf: Established in 2015**,** OKEA is a leading mid-to late-life operator on the Norwegian continental shelf (NCS) with total 2P reserves of 53 mmboe and a net production of ~ 16,000 boepd. The company asset portfolio includes the Draugen (44.56% WI) and Brage (35.2%) fields where OKEA is also the operator. In addition, OKEA's asset portfolio consists of Gjøa (12% WI), Ivar Aasen (9.24% WI), Yme (15% WI), and Nova (WI 6%). Exploration and development of resources close to existing infrastructure is core to Okea's strategy. Adding reserves and production to existing infrastructure reduces costs and the environmental footprint per barrel. An example of this strategy is the Hasselmus gas discovery which is estimated to come onstream as a tie-back to Draugen in 2024. In addition, OKEA has a working interest in several discoveries being evaluated for development and exploration licences with planned and possible wells. The company is headquartered in Trondheim, with a major operations centre in Kristiansund and representative offices in Stavanger and Oslo.

Track record in extending lifetime and maximizing the potential of its assets: Extending the lifetime and maximizing the potential of its assets is a core part of OKEA's strategy, and the company has a proven track record in doing just that. Since OKEA came in as the operator on Draugen, the lifetime of the field has been extended significantly through infill drilling, power from shore, and other initiatives. In 2022, OKEA assumed operatorship at Brage. Several infill candidates is slated for FID in 2023. looking to improve production and extend field life. The farm-in to the nearby Brasse licence adds to the long-term potential.

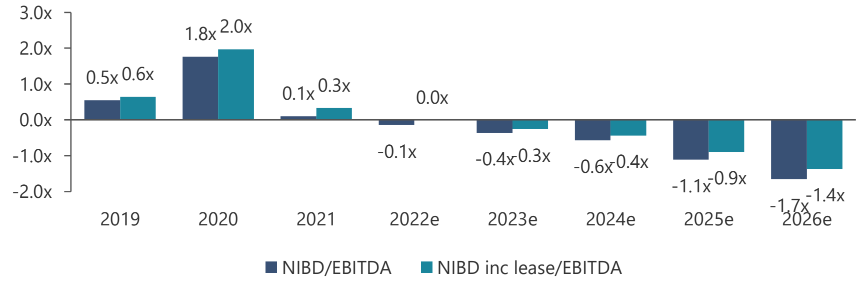
Solid financials and growing net cash position: On our SOTP estimate, OKEA has risked net asset values of NOK 6,406m of which NOK 5,852m is linked to producing assets. OKEA has a strong financial position with a cash balance of as of Q3'22 of NOK 2,669m vs. total interest-bearing debt of NOK 2,066m. We expect the net cash position to increase going forward, on the back of the expected strong cash generation due to increased production and favourable oil and gas prices. With the growing net cash position, we see a high likelihood of refinancing of the 2024 bonds, potentially well ahead of maturity.

Source: Company information, Arctic Securities Research

FINANCIAL DEVELOPMENT (NOKM)



LEVERAGE RATIO (X)



SUSTAINABILITY AND ESG CONSIDERATIONS

Sustainalytics' ESG risk rating*	N/A

Taxonomy eligible activities	✗

Disclosed ESG targets	✓

*0-100 where 0 is best

SUSTAINABILITY AT OKEA

- According to OKEA, maintaining a clear, credible, and consistent approach to ESG, both now and in the future is a part of the company's strategy and ESG is embedded in its business and all operational activities.
- OKEA works actively to support and use the United Nations Sustainable Development Goals (SDGs) and has identified six SDGs where it can have a concrete impact.

- The company's ESG approach is further centered around six key commitment areas with determined goals, targets and KPIs for activities and performance.

ESG SNAPSHOT AND DISCLOSURE

- OKEA has published a sustainability report and has disclosed a specific sustainability strategy and targets.

Taxonomy alignment:

- Developing and producing oil assets are not taxonomy-aligned activities.

HIGH LEVEL OVERVIEW OF OKEA'S ESG GOALS AND AMBITIONS

Environmental	• Reduce CO2 emissions from flaring in operations and other energy reducing measures by 6% in 2025 • Eliminate flaring by 2030 • Reduce diffuse emissions of methane and non-methane VOC in operations by 80% (Draugen) by 2025 • Reduce methane intensity near zero (CH4/salable gas) by 2030 • Electrification using Power from Shore > 95% production by 2025 • Reduce scope 3 emissions related to purchasing and transportation of goods and products by 5% yearly (from2022) • Oily water discharges <20ppm • Produced water reinjection rate >55% • Waste recovery > 90% • Zero spills to sea
Social	• Zero fatalities, serious incidents, lost time incidents, and process safety incidents • Employee engagement in the upper quartile • 90% response rate in employee survey • 90% annual performance and development conversation • 25% female employees by 2025 • 30% female employees in management by 2025 • >70% of all R&D projects carried out by research institutions or educational institutions in central Norway • >5 trainees and students in OKEA regardless of scheme within a year • >2 yearly dialogue meetings with local suppliers
Governance	• Promote OKEA's code of conduct throughout the supply chain • Maintain the highest anti-corruption standards • Promote fair competition • Maintain clear whistleblowing procedures

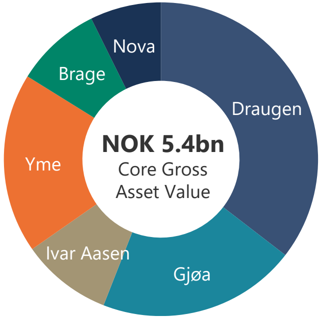
Source: Company information, Arctic Securities Research

SECTION 1

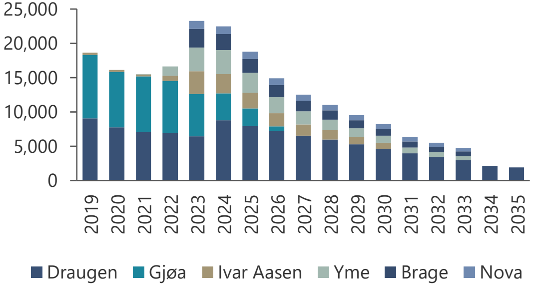
Credit case

OKEA IN SIX CHARTS

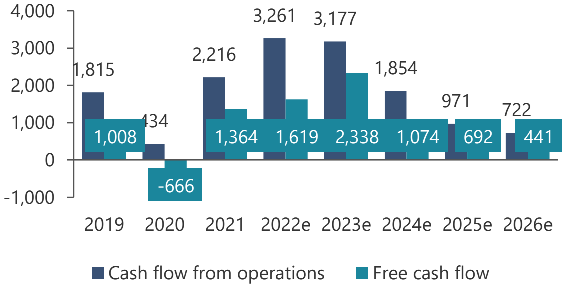
DIVERSIFIED ASSET BASE



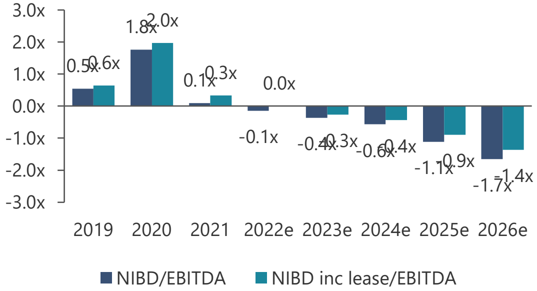
M&A AND NEAR FIELD EXPLORATION STEM DECLINE



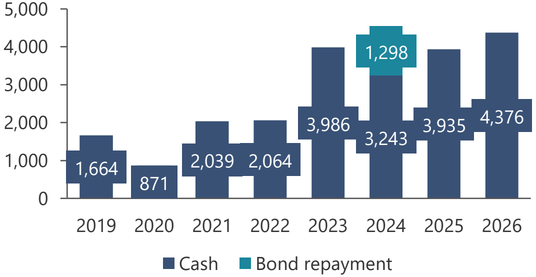
VERY STRONG FCF



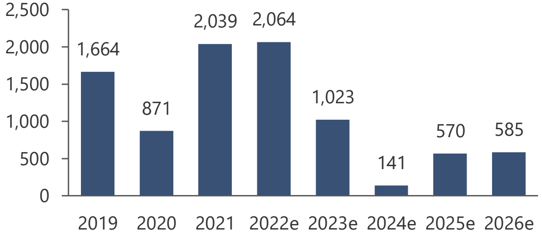
NET CASH AND SIGNIFICANT BUILD UP



BONDS FULLY DE-RISKED



CASH POSITIVE DOWN TO USD 40/BOE



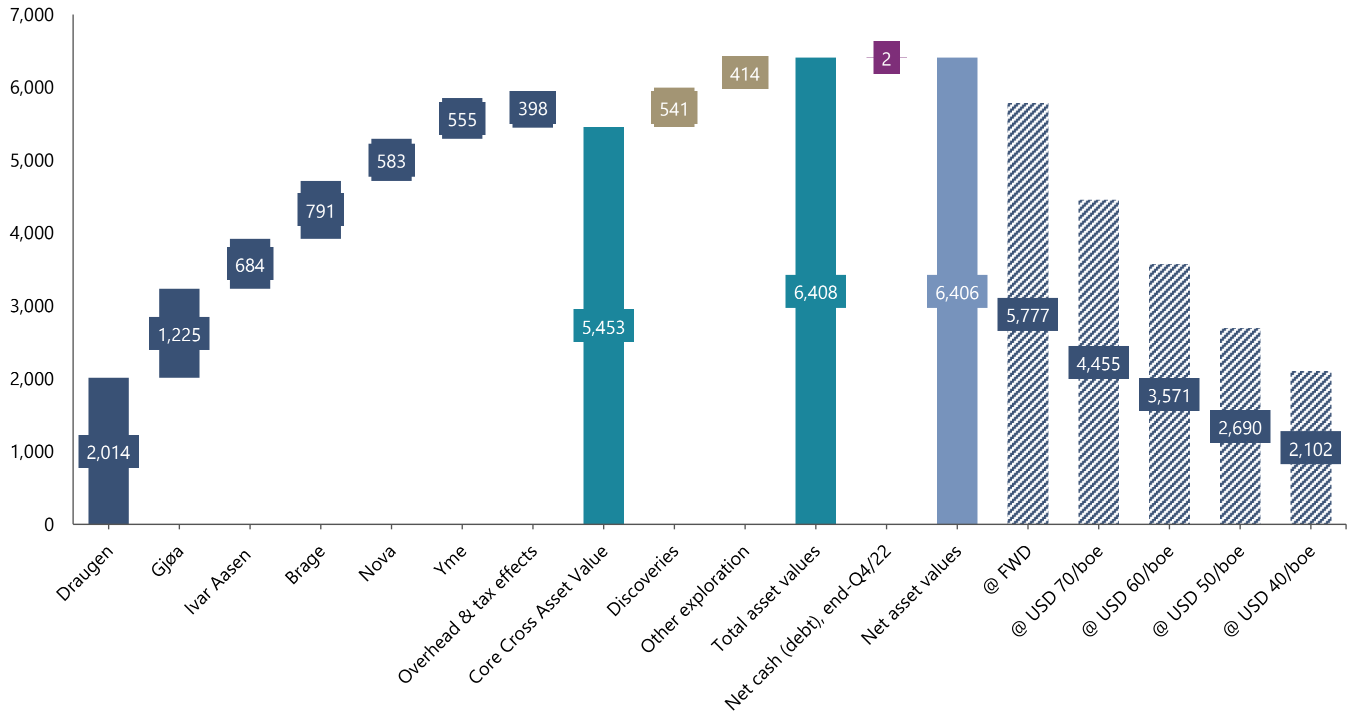
Source: Company Information, Arctic Securities Research

SOTP DETAILS – WE ESTIMATE RISKED ASSET VALUES OF NOK 6.4BN

Comments

- OKEA has a more diversified asset base than most of its small and mid-sized peers, partly as a result of the Wintershall transaction, where OKEA acquired working interest in Brage, Ivar Aasen, and Nova.
- In our base case value estimates, OKEA has core gross asset values (producing assets + overhead & tax effects) of NOK 5.4bn.
- In addition, we value OKEA's discoveries and exploration assets at NOK 541m and NOK 414m, respectively. This results in a total asset value estimate of NOK 6.4bn. Net debt is ~zero at year end 2022 on our estimates.
- Asset values are fairly robust to oil price scenarios, and with limited financial leverage, we see NOK 2.1bn in asset values even at USD 40/boe. Excluding all discoveries and exploration would yield NOK 1.7bn.

