Brønnøysundregistrene

ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2020 - GENERELL INFORMASJON

Enheten

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

Regnskapsår

Årsregnskapets periode:	01.01.2020 - 31.12.2020

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:	21.05.2021

Grunnlag for avgivelse

År 2020: Årsregnskapet er elektronisk innlevert
År 2019: Tall er hentet fra elektronisk innlevert årsregnskap fra 2020

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	2020	2019
RESULTATREGNSKAP			
Inntekter			
Annen driftsinntekt		64 425 986	74 300 870
Sum inntekter		**64 425 986**	**74 300 870**
Kostnader			
Varekostnad		46 760 820	81 439 867
Lønnskostnad		911 487	301 927
Avskrivning av driftsmidler og immaterielle eiendeler		160 693	93 151
Annen driftskostnad		63 824 264	11 234 621
Sum kostnader		**111 657 265**	**93 069 567**
Driftsresultat		**-47 231 279**	**-18 768 697**
Finansinntekter og finanskostnader			
Renteinntekt fra foretak i samme konsern		737 492	10 842 251
Annen renteinntekt		147 575	3 288 885
Annen finansinntekt		71 788 638	39 902 583
Sum finansinntekter		**72 673 705**	**54 033 719**
Rentekostnad til foretak i samme konsern		59 794 689	73 383 795
Annen rentekostnad		12 580 545	11 935 798
Annen finanskostnad		345 108 382	-457 949
Sum finanskostnader		**417 483 617**	**84 861 645**
Netto finans		**-344 809 912**	**-30 827 926**
Ordinært resultat før skattekostnad		**-392 041 190**	**-49 596 622**
Skattekostnad på ordinært resultat		342 987	-2 011 086
Ordinært resultat etter skattekostnad		**-392 384 177**	**-47 585 536**
Årsresultat		**-392 384 177**	**-47 585 536**
Årsresultat etter minoritetsinteresser		**-392 384 177**	**-47 585 536**
Totalresultat		**-392 384 177**	**-47 585 536**

Resultatregnskap

Beløp i: NOK	Note	2020	2019
Overføringer og disponeringer			
Overført fra annen egenkapital		-392 384 177	-47 585 536
Sum overføringer og disponeringer		**-392 384 177**	**-47 585 536**

Balanse

Beløp i: NOK	Note	2020	2019
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Utsatt skattefordel		1 668 100	2 011 086
Sum immaterielle eiendeler		**1 668 100**	**2 011 086**
Varige driftsmidler			
Driftsløsøre, inventar o.a. utstyr		23 572 636	1 822 203
Sum varige driftsmidler		**23 572 636**	**1 822 203**
Finansielle anleggsmidler			
Investering i datterselskap		907 817 011	1 262 928 005
Lån til tilknyttet selskap og felles kontrollert virksomhet		14 385 942	
Andre langsiktige fordringer			2 834 276
Sum finansielle anleggsmidler		**922 202 954**	**1 265 762 281**
Sum anleggsmidler		**947 443 689**	**1 269 595 570**
Omløpsmidler			
Varer			
Fordringer			
Kundefordringer		84 294 851	62 116 170
Andre kortsiktige fordringer		3 679 822	455 803
Sum fordringer		**87 974 673**	**62 571 973**
Bankinnskudd, kontanter og lignende			
Bankinnskudd, kontanter o.l.		22 374 939	222 819 230
Sum bankinnskudd, kontanter og lignende		**22 374 939**	**222 819 230**
Sum omløpsmidler		**110 349 612**	**285 391 203**
SUM EIENDELER		**1 057 793 301**	**1 554 986 773**

BALANSE - EGENKAPITAL OG GJELD

Balanse

Beløp i: NOK	Note	2020	2019
Egenkapital			
Innskutt egenkapital			
Aksjekapital		55 000 000	55 000 000
Overkurs		203 384 357	595 768 533
Sum innskutt egenkapital		**258 384 357**	**650 768 533**
Sum egenkapital		**258 384 357**	**650 768 533**
Gjeld			
Langsiktig gjeld			
Annen langsiktig gjeld			
Gjeld til kredittinstitusjoner		107 511 972	157 174 560
Øvrig langsiktig gjeld		570 854 812	699 704 032
Sum annen langsiktig gjeld		**678 366 783**	**856 878 592**
Sum langsiktig gjeld		**678 366 783**	**856 878 592**
Kortsiktig gjeld			
Leverandørgjeld		113 477 592	41 753 876
Annen kortsiktig gjeld		7 564 569	5 585 771
Sum kortsiktig gjeld		**121 042 161**	**47 339 647**
Sum gjeld		**799 408 944**	**904 218 239**
SUM EGENKAPITAL OG GJELD		**1 057 793 301**	**1 554 986 773**

MOTTATT
11 JAN. 2016

Skattedirektoratet

Saksbehandler	Deres dato	Vår dato
Torstein Kinden Helleland	05.01.2016	07.01.2016
Telefon	Deres referanse	Vår referanse
22078139	Øyvind Apeland	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	Besøksadresse:	Sentralbord
Postboks 9200 Grønland	Se www.skatteetaten.no	800 80 000
0134 Oslo	Org.nr: 996250318	Telefaks
	E-post: skatteetaten.no/sendepost	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.

