



ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2019 - GENERELL INFORMASJON

Enheten

Organisasjonsnummer:	896 696 262
Organisasjonsform:	Aksjeselskap
Foretaksnavn:	DEEPOCEAN GROUP HOLDING AS
Forretningsadresse:	Henrik Ibsens gate 4 0255 OSLO

Regnskapsår

Årsregnskapets periode:	01.01.2019 - 31.12.2019
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Konsern

Morselskap i konsern:	Ja
Konsernregnskap lagt ved:	Ja

Regnskapsregler

Regler for små foretak benyttet:	Nei
Benyttet ved utarbeidelsen av årsregnskapet til selskapet:	Regnskapslovens alminnelige regler
Benyttet ved utarbeidelsen av årsregnskapet til konsernet:	-

Årsregnskapet fastsatt av kompetent organ

Bekreftet av representant for selskapet:	Øyvind Apeland
Dato for fastsettelse av årsregnskapet:	23.06.2020

Grunnlag for avgivelse

År 2019: Årsregnskapet er elektronisk innlevert
År 2018: Tall er hentet fra elektronisk innlevert årsregnskap fra 2019

Det er ikke krav til at årsregnskapet m.v. som sendes til Regnskapsregisteret er undertegnet. Kontrollen på at dette er utført ligger hos revisor/enhetens øverste organ. Sikkerheten ivaretas ved at innsender har rolle/rettighet for innsending av årsregnskapet via Altinn, og ved at det bekreftes at årsregnskapet er fastsatt av kompetent organ.

Brønnøysundregistrene, 21.10.2022



Resultatregnskap

Beløp i: NOK	Note	2019	2018
RESULTATREGNSKAP			
Inntekter			
Annen driftsinntekt		74 300 870	12 266
Sum inntekter		74 300 870	12 266
Kostnader			
Varekostnad		81 439 867	104 192
Lønnskostnad		301 927	-62 703
Nedskrivning av varige driftsmidler og immaterielle eiendeler		93 151	
Annen driftskostnad		11 234 621	3 475 769
Sum kostnader		93 069 567	3 517 258
Driftsresultat		-18 768 697	-3 504 992
Finansinntekter og finanskostnader			
Renteinntekt fra foretak i samme konsern		10 842 251	5 128 832
Annen renteinntekt		3 288 885	575 002
Annen finansinntekt		39 902 583	
Sum finansinntekter		54 033 719	5 703 834
Rentekostnad til foretak i samme konsern		73 383 795	37 149 268
Annen rentekostnad		11 935 798	10 492 771
Annen finanskostnad		-457 949	5 366 323
Sum finanskostnader		84 861 645	53 008 362
Netto finans		-30 827 926	-47 304 528
Ordinært resultat før skattekostnad		-49 596 622	-50 809 520
Skattekostnad på ordinært resultat		-2 011 086	
Ordinært resultat etter skattekostnad		-47 585 536	-50 809 520
Årsresultat		-47 585 536	-50 809 520
Årsresultat etter minoritetsinteresser		-47 585 536	-50 809 520
Totalresultat		-47 585 536	-50 809 520



Resultatregnskap

Beløp i: NOK	Note	2019	2018
Overføringer og disponeringer			
Overført fra annen egenkapital		-47 585 536	-50 809 520
Sum overføringer og disponeringer		-47 585 536	-50 809 520



Balanse

Beløp i: NOK	Note	2019	2018
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Utsatt skattefordel		2 011 086	
Sum immaterielle eiendeler		2 011 086	
Varige driftsmidler			
Driftsløsøre, inventar o.a. utstyr		1 822 203	
Sum varige driftsmidler		1 822 203	
Finansielle anleggsmidler			
Investering i datterselskap		1 262 928 005	1 262 928 005
Lån til tilknyttet selskap og felles kontrollert virksomhet			103 490 148
Andre langsiktige fordringer		2 834 276	2 788 933
Sum finansielle anleggsmidler		1 265 762 281	1 369 207 086
Sum anleggsmidler		1 269 595 570	1 369 207 086
Omløpsmidler			
Varer			
Fordringer			
Kundefordringer		62 116 170	1 728 994
Andre kortsiktige fordringer		455 803	480 033
Sum fordringer		62 571 973	2 209 027
Bankinnskudd, kontanter og lignende			
Bankinnskudd, kontanter o.l.		222 819 230	249 633 638
Sum bankinnskudd, kontanter og lignende		222 819 230	249 633 638
Sum omløpsmidler		285 391 203	251 842 666
SUM EIENDELER		1 554 986 773	1 621 049 752

BALANSE - EGENKAPITAL OG GJELD



Balanse

Beløp i: NOK	Note	2019	2018
Egenkapital			
Innskutt egenkapital			
Aksjekapital		55 000 000	55 000 000
Overkurs		595 768 533	643 354 069
Sum innskutt egenkapital		650 768 533	698 354 069
Annen egenkapital			
Sum egenkapital		650 768 533	698 354 069
Gjeld			
Langsiktig gjeld			
Annen langsiktig gjeld			
Gjeld til kredittinstitusjoner		157 174 560	159 819 531
Øvrig langsiktig gjeld		699 704 032	698 384 961
Sum annen langsiktig gjeld		856 878 592	858 204 492
Sum langsiktig gjeld		856 878 592	858 204 492
Kortsiktig gjeld			
Leverandørgjeld		41 753 876	62 478 744
Annen kortsiktig gjeld		5 585 771	2 012 447
Sum kortsiktig gjeld		47 339 647	64 491 190
Sum gjeld		904 218 239	922 695 683
SUM EGENKAPITAL OG GJELD		1 554 986 773	1 621 049 752



Statsautoriserte revisorer
Ernst & Young AS

Thormøhlens gate 53 D, NO-5006 Bergen
Postboks 6163, NO-5892 Bergen

Foretaksregisteret: NO 976 389 387 MVA
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INDEPENDENT AUDITOR'S REPORT

To the Annual Shareholders' Meeting of DeepOcean Norway AS

Report on the audit of the financial statements

Opinion

We have audited the financial statements of DeepOcean Norway AS, which comprise the balance sheet as at 31 December 2019, the income statement and statements of cash flows for the year then ended and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements have been prepared in accordance with laws and regulations and present fairly, in all material respects, the financial position of the Company as at 31 December 2019 and its financial performance and cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.

Basis for opinion

We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Norway, and we have fulfilled our ethical responsibilities as required by law and regulations. We have also complied with our other ethical obligations in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern including the uncertainty about Covid 19

We draw attention to note 15, 16 and 17 in the financial statements and the Board of Director's report, which includes information relating to the going concern assumption while also considering the developments surrounding the Corona (COVID-19) virus. These developments have a profound impact on people's health and on our society as a whole, as well as on the operational and financial performance of organizations and the assessment of the ability to continue as a Going Concern. The financial statements and our auditor's report reflect the conditions at the time of preparation.

The situation changes on a daily basis giving rise to inherent uncertainty. DeepOcean Norway AS is confronted with this uncertainty as well, that is also disclosed in the Report of the Board of Directors sections Going concern and subsequent event, the note 15 and 16 to the financial statements and the disclosure about events after the reporting period in note 17. We draw attention to these disclosures.

These events or conditions indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other information

Other information consists of the information included in the Company's annual report other than the financial statements and our auditor's report thereon. The Board of Directors and Chief Executive Officer (management) are responsible for the other information. Our opinion on the audit of the financial statements does not cover the other information, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information, and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information obtained prior to the date of the auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.



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Responsibilities of management for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

As part of an audit in accordance with law, regulations and generally accepted auditing principles in Norway, including ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also

- ▶ identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- ▶ obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;
- ▶ evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- ▶ conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern;
- ▶ evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Independent auditor's report - DeepOcean Norway AS

A member firm of Ernst & Young Global Limited

Penneo Dokumentnøkkel: 24HBZ-EL56T-OWWWG-LH60-3G68Z-K8QIC



Report on other legal and regulatory requirements

Opinion on the Board of Directors' report

Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Board of Directors' report concerning the financial statements, the going concern assumption, and proposal for the allocation of the result is consistent with the financial statements and complies with the law and regulations.

Opinion on registration and documentation

Based on our audit of the financial statements as described above, and control procedures we have considered necessary in accordance with the International Standard on Assurance Engagements (ISAE) 3000, *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*, it is our opinion that management has fulfilled its duty to ensure that the Company's accounting information is properly recorded and documented as required by law and bookkeeping standards and practices accepted in Norway.

Bergen, July 1 2020
ERNST & YOUNG AS

The auditor's report is signed electronically

Øyvind Nore
State Authorised Public Accountant (Norway)

Penneo Dokumentnøkkel: 24HBZ-EL56T-OWYWG-LH160-3G68Z-K8Q1C



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Øyvind Nore

Statsautorisert revisor

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Serienummer: 9578-5994-4-485745

IP: 84.211.xxx.xxx

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MOTTATT

11 JAN. 2016

Skattedirektoratet

Saksbehandler
Torstein Kinden Helleland

Deres dato
05.01.2016

Vår dato
07.01.2016

Telefon
22078139

Deres referanse
Øyvind Apeland

Vår referanse
2012/430841

DEEPOCEAN NORWAY AS
Postboks 2144
5504 HAUGESUND

Tillatelse til å utarbeide årsregnskap og årsberetning på engelsk språk

— Vi viser til deres brev av 5. januar 2016 der det søkes om dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk språk for følgende selskaper;

DeepOcean Norway AS	org. nr. 896 696 262
DeepOcean AS	org. nr. 980 722 805
DeepOcean Management AS	org. nr. 987 538 880
DeepOcean Maritime AS	org. nr. 948 230 798
Deep Ocean Shipping AS	org. nr. 979 456 107
DeepOcean Shipping II AS	org. nr. 992 035 870
DeepOcean Shipping III AS	org. nr. 977 289 483
DeepOcean Shipping IV AS	org. nr. 976 854 020
DeepOcean Shipping V AS	org. nr. 914 883 164
DeepOcean Shipping VI AS	org. nr. 914 937 590
Northwest Maritime AS	org. nr. 966 250 380
DeepOcean 1 UK Ltd (norsk NUF)	org. nr. 997 914 775

Skattedirektoratet gir på bakgrunn av en konkret helhetsvurdering de overnevnte selskaper dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk språk, jf. regnskapsloven § 3-4 tredje ledd. Dispensasjonen forutsetter at opplysningene som vedtaket baserer seg på ikke endres vesentlig.

Kopi av dette brevet må sendes Regnskapsregisteret i Brønnøysund sammen med årsregnskapet. Det påligger den regnskapspliktige å dokumentere ved dette brev at tillatelsen er gitt.

Bakgrunn

DeepOcean Norway AS (tidligere DeepOcean Group Holding AS) er nå det norske morselskapet i DeepOcean gruppen og 100 % datterselskap av konsernspissen DeepOcean Group Holding BV. DeepOcean Group Holding BV er 100 % eid av amerikanske obligasjonsfond. Konsernet fikk i vedtak av 15. august 2012 tillatelse til å benytte engelsk språk. Konsernet er et integrert oljeservicekonsern som driver internasjonal virksomhet innen områdene Subsea Services, Subsea Trenching and Protection. Konsernet driver innen en bransje hvor engelsk benyttes i

Postadresse
Postboks 9200 Grønland
0134 Oslo

Besøksadresse:
Se www.skatteetaten.no
Org.nr: 996250318
E-post: skatteetaten.no/sendepost

Sentralbord
800 80 000
Telefaks
22 17 08 60



all kommunikasjon med forretningsforbindelser. Det interne arbeidsspråket i selskapene er også engelsk og all intern rapportering skjer på dette språket. Alle selskapene har styreleder og/eller styremedlemmer som ikke er norskspråklige. Alle sentrale aktører og samarbeidspartnere innen denne bransjen behersker og benytter engelsk. En norsk oversettelse vil kun ha til formål å oppfylle regnskapslovens språkkrav.

Skattedirektoratets vurdering

Etter regnskapsloven § 3-4 tredje ledd skal *"årsregnskapet og årsberetningen ... være på norsk. Departementet kan ved ... enkeltvedtak bestemme at årsregnskapet og/eller årsberetningen kan være på et annet språk."*

I Ot. prp. nr. 42 (1997-1998) Om lov om årsregnskap m.v., er det uttalt følgende om regnskapslovens formål, jf. pkt. 1.1:

"Regjeringen har som siktemål at regnskapsloven skal bidra til informative regnskaper for ulike grupper av regnskapsbrukere. Regnskapsbrukerne er dels investorer og kreditorer som tilfører kapital til foretakene, og dels andre grupper som har interesse av å vite hvordan foretaket drives, f.eks. de ansatte og lokalsamfunnet. Informasjonen til kapitalmarkedet skal gi grunnlag for riktig prising av finansielle objekter. Riktig prisdannelse på aksjer er en forutsetning for at ressursbruken i samfunnsøkonomien skal bli best mulig. Gode regnskaper vil også gjøre det vanskeligere for markedsdeltakere å ta ut spekulasjonsgevinster med basis i skjevt fordelt informasjon."

Det fremgår således at et av hovedformålene med regnskapsloven er å bidra til *"informative regnskaper for ulike grupper av regnskapsbrukere"*. Regnskapsbrukere vil omfatte, jf. uttalelsen i proposisjonen, blant andre investorer, kreditorer, ansatte og lokalsamfunnet.

Det er etter Skattedirektoratets vurdering derfor avgjørende ved vurdering av om dispensasjon fra kravet til å utarbeide årsregnskap og/eller årsberetning på norsk kan gis, at det ikke foreligger mulige brukere av regnskapsinformasjon som blir vesentlig berørt negativt ved en eventuell dispensasjon.

Det er særlig hensynet til brukerne av regnskapsinformasjon som skal vurderes ved en dispensasjonssøknad. I denne vurderingen har Skattedirektoratet lagt særlig vekt på at selskapet er 100 % eid av amerikanske obligasjonsfond. Konsernet er tidligere innvilget dispensasjon. Det vesentlige av virksomheten foregår i utlandet. Selskapets arbeidsspråk er engelsk og all kommunikasjon skjer på engelsk. Videre er det vektlagt at selskapet driver virksomhet i en internasjonal bransje der alle aktører behersker og benytter engelsk språk.



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Vennligst oppgi vår referanse ved henvendelser i saken.

Med hilsen

Rune Tystad
seniorrådgiver
Rettsavdelingen, foretaksskatt
Skattedirektoratet

Torstein Kinden Helleland

Dokumentet er elektronisk godkjent og har derfor ikke håndskrevne signaturer





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DeepOcean Norway AS

Directors Report 2019

The Company

These are the annual report and audited financial statements for DeepOcean Norway AS (the "Company") for the year ended 31 December 2019. The Company's office is in Oslo, and it is a direct subsidiary of DeepOcean Group Holding BV which is a private limited Dutch company.

The Company is the holding company for the 100% subsidiaries DeepOcean AS and DeepOcean Africa AS.

Going concern

The Financial statements have been prepared on the basis of historical cost, at fair value through profit or loss. Income and expenses are accounted for on an accrual basis.

During the first quarter of 2020, the sharp decline in commodity prices, exacerbated by the COVID-19 pandemic caused global disruption, with significant negative consequences both for human health, economic activity and the energy sector. The potential impact on DeepOcean is yet to be seen as offshore activities in the North Sea and Africa continue without delay. The challenging commodity price environment together with the effects of the COVID-19 pandemic create unprecedented uncertainty and makes it challenging to firmly predict the long-term effects for DeepOcean.

The Company is a subsidiary in DeepOcean Group and is impacted by the Group's financing and intercompany loans and borrowings. The Company is also an obligor in the Credit Facility arrangement and all assets are pledged.

DeepOcean has taken a number of measures already to mitigate substantial negative impact for the company including reduced investment plans, pushed vendor terms with all major suppliers and lessors, and planned major restructuring across the organisation. The restructuring plan is now approved and will be rolled out across the organisation immediately. This plan includes major reductions in SG&A staff, contractors and underutilised OPEX employees. Furthermore, management has engaged with vessel owners to instigate vessel rate reductions. This overall process is being aligned with close collaboration with customers, banks and financial institutions, suppliers and employees. The actions are an acknowledgement of current events as well as uncertainty around the timing and path of recovery. DeepOcean also has proactive dialogues with governments to ensure participation in financial relief measures aimed at containing economic effects of the COVID-19 (corona) virus outbreak.

Also, based on the current forecast/budget scenario, management does not see an immediate risk of breaking the bank covenants (Liquidity & LTM EBITDA) in 2020. However, there is a potential scenario where the EBITDA covenant is breached in Q1/Q2 2021. To mitigate this risk of covenant breach, DeepOcean as stated above is taking a number of measures to limit the potential negative impact of the sharp decline in commodity prices and the COVID-19 pandemic.

The high market volatility caused by the COVID-19 pandemic in conjunction with the collapse of the oil price, increases the risk regarding the going concern assumption for most companies, and this is also the case for DeepOcean. Although the risk has increased, the assessment is that DeepOcean has the resources, organization, competence, assets and customer base to continue being a going concern. Notwithstanding, all the mitigation measures implemented and the ongoing restructuring, there is material uncertainty for DeepOcean to continue as a going concern over the next 12 months due to the COVID-19 pandemic and the collapse of the oil price.

For further details reference is made to note 16.



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DeepOcean Norway AS

Equality between men and women in the Company

The Company has no employees.

Both the Board of Directors and the management are aware of the social expectations about efforts for equality between men and women in The Company and the Board. The Company commitment is to meet society's expectations of gender equality.

The board of Directors consists of two men.

Research and development activities

The Company has no ongoing research and development projects.

Environment

The Company is committed to conducting its business activities without harm to the environment.

Market outlook

After an extended downturn period over several years some positive signals indicated beginning signs of oil & gas market recovery during 2019. The offshore wind and renewables market has also seen increased activity leading to increased utilisation of vessels and equipment in both markets. The market outlook became however significantly more negative when the COVID-19 crisis developed in parallel with drop in the oil price early 2020. Whilst the COVID-19 effects are expected to be rather short term, the effect of the reduced oil price is expected to last for at least a couple of years.

During 2019 DeepOcean has increased its activity and workforce. Based on the expected reduced activity in the market it is considered challenging to maintain the current activity level and win sufficient work to maintain the current fleet of vessels and subsequently keep the current workforce fully utilised.

The last two years DeepOcean has run rigorous cost reduction exercises and will continue to cut cost and leverage operational efficiencies in order to achieve acceptable financial results as well as to ensure competitiveness even under a prolonged low oil price.

Credit risk

100% of the Company's receivables come from other DeepOcean companies, and the credit risk is acceptable.

For further details reference is made to the Balance sheet statement and Notes 3, 4, 14 and 15.



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DeepOcean Norway AS

Liquidity risk

The Group's approach to managing liquidity is to ensure that there are sufficient funds to meet the financial obligations when they fall due under both normal and stressed conditions, without incurring unacceptable losses or risking damage to its reputation.

To ensure it is sufficient cash to meet expected operational expenses, including the servicing of financial obligations the Group continuously monitor the actual and future cash flow requirements taking into account the maturity profiles of financial assets and liabilities and the rolling forecast of the Group's liquidity reserve, which comprises cash and cash equivalents and an undrawn credit facility.

For further details reference is made to Notes 2,3, 13 and 14.

Subsequent events

COVID-19 pandemic and Market Uncertainty During the first quarter of 2020, the spread of the COVID-19 virus caused global disruption, with negative consequences both for human health and economic activity. At the date of this report, employees in several DeepOcean offices worked from home. However, offshore activities in the North Sea and Africa are continuing as planned currently. The challenging commodity price environment together with the effects of the Covid-19 pandemic create unprecedented uncertainty and may have an adverse impact on both activity and financial performance of DeepOcean. Due to the high level of uncertainties at the time this report was finalized, it is still difficult to quantify more exactly the adverse effects and it is also too early to conclude on timing and path of recovery.

From a financial reporting perspective, the COVID-19 pandemic and the market uncertainty is expected to impact the execution of deliveries to clients and the performance of the company. However, as stated above this impact is hard to quantify currently due to offshore activities progressing as planned. Further, it could impact the long-term market outlook and future assessments of recoverable amounts of DeepOcean's assets. DeepOcean are working to restructure certain areas of the business, selectively lay-off staff and further streamline the business in anticipation of a prolonged market downturn.

DeepOcean has decided to move its Group Holding entity from a Dutch entity (currently DeepOcean Group Holding BV) to a Norwegian entity in the course of 2020. This will involve a series of mergers resulting in DeepOcean Group Holding BV ceasing to exist and DeepOcean Norway AS becoming the ultimate parent of the DeepOcean Group.

Cash flow

Net cash from operation is minus NOK 127,1 million in 2019 compared with minus NOK 32,2 million in 2018.