Valuation bridge (NOKm)



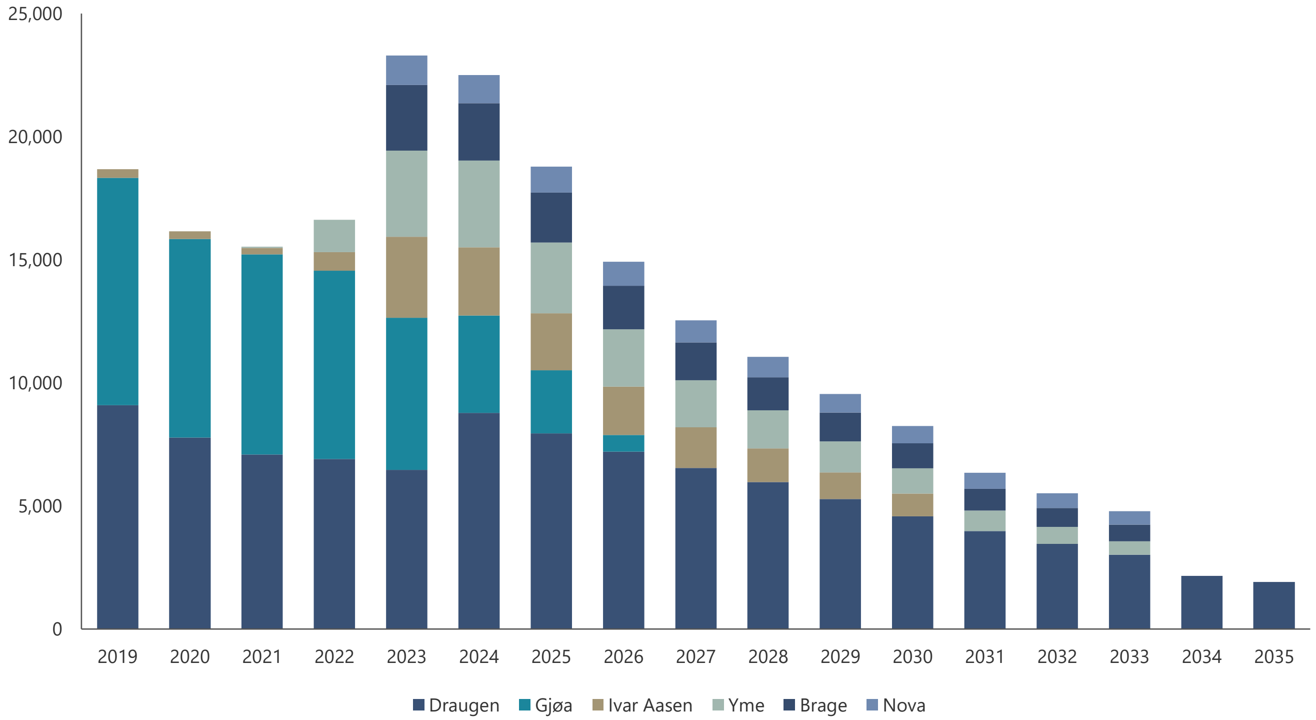
Source: Company Information, Arctic Securities Research

PRODUCTION DETAILS – LEGACY ASSETS PROVIDE STABILITY, INFILL PROVIDE UPSIDE

Comments

- Draugen, Gjøa, Ivar Aasen, and Brage have all been producing for several years giving operators time to sort out any technical issues both in terms of the operational performance and reservoir understanding.
- OKEA has a current net production of ~ 16,000 boepd. However, we expect this to increase to ~23,300 boepd in 2023 due to the Wintershall transaction with an effective date in January 2022, where OKEA acquired working interest in Brage, Ivar Aasen and Nova. In addition, the redevelopment of Yme is expected to add significant production volumes from 2023 onwards.
- Hasselmus, currently being developed as a tie-back to Draugen, is expected to come on stream in 2024. This will add significant gas volumes to Draugen from 2024 and onwards extending the lifetime of the field.

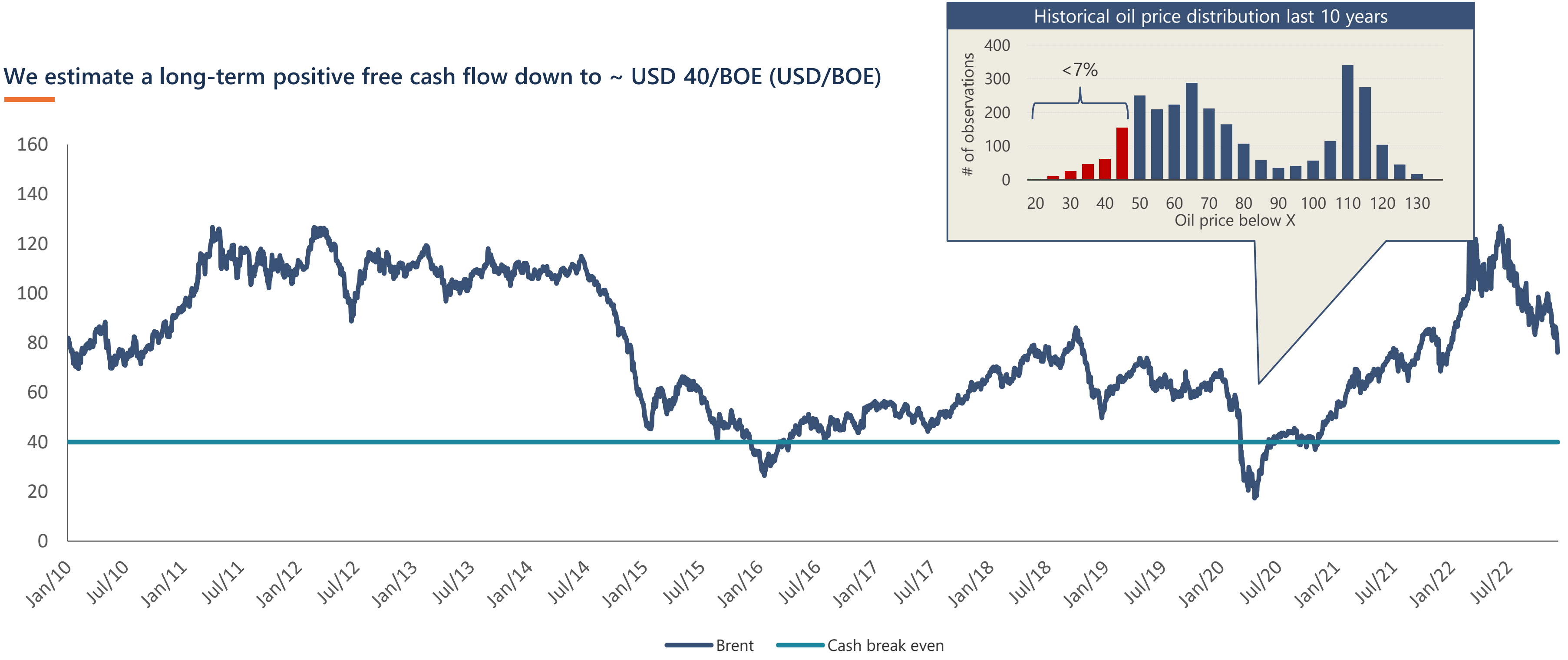
Production outlook (net, boepd)



Source: Company Information, Arctic Securities Research

OKEA IS HIGHLY ROBUST AT CURRENT ENERGY PRICES

We estimate a long-term positive free cash flow down to ~ USD 40/BOE (USD/BOE)



OKEA has a cash break even of around USD 40/boe on our estimates. Over the past 10 years, the oil price has average USD 77.4/boe

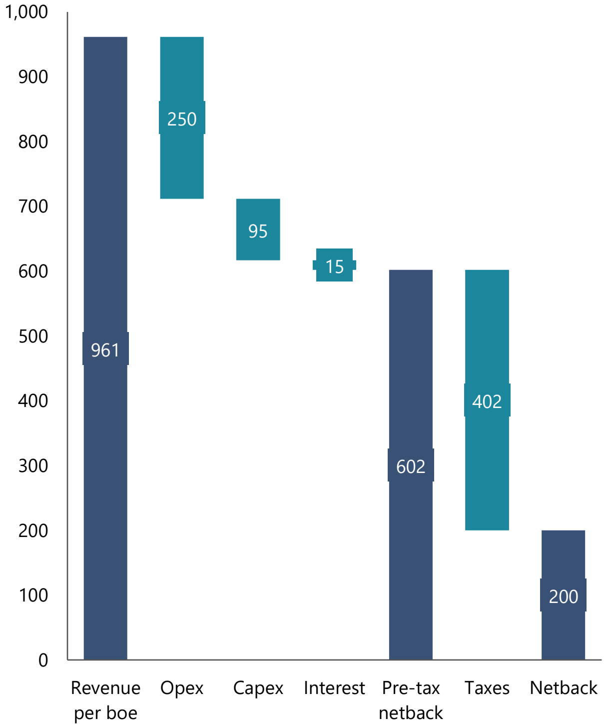
Source: Bloomberg, Arctic Securities Research

THE NORWEGIAN PETROLEUM TAX REGIME GIVES FCF PROTECTION AT LOWER OIL PRICES

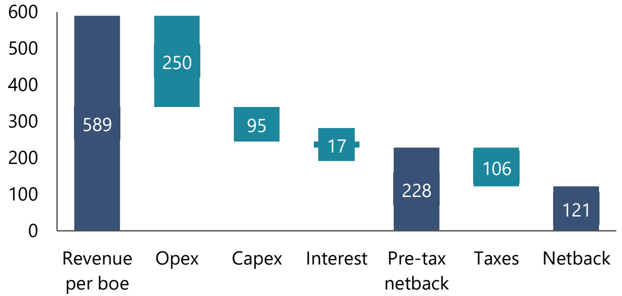
ROBUST CASH FLOWS

- **Diversification and tax help offset the impact of lower oil prices:** The charts illustrate the FCF per barrel of production at various oil price scenarios in 2024. We keep opex and capex assumptions constant, with the net interest cost only varying by the reduced cash position in lower oil price scenarios.
- As illustrated, the diversification of revenue streams, along with the structure of the Norwegian petroleum tax regime, will to a large extent protect the downside in terms of FCF per barrel produced in 2024. At oil prices of USD 40/boe, OKEA will be in a position where it receives net tax refunds as the tax deductions on capital expenditures will more than offset the taxes on production
- For illustrative purposes, we have assumed oil and gas price parity in all three scenarios

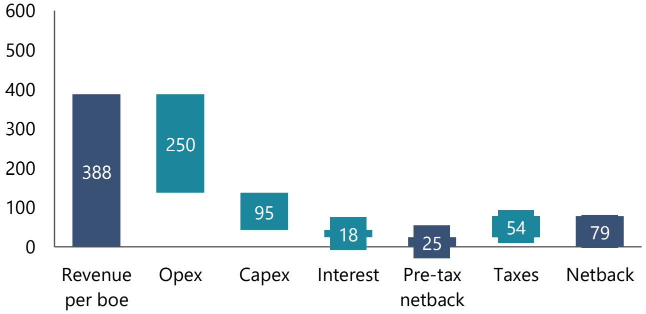
FCF per barrel produced – USD 100/boe (NOK/boe)



FCF per barrel produced – USD 60/boe (NOK/boe)



FCF per barrel produced – USD 40/boe (NOK/boe)



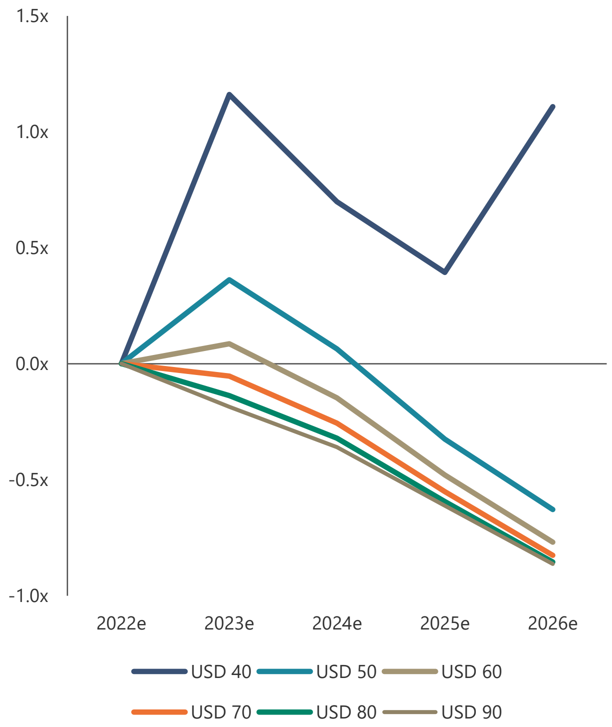
Source: Arctic Securities, Company information

LEVERAGE AND ICR SHOW RESILIENCE EVEN AT USD 50/BOE

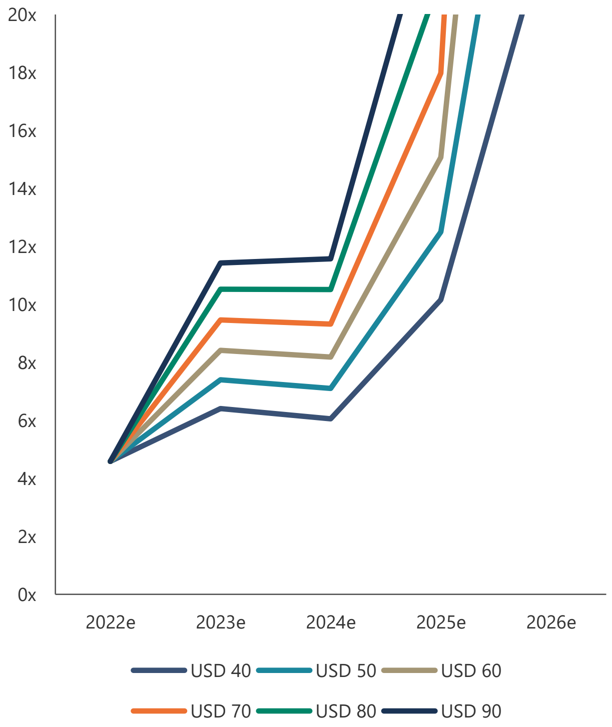
LEVERAGE AND DEBT SERVICE

- **Strong FCF:** Looking at FCF after tax and interest payments, we estimate this to be net positive through the lifetime of the bond down to oil prices of USD 40/boe. The robustness on FCF is predominantly due to the progressive tax regime, and cash reimbursements on tax losses.
- **Declining leverage:** As a consequence of the robust FCF, we estimate that the company will be able to de-lever even down to oil price assumptions of USD 50/boe. Even at USD 40/boe flat, the NIBD/EBITDA is expected to remain below 1.2x.
- **Robustness in debt service:** In all oil price scenarios down to USD 40/boe, we model a post tax ICR above 4x and above 6x at bond maturity.

