2019Q4

Quarterly Report

Fourth quarter 2019 summary

Highlights

- No serious incidents
- Completed first operated drilling campaign
- Production of 17,020 (22,362) boepd
- Operating income of NOK 564 (181) million
- Profit from operating activities of NOK 55 (51) million
- Net profit / loss (-) before tax was NOK -35 (-190) million
- Cash flow from operations of NOK 238 (220) million
- Completed refinancing of USD 120 million bond as OKEA03 replaced OKEA01

(Amounts in parentheses refer to corresponding period previous year)

Financial and operational summary

	Unit	Q4 2019	Q3 2019	Q4 2018*	Full year 2019	Full year 2018*
Revenue from crude oil and gas sales	NOKm	534	612	97	2 936	150
EBITDA [1)]	NOKm	226	404	133	1 636	149
EBITDAX [1)]	NOKm	378	505	169	1 936	224
Profit/loss (-) before income tax	NOKm	-35	1	-190	419	-300
Profit/loss (-) before tax per share	NOK/share	-0.34	0.01	-3.22	4.52	-7.67
Net profit / loss (-)	NOKm	-2	-77	-59	-71	-156
Cash flow from operations	NOKm	238	723	220	2 111	235
Cash flow from investments	NOKm	-244	-216	-798	-847	-2,257
Net interest-bearing debt [1)]	NOKm	893	864	2 134	893	2 134
Draugen	Boepd [2)]	8,835	9,648	10,898 [3)]	9,092	10,898 [3)]
Gjøa	Boepd [2)]	7,842	8,135	11,108 [3)]	9,230	11,108 [3)]
Ivar Aasen	Boepd [2)]	343	342	356	341	363 [3)]
Total net production	**Boepd [2)]**	**17,020**	**18,125**	**22,362**	**18,663**	**22,369 [3)]**
Over/underlift/inventory adjustments	Boepd [2)]	-3,185	-1,429	-12,263	-818	-13,590
Net Sold volume	Boepd [2)]	13,835	16,696	10,099	19,481	8,779
Production expense per boe [1)]	NOK/boe	120.7	79.7	125.4	95.7	118.7
Realised Liquids price	USD/boe	61.2	56.4	68.0	56.6	67.8
Realised Gas price	USD/scm	0.13	0.11	0.29	0.16	0.29

1) Definitions of Alternative Performance Measures refer to the last section of the Quarterly Report

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

3) Production in 2018 for Draugen and Gjøa includes December figures only, Ivar Aasen is full year

* Restated

Financial review

Statement of Comprehensive Income

(Amounts in parentheses refer to corresponding period previous year)

Total operating income in the fourth quarter was NOK 564 (181) million. The increase from previous year was caused by the acquisition of the interests in the Draugen and Gjøa licences in November 2018.

Other operating income / loss (-) amounted to NOK 31 (84) million. In November 2019, NOK 19 million was recognised from the sale of shares in Grevling and Storskrymten licences to Chrysaor.

Production expenses amounted to NOK 205 (90) million, corresponding to NOK 120.7 (125.4) per boe. Net OKEA produced volumes were 17,020 boepd in Q4 2019 compared to 22,362 boepd in Q4 2018.

In Q4 2019, changes in over/underlift positions and production inventory amounted to NOK 42 (130) million. The effect was mainly caused by increased underlift position on Draugen after partner lifting late December. Produced volumes exceeded sold volumes by 3,185 boepd.

Exploration expenses amounted to NOK 152 (37) million in the quarter. This was mainly related to the dry exploration wells Skumnisse in the Draugen licence of NOK 68 million and Kathryn of NOK 29 million on PL910. This was offset by capitalisation of previously expensed cost of the dry well Infill Ø in the Draugen licence in Q3 with an amount of NOK 14 million, as the classification of the well has been changed to development well. In addition, purchase of seismic data of NOK 20 million on PL958 and NOK 11 million in the Grevling area, plus various field evaluation activities on PL974 (Storskrymten) and PL038D (Grevling) with a total of NOK 21 million were expensed in the quarter.

Impairments amounted to NOK 9 (0) million of technical goodwill on Gjøa which was mainly caused by lower gas prices.

Depreciation in the fourth quarter was NOK 163 (82) million. The increase compared to the fourth quarter last year is related to the acquisition of the Draugen and Gjøa assets in November 2018.

General and administrative expenses amounted to NOK 24 (53) million and which represent OKEA's share of costs after allocations to licence activities.

Net financial items amounted to NOK -90 (-241) million. The net cost in Q4 2019 was mainly explained by interest expenses on bond loans and effects of refinancing in December. Completing the refinancing in Q4 was an important milestone to secure long-term financing of OKEA's future development. The interest expense was partly offset by a net exchange rate gain of NOK 33 million driven by a decrease in the NOK/USD rate from 30 September to 31 December 2019 of around 3 per cent.

Profit / loss (-) before income tax amounted to NOK -35 (-190) million in the quarter.

Taxes (-) / tax income for the quarter amounted to NOK 33 (131) million. For 2019 the amount was NOK -491 million, of which NOK -431 million are tax payable. The main reasons for the 2019 effective tax rate of 117% are costs related to impairments and financial items which are tax deductible with 0% and approximately 33%, respectively. This is partly offset by the effect of uplift.

Net profit / loss (-) for the period was NOK -2 (-59) million and earnings per share were NOK -0.02 (-1.08).

Comparison Q4 2019 and Q3 2019

Revenue from oil and gas sales was NOK 534 million in Q4 compared to NOK 612 million in Q3 2019. The reduction was mainly due to an unplanned shutdown at Gjøa in Q4 and continued restrictions in SEGAL, described in detail in the operational section below, contributing lower volumes of gas and natural gas liquids sold.

Production expenses in the fourth quarter 2019 equated to NOK 120.7 per boe while in Q3, production expenses were NOK 79.7 per boe. The increase was mainly caused by higher well maintenance cost and repair of a subsea pump on Draugen in November, in addition to lower production on Gjøa related to various production issues. Please refer to operational section below for details.

In Q4 2019 impairment was NOK 9 million compared to NOK 0 million in Q3 2019. This impairment of technical goodwill on Gjøa was mainly due to reduced gas prices.

Profit / loss (-) before income tax amounted to NOK -35 million in Q4 compared to NOK 1 million in Q3. A lower profit from operating activities in Q4 was partly offset by a net exchange rate gain compared to third quarter. Year to date Q4 2019 profit before tax amounted to NOK 419 million.