Net cash from financing activities is positive with NOK 102,2 mainly due to changes in repayments and restructuring of intercompany loans.



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DeepOcean Norway AS

Financial Information

The Company has an external loan in USD. The foreign exchange unrealized and realized loss on this loan in 2019 was NOK 1,7 million compared with NOK 8,7 million loss in 2018.

The shares in subsidiaries are valued at fair value based on approved 5 year plans, and no impairment has been done pr 31.12.2019.

The Company has received a group contribution of NOK 39,9 mill from DeepOcean AS in 2019.

The Company equity ratio was 41,9 % as of 31.12.2019 compared to 43,1 % as of 31.12.2018.

The total capital was NOK 1.554.986.773 at the end of 2019, compared with NOK 1.621.049.752 at end of 2018.

Net income and Disposals

The Board of Directors proposes that the loss of NOK 47.585.536 is treated as follows:

Transferred from share premium	NOK 47.585.536
Total transfer	<u>NOK 47.585.536</u>

Haugesund, 23.June 2020
The Board of DeepOcean Norway AS


Øyvind Mikaelson
Chairman of the Board


Frode Garlid
Board Member
Managing Director



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DeepOcean Norway AS

Income statement		
Note	2019	2018
	Operating revenues and expenses	
4,9	Sales revenues	74 300 87012 266
	Gross operating revenues	74 300 87012 266
4	Project costs	81 439 867104 192
10	Personnel costs	301 927-62 703
	Ordinary depreciation	93 1510
	Impairment of Intercompany receivables	108 3000
10	Other operating costs	11 234 6223 476 069
	Operating expenses	93 177 8683 517 558
	Operating result	-18 876 998-3 505 292
	Finance income and expenses	
4	Interest income from group companies	10 842 2515 128 832
	Interest income	3 288 885575 002
4	Group contributions and dividends	39 902 5830
4	Interest expenses to group companies	-73 383 795-37 149 268
11	Net foreign exchange gain/loss	566 250-5 441 736
	Other interest expenses	-11 935 798-10 417 057
	Derivative non-hedge income	02 796 754
	Derivative non-hedge costs	0-2 796 754
	Net financial items	-30 719 625-47 304 228
	Profit / (loss) before tax	-49 596 622-50 809 520
8	Tax	-2 011 0870
	Net profit/(loss)	-47 585 536-50 809 520
	Transfer from share premium	47 585 53650 809 520
	Allocations	47 585 53650 809 520



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DeepOcean Norway AS

Balance Sheet

Note	ASSETS	31.12.2019	31.12.2018
	Fixed assets		
	Deferred tax asset	2 011 087	0
	Total intangible assets	2 011 087	0
1	Machinery, equipment etc	709 729	0
	Assets under construction	1 112 473	0
	Total tangible fixed assets	1 822 203	0
	Financial fixed assets		
2	Investment in subsidiaries	1 262 928 005	1 262 928 005
4	Loan to group companies	0	103 490 148
7	Pension fund	2 834 276	2 788 933
	Total financial fixed assets	1 265 762 281	1 369 207 086
	Total fixed assets	1 269 595 571	1 369 207 086
	Current assets		
	Receivables		
4	Receivables from group companies	26 350 396	1 728 994
	Other current assets	36 221 577	0
	Total receivables	62 571 973	1 728 994
12	Bank and cash	222 819 230	249 633 638
	Total current assets	285 391 203	251 362 633
	TOTAL ASSETS	1 554 986 773	1 620 569 719



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DeepOcean Norway AS

Note	EQUITY AND LIABILITIES	31.12.2019	31.12.2018
	Equity		
6	Share capital	55 000 000	55 000 000
	Share premium	595 768 533	643 354 070
	Total paid-in-capital	650 768 533	698 354 070
	Total retained earnings	0	0
5	Total equity	650 768 533	698 354 070
	Liabilities		
	Non-current liabilities		
3,15	Liabilities to financial institutions	157 174 560	159 819 531
4	Long term loan from group companies	699 704 032	698 384 961
	Total non-current liabilities	856 878 592	858 204 492
	Current liabilities		
	Accounts payable	1 928 448	1 385 550
4	Liabilities to group companies	44 369 428	61 093 194
	Public duty payable	0	-480 033
16	Other current liabilities	1 041 771	2 012 446
	Total current liabilities	47 339 647	64 011 157
	Total liabilities	904 218 239	922 215 649
	TOTAL EQUITY AND LIABILITIES	1 554 986 773	1 620 569 719

Haugesund, 23.June 2020

Øyvind Mikaelson
Chairman of the Board

Frode Garlid
Board Member
Managing Director



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DeepOcean Norway AS

Cash flow statement

NOTE	Cash flow from operating activities	2019	2018
	Result before taxes	-49 488 322	-50 809 520
	Ordinary depreciation	93 151	0
	Write down/-reversal of earlier write down subsidiaries	-108 300	0
	Changes in accounts payable	542 898	1 385 550
4	Changes in current receivables/payables to related parties	-37 208 359	16 654 154
	Change in pension fund/liabilities/OCI	-45 343	-62 703
	Group contributions from subsidiaries	-39 902 583	0
	Changes in other current assets and liabilities	-946 444	581 225
	Net cash flow from operational activities	-127 063 302	-32 251 294
	Acquisitions of fixed assets	-1 915 354	0
	Net cash flow from investment activities	-1 915 354	0
Cash flows from financing activities			
4	Net change in financing received from group companies	104 809 219	25 816 884
5,6	New equity received	0	257 307 000
	Derivatives	0	-4 176
	Net borrowings	-2 644 971	-22 574 511
	Net cash flow from financing activities	102 164 248	260 545 197
	Net (decrease)/increase in cash	-26 814 409	228 293 903
	Cash and cash equivalents at the beginning of the period	249 633 638	21 339 735
	Cash and cash equivalents at the end of the period	222 819 230	249 633 638



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DeepOcean Norway AS

Accounting principles

The annual accounts have been prepared in compliance with the Accounting Act and accounting principles generally accepted in Norway.

The company has been given consent by the Norwegian Tax Directorate to prepare financial statements in English language.

DeepOcean Norway AS is a subsidiary of DeepOcean Group Holding BV with Tricer HoldCo S.C.A. as the ultimate parent.

Use of estimates

The preparation of financial statements in compliance with the Accounting Act requires the use of estimates. The application of the company's accounting principles also require management to apply assessments. Areas which to a great extent contain such assessments, a high degree of complexity, or areas in which assumptions and estimates are significant for the financial statements, are described in the notes.

Revenues

Sales revenues are recognized upon delivery. Revenue from services are recognized upon performance.

Classification of balance sheet items

Assets intended for long term ownership or use have been classified as long term assets. Assets relating to the trading cycle have been classified as current assets. Other receivables are classified as current assets if they are to be repaid within one year after the transaction date. Similar criteria apply to liabilities. First year's instalments on long term liabilities and long term receivables are, however, not classified as short term liabilities and current assets.

Purchase costs

The purchase cost of assets includes the cost price for the asset, adjusted for bonuses, discounts and other rebates received. Purchases in foreign currencies are reflected in the balance sheet at the exchange rate at the transaction date.

Pensions

The company has a defined benefit pension plan. The pension scheme is financed through payments to insurance companies.

A defined benefit plan is a pension scheme which defines a pension payment which an employee will receive at pension age. The pension payments are normally dependent on one or more factors such as age, number of years in the company, and salary. The commitment relating to the defined benefit plan on the balance sheet is the present value of the defined benefits at the balance sheet date less fair value of the pension funds (amount paid to an insurance company), adjusted for estimate differences and expenses relating to former period's pension earnings not recognised in the income statement. The pension commitments are calculated annually by an independent actuary on a straight-line earning profile basis.

Investments in other companies

The cost method is applied to investments in other companies. The cost price is increased when funds are added through capital increases or when group contributions are made to subsidiaries. Dividends received are initially taken to income. Dividends exceeding the portion of retained equity after the purchase are reflected as a reduction in purchase cost. Dividend/group contribution from subsidiaries are reflected in the same year as the subsidiary makes a provision for the amount. Dividend from other companies are reflected as financial income when it has been approved.



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DeepOcean Norway AS

Accounting principles

Debtors

Trade debtors are recognised in the balance sheet after provision for bad debts. The bad debts provision is made on basis of an individual assessment of each debtor and an additional provision is made for other debtors to cover expected losses. Significant financial problems at the customers, the likelihood that the customer will become bankrupt or experience financial restructuring and postponements and insufficient payments, are considered indicators that the debtors should be written down.

Other debtors, both current and long term, are recognised at the lower of nominal and net realisable value. Net realisable value is the present value of estimated future payments. When the effect of a writedown is insignificant for accounting purposes this is, however, not carried out. Provisions for bad debts are valued the same way as for trade debtors.

Foreign currencies

Assets and liabilities in foreign currencies are valued at the exchange rate on the balance sheet date. Exchange gains and losses relating to sales and purchases in foreign currencies are recognised as financial income or expenses.

Liabilities

Liabilities, with the exception of certain liability provisions, are recognised in the balance sheet at nominal amount.

Taxes

The tax charge in the income statement includes both payable taxes for the period and changes in deferred tax. Deferred tax is calculated at relevant tax rates on the basis of the temporary differences which exist between accounting and tax values, and any carry forward losses for tax purposes at the year-end. Tax enhancing or tax reducing temporary differences, which are reversed or may be reversed in the same period, have been eliminated. The disclosure of deferred tax benefits on net tax reducing differences which have not been eliminated, and carry forward losses, is based on estimated future earnings. Deferred tax and tax benefits which may be shown in the balance sheet are presented net.

Tax reduction on group contributions given and tax on group contribution received, booked as a reduction of cost price or taken directly to equity, are booked directly against tax in the balance sheet (offset against payable taxes if the group contribution has affected payable taxes, and offset against deferred taxes if the group contribution has affected deferred taxes).

Deferred tax is reflected at nominal value.

Cash flow statement

The cash flow statement has been prepared according to the indirect method. Cash and cash equivalents include cash, bank deposits, and other short term investments which immediately and with minimal exchange risk can be converted into known cash amounts, with due date less than three months from purchase date.



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DeepOcean Norway AS

Notes to the financial statements

Note 1 Fixed Assets

Fixed Assets	Furnitures and fixtures	Assets under construction	Total
Purchase cost 01.01	0	0	0
Additions	802 881	1 112 473	1 915 354
Disposals			0
Purchase cost 31.12	802 881	1 112 473	1 915 354
Accumulated depreciation and write down 01.01	0		0
Disposals		0	0
Depreciation this year	-93 151		-93 151
Accumulated depreciation and write down 31.12	-93 151	0	-93 151
Book value 31.12	709 729	1 112 473	1 822 203
Depreciation this year	-93 151	0	-93 151
Economic useful life	5 years		
Depreciation plan	Linear		

Note 2 Subsidiaries, associated companies and joint ventures

Subsidiaries	Location	Ownership	Equity current year (100 %)	Net income current year (100 %)	Book value
DeepOcean AS	Haugesund, Norway	100 %	952 653 457	-83 108 286	1 262 928 005
DeepOcean Africa AS	Haugesund, Norway	100 %	65 855 979	47 555 457	0
Book value 31.12.19			1 018 509 436	-35 552 830	1 262 928 005

1) The enterprise value of DeepOcean AS has been calculated based on a 5 year business plan approved by the board. Three valuation methodologies have been considered: a Discounted Cash Flow ("DCF") model, a Leveraged Buyout ("LBO") model and comparable pricing of publically traded companies similar to DeepOcean. The average value of the valuations is approximately USD 192 million pr 31.12.2019.

The calculated fair value of DeepOcean AS is higher than the book value of the shares and no impairment of the shares has been done per 31.12.19.

Note 3 Assets and liabilities

The Company has no receivables due more than one year after the balance sheet date.

The Company has no long-term liabilities later than 5 years.

All assets in the subsidiaries in DeepOcean Group are pledged as security for the external debt.

Further reference is made to note 15 for more details regarding Group financing.



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DeepOcean Norway AS

Notes to the financial statements

Note 4 Transactions and balances with group companies

Related party transactions:

The Company entered into transactions with group companies, as summarised below.

Revenue	2019	2018
Management fee	74 300 870	12 266
Total	74 300 870	12 266

Expenses	2019	2018
Personnel charges	5 456 351	0
Management fee	70 316 210	103 692
Other costs	6 779 780	500
Total	82 552 341	104 192

Financial items	2019	2018
Group contributions received	39 902 583	0
Interest income	10 842 251	5 128 832
Interest costs	-73 383 795	-37 149 268
Net financial items	-22 638 961	-32 020 436

Balance sheet	2019	2018
Loans to group companies	0	103 490 148
Loans from group companies	-699 704 032	-698 384 961
Group contributions to/from group companies	39 902 583	0
Account Receivable group companies	22 213 587	1 728 994
Accounts Payable group companies	-44 369 428	-61 093 194
Total	-681 957 289	-654 259 013

Repayment plans for Intercompany loans are included in signed loan agreements.

Note 5 Equity

	Share Capital	Share premium	Other Equity	Total
Change in equity				
Equity 01.01	55 000 000	643 354 070	0	698 354 070
Profit (loss) this year	0	-47 585 536		-47 585 536
Equity 31.12	55 000 000	595 768 534	0	650 768 534

Note 6 Share Capital and shareholder information

The Share Capital of NOK 55.000.000 comprises of 50.000.000 shares with par value NOK 1,10. All shares have equal rights.

Shareholders	Shares	Total	Share
DeepOcean Group Holding BV	50 000 000	50 000 000	100,0 %



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DeepOcean Norway AS

Notes to the financial statements

Note 7 Pensions

The Company has a pension schemes which covers a total of 2 pensioners. The schemes give right to defined future benefits. These are mainly dependent on the number of qualifying employment years, salary level at pension age, and the amount of benefits from the National Insurance Scheme. The commitment related to the group pension scheme is covered through an insurance company. The company's pension schemes meet the requirements of the law on compulsory occupational pension. Calculations are in accordance with IAS 19R Employee Benefits and the Norwegian Society of Actuaries standards for actuarial calculations.

	31.12.2019	31.12.2018
Present value of accrued pension obligations at 01.01. (PBO)	-647 510	-854 060
Pension fund assets at 01.01.	3 436 443	3 580 290
Net pension fund at 01.01.	2 788 933	2 726 230
Employer's National Insurance contributions		
Net pension fund at 01.01. posted in BS incl NIC	2 788 933	2 726 230
Present value of pension accrued in the period	0	0
Capital cost of previously accrued pensions	0	0
Gross pension cost for the year	0	0
Expected return on pension fund assets	-45 343	-62 703
Administration cost	0	0
Net pension cost for the year after adm cost	-45 343	-62 703
Apportionated employer's Nat Ins contr for the period	0	0
Net pension cost for the year incl employers NIC	-45 343	-62 703
Pensions paid during the year	225 200	222 800
Investment in pension fund assets	0	0
Estimated present value of accrued pension obl at 31.12	-550 000	-647 510
Estimated pension fund assets at 31.12.	3 293 590	3 436 443
Net pension fund at 31.12.	2 743 590	2 788 933
Employer's National Insurance contributions	0	0
Net pension fund at 31.12. posted in BS incl NIC	2 743 590	2 788 933
No of active members	-	-
No of pensioners	2	2
Financial assumptions:		
Discount rate	1,80 %	2,30 %
Expected return on pension fund assets	1,80 %	2,30 %
Anticipated rise in pensions	0,70 %	0,40 %
Turnover	0,00 %	0,00 %
Employer's National Insurance contributions	14,10 %	14,10 %

The actuarial assumptions relating to demographic factors are based on assumptions generally applied to insurance.



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DeepOcean Norway AS

Notes to the financial statements

Note 8 Taxes

Temporary differences	Change	2019	2018
Fixed assets	-181 927	39 190	-142 737
Profit & loss account	-8 353	-33 412	-41 765
Pensions	45 343	2 743 590	2 788 933
Net temporary differences	-144 936	2 749 367	2 604 431
Interest expenses restrictions	0	-30 374 334	-30 374 334
Tax losses carried forward	-16 110 552	-10 793 059	-26 903 611
Basis for deferred tax		-38 418 025	-54 673 514
Deferred tax based on nominal tax rate (22%)		-8 451 966	-12 028 173
Deferred tax benefit not shown in the balance sheet		6 440 879	12 028 173
Deferred tax in the balance sheet	-2 011 087	-2 011 087	0
Basis for income tax expense, changes in deferred tax and tax payable		2019	2018
Result before taxes		-49 596 622	-50 809 520
Permanent differences (1)		65 852 111	36 975 000
Basis for the tax expense for the year		16 255 488	-13 834 520
Change in temporary differences		-144 936	-118 947
Basis for payable taxes in the income statement		16 110 552	-13 953 467
Interest expenses restrictions		0	0
Tax losses carried forward		-16 110 552	13 953 467
+/- Group contributions received/given			0
Taxable income (basis for payable taxes in the balance sheet)		0	0
Components of the income tax expense		2019	2018
Payable tax on this year's result		0	0
Total payable tax		0	0
Change in taxes prior year			0
Tax expense divergence pension estimate		0	0
Change in deferred tax		-2 011 087	
Tax expense		-2 011 087	0
Payable taxes in the balance sheet			
Payable tax in the tax charge		0	0
Payable tax in the balance sheet		0	0

(1) Permanent differences includes non-deductible interest costs NOK 65.852.111.



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DeepOcean Norway AS

Notes to the financial statements

Note 9 Sales revenues

Segments	2019	2018
Corporate management fee	74 300 870	12 266
Total	74 300 870	12 266
Geographical segments		
Norway	36 861 831	12 266
United Kingdom	23 164 725	0
Netherland & France	4 183 381	0
Mexico	6 700 557	0
USA	3 390 376	0
Total	74 300 870	12 266

Note 10 Payroll expenses, number of employees, remuneration, loans to employees, etc.

Payroll expenses	2019	2018
Pension expenses	-45 343	-62 703
Total	301 927	-62 703

Average number of employees	0	0
------------------------------------	----------	----------

Auditor	2019	2018
Allocation of auditor fee:		
Statutory audit excl VAT	990 000	25 000
Other assurance services excl VAT	891 021	24 500
Total fee auditor excl VAT	1 881 021	49 500

The General Manager receives considerations in other group companies.

No loans/sureties have been granted to the general manager, Board chairman or other related parties.

Note 11 Specification of financial income and expenses

Foreign exchange gains and losses	2019	2018
Foreign exchange gains	566 250	0
Foreign exchange losses	0	-5 441 736
Net financial gains and losses	566 250	-5 441 736

Note 12 Restricted cash

	2019	2018
Withheld employee taxes	1 336	1 336
Total restricted cash	1 336	1 336

Note 13 Group information

DeepOcean Norway AS is a subsidiary of DeepOcean Group Holding BV with Tricer HoldCo S.C.A as its ultimate shareholder. Tricer HoldCo S.C.A is having its statutory seat in Luxembourg, and is registered with the Registre de Commerce et des Sociétés under number B210246.

The smallest group for which group financials are prepared is DeepOcean Group Holding BV, Herengracht 433, 1017 BR Amsterdam, The Netherlands.



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Notes to the financial statements

Note 14 Financial risk management

Overview

The Group's activities expose it to a variety of financial risks, which can be categorised as market risk, credit risk and liquidity risk. Whereas market risk includes foreign exchange risks and interest rate risks. Management policies have been established to identify, analyse and monitor these risks, and to set appropriate risk limits and controls. Financial risk management is carried out in accordance with the Group Risk Management policy approved by the Executive Management. The written principles and policies are reviewed periodically to reflect changes in market conditions, the activities of the business and laws and regulations affecting our business.

Market risk - Foreign exchange risk

The Company operates internationally and conducts its business in multiple currencies, and is primarily exposed to foreign exchange risks with respect to the US Dollar (USD), British Pound (GBP) and Euro (EUR).

Management has evaluated the foreign exchange risks of the Company against its functional currency Norwegian Kroner (NOK). Cash inflows and outflows of the Company are offset if they are denominated in the same currency. This means that revenue generated in a particular currency typically balances out costs in the same currency, even if the revenues arise from a different transaction than that in which the costs are incurred. As a result, only the unmatched amounts are subject to foreign exchange risk.

The Company's Credit Facility loan is in US Dollar (USD) and there are not sufficient USD cash inflows to cover the USD cash outflows related to this loan.

Market risk - Interest rate risk profile

The Company's interest rate risk arises primarily from the Credit Facility; refer to note 14 for the details of the Credit Facility. This Credit Facility has a floating interest based on LIBOR plus a spread and for amounts drawn in EUR the floating interest is based on EURIBOR.

Credit risk

Credit risk arises primarily from cash and cash equivalents held at financial institutions, and to a certain extent, from trade receivables.