NIBD (INCL. RIG LEASE)/EBITDA (X)



ICR POST TAX (X)



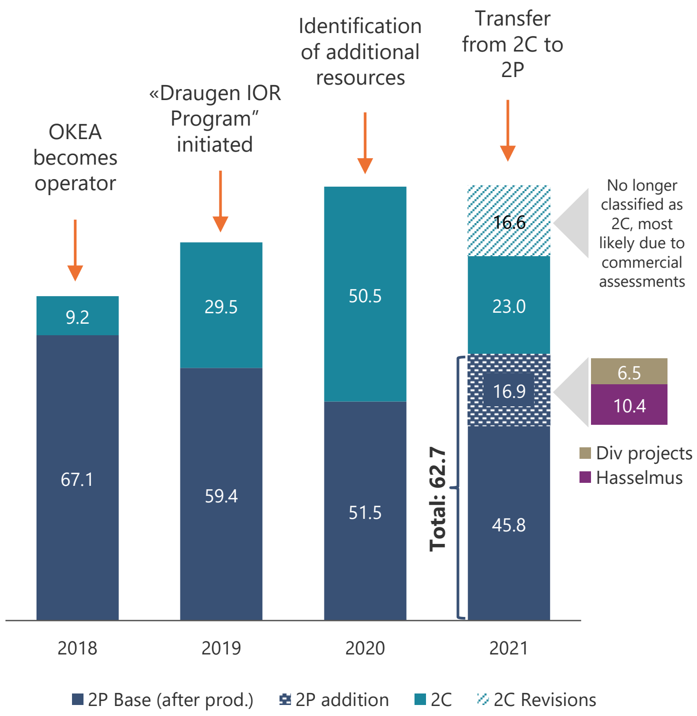
Source: Arctic Securities, Company information

PROVEN ABILITY TO EXTEND LIFETIME AND MAXIMIZE PRODUCTION FROM MATURE ASSETS

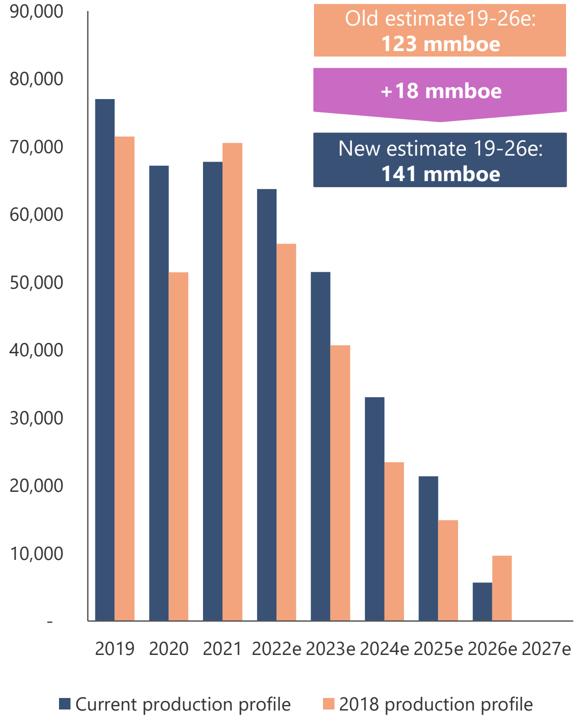
Comments

- One example of OKEA's ability to maximize production and extend the lifetime of mature assets is the Draugen field. Since taking over the operatorship of Draugen in 2018, OKEA has been able to extend the lifetime by more than a decade through the addition of volumes, platform upgrades and focus on infield drilling. Hasselmus, due to come on stream in 2024, and the power from shore project, due in 2026, are examples of this.
- Despite not being the operator at the field, Gjøa is another example of how OKEA has identified attractive mature assets. In 2018, Gjøa was expected to produce a total of ~ 123 mmboe in the period 2019-2026. Production has however exceeded estimates significantly, due to longer lifetime of wells, higher production rates, and less shut down days than forecast. Currently, estimates are for 141 mmboe to be produced in the same period. Several tie ins, including Gjøa P1, have also enabled significant cost savings per barrel produced, and significantly higher NPV/boe.

Draugen 2P and 2C reserves[1] (gross, mmboe)



Gjøa production profile (gross, boepd)



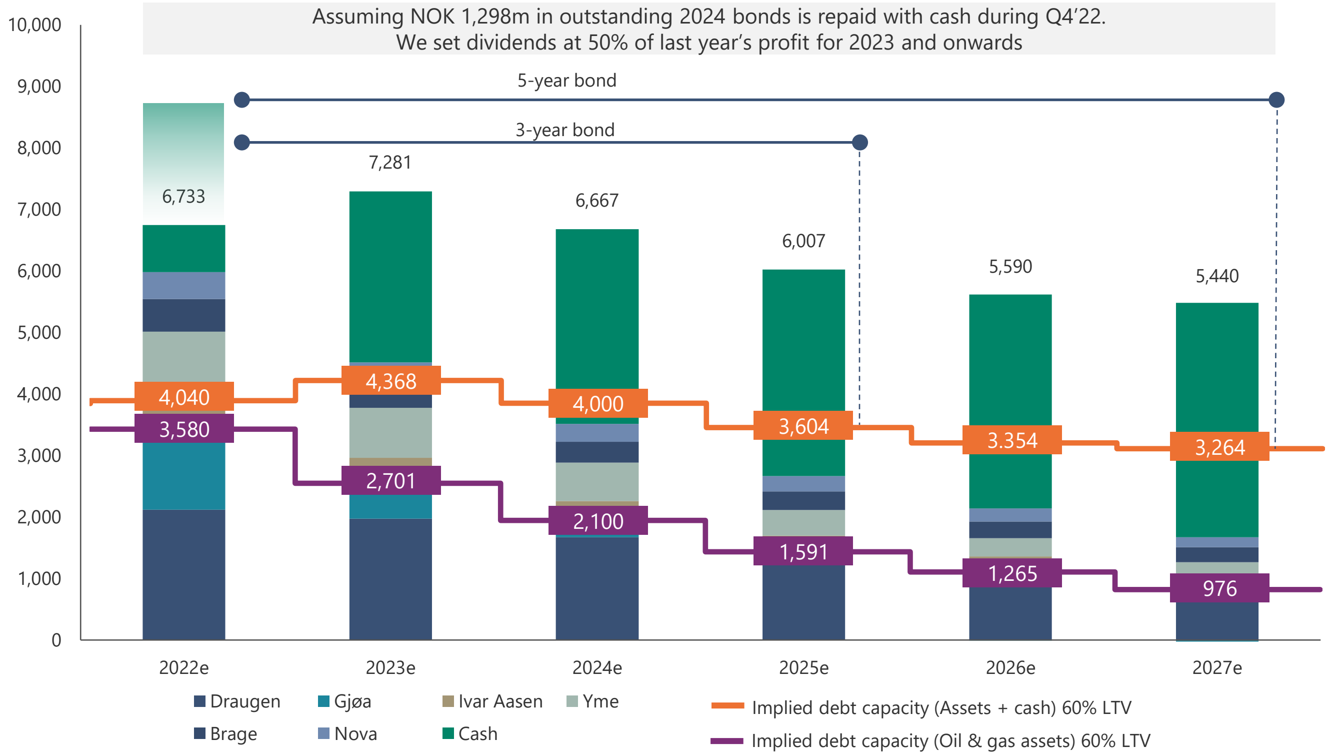
Notes: (1) Based on figures from OKEA's annual statement of reserves and resources
Source: Company information, Arctic Securities Research

SIGNIFICANT DEBT CAPACITY SUPPORTED BY ASSET VALUES AND STRONG CASH BUILD

Comments

- The forecast asset values are based on our base case production estimates, reserve estimates, and oil and gas price assumptions. Exploration and discoveries, and overhead and tax effects are excluded from our asset calculations. For illustrative purposes we have assumed that the existing bond is retired during Q4'22
- In our base case estimates, the values of the producing assets alone support significant debt capacity going forward, illustrated in purple. Including retained cash after an assumed 50% dividend pay out ratio (existing bond restrictions), we find a debt capacity in excess of NOK 3bn throughout our forecast period. Deducting NOK 0.8bn in lease liabilities, OKEA should be able to carry bond/RBL financing in the tune of NOK 2.2bn going forward, on the existing asset base alone.
- Any additional debt will most likely be targeted at growth, adding asset values beyond our current estimates.

Asset values and debt capacity (NOKm)



Source: Company information, Arctic Securities Research

SECTION 2

Asset details

DIVERSIFIED ASSET PORTFOLIO

Draugen (WI: 44.56%)

15,500 boepd
Gross production

59 mmboe
Gross reserves

Gjøa (WI: 12%)

63,800 boepd
Gross production

41 mmboe
Gross reserves

Brage (WI: 35.2%)

7,600 boepd
Gross production

17 mmboe
Gross reserves

Ivar Aasen (WI: 9.24%)

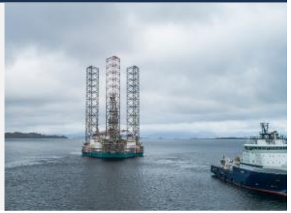
35.600 boepd
Gross production

65 mmboe
Gross reserves

Yme (WI: 15%)

8,800 boepd
Gross production

47 mmboe
Gross reserves



Nova (WI: 6%)

20,000 boepd
Gross production

50 mmboe
Gross reserves

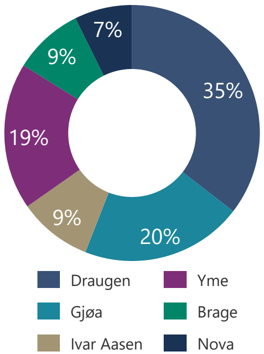
Source: Company information, Arctic Securities Research

HIGH LEVEL ASSET OVERVIEW

Comments

- OKEA has a diversified production base across assets and hydrocarbon types. Current net production stands at ~16,000 boepd, growing to >23,000 boepd in 2023 on our estimates, driven by the Wintershall transaction where OKEA acquired working interest in Ivar Aasen, Brage, and Nova fields.
- The assets have a total 2P base of 53 mmboe, with another 23 mmboe of identified 2C resources, of which ~40% of the 2C resources are linked to different projects at the Draugen field
- Given the mature nature of the assets, extending the lifetime has a large impact on valuation. OKEA has a strong track record in unlocking value in mature assets. In addition to the already extended lifetime of Draugen, OKEA has already identified infill candidates at the Brage field. At Ivar Aasen, Aker BP has identified three infill candidates, which could add incremental volumes as early as 2024.

SOTP split



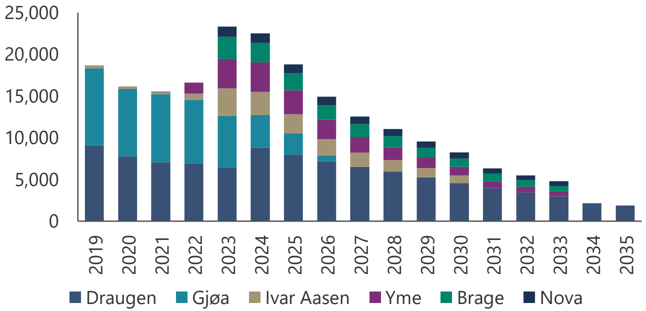
283 mmboe
Gross reserves

53 mmboe
Net reserves

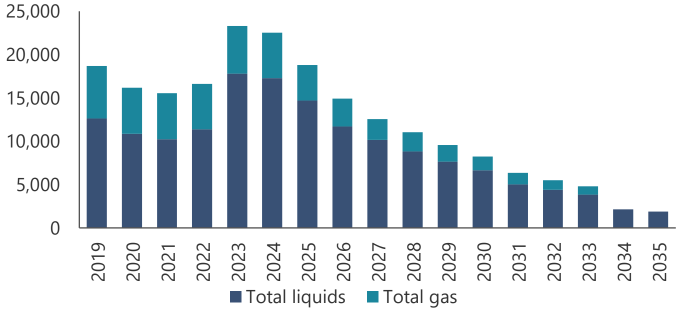
165,800 boepd
Gross production

23,300 boepd
Net production(1)

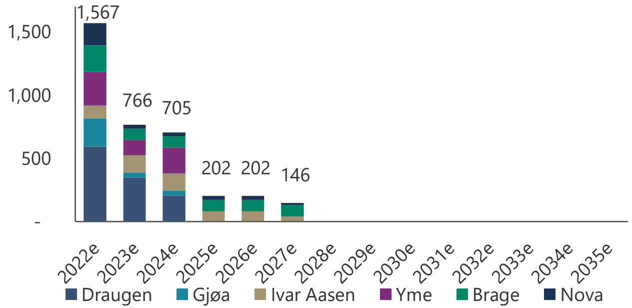
Production profile (Net, boepd)



Liquids vs. gas (net, boepd)



Capex (net, NOKm)



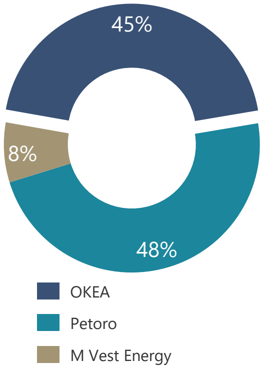
Notes: (1) 2023 estimate
Source: Company information, Arctic Securities Research

DRAUGEN & HASSELMUS (WI: 44.56%)

Comments

- **Operator:** OKEA (from 2018)
- **History:** OKEA acquired a 44.54% working interest in Draugen in 2018. The first discovery was made in 1984 and commercial production commenced in 1993. The Hasselmus gas field is located ~7km NW of Draugen, with FID taken in June 2021. Estimated production start is in Q4'23, developed as a tie-back to the Draugen Platform. There are ambitions to extend the lifetime of both fields beyond 2040.
- **Oil type and recovery:** Hydrocarbons from high-quality sandstones in "Rogn" and "Garn" formations. Reservoirs are located at ~1,600m depth.
- **Capex and Opex:** We estimate Opex in the range of NOK 70-95m net. Hasselmus and capex related to the power from shore project are covered by the temporary tax regime, enabling a 12.4% uplift.