Taxes (-) / tax income (+) in Q4 2019 was NOK 33 million compared to NOK -79 million in Q3.

Net profit / loss (-) was NOK -2 million in Q4 compared to NOK -77 million in Q3.

Statement of financial position

(Amounts in parentheses refer to 31 December 2018 – restated as described in note 3)

Goodwill amounted to NOK 1 426 (1 531) million and the reduction was caused by impairment of technical goodwill in Q1, Q2 and Q4 as described in note 9. In December, an agreement was reached with A/S Norske Shell regarding the final completion statement. Refer to note 3 for effects of the final purchase price allocation on restated 2018 figures.

Right-of-use assets amount to NOK 163 million at the end of fourth quarter 2019.

Cash and cash equivalents were NOK 1 663 (395) million. The increase in cash and cash equivalents is mainly due to positive cash flow from operations and proceeds from the share issue, offset by cash spending on investment and financing activities.

Spare parts, equipment and inventory amounted to NOK 142 (316) million. The reduction was mainly caused by realisation of oil inventory at Draugen in 2019 that was acquired and measured at fair market value as part of the Shell transaction in 2018.

Equity amounted to NOK 1 681 (1 456) million at the end of fourth quarter. The increase was mainly caused by the net proceeds after tax from the share issue of NOK 290 million in the second quarter offset by the net loss for 2019 of NOK 71 million.

Provisions for asset retirement obligations amounted to NOK 4 024 (3 859) million. The increase is caused by 2019 accretion and various changes in assumptions in calculation of estimates.

Interest-bearing loans and borrowings were NOK 2 557 (2 529) million. In December, OKEA refinanced the USD 120 million bond OKEA01 maturing in November 2020 and entered a USD 120 million senior secured bond loan OKEA03 maturing in December 2024.

The lease liability effect from IFRS 16 is split into a non-current liability of NOK 118 (0) million and a current liability of NOK 46 (0) million.

Trade and other payables amounted to NOK 1 372 (1 110) million, which mainly consisted of working capital from joint licences, trade creditors and prepayments from customers.

Statement of Cash flows

(All amounts in parentheses refer to corresponding period previous year)

Net cash flows from operating activities were NOK 238 (220) million in Q4 2019. In Q3 2019, the corresponding amount was NOK 723 million. One of the reasons for the reduction from Q3 2019 was the timing of payment from liftings on Draugen, where Q3 had two payments in July and September respectively while Q4 had one lifting and one payment in November. Furthermore, taxes paid in the quarter amounted to NOK 124 million compared to NOK 50 million in Q3. The remaining effect is related to various changes in working capital items.

Net cash flows from investment activities were NOK -244 (-798) million, of which investments in Oil & Gas properties amounted to NOK -269 (-183) million for the quarter, mainly related to the Yme New Development and capitalisation of the well, Infill Ø at Draugen at NOK 54 million. The net cash flow from investment activities in Q4 2018 was significantly impacted by the completion of the acquisition of Draugen and Gjøa, offset by release of restricted cash.

Net cash flow from financing activities amounted to NOK -129 (916) million, of which interest paid in Q4 2019 was NOK -84 million. The amount in Q4 2018 was mainly related to net proceeds from share issues.

Operational review

(All amounts in parentheses refer to previous quarter)

OKEA produced 17,020 (22,362) boepd in the fourth quarter of 2019. The average realised liquid price was USD 61.2 (68.0) per barrel, while gas revenues were recognised at market value of USD 0.13 (0.29) per standard cubic metre (scm). The price fluctuation between quarters is mainly driven by reduced prices for gas in Europe over the last year.

Draugen (Operator, 44.56%)

Q4 production from Draugen was 8,835 boepd net to OKEA compared to 9,648 boepd net in Q3. This represents a decrease of approximately 8 per cent. Regularity in Q4 was 95% compared to 97% in Q3. The lower production this quarter is mainly due to the shut-in of well D2 caused by a failed downhole safety valve, general decline on the field and well intervention on three wells in the period. OKEA is planning for an efficient and safe well intervention campaign at the earliest convenience to secure continued production from well D2.

Drilling of two wells in the Draugen licence was completed in October and November. The Skumnisse appraisal well (6407/9-12) targeted a north-eastern extension of the Draugen field Rogn Formation reservoir. The reservoir encountered was of poor quality, and no traces of hydrocarbons were encountered. The Infill Ø observation well (6407/9-11) encountered a remaining 2.5 m oil column in the top of the reservoir, demonstrating efficient sweep in the local area of the field and no need for an extra producer well. Both wells were drilled with a cost-effective, slim design, with the top-hole sections being 'batch-drilled' to reduce costs. The Skumnisse well was drilled in 14 days and the Infill Ø well in seven days.

Gjøa (Partner, 12.00%)

Net production to OKEA in Q4 was 7,842 boepd, compared to 8,135 boepd in Q3. Gjøa production regularity was 75% in Q4 compared to 86% in Q3. The main reason for lower production regularity in Q4 was an unplanned shutdown that occurred 13 November, caused by a malfunction of the power turbine. The malfunction ceased all export of oil and gas at Gjøa. The power turbine was replaced, and production and export resumed 30 November.

As disclosed in the Q3 report, OKEA's production from Gjøa was impacted by the restrictions in the SEGAL system. This has also been the case in Q4, but the restrictions ended 23 December. OKEA's strategy of buying additional capacity at fixed prices through Gassco proved to be successful in Q4, and OKEA has been able to lift between 80 and 100% of normal offtake in the period Gjøa produced.

In Q4, the semisubmersible drilling unit Deepsea Yantai commenced drilling operations on the nearby Duva field and the rig was moved to the P1 location late December according to plan to drill the P1 appraisal well in the Gjøa license. The P1 appraisal well was spudded early January 2020. Deepsea Yantai proved very good performance while drilling in the Duva reservoir.

Ivar Aasen (Partner, 0.554%)

Net production to OKEA in Q4 was 343 boepd, compared to 342 boepd in Q3. Production regularity on Ivar Aasen was 96% in Q4, up from 92% in Q3. The increase in production is mainly due to higher production regularity.

Drilling of D-15 Skagerak was completed in Q3, put in production early October and is producing steadily. Planning of 2020 IOR wells is ongoing.

Development projects

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

Subsurface work and concept studies for the Grevling and Storskrymten licences have been matured to a concept level. The studies will be further matured towards concept selection, considering a newbuild of jack-up Mobile Offshore Production Unit (MOPU) and a FPSO redevelopment.