Cash balances are only held with large recognised financial institutions.

The Company's exposure of trade receivables is managed through Group established proper credit limits, continuous credit risk assessments for each individual customer. If customers are independently rated, these ratings are used. If there is no independent rating, the credit quality is based on past experience, their financial position and other factors. The utilisation of the credit limits is regularly monitored.

The Company's receivables are primarily from Group companies and the credit risk is acceptable.

Liquidity risk

The Group's approach to managing liquidity is to ensure that there are sufficient funds to meet the financial obligations when they fall due under both normal and stressed conditions, without incurring unacceptable losses or risking damage to its reputation.

To ensure it is sufficient cash to meet expected operational expenses, including the servicing of financial obligations the Group continuously monitor the actual and future cash flow requirements taking into account the maturity profiles of financial assets and liabilities and the rolling forecast of the Group's liquidity reserve, which comprises cash and cash equivalents and an undrawn credit facility.



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DeepOcean Norway AS

Notes to the financial statements

Note 15 Group financing

At 31 December 2019, total interest-bearing debt for DeepOcean Group amounted to USD101.6M (2018 USD109.0M), consisting of the drawn amount on the Revolving Credit Facility (RCF) of USD84.6M and USD17.0M of the term loan. The borrowing base under the credit facility is fully drawn. The Group has an ancillary facility of EUR45.0M that can conditionally be increased up to EUR70.0M, with a non-reversible transfer of commitment from the RCF. In addition, there is an option to request a EUR20.0M accordion facility to the RCF. The purpose of the Credit Facility is to finance the Group's working capital.

Financially, the Group's liquidity situation has been stable after the agreement with the lenders of postponement of instalments on the term loan finalised on 30th of November 2018. As per 31st of December 2019, financial covenants for the Group's debt instruments were within the applicable thresholds.

The Company is a subsidiary in DeepOcean Group and is impacted by the Group's financing and intercompany loans and borrowings.

The Company is also an obligor in the Credit Facility arrangement and all assets are pledged.

Note 16 Basis for preparation - Going Concern

The Financial statements have been prepared on the basis of historical cost through profit or loss. Income and expenses are accounted for on an accrual basis.

During the first quarter of 2020, the sharp decline in commodity prices, exacerbated by the COVID-19 pandemic caused global disruption, with significant negative consequences both for human health, economic activity and the energy sector. The potential impact on DeepOcean is yet to be seen as offshore activities in the North Sea and Africa continue without delay. The challenging commodity price environment together with the effects of the COVID-19 pandemic create unprecedented uncertainty and makes it challenging to firmly predict the long-term effects for DeepOcean.

DeepOcean has taken a number of measures already to mitigate substantial negative impact for the company including reduced investment plans, pushed vendor terms with all major suppliers and lessors, and planned major restructuring across the organisation. The restructuring plan is now approved and will be rolled out across the organisation immediately. This plan includes major reductions in SG&A staff, contractors and underutilised OPEX employees. Furthermore, management has engaged with vessel owners to instigate vessel rate reductions. This overall process is being aligned with close collaboration with customers, banks and financial institutions, suppliers and employees. The actions are an acknowledgement of current events as well as uncertainty around the timing and path of recovery. DeepOcean also has proactive dialogues with governments to ensure participation in financial relief measures aimed at containing economic effects of the COVID-19 (corona) virus outbreak.

Also, based on the current forecast/budget scenario, management does not see an immediate risk of breaking the bank covenants (Liquidity & LTM EBITDA) in 2020. However, there is a potential scenario where the EBITDA covenant is breached in Q1/Q2 2021. To mitigate this risk of covenant breach, DeepOcean as stated above is taking a number of measures to limit the potential negative impact of the sharp decline in commodity prices and the COVID-19 pandemic.

The high market volatility caused by the COVID-19 pandemic in conjunction with the collapse of the oil price, increases the risk regarding the going concern assumption for most companies, and this is also the case for DeepOcean. Although the risk has increased, the assessment is that DeepOcean has the resources, organization, competence, assets and customer base to continue being a going concern. Notwithstanding, all the mitigation measures implemented and the ongoing restructuring, there is material uncertainty for DeepOcean to continue as a going concern over the next 12 months due to the COVID-19 pandemic and the collapse of the oil price.



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DeepOcean Norway AS

Notes to the financial statements

Note 17 Subsequent events

COVID-19 pandemic and Market Uncertainty During the first quarter of 2020, the spread of the COVID-19 virus caused global disruption, with negative consequences both for human health and economic activity. At the date of this report, employees in several DeepOcean offices worked from home. However, offshore activities in the North Sea and Africa are continuing as planned currently. The challenging commodity price environment together with the effects of the Covid-19 pandemic create unprecedented uncertainty and may have an adverse impact on both activity and financial performance of DeepOcean. Due to the high level of uncertainties at the time this report was finalized, it is still difficult to quantify more exactly the adverse effects and it is also too early to conclude on timing and path of recovery.

From a financial reporting perspective, the COVID-19 pandemic and the market uncertainty is expected to impact the execution of deliveries to clients and the performance of the company. However, as stated above this impact is hard to quantify currently due to offshore activities progressing as planned. Further, it could impact the long-term market outlook and future assessments of recoverable amounts of DeepOcean's assets. DeepOcean are working to restructure certain areas of the business, selectively lay-off staff and further streamline the business in anticipation of a prolonged market downturn.

DeepOcean has decided to move its Group Holding entity from a Dutch entity (currently DeepOcean Group Holding BV) to a Norwegian entity in the course of 2020. This will involve a series of mergers resulting in DeepOcean Group Holding BV ceasing to exist and DeepOcean Norway AS becoming the ultimate parent of the DeepOcean Group.



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Consolidated Financial Statements for the year 2019

DEEPOCEAN





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DEEPOCEAN

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DEEPOCEAN

A.1 Overview

About us

The leading, pure play subsea services provider in the areas of Survey, IMR (Inspection, Maintenance and Repair), Subsea Construction and Cable Lay & Trenching. DeepOcean Group Holding B.V (the Company) and its subsidiaries (the Group) offers a breadth of subsea services to cover the full lifecycle, from early studies to decommissioning, for the oil and gas as well as renewable offshore industries.

This strong portfolio of services, coupled with a fleet of 18 owned and chartered vessels and an extensive mission equipment portfolio comprising of 50+ Subsea Intervention Assets, such as ROVs, Trenchers, Module Handling Systems as well as Dredging and Excavation Systems, enables DeepOcean to bundle its subsea services to deliver cost-effective, tailored solutions to meet individual client needs.

DeepOcean Group Holding B.V and its subsidiaries (commonly referred to as DeepOcean) is independent of any equipment, technique or manufacturer and therefore is able to focus on the best solutions for its clients. With a global track record for safety, cost-efficiency, flawless operations and innovation, DeepOcean is the preferred pure play subsea service provider for its oil and gas as well as renewable energy customers across the globe.

The company is a leading global IMR, Subsea Construction and Cable Lay & Trenching operator and has a global presence with offices in Norway, UK, the Netherlands, the US, Mexico, Trinidad and Tobago, Ghana, France, Gabon and Congo.

A.2 Financial Review

Financial highlights

The Group realised US\$490.4M of Revenue (2018: US\$505.8M) from continuing operations with a loss for the period from continuing operations of US\$45.3M (2018: US\$45.9M loss). The loss resulted from the continuing downturn in the market (reduced work and depressed margins), restructuring expenses, and oversupply of vessels in the market. No revenue (2018: nil) and US\$3.6M loss (2018: nil) for the period were realized from discontinued operations.

Backlog

Our accounting backlog represents the aggregated value of signed contracts until the end of the relevant contract period (excluding extension options and letters of intent). Backlog as at 31 December 2019 amounted to US\$207.8M, which is a increase of 9%, compared to 2018 (US\$190.6M). We expect to recognize US\$170M of this backlog in 2020.

Financial debt and liquidity

At 31 December 2019, total interest-bearing debt amounted to US\$101.6M (2018 US\$109.0M), consisting of the drawn amount on the Revolving Credit Facility (RCF) of US\$84.6M and US\$17.0M of the term loan. The borrowing base under the credit facility is fully drawn. The Group has an ancillary facility of EUR45.0M that can conditionally be increased up to EUR70.0M, with a non-reversible transfer of commitment from the RCF. In addition, there is an option to request a EUR20.0M accordion facility to the RCF. For information about terms on the credit facilities, see note 21. Cash and cash equivalents totalled US\$66.5M (2018 US\$70.4M) at the end of the year.

Financially, the Group's liquidity situation has been stable after the agreement with the lenders of postponement of instalments on the term loan finalised on 30th of November 2018. As per 31st of December 2019, financial covenants for the Group's debt instruments were within the applicable thresholds.

Current market conditions, as indicated in the outlook paragraph below, have their effect on the Group and its ability to generate stable cash flows for the next few years. To address potential effects of this on the prevailing covenant levels, both current and forecasted covenant levels are continually monitored with internal thresholds for effecting action plans.



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A.3 Human Resources

As of 31 December 2019, DeepOcean had 1083 full time employees worldwide (2018: 1070; 2017: 919), of which 1079 (2018:1049, 2017: 899) work outside of the Netherlands, divided as follows:

<i>Number of employees</i>	2019	2018
Onshore	501	505
Offshore	582	565
Total	1 083	1 070

A.4 Risk Management

DeepOcean's financial and operational performance may be adversely affected by a variety of risks and economic developments. DeepOcean's Board of Directors sets, and periodically reviews, the level of risk that the Board is willing to take in pursuit of the company's objectives. The CEO together with Executive Management drives the risk management process and facilitates the assessment of strategic risks. The Board of Directors evaluates the effectiveness of DeepOcean's risk management, which results in an appropriate level of objectivity in the assessment of risks.

DeepOcean has implemented a number of internal controls in 2019 and will continue to progress the controls in 2020 to ensure an accurate view of potential risks and to implement mitigating actions for any risks. The DeepOcean approach is centralised around four key pillars.

- Governing documents & procedures
 - The business management system is currently being redesigned and this will lead to a simplified but more effective and coherent set up of procedures and governing documents
- Top down risk assessment
 - The top down risk assessment was conducted by the CEO and the corporate team in Q3 2019 and was presented to the board of directors in September 2019
 - This risk assessment was set on a DeepOcean scale with the following criteria
 - Very high-risk exposure; Board of directors' focus
 - High risk exposure; CEO focus
 - Medium risk exposure; Senior management team focus
 - Low risk exposure; Regional management focus
- Internal audits
 - Internal audits conducted by the CFO team in 2019 and subsequently in Q1 2020 included;
 - Mexico
 - Delta Subsea
 - DeepOcean Ghana Ltd
 - GNS Subsea Services

The internal audits systematically reviewed all income statement and balance sheet accounts, including back up documentation, bank reconciliations, financial closing processes and project reviews. The audits also included a business risk assessment with the regional managing director and the regional finance director. After the conclusion of each internal audit, an audit summary was prepared by the CFO team and presented to the CEO and executive team. The audit summary includes an action plan with follow up dates for each region to ensure the progress of any outstanding items

- Self-risk assessment
 - The self-risk assessments are carried out by the regions before the internal audits and this self-assessment helps build the basis for the internal audit

Group risk profile

Below is an overview of material risks that are of most relevance for achieving DeepOcean's long-term goals and strategy. This risk overview is not exhaustive. There may be risks which are currently not deemed material, but which could have a substantial adverse effect. (See note 3 – Financial statement)



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Risk category	DeepOcean's Risk Appetite	Key Risk Areas
Business & Marketing Risk	For both Business & Marketing risk and Commercial risks, acceptable risk levels vary depending on the subject at hand, where expected rewards have to justify the risk.	Customer and geographical concentration
Commercial Risk		- Demand from oil & gas and offshore renewables companies - Inability to be (price) competitive - Contracting risk
Operational Risk	Operational risks are handled with a moderate risk appetite. However, all risks related to HSEQS are subject to low risk appetite.	- Fleet flexibility - Innovation - Unsuccessful project execution - HSEQS incidents - Asset unreliability - Inability to attract and retain key employees - Organizational alignment - Cyber security
Regulatory Risk	Compliance is subject to a very low risk appetite as DeepOcean strives for a 100% compliance with legal and regulatory requirements.	- Non-Compliance with law and regulation - Countries of operation
Financial Risk	Financial risk appetite is low, with the intent to limit financial risks and maintain long-term solvency.	- Liquidity & Credit Risk - Currency Risk - Interest rate risk

Insurance & legal

DeepOcean is insured against a variety of risks. Risks related to general liability are covered at Company level. Vessels and equipment are insured, and local cover is arranged for risks associated with normal business operations, such as insurance for the buildings and for employees. Some operating companies are involved in claims, either as the claimant or the defendant, within the context of normal business operations. Where necessary proper provisions have been accounted for in the financial statements (refer to note 10.4 and 24). Based on developments thus far, it is not anticipated that DeepOcean's financial position will be noticeably affected by any of these proceedings.

A.5 Governance

Corporate Governance

The Board of Directors is composed of at least three and up to seven board members, of which at least one non-Executive Director and at least one Executive Director. As of 31st December 2019, the Board of Directors consisted of one Executive Director and five non-Executive Directors. The Board members are jointly responsible for the management of the Company and the enterprise connected with it.

Board of directors as of 31 December 2019:

Jo Lunder (Chairman)
Terje Askvig
Øyvind Mikaelson
Chris Cooper
German Cura
Kristian Diesen

In the composition of its executive management team as well as its board of directors, DeepOcean has a strategy of equal opportunities, whereby the principle of the best person for the job is leading. The nature of the industry that DeepOcean is operating in as well as DeepOcean's profile as an offshore service provider, with a majority male employee population, led to a board of directors with six male directors as per 31 December 2019.

The goal for the composition of the board is to aim as much as possible for a diverse composition, where possible, in age and gender, considering the statutory requirements and the requirements related to education and experience. The composition of the board of directors is continuously evaluated and will be amended if needed.



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Executive Management Team

The executive management team has been strengthened in 2019 with the hiring of a new global head of HR Rakel Knutsen, and a new chief commercial officer Stephane Abergel. The two new executives join DeepOcean with strong experience in executive positions. Rakel Knutsen will lead the reorganization of DeepOcean to optimize the organizational set up. Stephane Abergel has been hired to lead the growth phase of DeepOcean globally and with specific focus on Africa.

General Meetings

The Annual General Meeting of Shareholders ('AGM') shall be held in principle once per year within six months after the end of the financial year, in accordance with the articles of association of DeepOcean Group Holding B.V. The meeting shall be held at such time as the Directors shall designate. The meeting shall be held at the municipality in which the Company has its official seat or in another location, provided that in such case all of the Company's issued capital is represented and each person with meeting rights, to the extent required by law, has been duly convened or has given consent thereto.

A.6 Research and Development

The Company is continually working to improve the current product/service portfolio and is developing several new products and services in order to stay competitive (reduced project costs, increased efficiencies, improved operational results) in the markets serviced by DeepOcean (e.g. onshoring of ROV activities, Unmanned Surface Vessels or autonomous ROVs). In addition, these developments will support DeepOcean in potentially entering new markets, by being able to provide an additional range of services (e.g. Deep Sea Mineral Harvesting). In 2019 a substantial progress was made on the engineering and development of the Autonomous Inspection Drone and the DeepOcean Integrated Operations Center. The centre will become operational Q2-2020 and will allow to support the onshoring of operations for vessels in the North Sea.

A.7 Outlook

The average oil price for 2019 dropped 10% from 2018 level to US\$64.3 per barrel Brent Crude, which is still a level where the majority of E&P operators generate healthy cash flows from operations and invest in maintaining and increasing production. Overall offshore E&P spending grew by around 2% for the year and spending on subsea services grew at around 8%. In the IMR segment, activity grew by approximately 3% globally, still resulting in limited improvements in rates and revenues.

Market analysis indicates continuation of growth in both activity and spending in the years to come, eyeing around 4% activity growth p.a. for IMR services and double-digit growth for cable lay and trenching services within the booming offshore wind segment and swiftly recovering SURF segment. This view is further underpinned by offshore sanctioning activity in 2019, which was the highest in six years and represented an increase of 66% year over year in terms of estimated spending. Moreover, after years of shift towards increasing share of spot work, 2019 represented the first year of increase in year-end backlog in both nominal terms and share of secured work since the 2013 for DeepOcean, an early indication of market tightening within the IMR segment. Nevertheless, our near-term expectations for the year to come are to experience similar utilisation and pricing levels as in 2019.

DeepOcean continues to hold great confidence in the fundamental outlook for subsea services. Our service offerings span segments within oil & gas and offshore wind, but also emerging industries within other forms of renewable energy and seabed mining. The split of our Cable Lay & Trenching division and establishment of Enshore has broadened our opportunity set and ability to address a larger client universe, further enhancing our strong position within the high growth niche of seabed intervention.

Clients continue to appreciate DeepOcean's "can do" attitude and value-oriented solutions. With our asset light and equipment independent business model, we are well positioned as a partner of choice for tomorrow's IMR services. We are investing in new technology for safer and more efficient ways of delivering our services and will continue to invest in such technologies in the years to come.

In the course of 2019 DeepOcean has continued to run a rigorous cost reduction exercise and will continue to cut cost and leverage operational efficiencies in order to support improved financial results as well as to ensure competitiveness even under a prolonged low oil price.



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DeepOcean's strategy sees significant organic growth along with the forecasted market recovery and supported by key cost reduction as well as technology initiatives. As part of the strategy, DeepOcean aims to become a US\$1B company.

In the short term the weak financial results have forced DeepOcean to selectively reduce its workforce, but it is expected that the workforce will increase along with the forecasted revenue increase over the next few years.

A.8 Subsequent events

COVID-19 pandemic and Market Uncertainty During the first quarter of 2020, the spread of the COVID-19 virus caused global disruption, with negative consequences both for human health and economic activity. At the date of this report, employees in several DeepOcean offices worked from home. However, offshore activities in the North Sea and Africa are continuing as planned currently. The challenging commodity price environment together with the effects of the Covid-19 pandemic create unprecedented uncertainty and may have an adverse impact on both activity and financial performance of DeepOcean. Due to the high level of uncertainties at the time this report was finalized, it is still difficult to quantify more exactly the adverse effects and it is also too early to conclude on timing and path of recovery.

From a financial reporting perspective, the COVID-19 pandemic and the market uncertainty is expected to impact the execution of deliveries to clients and the performance of the company. However, as stated above this impact is hard to quantify currently due to offshore activities progressing as planned. Further, it could impact the long-term market outlook and future assessments of recoverable amounts of DeepOcean's assets. DeepOcean are working to restructure certain areas of the business, selectively lay-off staff and further streamline the business in anticipation of a prolonged market downturn.



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Board of Directors

The members of the Board of Directors have signed the financial statements pursuant to their statutory obligations under Section 2:101 sub 2 the Netherlands Civil Code.

Oslo, 13th May 2020

Board of Directors

J. Lunder, Chairman Board of Directors

Ø. Mikaelsen, Executive Director

G. Cura, Non-Executive Director

C.C. Cooper, Non-Executive Director

K. Diesen, Non-Executive Director

T. Askvig, Non-Executive Director



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B. Consolidated Financial Statements

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B.1 Consolidated statement of profit or loss for the year ended 31 Dec 2019

<i>USD (thousands)</i>	<i>Note</i>	2019	2018
Revenue from contracts with customers	5	490 394	505 817
Direct operating expenses	6	(331 828)	(457 612)
Depreciation and amortisation	11,12	(135 257)	(29 749)
Gross profit		23 309	18 456
Sales, general and administrative expenses	6	(22 384)	(33 564)
Impairment of fixed assets	6	(5 252)	(138)
Other expenses	6	(20 112)	(11 471)
Share of net income from investments accounted for using the equity method	13	487	948
Loss from operating activities		(23 952)	(25 769)
Finance income		481	353
Finance expense		(26 150)	(18 673)
Net finance expense	9	(25 669)	(18 320)
Loss before tax		(49 621)	(44 089)
Corporate income tax (expense)/credit	10	4 282	(1 810)
Loss for the period from continuing operations		(45 339)	(45 899)
Discontinued operations			
Loss for the period from discontinued operations	4	(3 632)	(2 347)
Loss for the period		(48 971)	(48 246)
Total loss attributable to:			
Shareholders of the parent		(48 612)	(47 307)
Non-controlling interests		(359)	(939)
		(48 971)	(48 246)

The accompanying notes are an integral part of these consolidated financial statements.