Key stats and figures[1]



59 mmboe Gross reserves

26 mmboe Net reserves

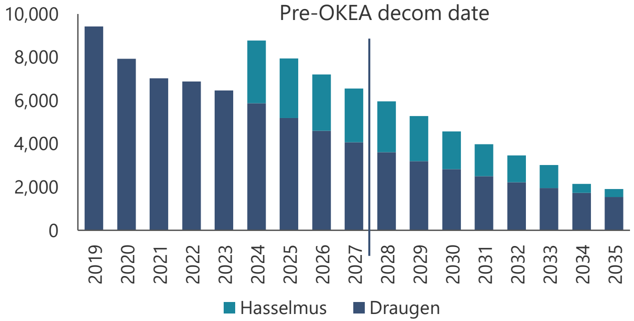
15,500 boepd Gross production

6,900 boepd Net production

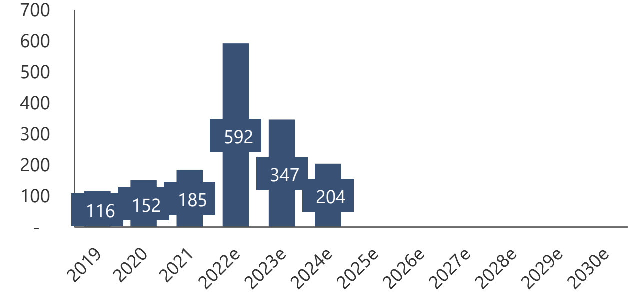
Upside potential partially unlocked

- Since the acquisition in 2018, OKEA has focused on adding resources and production to the Draugen field.
- This has included acquisition of close-by licences, infill drilling and a power from shore project that will help reduce long-term operational costs (~30% reduction).
- In total, this has resulted in OKEA being able to push back the estimated time of decommissioning from a pre-acquisition estimate of 2027.

Production profile (Net, boepd)



Capex (net, NOKm)



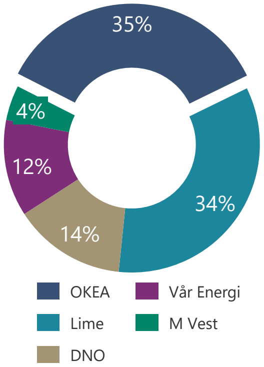
Notes: (1) Draugen and Hasselmus combined. Production as of Q3'22
Source: Company information, Arctic Securities Research

BRAGE (WI: 35.2%)

Comments

- **Operator:** OKEA (from 2022)
- **History:** OKEA took over Wintershall DEA's 35.2% WI as well as the operatorship in Brage in November 2022. The first discovery was made in 1980 and commercial production commenced in 1993. In order to maintain production and extend its lifetime, infill drilling in the period to 2025 is expected. The current field life of 2030 could be extended if OKEA is successful in transferring its success on the Draugen field to the Brage licence.
- **Oil type and recovery:** Hydrocarbons found in sandstones of Statfjord, Fensfjord, Sognefjord formations and the Brent Group. The reservoirs lie at a depth of 2,000-3,000 metres.
- **Capex and Opex:** We estimate Opex in the range of USD 27-33/boe and total net capex of NOK 661m between 2022 and 2027.

Key stats and figures

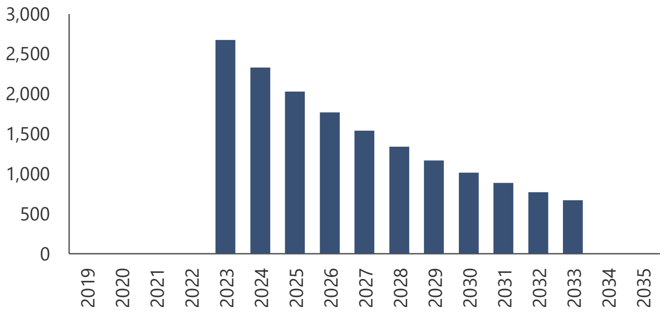


17 mmboe Gross reserves	**6 mmboe** Net reserves
7,600 boepd Gross production	**2,700 boepd** Net production

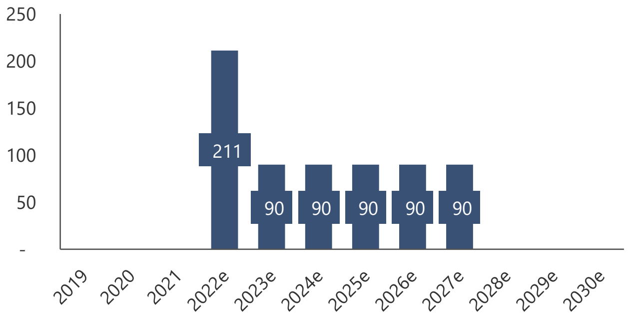
Upside potential

- OKEA assumed operatorship of Brage in 2022
- Several infill candidates have already been identified, and are expected to go through DG3 in 2023. If sanctioned, these wells will add incremental volume from 2024 and onwards. This, and associated capex is not included in our base case forecast.
- OKEA recently acquired 50% of the Brasse discovery (~34 Mmboe gross) at zero cost from DNO. The reservoir is located 13 km from Brage, and DNO and OKEA will be looking for a value accretive development concept. DNO decided not to pursue a 2022 PDO on Brasse due to increased tax and capex.

Production profile (Net, boepd)



Capex (net, NOKm)



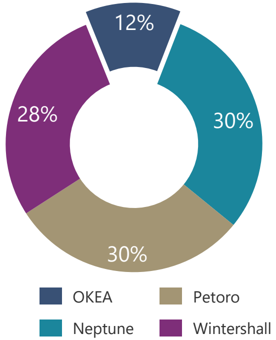
Source: Company information, Arctic Securities Research

GJØA (WI: 12%)

Comments

- **Operator:** Neptune Energy
- **History:** OKEA acquired a 12% WI in Gjøa in 2018. The first discovery was made in 1989 and commercial production commenced in 2010. The field is developed with five subsea templates. The successful start-up of production from the Gjøa P1 project in February 2021 underlines the platform's position as an important hub and increases total remaining developed reserves at Gjøa by 30%. In addition, the Vega, Nova and Duva discoveries are all tied back to Gjøa.
- **Oil type and recovery:** Hydrocarbons found in sandstones of Jurassic age in the Dunlin, Brent and Viking Groups with variable reservoir quality. The reservoir depth is 2,200 metres.
- **Capex and Opex:** We estimate Opex in the range of USD 9-11/boe and total net capex of NOK 306m between 2022 and 2024

Key stats and figures



41 mmboe Gross reserves

5 mmboe Net reserves

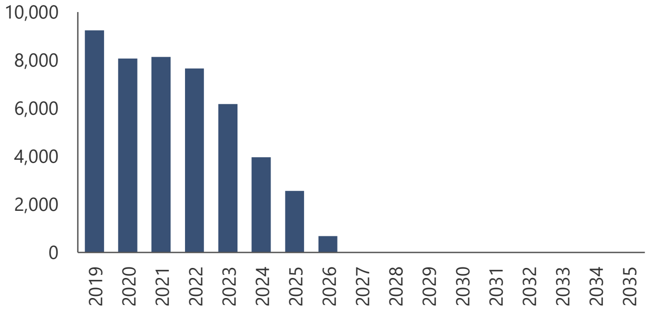
63,800 boepd Gross production

7,650 boepd Net production

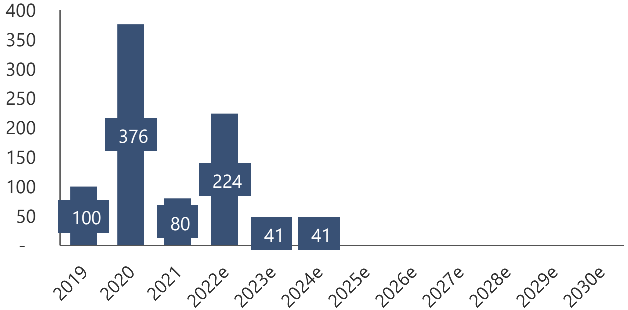
Upside potential

- Production at Gjøa has been much better than first anticipated, due to longer lifetime of wells, overperformance, and less shut down days than forecast.
- The area around Gjøa shows high potential, with several exploration opportunities.
- Several discoveries have already been confirmed, such as the Ofelia and Hamlet discovery with estimated recoverable volumes of 16-39 mmboe and 8-24 mmboe, respectively.
- The discoveries will be considered for development as tiebacks to Gjøa. Neptune is already discussing a field life until 2040.

Production profile (net, boepd)



Capex (net, NOKm)



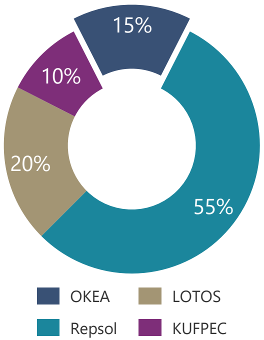
Source: Company information, Arctic Securities Research

YME (WI: 15%)

Comments

- **Operator:** Repsol Norge
- **History:** OKEA acquired a 15% WI in the Yme field in 2016. Yme was discovered in 1987 and production started in 1996. In 2001, production ceased due to low oil prices. In 2018, a PDO for the redevelopment of Yme was approved, and production started in the second half of 2021.
- **Oil type and recovery:** Hydrocarbons found in sandstones of the Middle Jurassic age in the Sandnes Formation. The reservoirs are heterogeneous and have variable reservoir properties. The reservoir depth is 3,150 metres.
- **Capex and Opex:** We estimate Opex in the range of USD 21-46/boe and total net capex of NOK 591m between 2022 and 2024.

Key stats and figures



47 mmboe
Gross reserves

7 mmboe
Net reserves

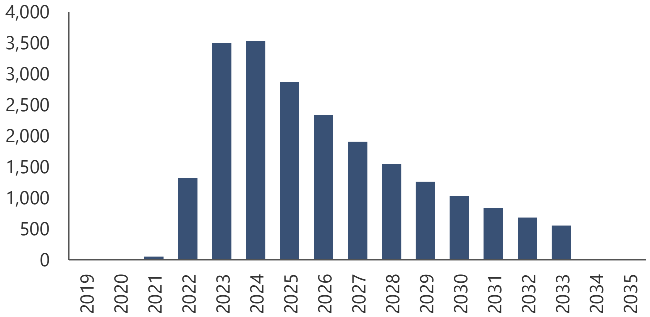
8,800 boepd
Gross production

1,300 boepd
Net production

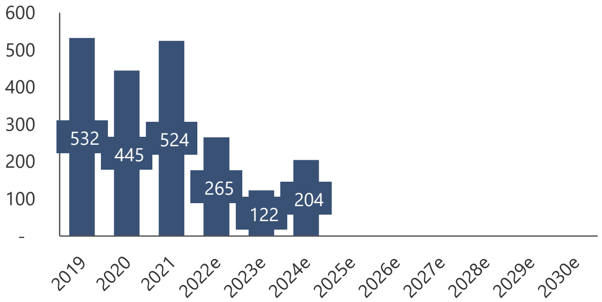
Start-up problems

- First oil at the field was reached in the second half of 2021, and production was planned to reach plateau during Q3'22.
- Due to several rounds of technical issues, production ramp-up has been slower than anticipated, and production at the field has been shut down three times due to technical issues, the latest in September 2022.
- As a result, the estimated reserves have been revised down by 15-20% and during Q3'22, OKEA booked a non-cash impairment of NOK 609m.
- Plateau now expected in mid 2023.

Production profile (net, boepd)



Capex (net, NOKm)



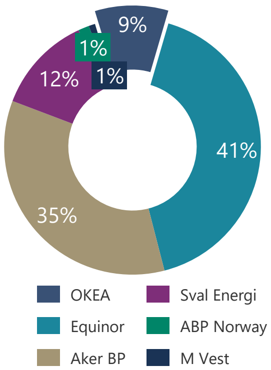
Source: Company information, Arctic Securities Research

IVAR AASEN (WI: 9.24%)

Comments

- **Operator:** Aker BP
- **History:** OKEA acquired a 9.24% WI in Ivar Aasen in 2022. The first discovery was made in 2008 and commercial production commenced in 2016. The field consists of the discoveries 16/1-9 and 16/1-7. The platform Is equipped for tie-in of the planned development of the Hanz field and for possible development of other nearby discoveries.
- **Oil type and recovery:** Hydrocarbons found in sandstones of Skagerak, Sleipner, and Hugin formations. 16/1-9 lies at a depth of 2,400m while 16/1-7 lies at 2,950m depth.
- **Capex and Opex:** We estimate Opex in the range of USD 16-28/boe and total net capex of NOK 578m between 2022 and 2027.