Yme (Partner, 15.00%)

The Yme New Development project is progressing with the upgrade of the jack-up rig Maersk Inspirer at Aker Solutions Yard in Egersund. Both lifetime extension scope and field specific scope is being executed at the yard. Despite somewhat slower progress than expected for the upgrade of the rig, the target for production start is summer 2020.

The Yme Wellhead Module was installed offshore in September 2019. An additional rig campaign, using Valaris JU-290, is ongoing to execute hook-up scope and carry-over work for the wellhead module. The rig campaign has had good progress and will enable reduced hook-up scope for the Maersk Inspirer when it arrives offshore.

The Submerged Loading System was successfully installed in October 2019 and the Yme wells will be ready for production after pulling of plugs.

Yme will at plateau add a production of 5,700 boepd net to OKEA.

Exploration licences

As described above, the OKEA-operated ‘Skumnisse’ appraisal well (6407/9-12) was drilled to target a north-eastern extension of the Draugen field Rogn Formation reservoir (within PL093 D). The reservoir encountered was of poor quality, with no traces of hydrocarbons. Analysis of data gathered from the well will be used to interpret the well results and to guide further exploration activities in the area around the Draugen field.

The licensees of the PL973 exploration licence (Chrysaor operator, OKEA 30%), south of the Grevling discovery, committed to drilling two wildcat exploration wells in the licence, with a third (appraisal) well conditional on the results of the first well. The well campaign is planned for Q3-Q4 2020 and has the potential to prove up oil volumes which can be tied in to a Grevling development in the future.

Fast-track data from the PGS 3D seismic survey covering the PL958 licence, north-east of Draugen, was received at the end of the quarter and interpretation work will now be initiated. The fully processed data set is expected to be delivered in the middle of 2020.

The technical evaluation of the Mistral prospects in PL1003 (OKEA operator 60%) was completed with the intention to take a drilling decision before the work program deadline in March 2020.

The ‘Kathryn’ exploration well in PL910, east of Yme (Repsol operator, OKEA 16.667%), was completed in October as a dry well, as no traces of hydrocarbons were encountered despite the presence of reservoir formation. Further prospectivity in the licence will be evaluated.

In January 2020, OKEA was awarded five new licences on the Norwegian Continental Shelf by the Ministry of Petroleum and Energy under the Award in Pre-Defined Areas (APA) for 2019, strengthening the company’s position around the important Draugen and Grevling production and development hubs in the Norwegian Sea and North Sea, respectively.

Health, safety and the environment (HSE)

There were no serious incidents during the fourth quarter, fully in line with OKEA's prioritised objective of securing an incident free environment. OKEA has during the fourth quarter performed drilling operations in the Draugen licence, as well as production activities at the Draugen platform. The drilling operations were OKEA's first drilling campaign as an operator. The campaign was planned and executed in a safe and efficient manner.

OKEA's environmental strategy and energy management system was developed in the quarter. The environmental strategy and energy management system is applicable to all of OKEA's activities, including the operations in the Draugen licence.

OKEA has in the fourth quarter also developed and approved a comprehensive QHSE activity plan for 2020. Among other, the QHSE activity plan contains several actions which addresses the Petroleum Safety Authority's main theme for 2020; "Never another major accident".

Outlook

OKEA has during 2019 established a solid platform as operator on the Norwegian Continental Shelf. OKEA targets further growth through value enhancing mergers and acquisitions on the Norwegian Continental Shelf with portfolios suitable for enabling synergies. OKEA has the capacity and desire for more operatorships, both for producing assets and developments assets up to 100 mmboe. Through the Draugen transition project in 2018, OKEA has established a proven industry leading onboarding process of new assets.

Draugen

Draugen will continue to be the backbone in OKEA's portfolio. OKEA has, together with the Draugen licence partners, moved away from harvest mode and to development mode. A new long-term plan for the licence is in place, covering several key projects which aim to extend the lifetime for the field, such as the development of the tie-in discovery, Hasselmus, expected in 2022.

Gjøa

The P1 project progress according to plan. First oil is scheduled for Q1 2021.

Yme

The Yme New Development project is based on OKEA's initiative and idea and getting Yme in production will be a major milestone for OKEA. Yme will at plateau add a production of 5,700 boepd net to OKEA. Scheduled production start is summer 2020.

Financial Statements with notes Q4 2019

Statement of Comprehensive Income

Amounts in NOK `000	Note	Q4 2019 (unaudited)	Q4 2018 Restated	01.01-31.12. 2019 (unaudited)	01.01-31.12. 2018 Restated **
Revenues from crude oil and gas sales	6	533 590	97 206	2 935 635	149 761
YME compensation contract breach	6	-	-	22 098	115 000
Other operating income / loss (-)	6	30 801	84 249	61 833	44 326
Total operating income		**564 390**	**181 455**	**3 019 566**	**309 087**
Production expenses		-205 009	-89 625	-708 649	-96 714
Changes in over/underlift positions and production inventory		42 357	130 441	-272 472	133 318
Exploration expenses		-151 631	-36 601	-299 446	-74 782
Depreciation, depletion and amortization	8	-162 536	-82 130	-703 883	-100 066
Impairment	9	-8 736	-	-105 394	-
General and administrative expenses		-24 153	-52 821	-102 562	-122 082
Total operating expenses		**-509 707**	**-130 736**	**-2 192 406**	**-260 326**
Profit / loss (-) from operating activities		**54 683**	**50 720**	**827 160**	**48 761**
Finance income	10	28 497	12 286	103 893	17 300
Finance costs	10	-164 688	-78 845	-444 880	-181 853
Net exchange rate gain/loss (-)	10	46 579	-174 395	-66 777	-184 410
Net financial items		**-89 612**	**-240 953**	**-407 764**	**-348 963**
Profit / loss (-) before income tax		**-34 929**	**-190 234**	**419 396**	**-300 202**
Taxes (-) / tax income (+)	7	32 637	131 481	-490 527	144 488
Net profit / loss (-)		**-2 292**	**-58 753**	**-71 131**	**-155 715**
Other comprehensive income, net of tax:					
Items that will not be reclassified to profit or loss in subsequent periods:					
Remeasurements pensions, actuarial gain/loss (-)		418	-	418	-
Total other comprehensive income, net of tax		**418**	**-**	**418**	**-**
Total comprehensive income / loss (-)		**-1 873**	**-58 753**	**-70 712**	**-155 715**
Weighted average no. of shares outstanding basic*		102 022 474	59 164 793	92 848 011	39 144 548
Weighted average no. of shares outstanding diluted*		102 022 474	59 164 793	92 848 011	39 144 548
* All periods are updated to reflect the split of shares 1/10 registered in Q2 2019					
Earnings per share (NOK per share) - Basic		-0,02	-1,08	-0,77	-4,11
Earnings per share (NOK per share) - Diluted		-0,02	-1,08	-0,77	-4,11