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DEEPOCEAN**B.2 Consolidated statement of comprehensive income for the year ended 31 Dec 2019**

<i>USD (thousands)</i>	<i>Note</i>	2019	2018
Loss for the period		(48 971)	(48 246)
Items that will not be reclassified to profit or loss			
Reclass external loan to IC loan	22	-	17 930
		-	17 930
Items that may be reclassified subsequently to profit or loss			
Net investment hedge	27	-	(1)
Foreign currency translation differences of foreign operations		2 008	7 867
		2 008	7 866
Total comprehensive loss for the period, net of tax		(46 963)	(22 450)
Total comprehensive loss attributable to:			
Shareholders of the parent		(46 905)	(23 865)
Non-controlling interests		(58)	1 415
Total comprehensive loss for the period, net of tax		(46 963)	(22 450)
Total comprehensive loss for the period, net of tax arises from:			
Continuing operations		(43 331)	(20 103)
Discontinued operations		(3 632)	(2 347)
Total comprehensive loss for the period, net of tax		(46 963)	(22 450)

The accompanying notes are an integral part of these consolidated financial statements.



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B.3 Consolidated statement of financial position as at 31 Dec 2019

		31 December	31 December
USD (thousands)	Note	2019	2018
Assets			
Vessels and equipment	11	361 601	155 787
Intangible assets	12	2 895	2 914
Equity accounted investees	13	591	987
Post-employment benefit asset	23	409	421
Prepaid charter costs	16	2 065	2 772
Deferred tax assets	10	16 137	7 552
Total non-current assets		383 698	170 433
Inventories	17	3 391	3 566
Trade receivables and contract assets	18	104 413	98 690
Current income tax receivable	10	996	694
Assets held for sale	11	15 000	(0)
Cash and cash equivalents	19	66 547	70 391
Total current assets		190 347	173 341
Total assets		574 045	343 774
Equity			
Share capital	20	863	880
Share premium	20	364 529	371 655
Other reserves		14 175	11 146
Accumulated losses		(315 504)	(272 708)
Total equity attributable to owners of the Company		64 063	110 973
Non-controlling interests		(8 836)	(8 778)
Total equity		55 227	102 195
Liabilities			
Non-current portion of loans and borrowings	21	185 670	31 924
Non-current portion of loans and borrowings from related parties	22	1 501	1 580
Other non-current liabilities		693	707
Non-current portion of post-employment benefit obligation	23	1 276	259
Non-current provisions	24	183	317
Non-current income tax liabilities	10	45	116
Deferred income tax liabilities	10	1 215	1 215
Total non-current liabilities		190 583	36 118
Current portion of loans and borrowings	21	202 407	92 871
Current portion of derivative financial liabilities	25	4 104	3 833
Trade and other payables	26	119 213	105 607
Current provisions	24	2 569	3 150
Current income tax liabilities	10	(58)	
Total current liabilities		328 235	205 461
Total liabilities		518 818	241 579
Total equity and liabilities		574 045	343 774

The accompanying notes are an integral part of these consolidated financial statements.



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B.4 Consolidated statement of changes in equity for the year ended 31 December 2019

Attributable to shareholders of the Company										
USD (thousands)	Notes	Share capital	Share premium	Translation reserve Foreign operations	Translation reserve Other	RSU and GSO reserves	Retained earnings / (accumulated losses)	Total	Non-controlling interest	Total equity
Balance at 1 January 2018		564	359 191	(58 927)	47 121	12 061	(255 268)	104 743	(10 193)	94 550
Comprehensive income										
Loss for the period		-	-	-	-	-	(47 313)	(47 313)	(939)	(48 252)
Other comprehensive income										
Net investment hedges	27	-	-	(1)	-	-	-	(1)	-	(1)
Reclass external loan to IC loan (AXA)							17 930	17 930		17 930
Foreign currency translation differences of foreign operations		-	-	3 972	-	-	1 542	5 514	2 354	7 868
Total comprehensive loss for the period		-	-	3 971	-	-	(27 841)	(23 870)	1 415	(22 455)
Transactions with owners										
Capital contribution		343	29 752	-	-	-	-	30 095	-	30 095
Foreign currency movement		(27)	(17 288)	2 836	4 664	(581)	10 395	(1)	-	(1)
Total transactions with owners of the Company		316	12 464	2 836	4 664	(581)	10 395	30 094	-	30 094
Balance at 31 December 2018		880	371 655	(52 120)	51 785	11 480	(272 714)	110 967	(8 778)	102 189

Attributable to shareholders of the Company										
USD (thousands)	Notes	Share capital	Share premium	Translation reserve Foreign operations	Translation reserve Other	RSU and GSO reserves	Accumulated losses	Total	Non-controlling interest	Total equity
Balance at 1 January 2019		880	371 655	(52 120)	51 785	11 480	(272 714)	110 967	(8 778)	102 189
Comprehensive income										
Loss for the period		-	-	-	-	-	(48 612)	(48 612)	(359)	(48 971)
Other comprehensive income										
Net investment hedges	27	-	-	-	-	-	-	-	-	-
Foreign currency translation differences of foreign operations		-	-	1 742	-	-	(34)	1 708	301	2 008
Total comprehensive loss for the period		-	-	1 742	-	-	(48 646)	(46 904)	(58)	(46 962)
Transactions with owners										
Capital contribution						-	-	-	-	-
Foreign currency movement		(17)	(7 126)	1 287			5 856			
Total transactions with owners of the Company		(17)	(7 126)	1 287			5 856			
Balance at 31 December 2019		863	364 529	(49 091)	51 785	11 480	(315 504)	64 063	(8 836)	55 227

The accompanying notes are an integral part of these consolidated financial statements.



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DEEPOCEAN**B.5 Consolidated statement of cash flows for the year ended 31 December 2019**

<i>USD (thousands)</i>	<i>Notes</i>	2019	2018
<i>Cash flows from continuing operations</i>			
Cash flows from operating activities			
Loss from operating activities		(23 952)	(25 775)
Adjustments for non cash items			
Depreciation and amortisation	11	135 257	29 749
Depreciation and amortisation IFRS16		(107 720)	
Operational expenses adjustments IFRS16		(2 919)	
Share of net income from investments accounted for using the equity method	13	(487)	(948)
Profit on sale of fixed assets	6	(97)	(777)
Impairment losses	6,11	5 252	138
RSU and GSOP income/(expenses) (1)		-	358
		5 334	2 745
Changes in working capital:			
Inventories	17	176	(1 239)
Trade and other receivables	18	356	(3 361)
Prepayments	16	708	-
Trade and other payables	26	7 796	(12 401)
Provisions and employee benefits	23,24	275	(148)
Cash (used in)/generated from operating activities		14 645	(14 404)
Interest and other finance costs paid	21	(11 502)	(14 996)
Interest and other finance income received	21	524	318
Income taxes (paid)/received	10	(2 729)	1 618
Net cash (used in)/generated from operating activities		938	(27 464)
Cash flows from investing activities			
Proceeds from sale of fixed assets	11	1 224	1 629
Purchase of vessels and equipment	11	(6 218)	(16 091)
Acquisition of Group companies	11,15		(36 344)
Dividends received from equity accounted investees		866	875
Net cash used in investing activities		(4 128)	(49 931)
Cash flows from financing activities			
Proceeds from issuance of shares	20		30 000
Proceeds of borrowings	21	9 987	35 531
Repayment of borrowings	21	(5 885)	
Payment of finance lease		(4 680)	(4 037)
Settlement of derivatives			
Net cash (used in)/generated from financing activities		(578)	61 494
Net decrease in cash and cash equivalents from continuing operations		(3 768)	(15 901)
<i>Cash flows from discontinued operations</i>			
Net change in cash and cash equivalents from discontinued operations		-	-
Net decrease in cash and cash equivalents		(3 768)	(15 901)
Cash and cash equivalents at 1 January		70 391	86 268
Translation differences on cash and cash equivalents		(76)	24
Cash and cash equivalents at 31 December	19	66 547	70 391

The accompanying notes are an integral part of these consolidated financial statements.

(1) RSU = Restricted Stock-Unit Plan; GSOP = Growth Stock Option Plan.



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B.6 Notes to the Consolidated Financial Statements

1. General information

DeepOcean Group Holding B.V., hereinafter to be referred as 'the Company', has its statutory seat in Amsterdam, the Netherlands. The address of the Company's registered office is Atrium Building, 8th floor, Strawinskylaan 3127, 1077 ZX Amsterdam, the Netherlands. The Company is registered with the trade register of the Chamber of Commerce under number 55630561. Its ultimate shareholder is Tricer HoldCo S.C.A., having its statutory seat in Luxembourg, and is registered with the Registre de Commerce et des Sociétés under number B210246.

These consolidated financial statements as at and for the year ended 31 December 2019 comprise DeepOcean Group Holding B.V. (the Company) and its subsidiaries (the Group).

The Company is the leading, pure play subsea services provider in the areas of Survey, IMR (Inspection, Maintenance and Repair), Subsea Construction and Cable Lay & Trenching.

2. Significant accounting policies

The principal accounting policies applied in the preparation of consolidated financial statements are set out below. These policies have been applied consistently to all periods presented in these consolidated financial statements, unless otherwise stated.

2.1 Statement of compliance

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and as issued by the International Accounting Standards Board (IASB) and with Part 9 of Book 2 of the Dutch Civil Code. The Group presents its financial information in USD x 1,000, except when indicated otherwise.

The consolidated financial statements have been prepared by the Executive Management and were approved by the Board of Directors on Wednesday 13th May 2020.

2.2 Basis of preparation – Going Concern

During the first quarter of 2020, the sharp decline in commodity prices, exacerbated by the COVID-19 pandemic caused global disruption, with significant negative consequences both for human health, economic activity and the energy sector. The potential impact on DeepOcean is yet to be seen as offshore activities in the North Sea and Africa continue without delay. The challenging commodity price environment together with the effects of the COVID-19 pandemic create unprecedented uncertainty and makes it challenging to firmly predict the long-term effects for DeepOcean.

DeepOcean has taken a number of measures already to mitigate substantial negative impact for the company including reduced investment plans, pushed vendor terms with all major suppliers and lessors, and planned major restructuring across the organisation. The restructuring plan is now approved and will be rolled out across the organisation immediately. This plan includes major reductions in SG&A staff, contractors and underutilised OPEX employees. Furthermore, management has engaged with vessel owners to instigate vessel rate reductions. This overall process is being aligned with close collaboration with customers, banks and financial institutions, suppliers and employees. The actions are an acknowledgement of current events as well as uncertainty around the timing and path of recovery. DeepOcean also has proactive dialogues with governments to ensure participation in financial relief measures aimed at containing economic effects of the COVID-19 (corona) virus outbreak.

Also, based on the current forecast/budget scenario, management does not see an immediate risk of breaking the bank covenants (Liquidity & LTM EBITDA) in 2020. However, there is a potential scenario where the EBITDA covenant is breached in Q1/Q2 2021. To mitigate this risk of covenant breach, DeepOcean as stated above is taking a number of measures to limit the potential negative impact of the sharp decline in commodity prices and the COVID-19 pandemic.

The high market volatility caused by the COVID-19 pandemic in conjunction with the collapse of the oil price, increases the risk regarding the going concern assumption for most companies, and this is also the case for



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DeepOcean. Although the risk has increased, the assessment is that DeepOcean has the resources, organization, competence, assets and customer base to continue being a going concern. Notwithstanding, all the mitigation measures implemented and the ongoing restructuring, there is material uncertainty for DeepOcean to continue as a going concern over the next 12 months due to the collapse of the oil price and the COVID-19 pandemic.

Management has decided to move its Group Holding entity from a Dutch entity (currently DeepOcean Group Holding B.V.) to a Norwegian entity in the course of 2020. This will involve a series of mergers resulting in DeepOcean Group Holding BV ceasing to exist and DeepOcean Norway AS becoming the ultimate parent of the DeepOcean Group. (Project Homecoming)

The series of mergers leading to DeepOcean Norway AS becoming the ultimate parent of the DeepOcean Group are as follows:

- DeepOcean Group Holding BV will be merged into Tricer NL BidCo 4 BV
- Merged Tricer NL BidCo 4 BV will be merged into Tricer NL BidCo 3 BV
- Merged Tricer NL BidCo 3 BV will be merged into DeepOcean Norway AS
- DeepOcean Norway will be the surviving entity and will become the group parent company

2.3 Changes in accounting policy and disclosures

New standards, amendments and interpretations adopted by the Company

The Company applied IFRS 16 for the first time in 2019, starting on the 1st of January 2019. The nature and effect of the changes caused by the adoption of these new accounting standards are described below.

The Company has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

IFRS 16, 'Leases'

IFRS 16 was issued in January 2019 and replaces IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease.

Effective 1 January 2019 the Group adopted IFRS 16 using the modified retrospective approach and, consequently, comparative information has not been restated. The Group recognised the cumulative effect of initially applying the standard as an adjustment to the opening balance.

IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for most leases under a single on-balance sheet model. At the commencement date of a lease, the Group, as lessee, recognizes a liability to make lease payments and an asset representing the right to use the underlying asset during the lease term ("right-of-use asset"). The standard includes a number of optional practical expedients related to recognition and initial application. Interest expenses on the lease liability as well as depreciation expenses on the right of use asset are calculated and presented separately in the statement of income.

At the date of initial application of IFRS 16, the Group measured lease liabilities at the present value of the remaining lease payments, discounted using the Group's incremental borrowing rate at 1 January 2019. Further, the Group recognised right-of-use assets at an amount equal to the lease liability adjusted for prepaid and accrued lease payments.

The Group has applied the following exemptions (practical expedients) to leases previously classified as operating leases at the date of initial application:

- Exemption for short-term leases (defined as 12 months or less)
- Exemption for low value assets



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IFRS 16 impact on the consolidated financial statements

On transition to IFRS 16, the Group recognised \$297.3 million USD of right-of-use assets and 297.3 million USD as lease liabilities.

Reference is made to note 28 for further information about the standard, the policy and the IFRS 16 implementation impact

New standards, amendments and interpretations not yet adopted by the Company:

Other standards, amendments to standards, and interpretations of standards, issued but not yet effective, are either not expected to materially impact DeepOcean's Consolidated financial statements, or are not expected to be relevant to DeepOcean's Consolidated financial statements upon adoption.

2.4 Use of estimates and judgments

The preparation of the consolidated financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities and disclosure of contingent assets and liabilities as of the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results may differ materially from these estimates. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 3.

2.5 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an entity to affect and obtain benefits from its activities.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred to the former owners of the acquired business, equity interests issued by the Group, fair value of any asset or liability resulting from a contingent consideration arrangement, and fair value of any pre-existing equity interest in the subsidiary. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair value at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated, when necessary amounts reported by subsidiaries have been adjusted to conform to the Group's accounting policies.

On the loss of control, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interest and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiary, it is accounted for as investments accounted for using the equity method or as financial asset at fair value through profit and loss depending on the level of influence retained.

Non-controlling interests

The Group recognises any non-controlling interest on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquirer's identifiable net assets.

Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions - that is, as transactions with the owners in their capacity as owners. The difference between fair value



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of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

Transactions eliminated on consolidation

Intercompany transactions, intercompany balances and income/expenses on transactions between Group companies are eliminated. Profits and losses resulting from intercompany transactions that are recognised in assets are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

2.6 Discontinued operations

A discontinued operation is a component of the Group's business, the operation and cash flows of which can be clearly distinguished from the rest of the Group and which:

- Represents a separate major line of business or geographical area of operations
- Is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations; or
- Is a subsidiary acquired exclusive with a view to resale.

Classification as a discontinued operation occurs on disposal, abandonment, termination or when the operation meets the criteria to be classified as held for sale, if earlier. When an operation is classified as a discontinued operation, the comparative statement of comprehensive income has been re-presented as if the operation had been discontinued from the start of the comparative year.

2.7 Foreign currency

Functional and presentation currency

These consolidated financial statements are presented in USD, which is the currency of the primary stakeholders. Items included in the financial information of individual entities in the Group are measured using the individual entity's functional currency, which is the currency of the primary economic environment in which the entity operates. The Group is primarily exposed to fluctuations in the foreign currency exchange rates of the Norwegian Kroner, United States Dollar, British Pound and the Euro.

Transaction and balances

Transactions in foreign currencies are translated into the respective functional currencies of Group entities at exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of profit or loss. Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the statement of profit or loss within finance income or expense.

Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet,
- Income and expenses for each statement of profit or loss are translated at average exchange rates (unless this average is not reasonable approximation of the cumulative effect of the rate prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions),
- All resulting exchange differences are recognised in other comprehensive income,

Share capital and share premium, for each balance sheet presented are translated at the closing rate at the date of that balance sheet. Resulting exchange differences are recognised directly in equity.

2.8 Revenue from contracts with customers

DeepOcean Company Holding B.V. ("the Company"), is an integrated provider of subsea and marine support vessels and services, such as inspection, maintenance and repair of subsea infrastructures, survey and seabed



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mapping, seabed intervention, including subsea trenching and protection services, and subsea installation (SURF) and decommissioning services.

Revenue from contracts with customers is recognized when control of the services is transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for services.

In general, the Company's revenue streams can be divided into day-rate projects and lump-sum projects.

Under IFRS 15 principles, day-rate projects and lump-sum projects are assessed under the IFRS 15 model. There has not been identified any lease nor sub-lease components in the Company's revenue streams.

1. Day-rate projects:

Day-rate projects relate to the activity in which the Company and its customer have agreed on a daily fee for the services to be provided by the Company in relation to the project. The performance obligation of day-rate projects is considered the daily delivery of the required service by the vessel to the customer of the company. Promises made in the contract with the customer are assessed as whether such promises are capable of being distinct, hereof distinct in the context of the contract, and the transaction price allocated accordingly. The Company recognizes revenue from day-rate project contracts over time, because the customer simultaneously receives and consumes the benefits provided by the Company. The revenue is as such recognized linear on a day-by-day basis over the contract period, and the transaction price is estimated at the contract inception, including any variable considerations.

2. Lump-sum projects:

Lump-sum projects concern projects in which the Company and its customers have agreed on a fixed fee for the services to be provided by the Company in relation to the project. This can be a mixture of the services as described above.

The performance obligation of the Company's lump-sum contracts is assessed on a contract-by-contract basis, evaluation whether any promises made in the contract are capable of being distinct, hereof distinct in the context of the contract. The Company have evaluated that the promised goods or services provided in contracts is capable of being distinct, however not distinct within the context of the project. IFRS 15 states that if a promised good or service is not distinct, an entity shall combine that good or service with other promised goods or services until it identifies a bundle of goods or services that is distinct. In some cases, that would result in the entity accounting for all the goods or services promised in a contract as a single performance obligation. Hence, the Company assess that the bundle of services provided on lump-sum contracts, is one performance obligation.

The Company recognizes revenue from lump-sum project contracts over time, because the customer simultaneously receives and consumes the benefits provided by the Company. The transaction price is estimated at the contract inception, including any variable considerations

The revenue is recognized in accordance with the stage of completion of a contract using a cost-to-cost input model to measure percentage of completion. The method relies on the Company's ability to estimate future costs in an accurate manner. The estimate to complete (ETC) is based on the schedule of the remaining work and its value, and the ETC is updated monthly. The reviews monitor actual cost of work performed project to date, the estimate cost to complete and the estimate cost at completion. This enables a reliable estimate for the likely outcome in terms of profitability of each project.

Variation considerations

If the consideration in a contract includes a variable amount, the Company estimates the amount of consideration to which it will be entitled in exchange for transferring the services to the customer. Such variation considerations

The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

Contract modifications

A contract modification occurs when the Company and the customer approve a change in the contract scope, price or both. The accounting for a contract modification depends on whether distinct goods or services are added to the arrangement, and on the related pricing in the modified arrangement.



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The Company recognize revenue from contract with customers arising from variation orders in the case the Company concludes that rights and obligations created or changed by a modification are enforceable, considering all relevant facts and circumstances including the terms of the contract and other evidences.

Warranty obligations

The Company provides warranties related to its performed services. In case the Company has not met the required criteria in the contract, additional required works are generally for the account of the Company. Such assurance-type warranties are accounted for as a provision under IAS 37 Provisions, Contingent Liabilities and Contingent Assets.

Principle versus agent

The Company has generally concluded that it is the principal in its revenue arrangements, because it typically controls the goods or services before transferring them to the customer.

Contract balances

Contract assets: A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Company performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

Trade receivables: A receivable represents the Company's right to an amount of consideration that is unconditional.

Contract liabilities:

A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognized when the payment is made. Contract liabilities are recognized as revenue when the Company fulfils the performance obligation (s) under the contract.

2.9 Leasing

At the inception of a contract, The Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Recognition of leases and exemptions

At the lease commencement date, the Group recognizes a lease liability and corresponding right-of-use asset for all lease agreements in which it is the lessee, except for the following exemptions applied:

- Short-term leases (defined as 12 months or less)
- Low value assets

For these leases, the Group recognizes the lease payments as other operating expenses in the statement of profit or loss when they incur.