Key stats and figures



65 mmboe Gross reserves

6 mmboe Net reserves

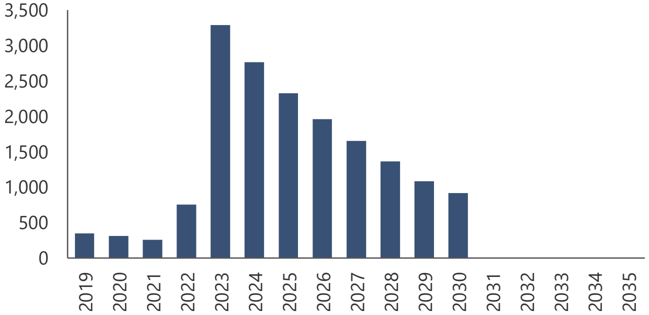
35,600 boepd Gross production

3,300 boepd Net production

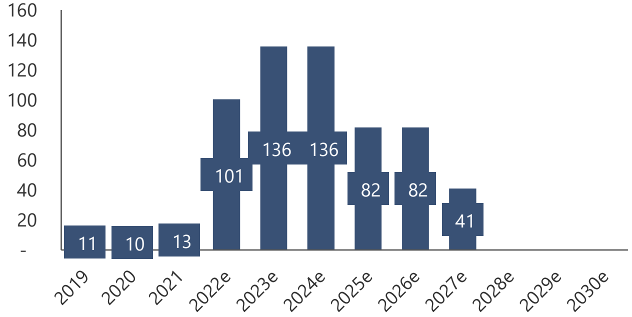
Upside potential

- Ivar Aasen is the first manned platform in Norway to be remotely operated from shore. It will start utilizing power from shore from 2022, significantly reducing Co2 emissions by 50% and driving a targeted reduction in Opex of 35%.
- Despite still producing at high levels, Aker BP has already identified three infill candidates, which could add incremental volumes as early as 2024

Production profile (net, boepd)



Capex (net, NOKm)



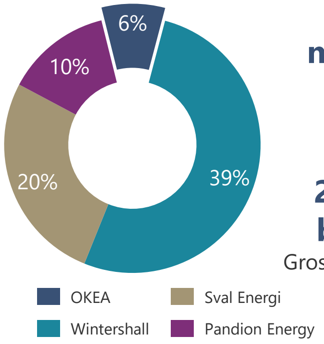
Source: Company information, Arctic Securities Research

NOVA (WI: 6%)

Comments

- **Operator:** Wintershall Dea
- **History:** OKEA acquired a 6% WI in Nova in 2022. Nova was discovered in 2012, and the PDO was approved in 2018. Production started in July 2022. The field consists of two subsea templates, one with three oil producers and one with three water injectors, tied back to Neptune Energy's Gjøa platform. Nova is sustainably operated with hydropower from shore through Gjøa.
- **Oil type and recovery:** The reservoir contains oil with a gas cap in sandstone of Late Jurassic age in the Heather Formation. The reservoir is located at a depth of 2,500 metres and the reservoir quality is good.
- **Capex and Opex:** We estimate Opex in the range of USD 13-16/boe and total net capex of NOK 313m between 2022 and 2027.

Key stats and figures



50 mmboe Gross reserves

3 mmboe Net reserves

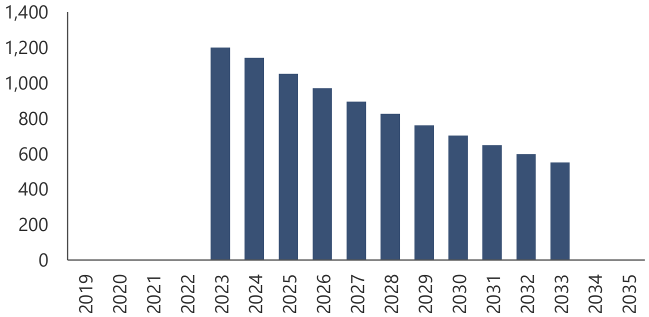
20,000 boepd Gross production

1,200 boepd Net production

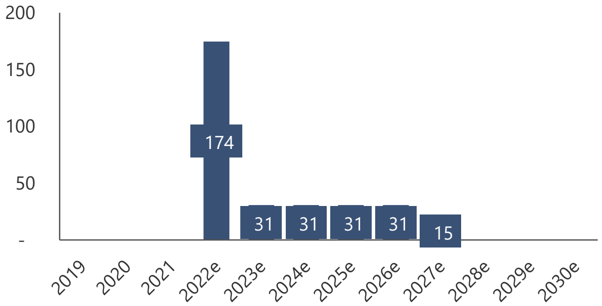
Reduced 2023 output guidance

- In November 2022, OKEA reduced its 2023 output guidance for the Nova field due to issues with the water injectors which according to the operator, Wintershall, might limit production until the end of 2023.

Production profile (net, boepd)



Capex (net, NOKm)



Source: Company information, Arctic Securities Research

SECTION 4

Financials

FINANCIAL ESTIMATES

ASSUMPTIONS

- **USD 80-100/boe oil price deck:** We forecast Brent at USD 100/100/90/80 for Q4'2022/2023/2024/2025+, respectively. For the gas price, we use the forward gas curve throughout the forecasting period.
- **Production profile:** Our production profile forecast is based on our reserve estimate, which is in line with the company's own estimates.
- **Realized prices and OPEX:** We estimate realized prices in line with our Brent and TTF assumptions. Our opex assumption ranges between NOK 248-350 per barrel.
- **Capex:** We model total capex (incl. M&A) of NOK 1,643m in 2022, NOK 839m in 2023, and NOK 780m in 2024. For 2025, and 2026 we model capex of NOK 281m and for 2027 we model capex of NOK 146m.
- **Dividends:** We model dividends of NOK 302m in 2022 and NOK 416m in 2023. This corresponds to the announced dividend intention of NOK 1 per share each quarter in 2023. For 2024, we increase the dividend to NOK 1.25 per share each quarter (NOK 520m for the year as a whole) on the back of the expected strong cash generation.

NOKm	2019	2020	2021	2022e	2023e	2024e	2025e	2026e	2027e
Revenues	2,990	1,730	3,882	6,954	9,753	7,996	5,675	4,608	3,937
Exploration expenses	-299	-97	-343	-195	-232	-235	-238	-241	0
Production costs	-952	-679	-838	-1,333	-1,991	-1,865	-1,703	-1,526	-1,402
Other expenses	-103	-87	-95	-171	-183	-187	-191	-194	-198
EBITDA	**1,636**	**867**	**2,606**	**5,255**	**7,347**	**5,709**	**3,543**	**2,647**	**2,336**
EBITDA-margin	*55%*	*50%*	*67%*	*76%*	*75%*	*71%*	*62%*	*57%*	*59%*
EBIT	**823**	**-1,219**	**2,298**	**4,292**	**6,176**	**4,578**	**2,599**	**1,897**	**1,706**
EBIT-margin	*28%*	*-70%*	*59%*	*62%*	*63%*	*57%*	*46%*	*41%*	*43%*
Financial Cost (net)	-408	-12	-192	-450	-189	-176	-70	-4	1
Cash	1,664	871	2,039	2,064	3,986	3,243	3,935	4,376	4,965
Total assets	10,986	9,776	12,373	12,684	14,274	13,180	13,215	13,197	13,311
Gross Interest bearing debt	2,557	2,400	2,295	1,298	1,298	0	0	0	0
Equity	1,681	1,083	1,709	2,059	3,017	3,500	4,122	4,625	5,026
Cash flow from operations	1,815	434	2,216	3,261	3,177	1,854	971	722	735
Free cash flow	1,008	-666	1,364	1,619	2,338	1,074	692	441	589
Change in debt	-46	-130	-253	-1,451	0	-1,298	0	0	0
Change in equity	283	0	16	0	0	0	0	0	0
Dividends	0	0	0	-302	-416	-520	0	0	0
Net cash flow	1,245	-792	1,121	25	1,922	-743	692	441	589
Interest bearing Debt	2,557	2,400	2,295	1,298	1,298	0	0	0	0
Rig lease	164	179	612	768	768	768	768	768	768
Net interest bearing debt	893	1,529	256	-766	-2,688	-3,243	-3,935	-4,376	-4,965
NIBD incl rig lease	1,057	1,708	868	2	-1,920	-2,475	-3,167	-3,608	-4,197
NIBD/EBITDA	0.5x	1.8x	0.1x	-0.1x	-0.4x	-0.6x	-1.1x	-1.7x	-2.1x
NIBD inc lease/EBITDA	0.6x	2.0x	0.3x	0.0x	-0.3x	-0.4x	-0.9x	-1.4x	-1.8x
IBD/EBITDA	1.6x	2.8x	0.9x	0.2x	0.2x	0.0x	0.0x	0.0x	0.0x
CFO/IBD (incl rig lease)	67%	17%	76%	158%	154%	241%	126%	94%	n.a
FCF/IBD (incl rig lease)	37%	-26%	47%	78%	113%	140%	90%	57%	n.a
EBITDA ICR	4.0x	74.6x	13.6x	11.7x	38.9x	32.5x	50.5x	645.0x	-3,913.0x
EBIT ICR	2.0x	-104.9x	12.0x	9.5x	32.7x	26.0x	37.0x	462.3x	-2,857.7x
Equity Ratio	15%	11%	14%	16%	21%	27%	31%	35%	38%
Production ('000 boepd)	18681	16155	15530	16637	23305	22501	18783	14917	12537
Opex per barrel	155	130	165	248	256	250	276	316	350
Realized oil price	571	342	608	1000	945	870	792	813	830
Realized Gas price	254	191	897	1704	1794	1315	956	969	990
2P reserves (mmboe)	71	65	59	53	45	37	30	24	20
Reserves life index (RLI) (yrs)	10	11	10	9	5	4	4	4	4
Annual production (bbl m)	6,819	5,897	5,668	6,072	8,506	8,213	6,856	5,445	4,576

Source: Company information, Arctic Securities Research

DETAILED SOTP

COMMENTS

- **Gross asset values of NOK 6,4bn:** We base our SOTP assessment on a 9.5% WACC for the NCS oil field assets. The valuation point has been set to YE'22. The asset bases for the individual oil fields are aligned with the latest operator estimates. We have also included risked reserves from identified infill drilling opportunities. We have employed the new petroleum tax regime as a basis for all calculations but adjusted for capex that qualifies under the temporary tax regime.
- No value has been allocated to Brasse, which is valued to NOK ~450m on a 50% basis in our DNO SOTP.
- **Sensitivity analysis:** In our lower oil price sensitivities, we have assumed oil and gas price parity. Given the predominately mature asset base, the SOTP is relatively sensitive to oil prices. However, as the company is net cash, OKEA could still carry significant additional debt volumes even at lower oil and gas prices.

	Gross mmboe	Stake	Net mmboe	USD/boe	Unrisked, USDm	Prob.	Risked, USDm	Risked, NOKm	Forward case	USD 70/boe	USD 60/boe	USD 50/boe	USD 40/boe
Draugen	59	45%	26	8	208	95%	197	2,014	1,758	1,342	972	605	531
Gjøa	41	12%	5	25	120	100%	120	1,225	1,178	681	589	497	404
Ivar Aasen	61	9%	6	12	67	100%	67	684	637	512	413	314	216
Brage	17	35%	6	13	78	100%	78	791	759	581	493	405	317
Nova	57	6%	3	19	63	90%	57	583	565	474	426	377	329
Sum production	**234**	**20%**	**46**	**12**	**536**	**97%**	**519**	**5,296**	**4,898**	**3,590**	**2,893**	**2,199**	**1,797**
Yme	49	15%	7	15	109	50%	54	555	495	449	388	326	265
Sum developments	**49**	**15%**	**9**	**14**	**134**	**41%**	**54**	**555**	**495**	**449**	**388**	**326**	**265**
Overhead & tax effects							-39	-398	-398	-398	-398	-398	-398
Core Gross Asset Value							**535**	**5,453**	**4,994**	**3,641**	**2,883**	**2,127**	**1,663**
Net cash (debt), end-Q4/22							0	-2	-115	-2	-2	-2	-2
Core Net Asset Value							**534**	**5,451**	**4,879**	**3,639**	**2,881**	**2,124**	**1,661**
Draugen upside	43	45%	19	3	49	35%	17	176	160	138	105	71	38
Gjøa upside	9	12%	1	4	4	49%	2	21	20	19	17	15	13
Yme upside	34	15%	5	4	6	49%	3	31	29	25	20	15	10
Aurora	36	40%	14	2	11	21%	2	24	24	24	24	24	24
Galtvort	81	40%	32	2	9	21%	2	19	19	19	19	19	19
Acquired from Wintershall	66	16%	11	5	53	50%	26	270	255	233	200	166	133
Sum discoveries	**269**		**82**		**133**		**53**	**541**	**507**	**458**	**384**	**310**	**236**
Other exploration	857	35%	300	3	812	5%	41	414	391	357	306	255	204
Sum exploration	**857**	**35%**	**300**	**3**	**812**	**5%**	**41**	**414**	**391**	**357**	**306**	**255**	**204**
Gross Asset Value							**628**	**6,408**	**5,892**	**4,457**	**3,573**	**2,692**	**2,104**
Net Asset Value							**628**	**6,406**	**5,777**	**4,455**	**3,571**	**2,690**	**2,102**

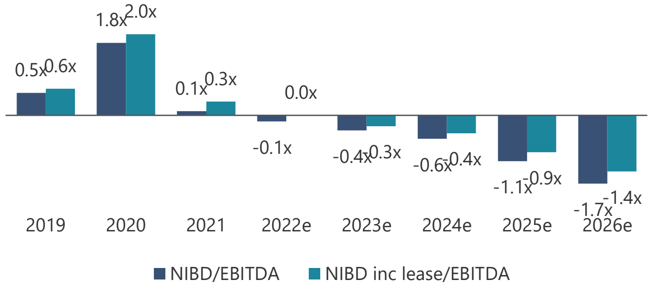
Source: Company information, Arctic Securities Research

SUMMARY OF FINANCIALS

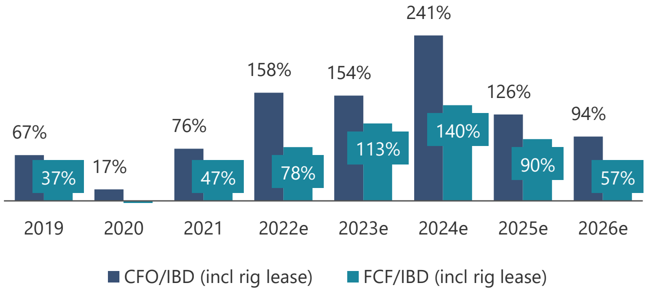
Comments

- **Base case assumptions:** USD 100/100/90/80 for Q4'22/23/24/25+. For gas prices we have used the forward curve.
- **Leverage:** We expect OKEA to turn net cash at YE 2022, and we estimate the net cash position to increase going forward.
- **Cash flow to debt:** The company is forecast to have very strong operating cash flow over the coming years, with FCF also remaining in the 57%-140% range vs. IBD (including rig lease debt).
- **Loan to value:** As the company becomes net cash, Net LTV will become negative. In our estimates, the Net LTV will continue to decrease as the company's net cash position increases.
- **Equity ratio:** The equity ratio is expected to improve from 16% at 2022e towards 35% in 2026e.