** Restatements see note 3.

Statement of Financial Position

Amounts in NOK `000	Note	31.12.2019 (unaudited)	31.12.2018 Restated *
ASSETS			
Non-current assets			
Goodwill	9	1 425 568	1 530 962
Exploration and evaluation assets		15 927	6 324
Oil and gas properties	8	3 885 889	3 777 130
Buildings	8	87 875	92 501
Furniture, fixtures and office equipment	8	11 250	3 407
Right-of-use assets	3, 8	163 398	-
Other non-current assets	11	2 968 502	2 754 237
Total non-current assets		**8 558 409**	**8 164 561**
Current assets			
Trade and other receivables	13	621 913	882 361
Spareparts, equipment and inventory	16	142 291	315 500
Restricted cash	14	-	48 327
Cash and cash equivalents	14	1 663 478	394 670
Total current assets		**2 427 682**	**1 640 858**
TOTAL ASSETS		**10 986 091**	**9 805 419**
EQUITY AND LIABILITIES			
Equity			
Share capital	12	10 206	8 220
Share premium		1 912 462	1 624 104
Other paid in capital		6 855	1 361
Accumulated loss		-248 094	-177 381
Total equity		**1 681 430**	**1 456 304**
Non-current liabilities			
Provisions	15	4 024 420	3 859 308
Pension liabilities	3	26 857	25 701
Lease liability	3, 19	117 996	-
Deferred tax liabilities	7	830 417	650 341
Interest-bearing loans and borrowings	18	2 556 570	2 528 589
Total non-current liabilities		**7 556 259**	**7 063 939**
Current liabilities			
Trade and other payables	17	1 371 587	1 109 725
Income tax payable	7	294 704	162 200
Lease liability - current	3, 19	45 544	-
Public dues payable		32 798	9 840
Provisions, current		3 769	3 410
Total current liabilities		**1 748 402**	**1 285 176**
Total liabilities		**9 304 661**	**8 349 115**
TOTAL EQUITY AND LIABILITIES		**10 986 091**	**9 805 419**

* Restatements see note 3.

Statement of Changes in Equity

Amounts in NOK `000	Share capital	Share premium	Other paid in capital	Accumulated loss	Total equity
Equity at 1 January 2018	24 738	470 755		-21 667	473 827
Total comprehensive income/loss (-) for the period				-155 715	-155 715
Capital reduction (equity restructuring)	-23 300	-452 590			-475 890
Share issues, conversion of debt (equity restructuring)	1 687	474 203			475 890
Net proceeds from share issues in cash	5 095	1 131 736			1 136 831
Share based payment			1 361		1 361
Equity at 31 December 2018	**8 220**	**1 624 104**	**1 361**	**-177 381**	**1 456 304**
Equity at 1 January 2019	8 220	1 624 104	1 361	-177 381	1 456 304
Total comprehensive income/loss (-) for the period				-70 712	-70 712
Net proceeds from share issues in cash	1 986	288 358			290 344
Share based payment			5 494		5 494
Equity at 31 December 2019	**10 206**	**1 912 462**	**6 855**	**-248 094**	**1 681 430**

Statement of Cash Flows

Amounts in NOK `000	Note	Q4 2019 (unaudited)	Q4 2018 Restated	01.01-31.12. 2019 (unaudited)	2018 Restated *
Cash flow from operating activities					
Profit / loss (-) before income tax		-34 929	-190 234	419 396	-300 202
Income tax paid/received	7	-123 597	20 885	-171 671	20 885
Depreciation, depletion and amortization	8	162 536	82 130	703 883	100 066
Impairment goodwill	9	8 736	-	105 394	-
Accretion ARO	10	4 066	5 577	16 088	10 078
Gain from sales of licenses	6	-19 063	-	-19 063	-
Interest expense	10	115 261	56 970	297 998	145 082
Change in trade and other receivables, and inventory		-101 894	-474 472	434 004	-602 224
Change in trade and other payables		344 554	545 854	335 354	693 180
Change in other non-current items		-117 453	173 006	-10 267	168 563
Net cash flow from / used in (-) operating activities		**238 217**	**219 717**	**2 111 116**	**235 428**
Cash flow from investment activities					
Investment in exploration and evaluation assets		8 880	44	-10 195	-573
Business combination, cash paid		-	-2 725 220	-40 000	-2 725 220
Investment in oil and gas properties		-269 185	-182 646	-852 611	-386 526
Investment in buildings		-	-1 001	-	-1 001
Investment in furniture, fixtures and office machines		-3 185	-3 196	-11 628	-3 196
Investment in (-)/release of restricted cash		651	2 114 161	48 327	859 472
Proceeds from sales of licenses		18 716	-	18 716	-
Net cash flow from / used in (-) investment activities		**-244 122**	**-797 857**	**-847 391**	**-2 257 043**
Cash flow from financing activities					
Net proceeds from borrowings, bond loan		1 062 157	-	1 062 157	1 399 065
Net proceeds from borrowings, exploration loan		-	-	-	37 650
Repayment of borrowings, bond loan		-1 107 839	-	-1 107 839	-
Repayment of borrowings, exploration loan		-	-40 000	-	-40 000
Interest paid		-83 775	-73 676	-232 412	-143 403
Net proceeds from share issues		-	1 029 578	283 177	1 133 365
Net cash flow from / used in (-) financing activities		**-129 457**	**915 902**	**5 083**	**2 386 677**
Net increase/ decrease (-) in cash and cash equivalents		**-135 362**	**337 762**	**1 268 807**	**365 062**
Cash and cash equivalents at the beginning of the period		1 798 839	56 909	394 670	29 609
Cash and cash equivalents at the end of the period		**1 663 478**	**394 670**	**1 663 478**	**394 670**
Restricted cash at the end of the period		0	48 327	0	48 327
Restricted and unrestricted cash at the end of the period		**1 663 478**	**442 997**	**1 663 478**	**442 997**

* Restatements see note 3.