Lease liabilities

The lease liability is recognized at the commencement date of the lease. The Group measures the lease liability at the present value of the lease payments for the right to use the underlying asset during the lease term that are not paid at the commencement date. The lease term represents the non-cancellable period of the lease, together with periods covered by an option either to extend or to terminate the lease when the Group is reasonably certain to exercise this option.

The lease payments included in the measurement comprise of:

- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable
- Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date



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- Amount expected to be payable by the Group under residual value guarantees
- The exercise price of a purchase option, if the Group is reasonably certain to exercise that option
- Payments of penalties for terminating the lease, if the lease term reflects the Group exercising an option to terminate the lease.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made and remeasuring the carrying amount to reflect any reassessment or lease modifications, or to reflect adjustments in lease payments due to an adjustment in an index or rate.

The Group does not include variable lease payments in the lease liability. Instead, the Group recognizes these variable lease expenses in profit or loss.

Right-of-use assets

The Group measures the right-of use asset at cost, less any accumulated depreciation and impairment losses, adjusted for any remeasurement of lease liabilities. The cost of the right-of-use asset comprise:

- The amount of the initial measurement of the lease liability recognized
- Any lease payments made at or before the commencement date, less any incentives received
- Any initial direct costs incurred by the Group. An estimate of the costs to be incurred by the Group in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories.

Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

The Group applies IAS 36 Impairment of Assets to determine whether the right-of-use asset is impaired and to account for any impairment loss identified.

2.10 Employee benefits

Pension obligations

The Group operates various defined contribution pension schemes and three defined benefit pension schemes.

Defined contribution plans

With a defined contribution plan the Group pays contributions to an insurance company. After the contribution has been made, the Group has no further commitment to pay. The contribution is recognised as employee expenses. Prepaid contributions are reflected as an asset (pension fund) to the degree the contribution can be refunded or will reduce future payments. The assets of the scheme are held separately from those of the Group in an independently administered fund. The amount recognised in the Statement of the profit or loss account represents the contributions payable to the scheme in respect of the financial year.

Defined benefit plans

A defined benefit plan is a pension scheme which is not a defined contribution plan. A defined benefit plan is a pension scheme which defines a pension payment which an employee will receive at pension age. The pension payments are normally dependent on one or more factors such as age, number of years in the company, and salary. The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that



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have terms to maturity approximating to the terms of the related pension obligation. In countries where there is no deep market in such bonds, the market rates on government bonds are used.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise. Past-service costs are recognised immediately in income.

One of the defined benefit schemes operated by one of the Group companies represents amounts payable to the Merchant Navy Officers Pension Fund ('MNOFF') in UK. The MNOFF is an industry-wide, multi-employer defined benefit scheme. The Group is unable to identify its share of the scheme's underlying assets and liabilities on a consistent and reasonable basis. The Group accrues an estimated future liability based on the last valuation received and makes payments during the year. Contributions are charged to the profit or loss account in the year in which they are payable, as communicated by the MNOFF.

The two other defined benefit schemes are operated by Norwegian entities. These pension plans are administered by a pension insurance company. The schemes carry, based on present social security regulations, an entitlement to an old-age pension corresponding to a percentage of pensionable income at the time of retirement. The pensions are coordinated with those under the Norwegian National Insurance Scheme.

In the US the group maintains a contributory 401(k) plan.

Bonus plan

In 2019 there was no bonus plan in place.

2.11 Expenses

Direct operating expenses

Direct operating expenses are charged to profit or loss as incurred. Direct operating expenses principally include operating expenses associated with vessels charter, equipment lease, crew costs and consumable or project related materials. Direct operating expenses are reduced by the amount of partial reimbursements of labour costs received from any government (such as the Norwegian Government) and income from insurance claims.

Sales, general and administrative expenses

Sales, general and administrative expenses are charged to profit or loss as incurred. DeepOcean's sales, general and administrative expenses consist principally of:

- Salaries for employees not allocated to direct expenses, as well as expenses related to share-based compensation;
- Professional fees for independent auditors, lawyers and other consulting expenses;
- Premises, office and travel costs;
- Marketing costs;
- IT and communication expenses.

Other income and expenses

Other income and expenses are charged to profit or loss as incurred. Other income and expenses consist principally of restructuring costs, profit and loss on the sale of fixed assets, impairments, allowance for doubtful debt, and other extraordinary expenses.

Finance income and costs

Finance income and costs consist of finance cost, finance income and foreign currency gains and losses. Finance income comprises interest income on funds invested. Interest income is recognised in profit or loss as it accrues, using the effective interest method. Finance cost comprises interest expense on borrowings, amortised finance charges that are recognised in the statement of profit or loss, and financial instruments carried at fair value through profit and loss.

2.12 Taxation

Taxation expense or income represents the sum of the current tax and deferred tax. Taxes are computed based on tax rates and tax laws enacted or announced at the balance sheet date.



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Current tax

Current tax is based on the taxable income for the year, together with any adjustments to tax payable in respect of prior years and considering the potential impact of uncertain tax positions. Taxable income differs from income before taxes as reported in the Consolidated Income Statement because it excludes items of income or expense that are taxable or deductible in other periods and items that are never taxable or deductible. Current tax relating to items recognised directly in equity is recognised in equity and not the Consolidated Statement of Other Comprehensive Income.

Deferred tax

Deferred tax is calculated on the basis of in the difference between reported and fiscal value of assets and liabilities and is accounted for using the balance sheet liability method. Deferred tax assets are recognised to the extent that it is probable that they will be utilised within the next few years and reduced when it is no longer probable that they will be utilized. Assets or liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition of other assets or liabilities in a transaction (other than in a business combination), that does not affect either the taxable income or the accounting income before taxes.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and interests in associates, and joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the near future.

Deferred tax is charged or credited to the Consolidated Income Statement, except when it relates to items charged or credited directly in the Consolidated Statement of Comprehensive Income in which case the deferred tax is also recognised within the Consolidated Statement of Comprehensive Income.

2.13 Owned vessels and equipment (Fixed Assets)

Recognition and measurement

Vessels and equipment are stated at cost less accumulated depreciation and impairments, if any. The cost of assets includes the costs of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located as well as capitalised borrowing costs.

Dry-dock expenditure incurred to maintain a vessel's classification is capitalised as a distinct component of the asset and amortised over the period until the next dry docking is scheduled for the asset (usually 2½ to 5 years). All other repair and maintenance costs are recognised in the profit or loss as incurred.

Vessels and equipment that are being constructed or developed for future use are classified as assets under construction. Assets under construction are carried at cost, less recognised impairment loss, if any. The assets under construction are reclassified to the relevant asset category upon completion.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

Depreciation

Depreciation for vessels and equipment commences once the asset is placed in service for its intended use. Depreciable lives are determined through economic analysis, reviewing existing business plans and comparison to similar assets. For the vessels, depreciation is calculated per significant component, as the depreciable lives of the different components may vary. The identification of significant components requires management judgment (refer to note 3). Depreciation is calculated as the cost of vessels and equipment less their estimated residual values using the straight-line basis over their estimated useful lives.



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Category	Asset Type/Component	Years
Surface vessels	Vessel hull	30
Surface vessels	Loading and unloading equipment	15
Surface vessels	Main engine	20
Surface vessels	Residential containers	15
Surface vessels	Other equipment	15
Surface vessels	Dry docking	2.5 - 5
Subsea equipment	Equipment (ROV, trenchers, etc.)	10
Other	Furniture and fittings	3 - 10
Other	Office equipment	2 - 5
Other	Vehicles	3 - 5

Residual values are estimated based on historical experience with regard to these assets and are established in conjunction with the estimated useful lives of the asset. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. Major modifications, which extend the useful life of marine vessels, are capitalised and amortised over the adjusted remaining useful life of the vessel. Marine inspection costs are expensed in the period incurred.

Non-current assets (or disposal groups) are classified as assets held for sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. They are stated at the lower of carrying amount and fair value less costs to sell.

2.14 Intangible assets and goodwill

Recognition and measurement

Goodwill

Goodwill on subsidiaries and joint ventures is recognised separately as intangible assets and carried at cost less accumulated impairment losses.

Research and development

Expenditure on research activities is recognised in profit or loss as incurred. Development expenditure is capitalised only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Group intends to and has sufficient resources to complete development and to use or sell the asset. Otherwise, it is recognised in profit or loss as incurred.

Other intangible assets

Other intangible assets, including customer relationships, backlog, patents and trademarks, that are acquired by the Group and have finite useful lives, are measured at cost less accumulated amortisation and any accumulated impairment losses.

Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

Amortisation

Amortisation is calculated to write off the cost of intangible assets less their estimated residual values, using the straight-line method, over their estimated useful lives, and is recognised in profit or loss. Goodwill is not amortised but assessed for impairment annually.

Category	Asset Type/Component	Years
Intangible assets	Goodwill	-
Intangible assets	Customer relationships	10
Intangible assets	Backlog	10



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2.15 Interests in equity-accounted investees

Interests in equity-accounted investees can comprise associates or joint ventures (refer to 2.16.1).

Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies. Interests in associates are accounted for using the equity method. They are initially recognised at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of equity-accounted investees, until the date on which significant influence ceases.

2.16 Joint arrangements

Joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations of each investor. The Group recognises its direct right to the assets, liabilities, revenues and expenses of joint operations and its share of any jointly held or incurred assets, liabilities, revenues and expenses. These have been incorporated in the financial statements under the appropriate headings.

2.16.1 Joint ventures

Joint ventures are accounted for using the equity method, where interests in joint ventures are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses and movements in other comprehensive income. When the Group's share of losses in a joint venture equals or exceeds its interests in the joint ventures (which includes any long-term interests that, in substance, form part of the Group's net investment in the joint ventures), the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint ventures.

The Group determines at each reporting date whether there is any objective evidence that the investment, using the equity method, needs to be impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the investments and its carrying value and recognises the amount adjacent to share of profit/(loss) of an investee in the statement of profit or loss.

Profits and losses resulting from upstream and downstream transactions between the Group and its investments are recognised in the Group's financial statements only to the extent of unrelated investor's interests in the investments.

2.16.2 Joint operations

The Group recognises its direct right to the assets, liabilities, revenues and expenses of joint operations and its share of any jointly held or incurred assets, liabilities, revenues and expenses and incorporates this in the financial statements under the appropriate headings.

When the Group participates in, but does not have joint control of, a joint operation it shall also account for its interest in the arrangement in accordance with the above if the Group has rights to the assets, and obligations for the liabilities, relating to the joint operation.

2.17 Impairment of non-financial assets

Non-financial assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). Prior impairments of non-financial assets (other than goodwill) are reviewed for possible reversal at each reporting date.

2.18 Financial assets

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.



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The Company classified its financial assets in four categories:

- Financial assets at amortised cost
- Financial assets at fair value through profit or loss
- Derivatives at fair value designated as hedging instruments

Financial assets at amortised cost:

The Company measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows and,
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Company's financial assets at amortised cost includes trade receivables and other short-term deposit. Trade receivables that do not contain a significant financing component are measured at the transaction price determined under IFRS 15 Revenue from contracts with customers.

The Company's financial assets classified in the category 'amortized cost' comprise 'trade receivables', 'restricted cash' and 'cash and cash equivalents'.

Financial assets at fair value through profit or loss:

Financial assets at fair value through profit or loss are acquired principally for the purpose of selling in the short term. Derivatives are also in this category unless they are designated as hedging instruments. Derivatives are initially recognized at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Derivatives are classified as current liability or current asset if they are expected to be settled within 12 months, otherwise they are classified as non-current. Changes in fair value of the derivatives, which are not used as hedging instrument, are recorded in the statement of profit or loss and presented under other finance (expense)/income.

Derivatives at fair value designated as hedging instruments:

Derivatives at fair value are carried in the statement of financial position at fair value with net changes in fair value in OCI.

Impairment of financial assets:

The Company recognizes an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

For trade receivables and contract assets, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date.

Derecognition of financial assets:

A financial asset (or, where applicable, a part of a financial asset or part of a Company of similar financial assets) is primarily derecognised (i.e., removed from the Company's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired, or
- the Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either
- the Company has transferred substantially all the risks and rewards of the asset, or
- the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset



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2.19 Inventories

Inventories consist of fuel, spare parts and other supplies to be consumed in the rendering of services. These supplies are measured at the lower of cost and net realisable value. The cost of inventories is based on the First-in-First-out (FIFO) principle, and includes expenditure incurred in acquiring the inventories and other costs incurred in bringing them to their existing location and condition. Within spare parts a distinction is to be made between 'immaterial' and material spare parts. The immaterial spare parts are to be carried as inventories and recognised as an expense as they are consumed. Material spare parts will qualify for recognition as vessels and equipment. For clarification purposes the useful life (and depreciation) of these material spare parts will commence when it is put in use rather than when it is acquired.

2.20 Trade receivables

Trade receivables are amounts due from customers for services performed in the ordinary course of business representing a right to an amount of consideration that is unconditional.

At initial recognition trade receivables without a significant finance component are recognized at their transaction price and subsequently at amortized cost. If collection is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets. For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. An impairment analysis is performed on all trade receivables at each reporting period to measure any potential credit losses. The assessment includes a review of geographical region, customer type, customer history, customer dialogue, current market conditions and future market conditions. Also, all reasonable and supportable information is taken into consideration in this assessment to ensure a probability-weighted outcome. Generally, trade receivables are written-off if past due for more than one year and are not subject to settlement negotiations.

2.21 Cash and cash equivalents

In the consolidated balance sheet cash and cash equivalents comprise cash in hand and deposits held at call with banks. Bank overdrafts, if any, are shown within borrowings in current liabilities.

2.22 Share capital

Ordinary shares are classified as equity. The term 'shares' as used in the consolidated financial statements means ordinary shares issued by the Company. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity, net of any tax effects.

2.23 Financial liabilities

Financial liabilities are classified, at initial recognition, as loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. Derivatives are recognised initially at fair value. Loans, borrowings and payables are recognised at fair value net of directly attributable transaction costs.

Derivatives are financial liabilities when the fair value is negative, accounted for similarly as derivatives as assets.

Loans, borrowings and payables:

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

Payables are measured at their nominal amount when the effect of discounting is not material.

Derecognition of financial liabilities:

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the



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derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

Offsetting of financial assets and liabilities:

Financial assets and liabilities are offset, and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the company or the counterparty.

Hedge accounting:

Hedges of net investments in foreign operations are accounted for similarly to cash flow hedges. Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognized in other comprehensive income and accumulated in the translation reserves in equity. The gain or loss relating to the ineffective portion is recognized immediately in profit or loss under other finance (expense)/income. Gains and losses accumulated in equity are reclassified to profit or loss when the foreign operation is partially disposed of or sold.

2.24 Loans and borrowings

Loans and borrowings are recognised initially at carrying amount, less attributable transaction costs. Subsequent to initial recognition, borrowings are measured at amortised cost using the effective interest method. The amount due within one year is presented under current liabilities.

Attributable transaction costs include costs associated with the issuance of debt and are amortised using the effective interest rate method of amortisation over the expected life of the related debt agreement or on a straight-line basis over the expected life of the related debt agreement if the straight-line method approximates the effective-interest rate method of amortisation.

2.25 Provisions

Provisions are recognised when: (i) the Group has a present legal or constructive obligation as a result of past events; (ii) it is probable that an outflow of resources will be required to settle the obligation; (iii) the amount has been reliably estimated. Provisions are not recognised for future operating losses. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

Onerous contracts

A provision for onerous contracts is recognised when the expected benefits to be derived by the Group from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Group recognises any impairment loss on the assets associated with that contract.

2.26 Trade and other payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade and other payables are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade and other payables are recognised initially at fair value plus any directly attributable transaction costs if any. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

2.27 Statement of cash flows

The consolidated statement of cash flows is prepared using the indirect method. The consolidated statement of cash flows distinguishes between operating, investing and financing activities. Cash flows in foreign currencies are converted at the exchange rate at the dates of the transactions. Currency exchange differences on cash held are separately shown. Payments and receipts of corporate taxes are included as cash flow from operating activities.



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In the consolidated statement of cash flows, cash and cash equivalents includes cash in hand, deposits held at call with banks and bank overdrafts. In the consolidated balance sheet, bank overdrafts are shown within borrowings in current liabilities.

3. Accounting estimates and judgments

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods. This note provides an overview of the areas that involved a higher degree of judgement or complexity, and of items that are more likely to be materially adjusted due to estimates and assumptions turning out to be wrong. Detailed information about each of these estimates and judgements is included in other notes together with information about the basis of calculation for each affected line item in the financial statements.

3.1 Revenue recognition on long term contracts

The Group accounts for long-term construction, engineering and project management contracts using the input method based on cost incurred (cost method), which is standard for the Group's industry. Contract revenues and total cost estimates are reviewed and revised periodically as work progresses. Adjustments based on the input method are reflected in contract revenues in the reporting period. To the extent that these adjustments result in a reduction or elimination of previously reported contract revenues or costs, a charge or credit is recognised against current earnings; amounts in prior periods are not restated. Such a charge or credit may be significant depending on the size of the project or the adjustment.

The input method requires the Group to make reliable estimates of progress toward completion of contracts and contract revenues and contract costs. The Group believes it assesses its business risks in a manner that allows it to evaluate the outcome of projects for purposes of making reliable estimates. The Group's business risks have involved, and will continue to involve, unforeseen difficulties including weather, economic instability, labour strikes, localised civil unrest, and engineering and logistical changes, particularly in major projects.

3.2 Corporate income taxes

The Group is subject to taxation in numerous jurisdictions and different taxation regimes, including tax regimes covered by production sharing contracts of our customers, the Norwegian tonnage tax regime and deemed profit regimes. Significant judgement is required in calculating the consolidated tax provision. There are transactions for which the ultimate tax determination is uncertain and for which the Group makes provisions based on an assessment of internal estimates and/or appropriate external advice, including decisions regarding whether to recognise deferred tax assets in respect of tax losses. Each year the Group completes a detailed review of uncertain tax positions across the Group and makes provisions based on the probability of the liability arising. Where the final tax outcome of these matters differs from the amounts that were initially recorded, the difference will impact the tax charge in the period in which the outcome is determined.

The Group also recognises the increased scrutiny applied by tax authorities on intercompany transactions. As such, the Group has considered its key transactions with affiliates and has reasonable grounds for concluding that the prices used are at arm's length. This is supported by internal transfer pricing documentation that is consistent with the OECD Guidelines (OECD Transfer Pricing Guidelines for Multinational Enterprises and Tax Administrations).

3.3 Vessels and equipment

Vessels and equipment are recorded at cost, and depreciation is recorded on a straight-line basis over the useful lives of the assets. Management uses their experience to estimate the remaining useful life and residual value of an asset. Reassessment particularly takes place when an asset has been upgraded or does not serve its original purpose anymore. When events or changes in circumstances indicate that the carrying value of vessels and equipment may not be recoverable a test for impairment is carried out by management. Where the 'value-in-use' method is used to determine the recoverable amount of an asset, management use their judgment in determining asset utilisation, profitability, remaining life, and the discount rate when performing the calculation. The determination and identification of different components of the vessels is subject to judgment from management. Each part of the vessel that forms a significant part and has a different depreciable life is considered a significant component.



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3.4 Allowance for doubtful debt

Trade receivables are shown net of impairment losses arising from identified doubtful receivables from customers. Trade receivables were impaired taking into account the financial position of the debtors, the days outstanding and expected outcome of negotiations and legal proceedings against debtors. Unbilled revenue on (completed) projects does not include impairment losses.

3.5 Fair value of derivatives

The fair value of financial instruments that are not traded in an active market (e.g.: over-the-counter derivatives) is determined by using valuation techniques. The Group uses its judgement to select a variety of methods and makes assumptions that are mainly based on market conditions existing at the end of each reporting period. The Group has used discounted cash flow analysis for various foreign exchange contracts that are not traded in active markets. For definition of fair value hierarchy please see note 27.6.1.

3.6 Defined benefit pension schemes

The present value of the pension obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. Management utilises the services of various qualified actuaries to calculate an estimate of the defined benefit pension liability. Any changes in assumptions made (such as the discount rate) will impact the carrying amount of pension obligations. Other key assumptions for pension obligations are based in part on current market conditions.

3.7 Recognition of provisions and disclosure of contingent liabilities

The Group, in the ordinary course of business, may be subject to various claims and lawsuits involving service providers, employees, tax authorities and others. In consultation with internal and external advisors, management will recognise a provision for related expenses and claims, if information available prior to issuance of the consolidated financial statements indicates a probable event and if the amount of the loss/cost can be reasonably estimated. Contingent liabilities for which a possible obligation exists are disclosed but not recognised.

4. Discontinued operations

All operations related to AXA Enghenaria Submarina Ltda, the Brazilian legal entity of which the group owns 60%, are reported as discontinued operations.