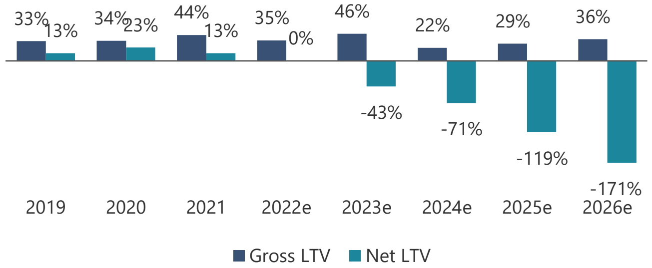
Leverage ratio (x)



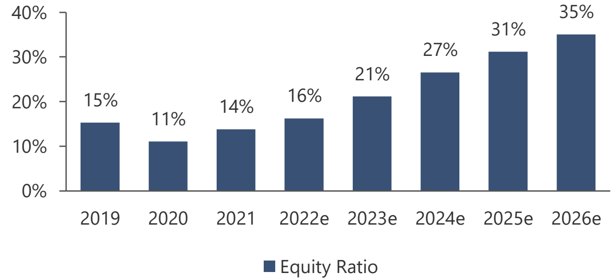
Cash flow to debt (%)



Loan to value



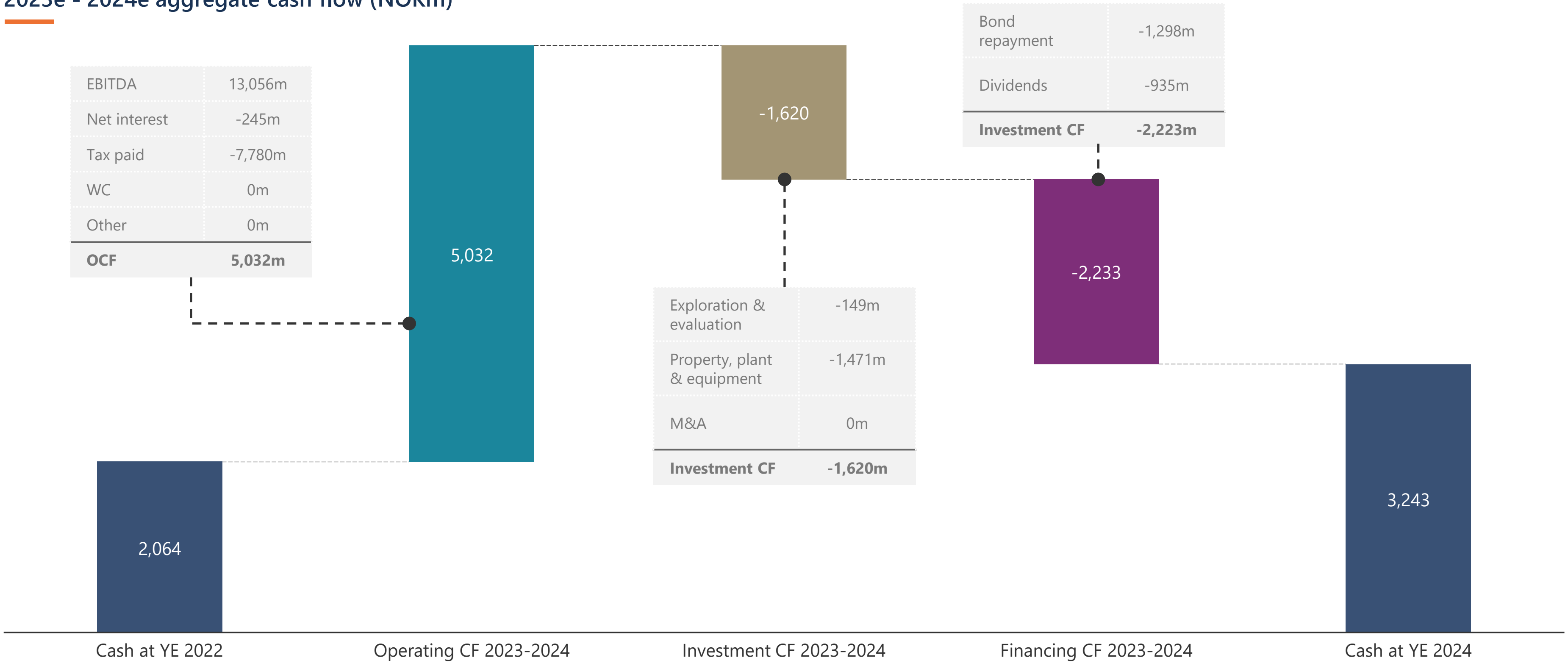
Equity ratio (%)



Source: Company information, Arctic Securities Research

CASH FLOW BRIDGE (BASE CASE)

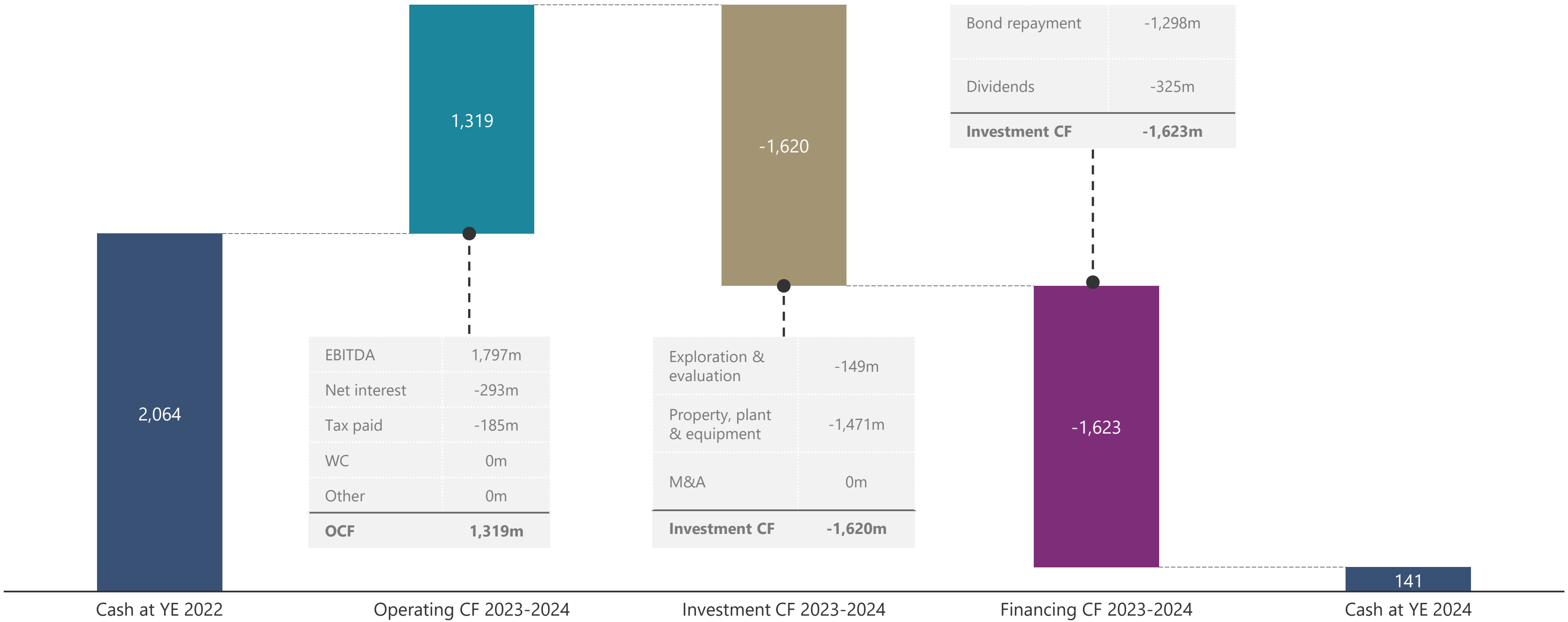
2023e - 2024e aggregate cash flow (NOKm)



Source: Company information, Arctic Securities Research

CASH FLOW BRIDGE (USD 40/BOE)

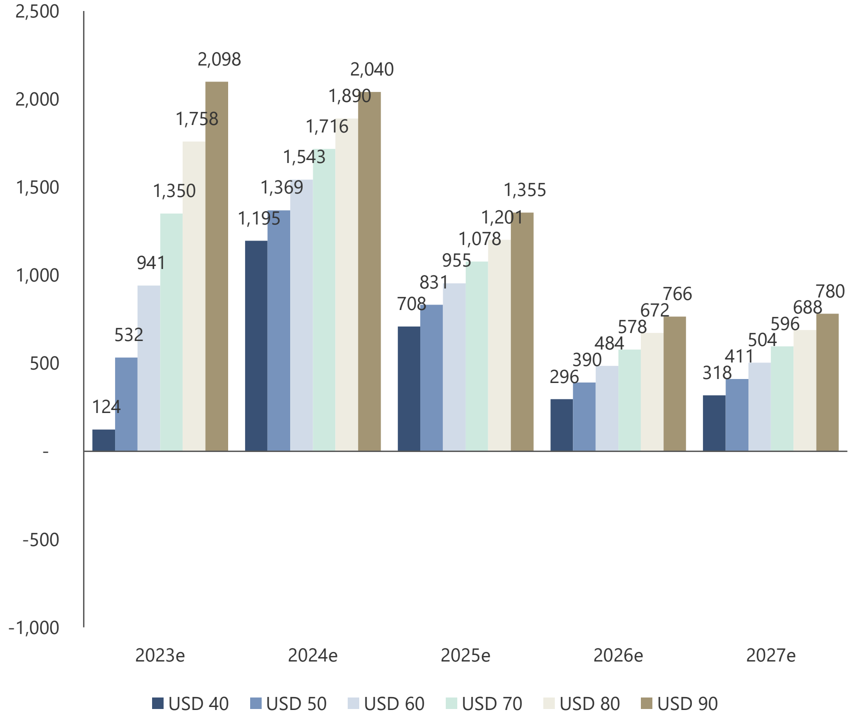
2023e - 2024e aggregate cash flow (NOKm)



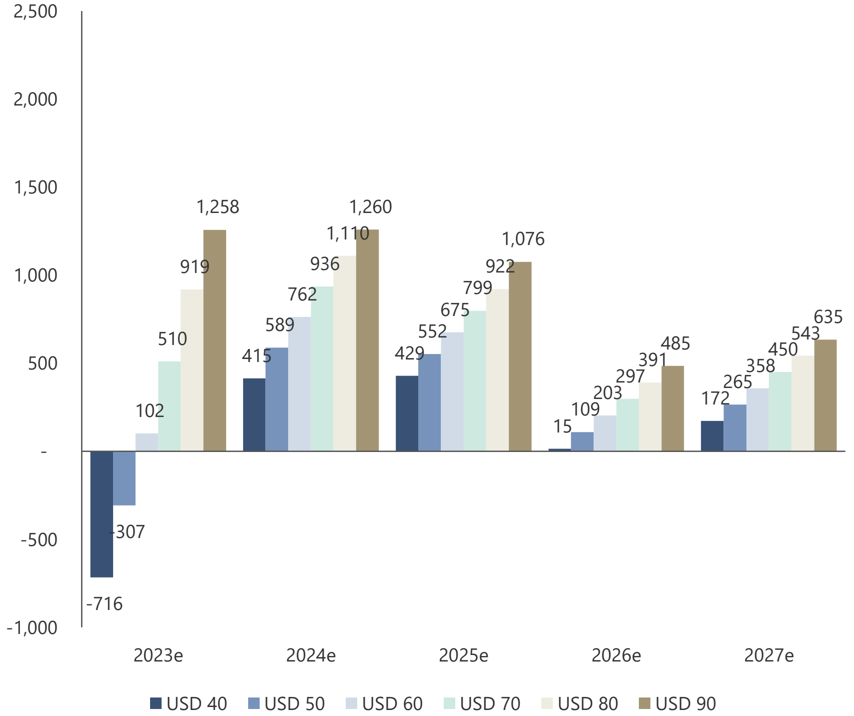
Source: Company information, Arctic Securities Research

SENSITIVITY ANALYSIS – ROBUST FREE CASH FLOW EVEN AT LOWER OIL AND GAS PRICES

Operating cash flow (NOKm)



Free cash flow (NOKm)



Source: Company information, Arctic Securities Research

FINANCIAL ESTIMATES – USD 40/BOE

ASSUMPTIONS

- **USD 40/boe flat:** We model Brent at USD 40/boe flat from 2023 and onwards. In this scenario we assume oil and gas price parity during the forecasting period. We keep our production assumptions unchanged, along with opex and capex estimates. For 2023 and onwards, we assume dividend payments equal to 50% of last year's net profit, in accordance with the allowed distributions under the bond terms. In this scenario, dividends will however be zero from 2024 and onwards.
- **Negative free cash flow, but only in 2023:** At USD 40/boe, the company will generate a negative free cash flow of NOK 716m in 2023 on our estimates. Despite the negative FCF, the company would still have a solid liquidity position of NOK 1,023m at YE 2023. The negative FCF in 2023 will be offset by the positive FCF in 2024-2027. In the USD 40/boe scenario, the bond is fully covered by cash at maturity in Q4'24, and the company will have NOK 141m in excess cash after the bond is repaid.