Notes to the interim financial statements

Note 1 General and corporate information

These financial statements are the unaudited interim condensed financial statements of OKEA ASA for the fourth quarter of 2019. OKEA ASA ("OKEA" or "the Company") is a public limited liability company incorporated and domiciled in Norway, with its main office located in Trondheim. OKEA ASA's shares were listed on the Oslo Stock Exchange on 18 June 2019. The Company's ticker is 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 2018. The annual accounts for 2018 were prepared in accordance with EU`s approved International Financial Reporting Standards (IFRS).

The interim financial statements were approved for issue by the company's Board of Directors on 12 February 2020.

Note 3 Accounting policies and restatements of 2018

The accounting policies adopted in the preparation of the interim accounts are consistent with those followed in the preparation of the annual accounts for 2018, except for the implementation of IFRS 16 and change in accounting principle for over-/underlift described below.

IFRS 16
As described in the company's annual financial statements for 2018, IFRS 16 Leases entered into force from 1 January 2019. The implementation resulted in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases.

The Company adopted the standard using the modified retrospective approach. The implementation had no impact on net equity and resulted in an increase of NOK 198.4 million in property, plant and equipment with a corresponding increase in liabilities, of which NOK 152.9 million is classified as non-current liabilities and NOK 45.5 million is classified as current liabilities.

The Company has applied a gross presentation related to lease contracts entered into as licence operator.

Restatement due to change in accounting principle for valuation and presentation of overlift and underlift
The company has previously used a variant of the sales method where changes in overlift and underlift balances have been valued at its net realisable value and the change in over/underlift has been included as "other income". Due to development in IFRIC discussions, the Company has decided to change to the traditional sales method from 1 January 2019. This means that changes in over/underlift balances are measured at production cost including depreciation and presented as an adjustment to cost. The table below shows the effects of the restatement due to change in the accounting principle for the YTD 2018 figures, with all these effects impacting the Q4 2018 figures.

Restatement due to adjustments of preliminary Purchase Price Allocation on Gjøa affecting prior periods
In second quarter of 2019, the company identified items that required adjustment to the preliminary Purchase Price Allocation (PPA) for the Shell transaction as of 30 November 2018. The estimates for petroleum reserves related to the new P1 project on Gjøa were reduced by the operator prior to the project being sanctioned in February 2019, without corresponding update of the PPA. In addition, there was an error in the calculation of gas processing tariffs. These adjustments were treated as errors and retroactively adjusted in the PPA. These adjustments resulted in a reduction in the net book value allocated to Gjøa of NOK 245.2 million, with a corresponding increase in goodwill of NOK 53.9 million and a decrease in deferred tax liability of NOK 191.2 million compared with the preliminary PPA presented for this transaction in the 2018 annual financial statements.

Restatement due to final Purchase Price Allocation - final completion statement from Shell
OKEA has in December 2019 reached a final agreement with Shell regarding the final completion statement for the Draugen and Gjøa transaction. The effects on the updated PPA is presented below.

The following table shows the abovementioned effects for YTD 2018 figures:

Amounts in NOK `000	**Audited 2018**	**Change in accounting principle [1)]**	**Effect of preliminary updated PPA (Gjøa) Q2 2019**	**Effect Final PPA Q4 2019**	**Restated 2018**
Accounting line in Statement of Comprehensive Income					
Other operating income	88 747	-44 421			44 326
Production expenses	-18 347	-78 366			-96 714
Changes in over/underlift positions and production inv.		133 318			133 318
Depreciation, depletion and amortisation	-57 297	-42 769			-100 066
Income taxes	119 342	25 146			144 488
Accounting line in Statement of Financial Position					
Goodwill	1 472 428		53 942	4 592	1 530 962
Oil and gas properties	4 022 321		-245 191		3 777 130
Trade and other receivables	944 397	-32 238		-29 798	882 361
Pension liabilities				25 701	25 701
Deferred tax liabilities	886 782	-25 146	-191 249	-20 046	650 341
Trade and other payables	1 147 064			-37 339	1 109 725
Income tax payable	155 722			6 479	162 200
Accumulated loss	-170 289	-7 092			-177 381

[1)] Relates to change in principle for valuation and presentation of over/underlift affecting Q4 2018 figures.

Presentation in Statement of Comprehensive Income
In fourth quarter of 2019, the accounting lines "Employee benefit expenses" and "Other operating expenses" are merged and presented in one line as "General and administrative expenses". Previous periods are reclassified to conform presentation to the current quarter's presentation.

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 2018.

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

			01.01-31.12.	
Amounts in NOK `000	**Q4 2019**	**Q4 2018**	**2019**	**2018**
Sale of liquids	447 432	12 531	2 486 165	58 550
Sale of gas	86 157	84 675	449 470	91 211
Total petroleum revenues	**533 590**	**97 206**	**2 935 635**	**149 761**
Sale of liquids (boe*)	917 537	79 688	5 024 339	171 939
Sale of gas (boe)	512 879	212 396	2 086 178	232 701
Total Sale of petroleum in boe	**1 430 416**	**292 084**	**7 110 517**	**404 640**

*Barrels of oil equivalents

Other operating income

Yme compensation contract breach*	-	-	22 098	115 000
Gain / loss (-) from put options, oil	-5 123	77 136	-14 819	37 212
Tariff income Gjøa	15 953	-	56 681	-
Sale of licenses**	19 971	7 114	19 971	7 114
Total other operating income/loss (-)	**30 801**	**84 249**	**83 931**	**159 326**

* The compensation recognised in 2019 is based on the final amount received in Q1 2019. For further information refer to the 2018 Annual Report.

** During fourth quarter of 2019 OKEA completed the sale of a 20% interest in PL038D Grevling and a 18.57% interest in PL974 Storskrymten to Chrysaor. Effective date for the transactions were 1 January 2019 and 1 March 2019, respectively.

Note 7 Taxes

Income taxes recognised in the income statement

Amounts in NOK `000	Q4 2019	Q4 2018	01.01-31.12. 2019	01.01-31.12. 2018
Change in deferred taxes current year	60 208	-478 763	-72 117	-494 048
Taxes payable current year	-38 347	638 370	-430 778	638 370
Tax refund current year	-	-28 292	-	-
Tax payable adjustment previous year *	117 251	-	117 251	-
Change in deferred taxes previous year *	-106 476	-	-106 476	-
Tax refund adjustment previous year	-	166	1 592	166
Total taxes (-) / tax income (+) recognised in the income statement	**32 637**	**131 481**	**-490 527**	**144 488**

* The adjustments to current and deferred taxes previous year mainly relate to underlift and physical inventory balances acquired in the Shell transaction in 2018.