The financial performance from discontinued operations is presented below and resulted in a net loss of \$3.63M:



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<i>USD (thousands)</i>	2019	2018
Revenue		
Direct operating expenses		(1 528)
Depreciation and amortisation	(48)	(13)
Gross loss	(48)	(1 541)
Sales, general and administrative expenses	(16)	(35)
Other income		
Results/(loss) from operating activities	(64)	(1 576)
Finance income	43	4
Finance expense	(3 611)	(775)
Net finance expense	(3 568)	(771)
Loss before tax	(3 632)	(2 347)
Corporate income tax credit		
Loss for the period	(3 632)	(2 347)
Results/(loss) attributable to:		
Shareholders of the parent	(3 632)	(2 347)
Non-controlling interests		
Loss for the period	(3 632)	(2 347)

The loss for the period in AXA Enghenaria Submarina Ltda, the discontinued operation, are mainly comprised of an FX impact related to a group loan from DeepOcean Brazil

5. Revenue

For management purposes, the Group is organised in various operating segments, based on a combination of geographical regions and service/product lines. The Executive Director of the Board fulfil the role of Chief Operating Decision Maker (CODM) in the Group, and monitor the operating results of its business units separately for the purpose of decision making and performance assessment. Financial information for this exists in management accounting, however individually the segments do not meet the quantitative thresholds required by IFRS 8.22 (a) for reportable segments. The regions all have similar characteristics in terms of economic, nature of service, type of customer, methods of distribution and regulatory environment. Therefore, the operating segments are combined into one reportable segment as presented in this consolidated statement. Net Income measures the Group's performance.



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5.1 Geographic information

Revenue

The Group operates highly mobile vessels, which operate in multiple jurisdictions. Revenues from external customers are allocated based on the country of the registered office of the Group subsidiary executing the services.

<i>USD (thousands)</i>	2019	2018
Norway	212 040	210 352
United Kingdom	151 247	210 248
Netherlands	6 788	5 620
Americas	75 579	40 316
Africa	44 740	39 281
Total revenue	490 394	505 817

Non-current assets

The allocation of assets is based on the country of the registered office of the Group subsidiary.

	31 December 2019	31 December 2018
<i>USD (thousands)</i>		
Norway	170 089	100 855
United Kingdom	118 303	27 376
Netherlands	38 036	1 318
Americas	55 937	37 342
Africa	1 991	3 543
Total non-current assets	384 356	170 434

5.2 Major customers

Revenue from customers contributing more than 10% to the total revenue is summarised below:

<i>USD (thousands)</i>	2019	2018
Revenue	190 523	238 121
Number of customers	2	3

The two customers contributing more than 10% of overall group revenue each in 2019 are: Equinor Energy AS; AkerBP AS;

5.3 Seasonality of operations

The Group's activities in all segments are subject to seasonal fluctuations as a result of weather conditions. During the winter months, the possibility of adverse weather conditions is significantly higher compared to the summer months. As a result, the Group's revenues and results typically are lower in the first and fourth quarter of the year, particularly in operations in the northern hemisphere.

6. Expenses by nature

The direct operating; sales, general and administrative expenses; and other (income)/expenses are presented below:

- Direct operating expenses:



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<i>USD (thousands)</i>	2019	2018
Employee costs	182 185	198 778
Vessel charter costs	28 923	150 113
Other rentals	14 497	18 429
Parts, materials and consumables	57 521	69 947
Other direct operating expenses	48 703	21 872
Total Direct operating expenses	331 828	459 140
From continuing operations	331 828	457 618
From discontinued operations	-	1 528
IFRS 16 impact		
Vessel charter costs	107 232	
Other rentals	1 736	
• Sales, general and administrative expenses:		
<i>USD (thousands)</i>	2019	2018
Employee costs	8 954	19 638
Premises and office costs	2 781	4 197
Travel cost	2 262	2 349
Professional fees	2 864	4 570
IT and communications	2 559	2 456
Marketing	705	795
Other (income)/expense	2 275	(404)
Total Sales, general and administrative expenses	22 400	33 599
From continuing operations	22 384	33 599
From discontinued operations	16	35
IFRS 16 impact		
Premises and office costs	1 614	
Travel cost	58	
• Other expenses / (income):		
<i>USD (thousands)</i>	2019	2018
Profit on the sale of fixed assets	(97)	(777)
Restructuring costs	14 334	12 248
Impairment of loans to related parties	-	-
Allowance for doubtful debt	5 875	-
Other extraordinary costs	-	-
Total other expense	20 112	11 471
From continuing operations	20 112	11 471
From discontinued operations	-	-
Impairment of fixed assets	5 252	138
Total other expense, including impairments of fixed assets	25 364	11 609

The restructuring costs comprise mainly of fees paid to advisors of the Company, severance payments, specific costs such as salaries related to clearly defined restructuring activities and costs related to the cold stacking of certain vessels.



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7. Employee costs

The employee costs include cost related to the Group's long-term incentive plans and pensions.

<i>USD (thousands)</i>	2019	2018
Pensions - defined contribution plans	4 505	4 544
Pensions - defined benefit plans	959	990
Long term incentive plan (RSU)	-	358

8. Independent auditor's remuneration

With reference to Section 2:382a of the Netherlands Civil Code, fees billed to the Group by the principal auditing firm Ernst & Young (EY) Netherlands as the independent statutory auditor of the Group and other member firms of E&Y International, were:

<i>USD (thousands)</i>	2019	2018
Audit - Statutory	576	601
Other related services	-	-
Tax advisory services	79	44
Other services	119	85
Total	774	730

9. Net finance income/(expenses)

<i>USD (thousands)</i>	2019	2018
Finance income		
Interest income on bank and loans	(510)	(318)
Other finance income	(14)	(39)
Total finance income	(524)	(357)
Finance expense		
Interest expense on bank loans and overdrafts	7 943	7 719
Interest expense on finance lease	779	853
Interest expense on operational lease	IFRS16 20 314	
Unrealised result of currency derivatives	(104)	1 505
Realised result of currency derivatives	423	125
Net foreign exchange expense	2 292	6 543
Net foreign exchange expense	IFRS16 (4 244)	
Other finance expense	2 358	2 703
Total finance expense	29 761	19 448
Net finance expense recognised in statement of profit or loss	29 237	19 091
From continuing operations	25 669	18 320
From discontinued operations	3 568	771



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10. Corporate income tax

10.1 Current corporate income tax

USD (thousands)	2019	2018
Current income tax on loss for the year	2 729	344
Adjustments with respect to prior years	0	36
Non-deductible withholding tax	2 723	1 398
Current corporate income tax expense	5 452	1 778
Origination and reversal of temporary differences	(9 734)	32
Deferred income tax expense/(credit)	(9 734)	32
Total income tax expense/(credit)	(4 282)	1 810

The income tax expense recognised in the period can be reconciled to the accounting profit as follows:

USD (thousands)	2019	2018
Loss before tax from continuing operations	(49 621)	(46 436)
Loss before tax from discontinued operations	(3 632)	-
Loss before tax for the period	(53 253)	(46 436)
Corporate income tax expense calculated at 25%	(13 313)	(11 609)
Effect of different income tax rates in other jurisdictions	4 273	3 963
Permanent differences/(non-deductible expenses)	3 570	(461)
Non-taxable income	-	-
Unrecognised DTA/(utilisation of previously unrecognised DTA)	(3 286)	6 348
Prior year adjustments	0	36
Other	4 474	3 533
Total	(4 282)	1 810

	2019	2018
Corporate income tax expense calculated at 25%	25,0%	25,0%
Effect of different income tax rates in other jurisdictions	-8,0%	-8,5%
Permanent differences/(non-deductible expenses)	-6,7%	1,0%
Non-taxable income	0,0%	0,0%
Unrecognised DTA/(utilisation of previously unrecognised DTA)	6,2%	-13,7%
Prior year adjustments	0,0%	-0,1%
Other	-8,4%	-7,6%
Total	8,1%	-3,9%

Effective tax rate analysis

2019

For the year ended 31 December 2019 the Group recorded a net tax of \$4.3 million. This resulted in an effective tax rate of 8.1%.

2018

For the year ended 31 December 2018 the Group recorded a net tax of \$1.8 million. This resulted in an effective tax rate of minus 3.9%.



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10.2 Recognized deferred tax assets and liabilities

The net movement on the deferred income tax account is as follows:

<i>USD (thousands)</i>	Balance 1 January 2018	Recognised in profit or loss	Recognised in other comprehensive income	Exchange differences	Balance 31 December 2018
Vessels and equipment	126	(58)	-	(6)	62
Receivables	(14)	(46)	-	0	(60)
Post employment benefits	443	(198)	(239)	(10)	(4)
Provisions	669	(429)	459	(57)	642
Tax losses carried forward	4 312	924	-	(427)	4 809
Other	1 010	(226)	(36)	21	769
Total	6 546	(34)	184	(479)	6 218

<i>USD (thousands)</i>	Balance 1 January 2019	Recognised in profit or loss	Recognised in other comprehensive income	Exchange differences	Balance 31 December 2019
Vessels and equipment	62	2 271	-	3	2 336
Receivables	(60)	36	18	2	(4)
Post employment benefits	(4)	155	-	4	155
Provisions	642	(10)	(0)	(3)	629
Tax losses carried forward	4 809	4 147	-	(258)	8 698
Other	769	2 480	(1 164)	(43)	2 042
Total	6 218	9 079	(1 146)	(295)	13 856

The movement in deferred income tax assets and liabilities during the year, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

Deferred tax assets and liabilities

<i>USD (thousands)</i>	Assets		Liabilities		Net	
	31 December 2019	31 December 2018	31 December 2019	31 December 2018	31 December 2019	31 December 2018
Vessels and equipment	2 336	61	-	-	2 336	61
Receivables	(3)	(60)	-	-	(3)	(60)
Post employment benefits	146	(14)	-	-	146	(14)
Provisions	627	641	-	-	627	641
Tax losses carried forward	9 419	5 179	-	-	9 419	5 179
Other	3 612	1 745	(1 260)	(1 334)	2 352	411
Set off of tax components					-	-
Total	16 137	7 552	(1 260)	(1 334)	14 877	6 218
To be recovered after 12 months	8 153	7 552	(1 260)	(1 334)		
To be recovered within 12 months	7 984	-	-	-		
Total	16 137	7 552	(1 260)	(1 334)		

The recognised deferred tax assets are dependent on future taxable profits in excess of profits arising from the reversal of existing taxable temporary differences. Based on forecasted results for each relevant entity, management considered it probable that sufficient future taxable profits will be generated to utilise deferred tax assets.



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10.3 Unrecognised deferred tax assets

USD (thousands)	2019	2018
Deductible temporary differences	(1)	2 444
Tax losses	2 470	10 885
Capital allowances	33	12
Total	2 502	13 341

Unrecognised deferred tax assets relate to temporary differences and tax losses carried forward in certain entities where it is currently not probable that future taxable profits will be generated to utilise these assets.

10.4 Tax liabilities

Group companies receive enquiries from tax authorities and tax audits are performed by tax authorities with Group companies, which may result in disputes in respect of filed tax returns. Tax liabilities are recognised when it is considered probable that there will be a future outflow of funds to a tax authority. In such cases, a provision is made for the amount that is expected to be settled, where this can be reasonably estimated. This requires the application of judgement as to the ultimate outcome, which can change over time depending on facts and circumstances. A change in estimate of the likelihood of a future outflow and/or in the expected amount to be settled would be recognised in income in the period in which the change occurs.



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11. Vessels and equipment

<i>USD (thousands)</i>	Vessels	Mission equipment	Other	Right-of-use- assets	Assets under construction	Total
Costs						
Balance at 1 January 2018	206 333	232 522	10 780		3 068	452 703
Additions	6 255	3 722	1 514		4 962	16 453
Acquisition of business		39 649	2 310		35	41 994
Retirement and disposals		(6 889)	(195)		(762)	(7 846)
Exchange differences	(3 100)	(13 178)	(1 593)		(763)	(18 634)
Balance at 31 December 2018	209 488	255 826	12 816	-	6 540	484 670
Balance at 1 January 2019	209 488	255 826	12 816	-	6 540	484 670
Additions		4 694	89	359 539	5 731	370 053
Reclassification	99	3 622	133		(8 150)	(4 296)
Asset classified as held for sale	(86 406)					(86 406)
Retirement and disposals	(16 788)	(90 833)	(3 955)		(1 665)	(113 241)
Impairments	(21 916)					(21 916)
Exchange differences	599	13	1 618		(433)	1 797
Balance at 31 December 2019	85 076	173 322	10 701	359 539	2 023	630 661
Accumulated depreciation						
Balance at 1 January 2018	(142 103)	(163 647)	(6 837)	-	-	(312 587)
Depreciation charge	(9 868)	(18 277)	(1 617)			(29 762)
Retirement and disposals		6 458	408			6 866
Impairments			(138)			(138)
Exchange differences	2 827	2 438	1 473			6 738
Balance at 31 December 2018	(149 144)	(173 028)	(6 711)	-	-	(328 883)
Balance at 1 January 2019	(149 144)	(173 028)	(6 711)	-	-	(328 883)
Depreciation charge	(9 423)	(16 881)	(1 281)	(107 720)		(135 305)
Retirement and disposals	16 790	89 650	2 942			109 382
Assets classified as held for sale	71 290					71 290
Impairments	16 664					16 664
Exchange differences	(358)	582	(415)	(2 017)		(2 208)
Balance at 31 December 2019	(54 181)	(99 677)	(5 465)	(109 737)	-	(269 060)
Carrying amounts						
At 1 January 2018	64 230	68 875	3 943	-	3 068	140 116
At 31 December 2018	60 344	82 798	6 105	-	6 540	155 787
At 1 January 2019	60 344	82 798	6 105	-	6 540	155 787
At 31 December 2019	30 895	73 645	5 236	249 802	2 023	361 601

Impairment vessels and equipment

In 2019 there were indications that the carrying amount of certain vessels might exceed the estimated recoverable amount (the higher of its value in use and fair value less costs to sell), the possible existence of an impairment loss was investigated.

The Group performed its annual impairment test in December 2019. The Group considers the relationship between its enterprise value and its book value, among other factors, when reviewing for indicators of impairment. External



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valuations of the owned vessels were also included in this assessment. In the reporting period, management assessed the fair value of these assets and concluded impairments would be necessary. This resulted in a 2019 impairment of USD 5.3 million.

Assets held for sale

In the reporting period, there was assets reclassified to assets held for sale amounting to \$15.0 million

12. Goodwill and intangible assets

<i>USD (thousands)</i>	Goodwill	Customer relationships	Backlog	Total
Costs				
Balance at 1 January 2018	1 059	1 282	305	2 646
Additions		318		318
Reclassification		305	(305)	-
Exchange differences	(50)		-	(50)
Balance at 31 December 2018	1 009	1 905	-	2 914
Balance at 1 January 2019	1 009	1 905	-	2 914
Exchange differences	(19)		-	(19)
Balance at 31 December 2019	990	1 905	-	2 895
Accumulated Amortisation				
Balance at 1 January 2018				-
Balance at 31 December 2018	-	-	-	-
Balance at 1 January 2019	-	-	-	-
Balance at 31 December 2019	-	-	-	-
Carrying amounts				
At 1 January 2017	1 059	1 282	305	2 646
At 31 December 2017	1 009	1 905	-	2 914
At 1 January 2018	1 009	1 905	-	2 914
At 31 December 2018	990	1 905	-	2 895

In 2019 there was no further Goodwill recognized, and no additions to minor intangible assets.

13. Equity-accounted investees

13.1 Joint ventures

On 1 December 2014 the Group entered into a joint venture agreement with Technip Norge AS, resulting in the incorporation of Technip-DeepOcean PRS JV DA ('PRS') in Norway, in which both parties own 50% of the shares. The main purpose of the joint venture is to execute the PRS Framework Agreement. The parties have joint control.

In 2018 the Group entered into a joint venture with Level Personal AS, resulting in the incorporation of Level Offshore AS in Norway, in which both parties hold 50% of the shares. The main purpose of the joint venture is to provide staffing services to the offshore industry and the marine market.



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<i>USD (thousands)</i>	Share	Profit/(loss)	Assets	Liabilities	Equity	DeepOcean's share in equity	Carrying value
31 December 2018							
Technip-DeepOcean FRS JV DA	50 %	950	3 320	(2 253)	(1 067)	(533)	533
Level Offshore AS	50 %	264	1 380	(1 025)	(355)	(177)	58
Total		1 214	4 700	(3 278)	(1 422)	(711)	591

During the year ended 31 December 2019, the Group did receive dividend from its equity-accounted investments amounting US\$0.9 million (2018: US\$0.8 million). None of these companies are publicly listed and consequently do not have published price quotations. There are no contingent liabilities relating to the Group's interest in the investments accounted for using the equity method.

14. Joint operations

In 2015 the Group entered into an agreement with a Ghanaian partner resulting in the incorporation of DeepOcean Ghana Ltd in Ghana, in which DeepOcean owns 49% of the shares. The main purpose of the joint operations is to execute contracts in Ghana. Despite the fact that the Group only holds 49% of the shares, the parties have joint control.

The shareholder agreement in relation to DeepOcean Ghana Ltd requires consent from both parties for all significant decisions. The two partners have rights to substantially all of the economic benefits of the assets held in the separate vehicle. This entity, as well as its fully owned subsidiary DeepOcean Ghana B.V. is therefore classified as a joint operation.

DeepOcean Ghana Ltd is 100% consolidated in DeepOcean Group.

15. Changes in consolidated interests

In 2019, the Company has liquidated Northwest Maritime AS. Also, DeepOcean Shipping VI AS has been merged into DeepOcean AS.

16. Prepaid charter costs

The Group enters into new charter agreements with ship owners on a regular basis. Mobilization cost associated with a new charter are capitalized and amortized over the term of the lease.

17. Inventories

The inventories comprise of the following:

<i>USD (thousands)</i>	31 December 2019	31 December 2018
Fuel and oil	3 203	3 372
Spare parts	188	194
Total	3 391	3 566

At 31 December 2019 no inventory was written off (31 December 2018: nil). The inventories are for internal use only and not for re-sale. The cost of inventories utilised is recognised as an expense in direct operating expenses.



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DEEPOCEAN**18. Trade receivables and contract assets**

<i>USD (thousands)</i>	31 December 2019	31 December 2018
Trade receivables		
Receivables from third-party customers	72 231	46 807
Receivables from associates and joint-ventures	500	681
Allowance for expected credit losses	(5 803)	(47)
Net trade receivables	66 928	47 442
Contracts assets		
Other receivables	2 759	3 533
Other current financial assets	34 726	47 716
Net contract assets	37 485	51 248
Total	104 413	98 690

Allowance for expected credit losses on trade receivables and contract assets

<i>USD (thousands)</i>	2019	2018
Balance at 1 January	(47)	(50)
Provision for expected credit losses	(5 756)	
Write-off	-	-
Foreign currency movement	-	3
Balance at 31 December	(5 803)	(47)

19. Cash and cash equivalents

Unrestricted cash and cash equivalents are available for immediate use by the Group. Cash and cash equivalents in the joint operations in Ghana are available for immediate use subject to approval by both partners in the joint arrangement.

Restricted cash

<i>USD (thousands)</i>	2019	2018
Withheld employee taxes Norway	2 533	2 319



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20. Share capital and premium

<i>USD (thousands)</i>	Number of shares	Share capital	Share premium
On issue at 1 January 2018	47 036 451	564	359 191
New shares issued	30 000 000	343	29 752
Foreign currency movement	-	(27)	(17 288)
On issue at 31 December 2018 - fully paid	77 036 451	880	371 655
Treasury shares		-	-
Outstanding at 31 December 2018 - fully paid	77 036 451	880	371 655
On issue at 1 January 2018	77 036 451	880	371 655
New shares issued		-	
Foreign currency movement	-	(17)	(7 126)
On issue at 31 December 2018 - fully paid	77 036 451	863	364 529
Treasury shares		-	-
Outstanding at 31 December 2018 - fully paid	77 036 451	863	364 529

The Board of Directors proposes no dividend for 2019 (2018: nil).

21. Loans and borrowings

This note provides information about the contractual terms of the Group's interest-bearing loans and borrowings, which are measured at amortised cost. For more information about the Group's exposure to currency risk, interest rate risk, liquidity risk and operational risk, reference is made to note 27.

<i>USD (thousands)</i>		31 December 2019	31 December 2018
Non-current borrowings			
Secured bank loans - Credit Facility - Facility B		17 009	18 387
Finance charges being amortised ¹		(1 161)	(2 198)
Finance lease liabilities		20 155	15 735
Operational lease liabilities	IFRS16	149 667	
		185 670	31 924
Current borrowings			
Secured bank loans - Credit Facility - Facility A		84 575	90 657
Secured bank loans - Credit Facility - Facility B		-	-
Finance charges being amortised ¹		-	-
Bank loan acquired through business combination		-	-
Finance lease liabilities		4 220	2 214
Operational lease liabilities	IFRS16	113 612	
		202 407	92 871
Total		388 077	124 795

¹ The carrying amount of borrowings includes directly attributable costs which are amortized over the term of the loans.