NOKm	2019	2020	2021	2022e	2023e	2024e	2025e	2026e	2027e
Revenues	2,990	1,730	3,882	6,954	3,304	3,186	2,637	2,127	1,825
Exploration expenses	-299	-97	-343	-195	-232	-235	-238	-241	0
Production costs	-952	-679	-838	-1,333	-1,991	-1,865	-1,703	-1,526	-1,402
Other expenses	-103	-87	-95	-171	-183	-187	-191	-194	-198
EBITDA	**1,636**	**867**	**2,606**	**5,255**	**898**	**899**	**505**	**166**	**224**
EBITDA-margin	*55%*	*50%*	*67%*	*76%*	*27%*	*28%*	*19%*	*8%*	*12%*
EBIT	**823**	**-1,219**	**2,298**	**4,292**	**-274**	**-232**	**-439**	**-584**	**-406**
EBIT-margin	*28%*	*-70%*	*59%*	*62%*	*-8%*	*-7%*	*-17%*	*-27%*	*-22%*
Financial Cost (net)	-408	-12	-192	-450	-206	-208	-103	-40	-40
Cash	1,664	871	2,039	2,064	1,023	141	570	585	757
Total assets	10,986	9,776	12,373	12,684	11,311	10,078	9,849	9,405	9,102
Gross Interest bearing debt	2,557	2,400	2,295	1,298	1,298	0	0	0	0
Equity	1,681	1,083	1,709	2,059	1,676	1,595	1,523	1,453	1,357
Cash flow from operations	1,815	434	2,216	3,261	124	1,195	708	296	318
Free cash flow	1,008	-666	1,364	1,619	-716	415	429	15	172
Change in debt	-46	-130	-253	-1,451	0	-1,298	0	0	0
Change in equity	283	0	16	0	0	0	0	0	0
Dividends	0	0	0	-302	-325	0	0	0	0
Net cash flow	1,245	-792	1,121	25	-1,040	-883	429	15	172
Interest bearing Debt	2,557	2,400	2,295	1,298	1,298	0	0	0	0
Rig lease	164	179	612	768	768	768	768	768	768
Net interest bearing debt	893	1,529	256	-766	275	-140	-569	-584	-756
NIBD incl rig lease	1,057	1,708	868	2	1,043	628	199	184	12
NIBD/EBITDA	0.5x	1.8x	0.1x	-0.1x	0.3x	-0.2x	-1.1x	-3.5x	-3.4x
NIBD inc lease/EBITDA	0.6x	2.0x	0.3x	0.0x	1.2x	0.7x	0.4x	1.1x	0.1x
IBD/EBITDA	1.6x	2.8x	0.9x	0.2x	1.4x	0.0x	0.0x	0.0x	0.0x
CFO/IBD (incl rig lease)	67%	17%	76%	158%	6%	156%	92%	39%	n.a
FCF/IBD (incl rig lease)	37%	-26%	47%	78%	-35%	54%	56%	2%	n.a
EBITDA ICR	4.0x	74.6x	13.6x	11.7x	4.4x	4.3x	4.9x	4.1x	5.7x
EBIT ICR	2.0x	-104.9x	12.0x	9.5x	-1.3x	-1.1x	-4.3x	-14.5x	-10.3x
Equity Ratio	15%	11%	14%	16%	15%	16%	15%	15%	15%

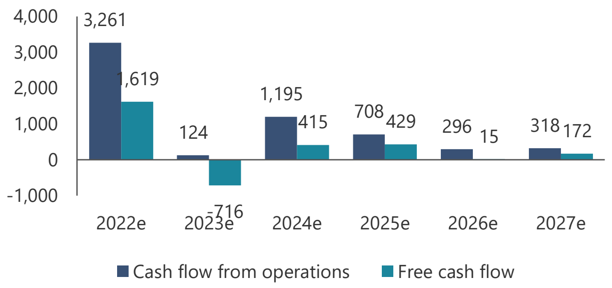
Source: Company information, Arctic Securities Research

SENSITIVITY ANALYSIS - USD 40/BOE AND USD 60/BOE

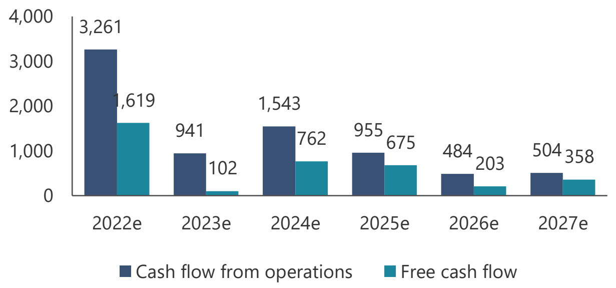
Comments

- **Headroom down to USD 40/boe:** We model a negative FCF in 2023 at USD 40/boe, however, this will be offset by positive FCF in 2024-2027. At USD USD 40/boe the bond is fully covered by cash at maturity in Q4'24, and the company will have NOK 141m in excess cash after the bond is repaid.
- At USD 60/boe, FCF in 2023 is positive and the company will have NOK 1,145m in cash after the bond is repaid at maturity in Q4'24 at maximum permittable dividend payments.
- On our estimates, OKEA will have declining net LTV in both the USD 40/boe and USD 60/boe scenario, as the estimated cash build offsets the depleting asset values.

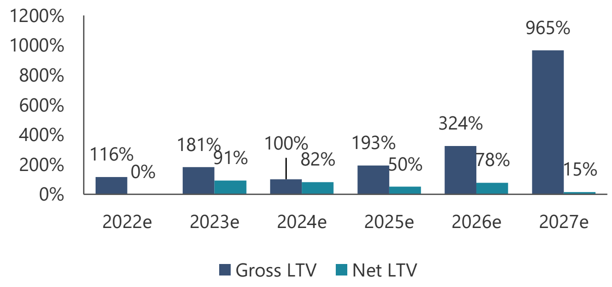
FCF @ USD 40/boe (NOKm)



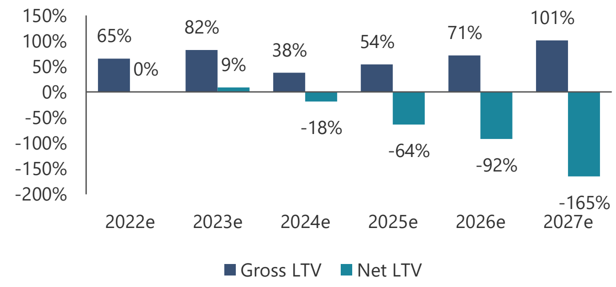
FCF @ USD 60/boe (NOKm)



LTV @ USD 40/boe



LTV @ USD 60/boe



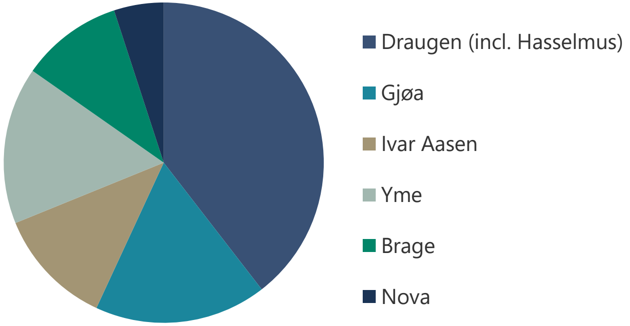
Source: Company information, Arctic Securities Research

RISK SUMMARY

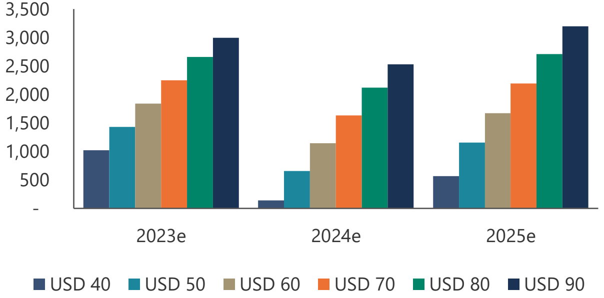
SUMMARY OF RISK FACTORS

- **Commodity price risk:** Oil and Gas prices are highly volatile and outside of the company's control.
- **Liquidity risk:** The company has USD 120m in bonds maturing in Q4'24. The company also has NOK 768m in leasing liabilities related to the Yme MOPU. The company has a strong cash balance of NOK 2.7bn, and we forecast a robust liquidity position going forward, even at low oil and gas prices down towards USD 40/boe.
- **Diversified revenue streams:** The company generates revenues from oil, gas and NGL production on six fields.
- **Estimated production levels:** OKEA has a mature and well-understood asset base mitigating risk on future production level assessments.
- **Operator on key asset:** OKEA is operator on two of its core assets, Draugen and Brage. Hence, OKEA has the possibilities to influence the timing and size of investment programs and other operational decisions.
- **Asset backing:** OKEA is forecast to have a net LTV below 100% even at oil prices of USD 40/boe.

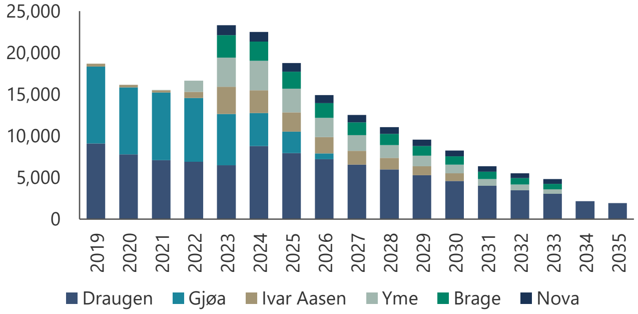
REVENUE SPLIT – PER ASSET (2024)



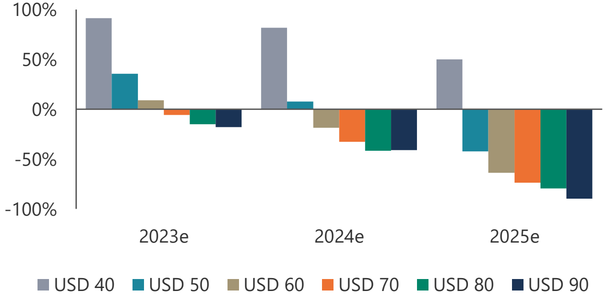
LIQUIDITY POSITION IN 2023/2024/2025 (NOKM)



PRODUCTION PROFILE (BOEPD)



NET LTV SENSITIVITY



Source: Company information, Arctic Securities Research

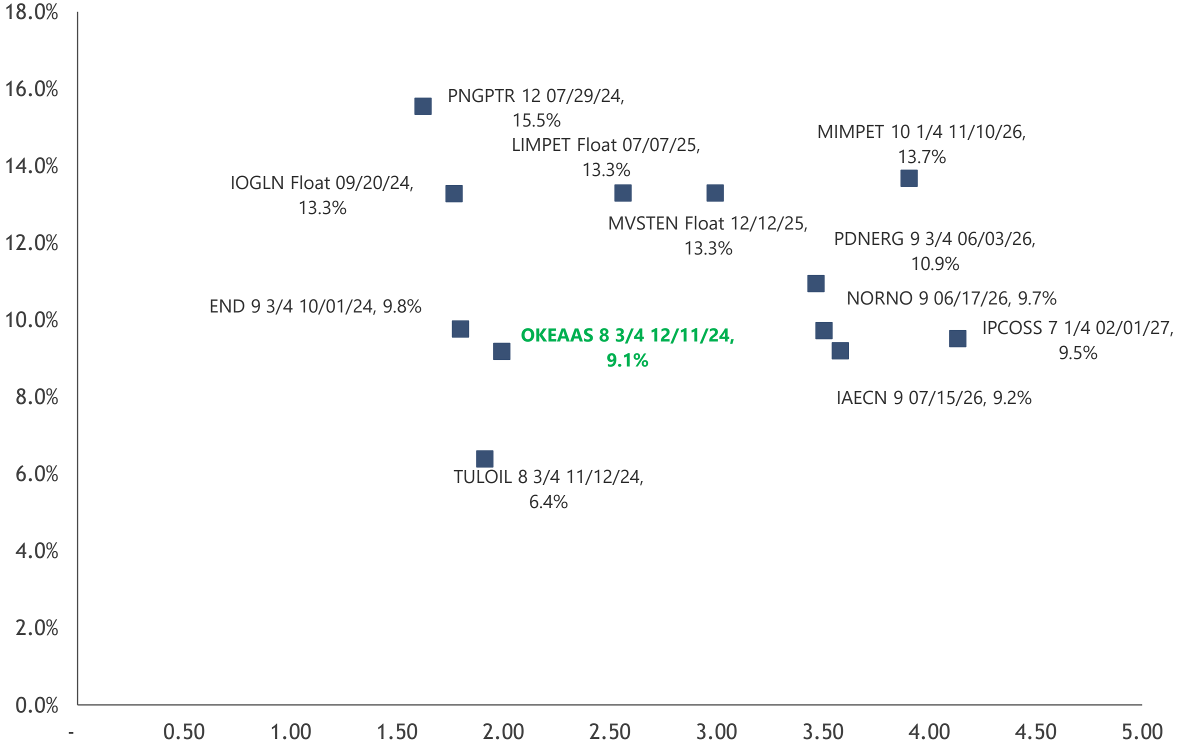
SECTION 5

Bond peers

ARCTIC SECURITIES

PEER PRICING

SCATTER PLOT, YIELD



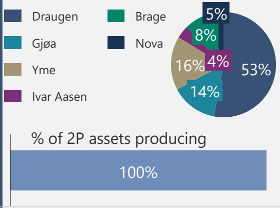
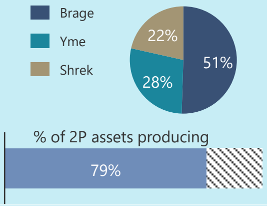
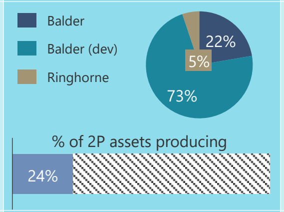
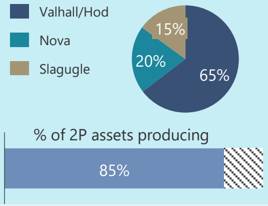
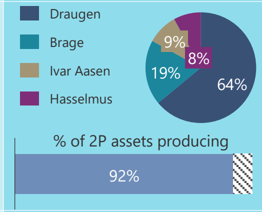
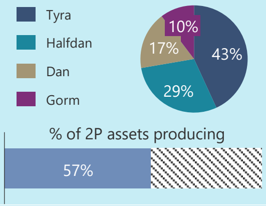
SOME PRICING CONSIDERATIONS

- The OKEA 2024 bonds are currently quoted at ~100/101, down from ~103 a few weeks back. This gives a YTM of 8.9% which we find attractive compared to peers and the risk profile in OKEA.
- We see a high probability of the bonds being called well ahead of maturity in December 2024.
- The bonds are currently callable at 104.5, dropping to 103.2 in June 2023.
- **→ Worst case ytm of 8.9% with potential call upside makes for a very good risk reward in our view**

Date	Price	Yield	Spread
Now	104.5	68.3	6429
11/06/23	103.2	14.2	949
11/12/23	102.3	10.3	558
11/06/24	101.5	9.2	466
11/12/24	101	8.9	447

Source: Bloomberg, Arctic Securities Research

PEERS - CREDIT AND OPERATIONAL METRICS

	OKEA	vs	Lime Petroleum	Mime Petroleum	Pandion Energy	MVest Energy	Noreco
Market cap	USD 387m		n.a	n.a	n.a	n.a	USD 1,004m
Equity ratio	15%		14%	20%	16%	12%	15%
Net debt	USD –62m		USD 69m	USD 144m	USD 206m	USD 40m	USD 586m
LTM EBITDA*	USD 509m		USD 31m	USD 14m	USD 118m	USD 32m	USD 568m
NIBD/EBITDA	n.m.		2.23x	10.29x	1.75x	1.25x	1.03x
Spread	426 bps		923 bps	934 bps	657 bps	996 bps	522 bps
/leverage	n.m.		445	88	361	797	535
Reserves	53 Mmboe		24 Mmboe	21 Mmboe	40 Mmboe	7.6 Mmboe	200 Mmboe
Asset diversification (Share of 2P)							
Production (WI)	~16,000-17,000 boepd		~5,500-6,000 boepd	~2,000-6,000 boepd	~10,000-12.000 boepd	~1,700 boepd	~ 24,000-25,000 boepd
Reserve life	8.8 years		11.4 years	25.7 years	9.8 years	12.3 years	22.37 years

Source: Company information, Stamdata, Arctic Securities Research. As per last reported datapoint for financials and production. Market cap as of 14/12/2022.