Reconciliation of income taxes

Amounts in NOK `000	Q4 2019	Q4 2018	01.01-31.12. 2019	01.01-31.12. 2018
Profit / loss (-) before income taxes	**-34 929**	**-190 234**	**419 396**	**-300 202**
Expected income tax at nominal tax rate, 22% (2018: 23%)	7 684	43 754	-92 267	69 047
Expected petroleum tax, 56% (2018: 55%)	19 560	104 628	-234 862	165 111
Permanent differences, including impairment of goodwill	17 278	96	-61 583	-965
Effect of uplift	19 809	11 651	47 993	24 699
Financial and onshore items	-42 470	-40 033	-162 177	-115 606
Effect of new tax rates	-	1 138	-	1 138
Change valuation allowance	-	9 182	-	-
Adjustments previous year and other	10 776	1 064	12 368	1 064
Total income taxes recognised in the income statement	**32 637**	**131 481**	**-490 527**	**144 488**
Effective income tax rate	**93 %**	**69 %**	**117 %**	**48 %**

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

Amounts in NOK `000	31.12.2019	31.12.2018
Tangible and intangible non-current assets	-1 945 367	-1 586 466
Provisions (net ARO), lease liability, pensions and gain/loss account	1 163 869	1 040 741
Interest-bearing loans and borrowings	-14 661	-39 409
Current items	-47 346	-116 307
Tax losses carried forward, onshore 22%	1 190	-
Tax losses carried forward, offshore 22%	-	-
Tax losses carried forward, offshore 56%	-	-
Uplift, offshore 56%	11 898	51 100
Valuation allowance (uncapitalised deferred tax asset)	-	-
Total deferred tax assets / liabilities (-) recognised	**-830 417**	**-650 341**

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 limit on the right to carry tax losses forward in Norway.

Note 8 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 2019	2 972 297	923 081	92 501	3 428	-	3 991 307
Additions	175 152	408 274	-	8 442	199 051	790 920
Removal and decommissioning asset	-	-	-	-		-
Cost at 30 September 2019	**3 147 449**	**1 331 355**	**92 501**	**11 871**	**199 051**	**4 782 227**
Accumulated depreciation and impairment at 1 January 2019	-118 249	-	-	-22	-	-118 270
Depreciation YTD Q3	-522 897	-	-3 469	-2 389	-12 592	-541 347
Additional depreciation of IFRS 16 Right-of-use assets presented gross related to leasing contracts entered into as licence operator	-	-	-	-	-14 093	-14 093
Accumulated depreciation and impairment at 30 September 2019	**-641 145**	**-**	**-3 469**	**-2 411**	**-26 686**	**-673 711**
Carrying amount at 30 September 2019	**2 506 304**	**1 331 355**	**89 032**	**9 460**	**172 366**	**4 108 516**
Cost at 1 October 2019	3 147 449	1 331 355	92 501	11 871	199 051	4 782 227
Additions fourth quarter	150 105	119 080	-	3 186	-	272 370
Removal and decommissioning asset	-120 718	55 478	-	-	-	-65 241
Cost at 31 December 2019	**3 176 835**	**1 505 913**	**92 501**	**15 056**	**199 051**	**4 989 357**
Accumulated depreciation and impairment at 1 October 2019	-641 145	-	-3 469	-2 411	-26 686	-673 711
Depreciation fourth quarter	-155 714	-	-1 156	-1 395	-4 270	-162 536
Additional depreciation of IFRS 16 Right-of-use assets presented gross related to leasing contracts entered into as licence operator	-	-	-	-	-4 698	-4 698
Accumulated depreciation and impairment at 31 December 2019	**-796 860**	**-**	**-4 625**	**-3 806**	**-35 653**	**-840 944**
Carrying amount at 31 December 2019	**2 379 976**	**1 505 913**	**87 875**	**11 250**	**163 398**	**4 148 413**

Note 9 Impairment

Tangible and intangible assets are tested for impairment whenever impairment 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.

Below is an overview of the key assumptions applied in the impairment test as of 31 December 2019:

Year	Oil USD/BOE*	Gas GBP/therm*	Currency rates USD/NOK
2020	62.5	0.33	8.76
2021	57.3	0.41	8.74
2022	54.5	0.42	8.72
2023	53.0	0.42	8.68
From 2024	65.0	0.47	8.00

* 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. As the company expects a desicion gate for the Hasselmus project to decide on development concept (DG2) in due time, it has been decided to include a 50% risked profile in the impairment test for Draugen CGU.

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.

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

Impairment testing of technical goodwill

Based on impairment test NOK 9 million in impairment charge has been recognised during the fourth quarter.

For the CGU Gjøa the following impairment has been charged in 2019:

Amounts in NOK `000	**Gjøa**
Impairment Q1 2019	-53 648
Impairment Q2 2019	-43 010
Impairment Q3 2019	-
Impairment Q4 2019	-8 736
Impairment YTD Q4 2019	**-105 394**

The impairment loss has been recognised to reduce the carrying amount of "technical" goodwill related to the Gjøa acquisition in November 2018. In Q4 the main reason for the impairment on Gjøa was lower gas prices.

Sensitivity analysis

The table below shows what impairment of goodwill would have been in Q4 2019 changing various assumptions, based on all other assumptions remaining constant. The total figures shown are combined impairment for CGUs Gjøa, Draugen, Ivar Aasen and Yme.