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DEEPOCEAN**21.1 Secured bank loans**

	31 December 2019	31 December 2018
<i>USD (thousands)</i>		
At 1 January	109 044	79 880
Repayment of borrowings	(4 640)	15 638
Proceeds of new borrowings	-	36 988
Exchange differences	(2 820)	(23 462)
At 31 December	101 584	109 044

The Credit Facility of EUR 155.0 million (US\$173.7 million) consists of EUR 80.0 million revolving credit facility (the "Facility A") a EUR 45.0 million performance guarantee facility (the "Facility C"), and a EUR 30.0 million term loan facility (the "Facility B").

In the Credit Facility an additional EUR 20.0 million (US\$22.4 million) feature is available under Facility A. It is also possible to transfer up to EUR 25.0 million from Facility A to a committed performance guarantee facility (the "Facility D"), the transfer/utilization date being the Facility D Increase Date. The committed amount may not be reversed to Facility A. The Credit Facility is secured by all of the assets of the Group including the assets of its present and future subsidiaries.

The Credit Facility contains customary operating and financial covenants, including restrictions on each obligor (and where expressly provided, the subsidiaries of such obligors) with regard to the extent to which we may, among other things, (i) incur additional indebtedness or guarantees; (ii) create liens or other encumbrances on our property; (iii) enter into a merger or similar transaction; (iv) sell or transfer property except in the ordinary course of business; (v) make dividend and other restricted payments; (vi) repurchase Ordinary Shares; and (vii) make acquisitions.

In effect from 30 November 2018 the key financial covenant requirements can be summarised as follows:

Minimum liquidity	Cash in hand + available balance in the Facility should at all times exceed USD 7.5 million.
Minimum Adjusted EBITDA	Total last 12 months adjusted EBITDA for the group per 31 December 2019 shall not be less than USD 16.5 million.

At 31 December 2019 the financial covenants for the Company's debt instruments were within their applicable thresholds.

Current and forecasted covenants are monitored continuously. With the revised credit facility agreement, some ease in the financial covenants was given while monitoring of the Company's ability to meet its debt service obligations was tightened (also see note 27.5 on Liquidity), and where necessary action will be taken to ensure access to funding.

The carrying amounts per currency and year of maturity are as follows:

				31 December 2019	31 December 2018
<i>USD (thousands)</i>	<i>Currency</i>	<i>Nominal interest rate</i>	<i>Year of maturity</i>	<i>Carrying amount</i>	<i>Carrying amount</i>
Facility A - Credit Facility	USD	LIBOR + 4.75%	2023	84 575	90 657
Facility B - Term loan	USD	LIBOR + 4.75%	2023	17 009	18 387
Total				101 584	109 044

The fair value of the outstanding borrowings in 2019 is estimated to approximate their carrying amount as the impact of discounting is not significant.

The maturity date for the Facilities is 28 February 2023, being the revised maturity date.



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The availability period for the Facility A is up to and including 27 November 2022, or, in case of an extension of the maturity date for Facility A, up to and including the date falling three months before the final maturity date for Facility A.

The availability period for Facility C is up to and including 27 January 2023.

The availability period for Facility D is the period from and including the Facility D Increase Date to and including 27 January 2023.

The repayment schedule on the remaining part of the Facility B term loan of EUR 25.0 million, drawn in USD, was adjusted in the amendment of 30 November 2018 to 2 annual instalments of EUR 6.5, of which the first is due in 2021. Each instalment is to be repaid in the USD equivalent of the EUR reduction.

The interest is in line with market conditions and is based on LIBOR plus a margin of 4.75% (the level of the margin depends on the leverage of the Group). On the undrawn amount of the Facility A revolver loan interest is charged at 40% of margin, on the Facility C and Facility D performance guarantee loan interest (Guarantee Fee) is charged at 2.125% and a commitment fee on the undrawn Facility C and Facility D is charged at 40% of the Guarantee Fee. The credit facility agreement prior to amendment on 30 November 2018 included a Leverage Suspension Period that ended 1 July 2018. As a condition to Leverage Suspension Period the margin and the Guarantee Fee the company paid were increased with 0.75% for as long as the Leverage Suspension Period was applicable. With the amendment of the agreement the margins were kept at the levels of the Leverage Suspension Period and the Guarantee Fee was increased.

For the drawn amounts of committed loan facility, refer to note 28. The Group has the following undrawn borrowing facilities as per 31 December 2019:

	31 December 2019	31 December 2018
USD (thousands)		
Facility C - Ancillary loan commitment	16 163	18 945
Total	16 163	18 945

The Facility A may be drawn in multiple tranches provided that each tranche must be at least EUR 5.0 million. This minimum amount does not apply to the performance guarantee facility issues. In addition, the Group may add an additional EUR 20.0 million (USD 22.4 million) accordion facility to the Facility A.

21.2 Finance lease liabilities

DeepOcean did enter into new financial lease agreements during 2019 and had per 31 December 2019, 9 lease agreements all classified as financial leases under IFRS. The lease liabilities are effectively:

	31 December 2019	31 December 2018
USD (thousands)		
Gross finance lease liabilities - minimum lease payments		
- No later than 1 year	6 548	3 145
- Between 1 and 5 years	22 126	14 381
- Later than 5 years	-	2 972
Total gross finance lease liabilities	28 674	20 498
Future finance charge on finance lease	(4 299)	(2 548)
Present value of finance lease liabilities	24 375	17 950

The present value of the finance lease liabilities are as follows:

	31 December 2019	31 December 2018
USD (thousands)		
No later than 1 year	4 927	2 215
Between 1 and 5 years	19 447	12 873
Later than 5 years	1	2 862



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22. Loans and borrowings from related parties

	31 December	31 December
<i>USD (thousands)</i>	2019	2018
At 1 January	1 580	22 266
Repayment of borrowings - reclass as Intercompany		(18 412)
Exchange differences	(79)	(2 274)
At 31 December	1 501	1 580

Loans and borrowings from related parties solely consists of a loan from DeepOcean Brasil Serviços Ltda, which was disposed of and deconsolidated from the Group per 30 December 2016, to AXA Engenharia Submarina Ltda.



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23. Post-employment benefits

The pension plans expose the Group to actuarial risks, such as longevity risk, currency risk, interest rate risk and market (investment) risk.

The amounts recognised in the statement of financial position are determined as follows:

<i>USD (thousands)</i>	31 December 2019	31 December 2018
Present value of funded obligations	9 030	9 602
Less: Fair value of plan assets	8 397	9 905
(Surplus)/ deficit in the plan	633	(303)
MNOPF & MNRP scheme	234	224
Other post-employment benefits	-	(83)
Total	867	(162)

The movement in the defined benefit obligation over the year is as follows:

<i>USD (thousands)</i>	2019	2018
Defined benefit obligations at 1 January	9 682	8 818
Benefits paid by the plan	(201)	(179)
Current service costs	832	827
Interest (income)/expense	250	204
Remeasurement, excluding amounts included in interest (income)/ expense	(1 507)	526
Payroll tax	68	(39)
Exchange differences	(94)	(475)
Defined benefit obligations at 31 December	9 030	9 682

The movement in the fair value of plan assets of the year is as follows:

<i>USD (thousands)</i>	2019	2018
Fair value of plan assets at 1 January	10 078	8 382
Contributions paid by the employer	334	1 283
Benefits paid by the plan	(175)	(179)
Administration costs	(19)	(20)
Interest (income)/expense	257	211
Remeasurement, excluding amounts included in interest (income)/ expense	(1 978)	805
Exchange differences	(99)	(404)
Fair value of plan assets at 31 December	8 397	10 078

The amounts recognised in the statement of profit or loss is as follows:

<i>USD (thousands)</i>	2019	2018
Current service costs	832	827
Interest (income)/expense	(7)	(8)
Administration costs	19	20
Payroll tax of net pension cost	68	(39)
Exchange differences	5	22
Total	917	822



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The expected rate of return on plan assets is equal to the discount rate as used to calculate the corresponding defined benefit obligation and is based on high quality bonds.

The Group's defined benefit plan assets combined comprise the following asset categories:

	31 December 2019	31 December 2018
Equity instruments	9,6%	9,5%
Bonds	12,4%	16,5%
Hold to maturity bonds	62,7%	60,3%
Property	13,4%	12,2%
Other	1,9%	1,5%
Total	100,0%	100,0%

Investments are well diversified, such that the failure of any single investment would not have a material impact on the overall level of assets. The largest proportion of assets is invested in hold to maturity bonds, although the pension fund also invests in equity, property, bonds and other.

The IAS 19R calculations of the defined benefit pension schemes are carried out by the insurance companies. The principal actuarial assumptions used in the calculations are as follows:

	31 December 2019	31 December 2018
Discount rate	2,07 %	2,60 %
Future salary increases	2,25 %	2,75 %
Future increase in payroll tax base	0,00 %	0,00 %

A change of 1% in the assumptions stated above will not have a significant impact on the recognised pension liability in the balance sheet or on the movement recognised in the balance sheet or other comprehensive income.

	defined benefit obligation	
	1 percent increase	1 percent decrease
Discount rate	(1 013)	1 186
Future salary growth	1 263	(1 077)
Future pension growth	350	(232)
Life expectancy	44	(51)

Assumptions regarding future mortality experience are set based on actuarial advice in accordance with published statistics and experience. The mortality rates used are in accordance with Nordea Liv's basis of calculation for Group pension insurance, K2013.

	31 December 2019		31 December 2018	
	Men	Women	Men	Women
Age 20	88,6	92,4	88,6	92,4
Age 40	87,0	90,6	87,0	90,6
Age 60	86,0	89,4	86,0	89,4
Age 65	83,5	86,8	83,5	86,8
Age 80	89,3	91,6	89,3	91,6

The number of participants of the defined benefit plans and the corresponding average age are stated below:



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	31 December 2019		31 December 2018	
	Active	Pensioners	Active	Pensioners
Number of participants	237	20	263	20
Average age	44	65	44	64

24. Provisions

USD (thousands)	Onerous contracts	Dilapidations	Total
Balance at 1 January 2019	3 214	247	3 461
Additional provisions recognised	1 161	-	1 161
Provisions utilised during the year	(1 613)	-	(1 613)
Provisions reversed during the year	(100)	-	(100)
Exchange differences	(94)	(64)	(158)
Balance at 31 December 2019	2 569	183	2 752
Analysis of provisions			
Current	2 569	-	2 569
Non-current		183	183
Total	2 569	183	2 752

The provisions are related to employee retention bonuses, property leases and realized losses on customer projects.

25. Derivative financial instruments

USD (thousands)	31 December 2019	31 December 2018
Non-current portion of derivative liabilities	0	-
Current portion of derivative liabilities		
Forward foreign exchange contracts and swaps	4 104	3 833
Total	4 104	3 833

The interest rate swaps are related to the term B loan of the Credit Facility and swaps a floating interest for a fixed interest rate as described in note 21. The Group does not apply hedge accounting in relation to the interest risk; the change in fair value is recognised in the statement of profit or loss.

26. Trade and other payables

USD (thousands)	31 December 2019	31 December 2018
Trade payables	47 127	55 004
Contract liabilities	66 048	43 757
Wage taxes and social securities	6 040	6 441
Other payables	(3)	405
Total	119 214	105 607

Trade and other payables have increased slightly at the end of 2019 compared to 2018. This is mainly caused by an increase in project cost at year end 2019 than 2018.

**DEEPOCEAN****27. Financial risk management****27.1 Overview**

The Group's activities expose it to a variety of financial risks, which can be categorised as market risk, credit risk and liquidity risk. Whereas market risk includes foreign exchange risks and interest rate risks. Management policies have been established to identify, analyse and monitor these risks, and to set appropriate risk limits and controls. Financial risk management is carried out in accordance with the Group Risk Management policy approved by the Executive Management. The written principles and policies are reviewed periodically to reflect changes in market conditions, the activities of the business and laws and regulations affecting our business.

27.2 Market risk - Foreign exchange risk

The Group's revenues are earned in NOK, USD, GBP, and EUR. Sales and expenses in the same currency contribute to mitigating some of the currency risk. The Group continually assesses its exposure and currency derivatives may be used to further reduce this risk.

The main exchange rates used throughout the Group at the balance sheet date, compared to the USD, were as follows:

	NOK		GBP		EUR	
	closing	average	closing	average	closing	average
2018	0,11505	0,12290	1,26816	1,33567	1,14270	1,18119
2019	0,11387	0,11367	1,32228	1,27730	1,12079	1,11955

Exposure

Strengthening/weakening of the USD as of the reporting date against the currencies listed above would have increased/(decreased) profit or loss before tax by the amount shown in the next table. This analysis was performed on a 10% variation in 2019, while in 2018 the analysis was performed on a 5% variation.

	Equity		Profit or loss before tax	
	strengthening	w eakening	strengthening	w eakening
31 December 2018				
EUR	16 414	(16 414)	(866)	866
GBP	1 497	(1 497)	(383)	383
NOK	22 131	(22 131)	(604)	604
31 December 2019				
EUR	6 428	(6 428)	(556)	556
GBP	1 667	(1 667)	(3 088)	3 088
NOK	46 118	(46 118)	415	(415)

The effect on profit and loss arises in connection with monetary balances denominated in currencies other than the relevant entity's functional currency; the effect on equity arises principally from the translation of assets and liabilities of entities that are not USD functional.



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27.3 Market risk - Interest rate risk profile

The Group is exposed to interest-rate risk to borrowings and cash deposits. Primarily, floating-interest rate loans under the Group's Credit Facility involve risk exposure for the Group's future cash flow. The terms of the Group's loans are described in note 21.

At the end of the reporting period the interest rate profile of the Group's interest-bearing assets and liabilities is as follows:

<i>USD (thousands)</i>	Nominal amount	
	31 December 2019	31 December 2018
Variable rate instruments		
Facility A - Credit Facility	84 575	90 657
Facility B - Term loan	17 009	18 387
Finance lease liabilities	24 375	17 949
	125 959	126 993

The Group assesses its interest rate sensitivity at fair value through profit or loss. A potential change of 100 basis points in interest rates at the end of the reporting period shows the Groups sensitivity to potential changes in interest rates which is reasonably possible:

Average rate	4,75 %
Interest change 100 base points	1,00 %
Change interest (+/-)	1 836 103

27.4 Credit risk

Credit risk arises primarily from cash and cash equivalents held at financial institutions, and to a certain extent, from trade receivables.

Cash balances are only held with large recognised financial institutions in each demographic area where the Group operates.

The Group's exposure of trade receivables is managed through establishing proper credit limits, continuous credit risk assessments for each individual customer. If customers are independently rated, these ratings are used. If there is no independent rating, the credit quality is based on past experience, their financial position and other factors. The utilisation of the credit limits is regularly monitored.

The following table sets out details of the age of the trade receivable and related allowance for doubtful debt.

<i>USD (thousands)</i>	31 December 2019	31 December 2018
0 - 60 days	63 053	43 453
60 - 90 days	2 179	3 250
90 - 120 days	1 675	980
120+ days	5 824	(194)
Gross trade receivable	72 731	47 489
Allowance for doubtful debt	(5 803)	(47)
Net trade receivables	66 928	47 442

**DEEPOCEAN****27.5 Liquidity risk**

Liquidity risk is the risk that the Group will be unable to fulfil its operational and financial obligations as they fall due. Liquidity risk has become the most significant risk, both for the Group and the business in general. The Subsea business has been through a severe downturn, which has had a major impact on cash flow and cash reserves. Previous strategies with goals for the Group's leverage ratio, have been replaced by a reality where minimum cash covenants in the credit facility agreement being the measuring point. The Group monitors the risk of lack of available capital/cash and cash equivalents through continued evaluations of its liquidity position combined with a rolling cash flow forecast of its operational activities, including the servicing of its financial obligations.

The Group's liquidity reserve comprises cash and cash equivalents of USD 66.5 million and an undrawn credit facility of USD 21.7 million (note 21.1).

The table below analyses the Group's non-derivative financial liabilities and net-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. Derivative financial liabilities are included in the analysis if their contractual maturities are essential for an understanding of the timing of the cash flows. The amounts disclosed in the table are the contractual undiscounted cash flows.

USD (thousands)	1 year or less	1 - 5 years	Over 5 years
31 december 2018			
Secured bank loans - Credit Facility - Facility B	-	18 387	-
Secured bank loans - Credit Facility - Facility A	90 657	-	-
Finance lease (including interest)	3 145	14 381	2 972
Derivative financial instruments (excluding interest rate swaps)	3 833	0	-
Trade and other payables	61 850	-	-
Total	159 485	32 768	2 972
31 december 2019			
Secured bank loans - Credit Facility - Facility B	-	17 009	-
Secured bank loans - Credit Facility - Facility A	84 575	-	-
Finance lease (including interest)	6 548	22 126	-
Derivative financial instruments (excluding interest rate swaps)	4 104	0	-
Trade and other payables	53 165	-	-
Total	148 392	39 135	-

The interest included in the above table is based on the current amounts borrowed with current interest rates and interest rate swaps. No assumptions are included for possible future changes in borrowings or interest payments.

27.6 Fair value estimation**27.6.1 Fair value hierarchy**

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are recognised and measured at fair value in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the group has classified its financial instruments into the three levels prescribed under the accounting standards. An explanation of each level follows underneath the table.

USD (thousands)	31 December 2019			
	Level 1	Level 2	Level 3	Total
Liabilities				
Derivatives at fair value through profit or loss	4 104	-	-	4 104
Net asset/(liability)	(4 104)	-	-	(4 104)

The table above analyses financial instruments carried at fair value by valuation method and presents the changes in Level 1 instruments for the year ended 31 December 2019. The different levels have been defined as follows:



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- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

There were transfers between level 3 and level 1.

Fair values reflect the credit risk of the instrument and include adjustments to take account of the credit risk of the Group entity and counterparty when appropriate.

27.6.2 Valuation techniques used to determine fair values

The fair value of the forward currency exchange contracts and currency options are primarily based on the fair value quote given by the specialised counterparty. Those quotes are tested for reasonableness by comparison with the Group's own valuation models. The fair value of forward foreign exchange contracts is determined using forward exchange rates at the balance sheet date.

27.6.3 Fair value measurements using quoted prices (level 1)

The following table presents the changes in level 1 items for the period ended 31 December 2019:

USD (thousands)	Level 1	Level 2	Level 3	Total
At 1 January 2019	-	-	(3 833)	(3 833)
Transfers into level	(3 833)	-	3 833	-
Total gains/(losses) recognised in:	-	-	-	-
- statement of profit or loss	(310)	-	-	(310)
- statement of other comprehensive income	-	-	-	-
- exchange differences	39	-	-	39
At 31 December 2019	(4 104)	-	-	(4 104)

27.7 Capital risk

The Group's objectives when managing capital is to maintain a capital structure that enables the Group to achieve its strategic objectives and daily needs, and to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders.

In order to maintain or adjust the capital structure, the Group may issue new shares, adjust its dividend policy, return capital to shareholders or sell assets to reduce debt taking into account relevant interest cover and leverage covenants of our external borrowings.

The Group monitors capital on the basis of the debt to adjusted EBITDA ratio. This leverage ratio is calculated as (net) debt divided by adjusted EBITDA. Net debt is calculated as total borrowings less cash and cash equivalents. Adjusted EBITDA is defined as EBITDA from continuing operations adjusted for one-off events including restructuring cost and other non-recurring events which are included in other expenses. The basis of the adjusted EBITDA in 2019 is based on IFRS 16 implemented, while 2018 numbers are excluding IFRS 16 impact.



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	31 December	31 December
<i>USD (thousands)</i>	2019	2018
Total borrowings	388 736	124 795
Less: cash and cash equivalents	66 547	70 391
Net debt	322 189	54 404
Debt to adjusted EBITDA ratio	2,84	8,90
Net debt to adjusted EBITDA ratio	2,36	3,88

27.8 Financial instruments by category

<i>USD (thousands)</i>	Financial assets/ liabilities at amortised cost	Assets/ liabilities at fair value through profit or loss	Total
31 December 2018			
Assets			
Trade receivables	47 442	-	47 442
Cash and cash equivalents	70 391	-	70 391
Total financial assets	117 833	-	117 833
Liabilities			
Borrowings	124 795	-	124 795
Derivative financial liabilities	-	3 833	3 833
Trade payables	55 004	-	55 004
Total financial liabilities	179 799	3 833	183 632
31 December 2019			
Assets			
Trade receivables	66 928	-	66 928
Cash and cash equivalents	66 547	-	66 547
Total financial assets	133 475	-	133 475
Liabilities			
Borrowings	388 736	-	388 736
Derivative financial liabilities	-	4 104	4 104
Trade payables	47 127	-	47 127
Total financial liabilities	435 863	4 104	439 967

The fair value of the receivables and payables approximates their carrying value.