PEERS – TERM SHEET

	OKEA	Lime Petroleum	Mime Petroleum	Pandion Energy	MVest Energy	Noreco
Initial amount	USD 120m	NOK 950m	USD 225m	USD 75m	NOK 400m	USD 175m
Borrowing limit	USD 150m	NOK 1,250m	USD 300m	USD 125m	NOK 600m	USD 250m
Rank	Senior Secured	Senior Secured	Senior Secured	Senior Unsecured	Senior Secured	Senior Unsecured
Coupon	8.75%	3mN + 925bps	10.25%	9.75%	3mN + 925bps	9.00%
Issue date	Dec-19	Jun-22	Oct-21	Jun-22	Nov-22	Dec-19
Tenor	5 years	3 years	5 years	4 years	3 years	6.5 years
Maturity	Dec-24	Jun-25	Feb-25	Jun-26	Nov-25	Jun-26
Maintenance covenants	Until RBL Financing date: Liquidity >USD 10m; Capital employed ratio (equity paid-in/equity paid-in + IBD) >35%; Net debt/EBITDA <2.0x; After RBL: Liquidity >USD 15m; Leverage ratio <3.5x	Minimum liquidity: NOK 50m Net leverage ratio: Total Net debt to EBITDA not exceed 2.25x	Minimum Liquidity: An amount equal to the total Interest Costs for the next 6 months Net Leverage Ratio: Total Net Debt to Adjusted EBITDA not to exceed 2.0x from the Balder Ringhorne First Oil Date	Liquidity >USD 10m; Leverage ratio <3.5x	Minimum liquidity: 5% of outstanding financial indebtedness Net leverage ratio: Net debt to EBITDA not exceed 2.5x	During to Tyra redevelopment completion: Liquidity >50m / Leverage ratio <5.0x Thereafter: Liquidity >25m / Leverage ratio <3.0x
Incurrence test	Liquidity >USD 50m; Leverage ratio <1.5x for permitted distributions	n.a	n.a	Distributions: Net debt / EBITDAX not greater than 1.0x and ii) Additional bonds or New Unsecured Bonds: Net debt / EBITDAX not greater than 2.5x	New debt: Net debt/EBITDA not to exceed 1.0x Distributions: i) Net debt/EBITDA not to exceed 1.0x, ii) liquidity minimum 10% outstanding financial in financial indebtedness	Liquidity >USD 50m Leverage ratio <2.5x
Permitted distributions	50% of net profit less amount used for employee share issues (capped at NOK 80m p.a.)	No distributions	No distributions except for i) repayment of any Shareholder bridge loan and ii) reimbursement of administrative cost to the Sponsor of max. USD 2m	Subject to i) Incurrence Test; ii) maximum 100% of Issuer's Free Cash Flow for the previous calendar year; and iii) the aggregate of (A) the Liquidity and (B) undrawn commitments available for general corporate purposes under the Reserve Based Lending Facility is in excess of USD 20 million immediately after such Distribution is made	No distributions	No distribution prior to, but maximum USD 25m until the date falling two reporting quarters after the Tyra Redevelopment Project Completion Date, thereafter not exceeding 50% of net profit after tax
Call options	MW 2.0 103.5%/102.2%/101.3%/100.5%	Make Whole during first 18 months, thereafter callable at a price equal to par plus 50.0% / 33.33% / 16.67% of Margin after 18 / 24 / 30 months respectively, and at 100.5% of par for the last three months	MW 2.5, thereafter @100% of the Nominal Amount plus 50%/40%/30%/20% of Interest Rate 30/36/42/48 months after the Issue Date, at 100.5% after 54 months and until the Maturity Date	Make Whole 24 months, thereafter callable at 50% / 37.5% / 25% of the Coupon Rate after 24 / 30 / 36 months and at 100.50% after 42 months	Make-whole first 2.5 years, thereafter callable at 103% (plus accrued but unpaid interests of the redeemed bonds)	MW 2.0, 103.375%/102.7%/ 102.025%/101.35%/100% after 3/3.5/4/4.5/5 years
Put option	101%	101%	101%	101%	101%	101%

Source: Company information, Stamdata, Arctic Securities Research

Detailed financials

FINANCIALS – BASE CASE

Profit & loss

NOKm	2019	2020	2021	2022e	2023e	2024e	2025e	2026e	2027e
Petroleum revenues	2,936	1,652	3,781	6,849	9,753	7,996	5,675	4,608	3,937
Other revenues	54	78	101	105	0	0	0	0	0
Total revenues	**2,990**	**1,730**	**3,882**	**6,954**	**9,753**	**7,996**	**5,675**	**4,608**	**3,937**
Exploration expenses	-299	-97	-343	-195	-232	-235	-238	-241	0
Production costs	-952	-679	-838	-1,333	-1,991	-1,865	-1,703	-1,526	-1,402
Other cost of sales									
Other operating expenses	-103	-87	-95	-171	-183	-187	-191	-194	-198
EBITDA	**1,636**	**867**	**2,606**	**5,255**	**7,347**	**5,709**	**3,543**	**2,647**	**2,336**
Depreciation & Amortisation	-725	-699	-1,039	-717	-1,171	-1,131	-944	-750	-630
Impairments	-88	-1,387	730	-246	0	0	0	0	0
Adjustment for non-recurring items	0	0	0	0	0	0	0	0	0
adj. EBIT	**823**	**-1,219**	**2,298**	**4,292**	**6,176**	**4,578**	**2,599**	**1,897**	**1,706**
Income tax	-474	628	-1,503	-3,192	-4,613	-3,400	-1,915	-1,399	-1,315
Tax adjustment for non-recurring items	0	0	0	0	0	0	0	0	0
Adj. Income tax	-474	628	-1,503	-3,192	-4,613	-3,400	-1,915	-1,399	-1,315
- Tax benefit on Net Financial Expenses	0	0	0	0	0	0	0	0	0
NOPAT	**349**	**-591**	**795**	**1,100**	**1,563**	**1,178**	**684**	**498**	**391**
Interest Income	132	106	80	86	31	44	36	42	47
Interest Expenses	-445	-269	-197	-303	-160	-160	-46	-46	-46
Capitalized interest cost	0	0	0	0	0	0	8	10	9
Other net financials (including accretion (	-95	152	-75	-233	-60	-60	-60	0	0
Adjustment for non-recurring items	0	0	0	0	0	0	0	0	0
Adj. net financial expenses	-408	-12	-192	-450	-189	-176	-63	6	9
+ Tax benefit on net financial expenses	0	0	0	0	0	0	0	0	0
Net financial expenses after tax (incl FX	**-408**	**-12**	**-192**	**-450**	**-189**	**-176**	**-63**	**6**	**9**
Discontinued Ops/Minority interest	0	0	0	0	0	0	0	0	0
Comprehensive income	**-58**	**-603**	**603**	**650**	**1,374**	**1,002**	**621**	**504**	**400**

Source: Company information, Arctic Securities Research

FINANCIALS – BASE CASE

Balance sheet (Assets)

NOKm	2019	2020	2021	2022e	2023e	2024e	2025e	2026e	2027e
Cash & cash equivalents	1,664	871	2,039	2,064	3,986	3,243	3,935	4,376	4,965
Accounts receivable	622	514	1,053	1,347	1,347	1,347	1,347	1,347	1,347
Inventory	142	229	253	229	229	229	229	229	229
Tax receivables	0	296	0	0	0	0	0	0	0
Other current assets	0	0	293	9	9	9	9	9	9
Total current assets	**2,428**	**1,909**	**3,639**	**3,649**	**5,571**	**4,828**	**5,520**	**5,961**	**6,550**
Goodwill and other intangibles	1,426	769	769	1,376	1,376	1,376	1,376	1,376	1,376
Exploration & evaluation	16	38	11	98	171	247	324	403	403
Property, plant & equipment	3,985	3,851	4,930	4,858	4,453	4,027	3,292	2,755	2,279
Long-term tax receivables	0	0	0	0	0	0	0	0	0
Other financial assets	0	0	0	0	0	0	0	0	0
Deferred tax assets	0	0	0	0	0	0	0	0	0
Other non-current assets	3,132	3,209	3,025	2,703	2,703	2,703	2,703	2,703	2,703
Total non-current assets	**8,559**	**7,867**	**8,734**	**9,035**	**8,703**	**8,352**	**7,695**	**7,236**	**6,760**
Total assets	**10,986**	**9,776**	**12,373**	**12,684**	**14,274**	**13,180**	**13,215**	**13,197**	**13,311**

Source: Company information, Arctic Securities Research

FINANCIALS – BASE CASE

Balance sheet (Equity & liabilities)

NOKm	2019	2020	2021	2022e	2023e	2024e	2025e	2026e	2027e
Accounts payable	1,372	890	787	1,193	1,193	1,193	1,193	1,193	1,193
Current interest bearing debt	0	0	0	0	0	0	0	0	0
Taxes payable	295	14	773	1,695	1,936	1,627	1,290	1,093	1,075
Other current liabilities	82	72	229	122	122	122	122	122	122
Total current liabilities	**1,748**	**977**	**1,788**	**3,010**	**3,251**	**2,942**	**2,605**	**2,408**	**2,390**
Non-current interest bearing debt	2,557	2,400	2,295	1,298	1,298	0	0	0	0
Provisions	4,024	4,200	4,133	3,661	3,721	3,781	3,841	3,841	3,841
Deferred tax liabilities	830	941	1,736	1,891	2,222	2,192	1,882	1,558	1,289
Other non-current liabilities	145	176	712	765	765	765	765	765	765
Total non-current liabilities	**7,556**	**7,717**	**8,876**	**7,615**	**8,006**	**6,738**	**6,488**	**6,164**	**5,895**
Share capital	10	10	10	10	10	10	10	10	10
Retained earnings	1,671	1,072	1,699	2,048	3,007	3,490	4,111	4,615	5,015
Minority interest	0	0	0	0	0	0	0	0	0
Total equity	**1,681**	**1,083**	**1,709**	**2,059**	**3,017**	**3,500**	**4,122**	**4,625**	**5,026**
Total liabilities and equity	**10,986**	**9,777**	**12,373**	**12,684**	**14,274**	**13,180**	**13,215**	**13,197**	**13,311**

Source: Company information, Arctic Securities Research

FINANCIALS – BASE CASE

Cash flow statement

NOKm	2019	2020	2021	2022e	2023e	2024e	2025e	2026e	2027e
EBITDA	1,636	867	2,655	5,255	7,347	5,709	3,543	2,647	2,336
Taxes payable	-172	170	355	-2,195	-4,041	-3,739	-2,562	-1,920	-1,602
Net interest	-232	-223	-184	-134	-129	-116	-10	-4	1
Change in NWC (+other)	583	-381	-610	285	0	0	0	0	0
Change in other NWC	0	0	0	52	0	0	0	0	0
Operating cash flow	**1,815**	**434**	**2,216**	**3,261**	**3,177**	**1,854**	**971**	**722**	**735**
Exploration & evaluation	-10	-28	-78	-45	-73	-75	-77	-79	0
Property, plant & equipment	-797	-1,072	-673	-1,087	-766	-705	-202	-202	-146
M&A	0	0	-101	-510	0	0	0	0	0
Investment cash flow	**-807**	**-1,100**	**-852**	**-1,643**	**-839**	**-780**	**-279**	**-281**	**-146**
Borrowing (repayment)	-46	-130	-253	-1,451	0	-1,298	0	0	0
Non-Controlling Interest	0	0	0	0	0	0	0	0	0
Equity issued	283	0	16	0	0	0	0	0	0
Dividends paid	0	0	0	-302	-416	-520	0	0	0
Financing cash flow (incl. FX)	**237**	**-127**	**-243**	**-1,594**	**-416**	**-1,817**	**0**	**0**	**0**
Change in cash	**1,245**	**-792**	**1,121**	**25**	**1,922**	**-743**	**692**	**441**	**589**

Source: Company information, Arctic Securities Research

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