		Alternative calculations of impairment in Q4 2019 (NOK '000)	
Assumptions	**Change**	**Increase in assumption**	**Decrease in assumption**
Oil and gas price	+/- 10%	-	235 567
Currency rate USD/NOK	+/- 1.0 NOK	-	169 961
Discount rate	+/- 1% point	24 551	-
Inflation rate	+/- 1% point	-	28 374

Note 10 Financial items

Amounts in NOK `000	Q4 2019	Q4 2018	01.01-31.12. 2019	2018
Interest income	3 783	4 048	5 037	9 062
Unwinding of discount asset retirement receivable (indemnification asset)	24 714	8 238	98 856	8 238
Finance income	**28 497**	**12 286**	**103 893**	**17 300**
Interest expense bond loans	-115 145	-61 180	-297 882	-157 088
Interest expense shareholder loan	-116	-	-116	-
Other interest expense	-10 795	-2 104	-12 300	-3 844
Unwinding of discount asset retirement obligations	-28 780	-13 815	-114 944	-18 316
Other financial expense	-9 851	-1 746	-19 639	-2 605
Finance costs	**-164 688**	**-78 845**	**-444 880**	**-181 853**
Put/call options, foreign exchange*	-9 331	-16 121	-42 171	-28 164
Exchange rate gain/loss (-), bond loans	116 274	-167 274	-3 396	-153 732
Net exchange rate gain/loss (-), other	-60 364	9 000	-21 210	-2 514
Net exchange rate gain/loss (-)	**46 579**	**-174 395**	**-66 777**	**-184 410**
Net financial items	**-89 612**	**-240 953**	**-407 764**	**-348 963**

*Refer to note 20 for more information about derivatives.

Note 11 Other non-current assets

Amounts in NOK `000	
Other non-current assets at 1 January 2018	-
Additions through business combination	2 745 999
Unwinding of discount	8 238
Total other non-current assets at 31 December 2018	**2 754 237**
Other non-current assets at 1 January 2019 (Indemnification asset)	2 754 237
Changes in estimates	(327 243)
Effect of change in the discount rate	442 651
Unwinding of discount	98 856
Total other non-current assets at 31 December 2019	**2 968 502**

The amount consists of a receivable from seller Shell from the acquisition of Draugen and Gjøa assets in 2018. The parties have 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 638 million (2018 value) subject to Consumer Price Index adjustment. The present value of the expected payments is recognised as a pre-tax receivable on seller.

In addition, the seller has agreed to pay OKEA an amount of NOK 375 million (2018 value) subject to 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% (2018: 3.6%) and recognised in the financial statements.

Note 12 Share capital

Number of shares	Ordinary shares	A ordinary shares	Total shares
Outstanding shares at 1.1.2019	7 319 389	901 061	8 220 450
Conversion	901 061	-901 061	-
Share split (1:10)	73 984 050		73 984 050
New shares issued during 2019	19 859 550	-	19 859 550
Number of outstanding shares at 31 December 2019	**102 064 050**	**-**	**102 064 050**

Nominal value NOK per share at 31 December 2019	0,1
Share capital NOK at 31 December 2019	10 206 405

All A ordinary shares were converted to ordinary shares prior to the initial public offering (IPO) and listing on Oslo Stock Exchange in June 2019. The total number of new shares issued was 19,634,550 and consisted of 15,000,000 new shares and 4,634,550 warrants converted to shares in connection with the IPO.

As per 31 December 2019 1,235,000 equity-settled warrants are still outstanding. See note 4 to the 2018 Annual Statements for further description.

Note 13 Trade and other receivables

Amounts in NOK `000	31.12.2019	31.12.2018
Accounts receivable and receivables from operated licences	254 626	125 072
Accrued Yme compensation	-	115 000
Accrued revenue	73 211	89 960
Prepayments	9 883	10 127
Working capital and overcall, joint operations/licences	17 249	156 306
Escrow receivable, Yme removal	-	901
Underlift of petroleum products*	262 095	368 728
VAT receivable	4 063	16 266
Fair value put options, oil	786	-
Total trade and other receivables	**621 913**	**882 361**

* Underlift of petroleum products at 31.12.2018 is high mainly due to Draugen volumes valued at market price (purchase price) in relation to the Shell transaction. The balance at 31.12.2019 consists of Draugen (219), Ivar Aasen (45) and other (-2). At Ivar Aasen there has been no volumes lifted in 2019, and as such building underlift position.

Note 14 Restricted cash, Cash and cash equivalents

Restricted cash:

Amounts in NOK `000	31.12.2019	31.12.2018
Bank deposit, restricted, escrow account	-	48 327
Total restricted cash	**-**	**48 327**

The amount in escrow per 31 December 2018 were released in June 2019 as the equity requirements under OKEA01 and OKEA02 bond agreements were fulfilled after the share issue in connection with the Initial Public Offering.

Cash and cash equivalents:

Amounts in NOK `000	31.12.2019	31.12.2018
Bank deposits, unrestricted	1 647 436	388 887
Bank deposit, employee taxes	16 041	5 784
Total cash and cash equivalents	**1 663 478**	**394 670**

Note 15 Provisions

Amounts in NOK `000	Total non-current
Provision at 1 January 2018	319 668
Additions through business combination	3 512 231
Changes in Operator's estimate	9 094
Unwinding of discount	18 316
Total provisions at 31 December 2018	**3 859 308**
Provision at 1 January 2019	3 859 308
Additions and adjustments	-
Changes in estimates	(536 803)
Effects of change in the discount rate	586 971
Unwinding of discount	114 944
Total provisions at 31 December 2019	**4 024 420**

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 Operator's best estimate. The net present value of the estimated obligation is calculated using a discount rate of 2% (2018: 3%). The assumptions are based on the economic environment around the balance sheet date. Actual asset retirement costs will ultimately depend upon future market prices for the necessary works which will reflect market conditions at the relevant time. Furthermore, the timing of the close-down is likely to depend on when the field ceases to produce at economically viable rates. This in turn will depend upon future oil and gas prices, which are inherently uncertain.

For recovery of costs of decommissioning related to assets acquired from Shell, see note 11.

Note 16 Spareparts, equipment and inventory

Amounts in NOK `000	31.12.2019	31.12.2018
Inventory of petroleum products	22 909	188 748
Spare parts and equipment	119 381	126 752
Total spareparts, equipment and inventory	**142 291**	**315 500**

Note 17 Trade and other payables

Amounts in NOK `000	31.12.2019	31.12.2018
Trade creditors	339 909	76 871
Accrued holiday pay and other employee benefits	69 294	18 965
Working capital, joint operations/licences	613 329	446 961
Accrued interest bond loans	6 120	10 917
Accrued consideration from acquisitions of interests in licenses	-0	174 490
Prepayments from customers	174 324	96 353
Fair value put options, foreign exchange	-	15 564
Loan from shareholder OKEA Holdings Ltd	1 257	1 141
Other accrued expenses	167 354	268 462
Total trade and other payables	**1 371 587**	**1 109 725**

Note 18 Interest-bearing loans and borrowings

Amounts in NOK `000	OKEA01	OKEA02	OKEA03	Total
Bond loans at 1 January 2019	1 027 645	1 500 944	-	2 528 589
Amortisation of transaction costs	14 975	22 684	340	37 999
Foreign exchange movement	32 952	16 524	-46 080	3 396
Repayment OKEA01 *	-1 075 572	-	-	-1 075 572
Bond issue OKEA03 *	-	-	1 099 716	1 099 716
Capitalised transaction costs OKEA03	-	-	-37 559	-37 559
Capitalised transaction costs OKEA02	-	-	-	-
Bond loans at 31 December 2019	**-**	**1 540 153**	**1 016 417**	**2 556 570**

* In December 2019 the Company completed a refinancing of the USD 120 million bond loan OKEA01 maturing in November 2020. The Company has entered into a USD 120 million secured bond loan OKEA03. Maturity date for the entire loan is in December 2024. Interest rate is fixed at 8.75% p.a. with half-yearly interest payment. The issue price for OKEA03 was 99% of the nominal value. OKEA01 was settled at a price of 103% of the nominal value.