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28. Commitments

28.1 Leases

Right-of-use assets	Vessels	Property leases	Cars & trucks	Total
Acquisition cost 1 January 2019	284 948	12 233	147	297 328
Addition of right-of-use assets	58 655	3 423	133	62 211
Acquisition cost 31 December 2019	343 603	15 656	280	359 539
Accumulated depreciation and impairment 1 January 2019				-
Depreciation	106 555	3 082	93	109 731
Accumulated depreciation and impairment 31 December 2019	106 555	3 082	93	109 731
Carrying amount of right-of-use assets 31 December 2019	237 048	12 574	187	249 809

Lease liabilities

Undiscounted lease liabilities and maturity of cash outflows	Total
Less than 1 year	121 673
1-2 years	94 640
2-3 years	65 479
3-4 years	14 327
4-5 years	1 666
More than 5 years	3 275
Total undiscounted lease liabilities at 31 December 2019	301 060

Summary of the lease liabilities	Total
At initial application 01.01.2019	297 300
New lease liabilities recognised in the year	59 566
Cash payments for the principal portion of the lease liability	-110 534
Interest expense on lease liabilities	20 318
Currency exchange differences	-3 371
Total lease liabilities at 31 December 2019	263 279
Current lease liabilities	113 612
Non-current lease liabilities	149 667

Summary of other lease expenses recognised in profit or loss	Total
Total lease expenses included in other operating expenses	37 534

Practical expedients applied

The Group also leases personal computers, IT equipment and machinery with contract terms of 1 to 3 years. The Group has elected to apply the practical expedient of low value assets for some of these leases and does not recognise lease liabilities or right-of-use assets. The leases are instead expensed when they incur. The Group has also applied the practical expedient to not recognise lease liabilities and right-of-use assets for short-term leases, presented in the table above.

Variable lease payments

In addition to the lease liabilities above, the Group is committed to pay variable lease payments for some of their leases. The variable lease payments are expensed as incurred.

Extension options

The Group's lease of buildings has lease terms that vary from 10 years to 25 years, and several agreements involve a right of renewal which may be exercised during the last period of the lease terms. The Group assesses



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the likelihood of exercising options at the commencement date, the date when the extension option is made available to DeepOcean. The existence of the extension options is used to maximise operational flexibility and to reduce residual value risks with legal ownership. The extension options are exercisable only by DeepOcean. The Group's potential future lease payments is not included in the lease liabilities.

Purchase options

The Group leases machinery and equipment and vehicles with lease terms of 3 to 5 years. The existence of an option to purchase the machinery and equipment is used to maximise operational flexibility and to reduce residual value risks associated with legal ownership. Some of these contracts includes a right to purchase the assets at the end of the contract term. Consideration payable for purchasing the underlying assets are included when estimating the lease term and lease payments only to the extent it is reasonably certain that DeepOcean will exercise its options. The Group assesses at the commencement date whether it is reasonably certain to exercise the purchase right.

28.2 Capital commitments

At period end the Group had no contractual obligations related to upgrade vessels and equipment:

	31 December 2019	31 December 2018
<i>USD (thousands)</i>		
Within one year	-	253
Total	-	253

28.3 Ancillary loan commitment

The Group uses the Ancillary Facility for contract guarantees and warranties:

	31 December 2019	31 December 2018
<i>USD (thousands)</i>		
Within one year	16 904	7 852
Between one and five years	17 368	24 625
Total	34 272	32 477

29. Contingencies

The Company forms part of a fiscal unity for corporate income tax and transaction tax purposes with its Dutch subsidiary. Each company within the fiscal unity is jointly and severally liable for the fiscal liability of the fiscal unity.

The Company has guaranteed the debts and liabilities of DeepOcean 2 UK Limited and DeepOcean 3 UK Limited, under and prescribed by section 479A and 479C of the Companies Act 2006 existing as at 31st December 2019.

Tax contingencies and provisions

Business operations are carried out in several countries, through subsidiaries and branches of subsidiaries, and the Group is subject to the jurisdiction of a significant number of tax authorities. Furthermore, the mobile offshore nature of the Group's operations means that the Group routinely has to manage complex international tax issues.

The Group is subject to taxation in numerous jurisdictions. In the ordinary course of events operations and transactions will be subject to audit, enquiry and possible re-assessment by different tax authorities. The Group provides for the amount of taxes that it considers probable of being payable as a result of these audits and for which a reasonable estimate can be made. Significant judgement is required in calculating the tax provision. The Group's policy is to co-operate fully with the relevant tax authorities while seeking to defend its tax positions. It is possible that the ultimate resolution of these matters could result in tax charges that are materially higher or lower than the amount provided.



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30. Related parties

Key management of the Group includes the members of Board of Directors and the Executive Management Team. The compensation paid or payable to key management for employee services is shown below.

USD (thousands)	2019	2018
Salaries and other short term employee benefits	2 112	1 272
Post-employment benefits	29	22
Total	2 141	1 294

For further information about the remuneration of the Board of Directors, reference is made to the note 46 in the company financial statements.

The Company furthermore received operational, financial, legal and tax services from its related parties West Park Management Services Limited and Triton Advisers Ltd amounting to USD 2.1 million during 2019.

31. Subsequent events

COVID-19 pandemic and Market Uncertainty During the first quarter of 2020, the spread of the COVID-19 virus caused global disruption, with negative consequences both for human health and economic activity. At the date of this report, employees in several DeepOcean offices worked from home. However, offshore activities in the North Sea and Africa are continuing as planned currently. The challenging commodity price environment together with the effects of the Covid-19 pandemic create unprecedented uncertainty and may have an adverse impact on both activity and financial performance of DeepOcean. Due to the high level of uncertainties at the time this report was finalized, it is still difficult to quantify more exactly the adverse effects and it is also too early to conclude on timing and path of recovery.

From a financial reporting perspective, the COVID-19 pandemic and the market uncertainty is expected to impact the execution of deliveries to clients and the performance of the company. However, as stated above this impact is hard to quantify currently due to offshore activities progressing as planned. Further, it could impact the long-term market outlook and future assessments of recoverable amounts of DeepOcean's' assets including but not limited to vessels, ROV's, trenching equipment and deferred tax assets. DeepOcean are working to restructure certain areas of the business, selectively lay-off staff and further streamline the business in anticipation of a prolonged market downturn as referenced in the Going Concern disclosure



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32. Subsidiaries and investments of the Group

Company	Country	31 December	31 December
		2019	2018
ADUS DeepOcean Ltd (liquidated Dec 19)	UK	0 %	100 %
AXA Enghenaria Submarina Ltda	Brasil	60 %	60 %
CTC Marine Projects (Guernsey) Ltd	Guernsey	100 %	100 %
DeepOcean 1 UK Ltd	UK	100 %	100 %
DeepOcean 2 UK Ltd ¹	UK	100 %	100 %
DeepOcean 3 UK Ltd ²	UK	100 %	100 %
DeepOcean Africa AS	Norway	100 %	100 %
DeepOcean AS	Norway	100 %	100 %
DeepOcean BV	Netherlands	100 %	100 %
DeepOcean de Mexico, S de RL de CV	Mexico	100 %	100 %
DeepOcean Ghana BV	Ghana	[A]	[A]
DeepOcean Ghana Ltd	Ghana	49 %	49 %
DeepOcean Guernsey Ltd	Guernsey	100 %	100 %
DeepOcean Management AS	Norway	100 %	100 %
DeepOcean Maritime AS	Norway	100 %	100 %
DeepOcean Middle East DMCC	UAE	100 %	100 %
DeepOcean Norway AS	Norway	100 %	100 %
DeepOcean Shipping AS	Norway	100 %	100 %
DeepOcean Shipping II AS	Norway	100 %	100 %
DeepOcean Shipping III AS	Norway	100 %	100 %
DeepOcean Shipping V AS	Norway	100 %	100 %
DeepOcean Shipping VI AS (merged with DeepOcean AS)	Norway		100 %
DeepOcean Subsea Cables Ltd	UK	100 %	
DeepOcean Subsea Services Limited	UK	100 %	100 %
Delta SubSea International Guyana Inc.	Guyana	100 %	100 %
Delta SubSea LLC	US	100 %	100 %
DOMX Maritima, S de RL de CV ³	Mexico	49 %	49 %
Enshore Subsea Ltd	UK	100 %	
Level Offshore AS	Norway	50 %	50 %
Northwest Maritime AS (liquidated Dec 19)	Norway		100 %
SeaRov Offshore Co Ltd	Myanmar	99 %	99 %
SeaRov Offshore Group	Gabon	100 %	100 %
SeaRov Offshore Limited	UK	100 %	100 %
SeaRov Offshore SAS	France	100 %	100 %
Subsea Trinidad and Tobago Limited	T&T	100 %	100 %
Technip DeepOcean PFS JV DA	Norway	50 %	50 %

¹ DeepOcean 2 UK Limited, Company Registration Number 01275998, is a subsidiary company that is exempt from the requirement to have a Company Audit on their accounts, in accordance with section 479A of the Companies Act

² DeepOcean 3 UK Limited, Company Registration Number SC240196, is a subsidiary company that is exempt from the requirement to have a Company Audit on their accounts, in accordance with section 479A of the Companies Act 2006.

³ Although the Group has 49% of the shares in DOMX Maritima S. de R.L. de C.V. it is fully consolidated

[A] 100% subsidiary of DeepOcean Ghana Ltd



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C. DeepOcean Group Holding B.V. – Company Financial Statements for the year 2019

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DEEPOCEAN**C.1 Company statement of profit or loss of DeepOcean Group Holding B.V. for the year ended 31 December 2019**

<i>USD (thousands)</i>		2019	2018
Share in results from participating interests, after tax	37	(53 807)	(38 273)
Other income and expenses after taxation	35	5 195	(9 040)
Impairment of intercompany loans receivable	38	-	(8 642)
Profit/(loss) for the period		(48 612)	(55 955)

C.2 Company statement of financial position of DeepOcean Group Holding B.V. as at 31 December 2019

<i>USD (thousands)</i>		31 December 2019	31 December 2018
Assets			
Subsidiaries	37	24 636	55 541
Non-current loan receivables to related parties	38	118 414	117 555
Total non-current assets		143 050	173 096
Trade receivables and contract assets	40	188	17
Receivables from related parties	40	5 111	12 567
Current income tax receivable		9	10
Cash and cash equivalents		894	179
Total current assets		6 202	12 773
Total assets		149 252	185 869
Equity			
Share capital		863	880
Share premium		364 529	371 655
Reserves		14 175	11 146
Retained earnings		(315 504)	(294 096)
Total equity	41	64 063	89 585
Liabilities			
Other non-current liabilities		693	707
Total non-current liabilities		693	707
Current portion of loans and borrowings	42	83 414	88 459
Trade and other payables	43	1 088	2 198
Payables to related parties	43	22	4 791
Current provisions	43	-	102
Other taxes and social securities		(28)	27
Total current liabilities		84 496	95 577
Total liabilities		85 189	96 284
Total equity and liabilities		149 252	185 869

The accompanying notes are an integral part of these company financial statements.



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C.3 Notes to the Company Financial Statements

33. General information

The description of the activities of DeepOcean Group Holding B.V. (the "Company") and the Company structure, as included in the notes to the consolidated financial statements, also apply to the company financial statements.

34. Accounting policies

The Company has prepared its company financial statements in accordance with part 9 of Book 2 of the Netherlands civil code, and specifically, in accordance with section 362.8 of the code. In doing so it has applied the principles of recognition and measurement as adopted in the consolidated financial statements (IFRS). For the Company statement of profit or loss the Company adopted the exemption as described in section 402 of the Netherlands civil code.

Subsidiaries are stated at their net asset value.

Long-term loans and other long-term receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method; less any impairment losses.

35. Other income and expenses after taxation

Other income and expenses after tax includes amongst others the remuneration of the Executive Management and Board of Directors. The Executive Management as well as the Board of Directors form part of the key management employees of the Group.

36. Proposal regarding the appropriation of profit

The Board of Directors proposes to add the net result to retained earnings

37. Subsidiaries

The movements in the investments in subsidiaries were as follows:

	31 December 2019	31 December 2018
<i>USD (thousands)</i>		
Balance at beginning of the period	55 541	38 101
Capital contributions and acquisition	-	30 000
Adjustments prior years	21 382	-
Reclass external loan to internal loan	-	17 930
Share in result of subsidiaries	(54 915)	(38 273)
Exchange differences	2 629	7 783
Balance at end of the period	24 636	55 541

A list of subsidiaries and affiliated companies is prepared in accordance with the relevant legal requirements (the Netherlands Civil Code Book 2, part 9, Sections 379 and 414) and disclosed in note 32 of the consolidated financial statements.



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38. Non-current loan receivables to related parties

	31 December 2019	31 December 2018
<i>USD (thousands)</i>		
At 1 January	117 555	79 942
Loans provided	32 721	57 952
Impairments		(21 382)
Redemptions	(30 428)	(4 913)
Exchange differences	(1 433)	5 956
At 31 December	118 414	117 555

39. Deferred tax asset

No deferred tax asset was recognized in 2019.

40. Related party receivables

The trade and other receivables contain US\$5.1 million (2018: US\$12.6 million) of receivables from related parties. This balance is the result of at arm's length transactions during the normal course of business. The fair value of the receivables and payables approximates their carrying value.

41. Equity

For the movement in equity we refer to the consolidated statement of changes in equity. Additional information on the share capital and premium is disclosed in note 20 in the consolidated financial statements.

The revaluation reserve qualifies as a legal reserve in accordance with Part 9 of Book 2 of the Netherlands Civil Code.

42. Long-term liabilities

The long-term liabilities consisted of a credit facility usage in the period.

	2019	2018
<i>USD (thousands)</i>		
At 1 January	88 459	54 275
Repayment of borrowings	(4 339)	-
Proceeds of new borrowings	-	36 988
Financing fees	1 037	1 177
Exchange differences	(1 743)	(3 981)
At 31 December	83 414	88 459

43. Trade and other payables

The trade and other payables contain external advisory and insurance costs, and payables to related parties containing of intercompany payables to subsidiaries. This balance is the result of at arm's length transactions during the normal course of business. The fair value of the receivables and payables approximates their carrying value.

44. Corporate income tax

At year-end the total of the compensable losses amounts to USD 2.5 million (2018: USD 13.3 million) for which no deferred tax asset is recognised (note 10.3).

45. Commitments and contingencies

The Company forms part of a fiscal unity for corporate income tax and transaction tax purposes with its Dutch subsidiary. Each company within the fiscal unity is jointly and severally liable for the fiscal liability of the fiscal unity.



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46. Board remuneration

The remuneration of the Board of Directors in 2019 and the comparative period is as follows:

<i>USD (thousands)</i>	2019	2018
Current Non-executive members	255	152
Former Non-executive members	6	157
Current Executive members	996	446
Former Executive members	-	130
Total	1 257	885

47. Basis of preparation – Going Concern

During the first quarter of 2020, the sharp decline in commodity prices, exacerbated by the COVID-19 pandemic caused global disruption, with significant negative consequences both for human health, economic activity and the energy sector. The potential impact on DeepOcean is yet to be seen as offshore activities in the North Sea and Africa continue without delay. The challenging commodity price environment together with the effects of the COVID-19 pandemic create unprecedented uncertainty and makes it challenging to firmly predict the long-term effects for DeepOcean.

DeepOcean has taken a number of measures already to mitigate substantial negative impact for the company including reduced investment plans, pushed vendor terms with all major suppliers and lessors, and planned major restructuring across the organisation. The restructuring plan is now approved and will be rolled out across the organisation immediately. This plan includes major reductions in SG&A staff, contractors and underutilised OPEX employees. Furthermore, management has engaged with vessel owners to instigate vessel rate reductions. This overall process is being aligned with close collaboration with customers, banks and financial institutions, suppliers and employees. The actions are an acknowledgement of current events as well as uncertainty around the timing and path of recovery. DeepOcean also has proactive dialogues with governments to ensure participation in financial relief measures aimed at containing economic effects of the COVID-19 (corona) virus outbreak.

Also, based on the current forecast/budget scenario, management does not see an immediate risk of breaking the bank covenants (Liquidity & LTM EBITDA) in 2020. However, there is a potential scenario where the EBITDA covenant is breached in Q1/Q2 2021. To mitigate this risk of covenant breach, DeepOcean as stated above is taking a number of measures to limit the potential negative impact of the sharp decline in commodity prices and the COVID-19 pandemic.

The high market volatility caused by the COVID-19 pandemic in conjunction with the collapse of the oil price, increases the risk regarding the going concern assumption for most companies, and this is also the case for DeepOcean. Although the risk has increased, the assessment is that DeepOcean has the resources, organization, competence, assets and customer base to continue being a going concern. Notwithstanding, all the mitigation measures implemented and the ongoing restructuring, there is material uncertainty for DeepOcean to continue as a going concern over the next 12 months due to the collapse of the oil price and the COVID-19 pandemic.

Management has decided to move its Group Holding entity from a Dutch entity (currently DeepOcean Group Holding B.V.) to a Norwegian entity in the course of 2020. This will involve a series of mergers resulting in DeepOcean Group Holding BV ceasing to exist and DeepOcean Norway AS becoming the ultimate parent of the DeepOcean Group. (Project Homecoming)

The series of mergers leading to DeepOcean Norway AS becoming the ultimate parent of the DeepOcean Group are as follows:

- DeepOcean Group Holding BV will be merged into Tricer NL BidCo 4 BV
- Merged Tricer NL BidCo 4 BV will be merged into Tricer NL BidCo 3 BV
- Merged Tricer NL BidCo 3 BV will be merged into DeepOcean Norway AS



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- DeepOcean Norway will be the surviving entity and will become the group parent company

48. Subsequent events

COVID-19 pandemic and Market Uncertainty During the first quarter of 2020, the spread of the COVID-19 virus caused global disruption, with negative consequences both for human health and economic activity. At the date of this report, employees in several DeepOcean offices worked from home. However, offshore activities in the North Sea and Africa are continuing as planned currently. The challenging commodity price environment together with the effects of the Covid-19 pandemic create unprecedented uncertainty and may have an adverse impact on both activity and financial performance of DeepOcean. Due to the high level of uncertainties at the time this report was finalized, it is still difficult to quantify more exactly the adverse effects and it is also too early to conclude on timing and path of recovery.

From a financial reporting perspective, the COVID-19 pandemic and the market uncertainty is expected to impact the execution of deliveries to clients and the performance of the company. However, as stated above this impact is hard to quantify currently due to offshore activities progressing as planned. Further, it could impact the long-term market outlook and future assessments of recoverable amounts of DeepOcean's assets. DeepOcean are working to restructure certain areas of the business, selectively lay-off staff and further streamline the business in anticipation of a prolonged market downturn.

DeepOcean has decided to move its Group Holding entity from a Dutch entity (currently DeepOcean Group Holding B.V.) to a Norwegian entity in the course of 2019. This will involve a series of mergers resulting in DeepOcean Group Holding B.V. ceasing to exist and DeepOcean Norway AS becoming the ultimate parent of the DeepOcean Group.



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Board of Directors

The members of the Board of Directors have signed the company financial statements pursuant to their statutory obligations under Section 2:101 sub 2 of the Netherlands Civil Code.

Oslo, 13th May 2020

Board of Directors

J. Lunder, Chairman Board of Directors

Ø. Mikaelen, Executive Director

G. Cura, Non-Executive Director

C.C. Cooper, Non-Executive Director

K. Diesen, Non-Executive Director

T. Askvig, Non-Executive Director



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Other information

Statutory provisions regarding the appropriation of profit

From the Articles of Association,

Article 17.1.

The allocation of profits accrued in a financial year shall be determined by the General Meeting. If the General Meeting does not adopt a resolution regarding the allocation of the profits prior to or at latest immediately after the adoption of the annual accounts, the profits will be reserved.

Article 17.2.

The General Meetings has the authority to make distributions. If the Company is required by law to maintain reserves, this authority only applies to the extent that the equity exceeds these reserves. No resolution of the General Meeting to distribute shall have effect without the consent of the Board. The Board may withhold such consent only if it knows or reasonably should expect that after the distribution, the Company will be unable to continue the payment of its due debts.

Article 17.3

The General Meeting may resolve to make interim distributions on Shares and/or make distributions on Shares at the expense of any reserves of the Company. In addition, the Board may decide to make interim distributions on Shares.

Independent auditor's report

Reference is made to the independent auditor's report included on the next page.