During 2019 and at 31 December 2019, the company was in compliance with the covenants under the bond agreements for both OKEA02 and OKEA03. Covenants for OKEA03 are the same as for OKEA02.

Note 19 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 platform supply vessel and associated Remote Operated Vehicle (ROV) upgrade, together with office and warehouse Draugen.

Amounts in NOK `000	
Lease debt 1 January 2019	198 400
Additions lease contracts	652
Accretion lease liability	9 988
Payments of lease debt	-45 500
Total lease debt at 31 December 2019	**163 540**

Break down of lease debt	
Short-term	45 544
Long-term	117 996
Total lease debt	**163 540**

Future minimum lease payments under non-cancellable lease agreements

Amounts in NOK `000	31.12.2019
Within 1 year	46 030
1 to 5 years	114 527
After 5 years	78 838
Total	**239 395**

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

Note 20 Derivatives

Amounts in NOK `000	31.12.2019	31.12.2018
Premium commodity contracts	4 785	-
Unrealised gain/loss (-) commodity contracts	-4 000	-
Short-term derivatives included in assets	786	-
Premium currency contracts	-	-
Unrealised gain/loss (-) currency contracts	-	-15 564
Short-term derivatives included in assets/liabilities (-)	-	-15 564

Note 21 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 2 672 548 thousand at 31 December 2019. The OKEA02 bond loan is listed on the Oslo Stock Exchange and the fair value is based on quoted market prices (level 1 in the fair value hierarchy according to IFRS 13). The OKEA03 bond loan is not yet listed on the Oslo Stock Exchange and the fair value is based on the issue price of 99% from December 2019.

Fair values of put options oil are based on quoted market prices at the balance sheet date (level 2 in the fair value hierarchy). The fair values of the put options are equal to their carrying amounts.

Note 22 Events after the balance sheet date

In January 2020 OKEA was awarded five new licenses in the 2019 Awards in Predefined Areas (APA). Two of the awarded areas are new licences where OKEA will be a partner, the three others are areal extensions of existing licences, two of them operated by OKEA.

There are no other subsequent events with significant accounting impacts that have occurred between the end of the reporting period and the date of this report.

Reconciliations of Alternative Performance Measures

EBITDA Amounts in NOK `000	Q4 2019 3 months	Q4 2018 3 months	2019 12 months	2018 12 months
Profit / loss (-) from operating activities	54 683	50 720	827 160	48 761
Add: depreciation, depletion and amortization	162 536	82 130	703 883	100 066
Add: impairment	8 736	-	105 394	-
EBITDA	**225 955**	**132 849**	**1 636 437**	**148 827**

EBITDAX Amounts in NOK `000	Q4 2019 3 months	Q4 2018 3 months	2019 12 months	2018 12 months
Profit / loss (-) from operating activities	54 683	50 720	827 160	48 761
Add: depreciation, depletion and amortization	162 536	82 130	703 883	100 066
Add: impairment	8 736	-	105 394	-
Add: exploration expenses	151 631	36 601	299 446	74 782
EBITDAX	**377 585**	**169 450**	**1 935 883**	**223 608**

Production expense per boe Amounts in NOK `000	Q4 2019 3 months	Q4 2018 3 months	2019 12 months	2018 12 months
Productions expense	205 009	89 625	708 649	96 714
Minus: tariff income	-15 953	-	-56 681	-
Divided by: produced volumes (boe)	1 565 840	714 938	6 811 995	815 110
Production expense NOK per boe	**120,7**	**125,4**	**95,7**	**118,7**

Profit/loss (-) before tax per share Amounts in NOK `000	Q4 2019 3 months	Q4 2018 3 months	2019 12 months	2018 12 months
Profit / loss (-) before income tax	-34 929	-190 234	419 396	-300 202
Divided by: weigh. average no. of shares	102 022 474	59 164 793	92 848 011	39 144 548
Result before tax per share (NOK per share)	**-0,34**	**-3,22**	**4,52**	**-7,67**

Earnings per share Amounts in NOK `000	Q4 2019 3 months	Q4 2018 3 months	2019 12 months	2018 12 months
Net profit / loss (-)	-2 292	-58 753	-71 131	-155 715
Calculated interest on preference capital (8%)	-	-5 011	-	-5 011
Calculated net profit / loss (-) attributable to ordinary shares	-2 292	-63 764	-71 131	-160 726
Divided by: weigh. ave. no. of shares - Basic	102 022 474	59 164 793	92 848 011	39 144 548
or. Div. by: weigh. average no. of shares - Diluted	102 022 474	59 164 793	92 848 011	39 144 548
Earnings per share (NOK per share) - Basic	**-0,02**	**-1,08**	**-0,77**	**-4,11**
Earnings per share (NOK per share) - Diluted	**-0,02**	**-1,08**	**-0,77**	**-4,11**

Net interest-bearing debt Amounts in NOK `000	Q4 2019 3 months	Q4 2018 3 months	2019 12 months	2018 12 months
Interest-bearing loans and borrowings	2 556 570	2 528 589	2 556 570	2 528 589
Minus: Cash and cash equivalents	1 663 478	394 670	1 663 478	394 670
Net interest-bearing debt	**893 092**	**2 133 919**	**893 092**	**2 133 919**

Definitions of Alternative Performance Measures

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

EBITDAX is defined as earnings before interest and other financial items, taxes, depreciation, depletion, amortization, impairments and exploration 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 tariff income divided by produced volumes

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

OKEA is an oil company contributing to the value creation on the Norwegian Continental Shelf with cost effective development and operation systems.

OKEA ASA

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