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

Consolidated Financial Statements for the year 2020

DEEPOCEAN

A. Report of the Board of Directors

Contents

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 or The Group) is independent of any equipment, technique or manufacturer and therefore can 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$352.5M of Revenue (2019: US$490.4M) from continuing operations with a loss for the period from continuing operations of US$4.9M (2019: US$45.3M 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. Revenue of $73.6M (2019: nil) and US$133.2M loss (2019: $3.6M) for the period were realized from discontinued operations.

The Group has an Equity position for 2020 of US$80.2M negative (2019: US$55.2M). This temporary negative equity position is due to the impairment of the right-of-use assets in the UK business (DeepOcean 1 UK Limited, Enshore Subsea Limited & DeepOcean Subsea Cables Limited); US$83.7M negative impact on the equity position, while the liabilities remained on the balance sheet at the end of 2020. The liabilities of $91.4M were extinguished from the balance sheet on the 6th January 2021, when a settlement agreed was signed with the external counterparties. The impairment of the right-of-use assets in the UK business is related to the RPP process. An RPP is a restructuring plan procedure under Corporate Insolvency and Governance Act 2020 (an "RPP") of the UK business.

A new loan agreement was signed in January 2021.The key financial covenants as part of a new loan agreement are as follows:

- Liquidity shall at all times exceed $7.5M until 31st December 2023
- EBITDA covenant is not applicable currently and will be reintroduced on 31st December 2022 with a compliant EBITDA of $15M over the prior 12 months

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 2020 amounted to US$209.0M, which is flat year over year, compared to 2019 (US$207.8M). We expect to recognize US$129M of this backlog in 2021.

Financial debt and liquidity

At 31 December 2020, total interest-bearing debt amounted to US$99.5M (2019 US$101.6M), consisting of the drawn amount on the multi-currency Revolving Credit Facility (RCF) of US$87.9M and US$11.6 of the term loan.

The borrowing base under the credit facility shows an availability of USD 9.8 million. 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$71.1M (2019 US$66.5M) at the end of the year.

Financially, the Group's took precautionary measures when Covid-19 hit with full strength in March 2020 by keeping the RCF fully utilised and closely monitoring the liquidity situation. As per 31st of December 2020, separate financial covenants for the Group's debt instruments and liquidity were defined in the Lock-up Agreement. The group 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.

A.3 Human Resources

As of 31 December 2020, DeepOcean had 1053 full time employees worldwide (2019: 1083; 2018: 1070), of which 1050 (2019:1079, 2018: 1049) work outside of the Netherlands, divided as follows:

Number of employees	**2020**	**2019**
Onshore	498	501
Offshore	555	582
Total	**1 053**	**1 083**

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 continued several internal controls in 2020 and will continue to progress the controls in 2021 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

  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. The internal audits will be further strengthened by the implementation of the new ERP system in DeepOcean. All entities are now contained in the ERP system and use it on a day-day basis. This system will be the key tool to evaluate all regions performance and compliance from a financial reporting position

- 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)

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 must 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 2020, 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 2020:
Jo Lunder (Chairman)
Terje Askvig
Øyvind Mikaelsen
Kristian Diesen
Marc van der Plas
Mike Winkel (Joined the board 21st May 2021)

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 five male directors as per 31 December 2020.
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.

Executive Management Team

The executive management team has seen limited change in 2020. The executive management team have focused on the restructuring of the UK business and on winning new projects. Rakel Knutsen, Global Head of HR has left DeepOcean to pursue other opportunities after supporting the reorganization of DeepOcean to optimize the organizational set up.

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. Unmanned Surface Vessels, autonomous ROVs and automation of data handling). 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). The Remote Operations Center in Haugesund is now fully operational and adoption by clients is progressing satisfactory. The Autonomous Inspection Drone will be tested out Q3 2021 in the North Sea during live operations. Other projects are also progressing as planned.

A.7 Outlook

The average crude price (Brent) dropped by 35% from 2019 ($64.3) to 2020 ($42.0). This came on the back of an earlier drop in crude pricing of 10% from 2018 ($71.3) to 2019 ($64.3). The driver for this is primarily due to a shortage in demand, driven by global economic changes due to COVID-19.

A sustainable crude price level, where the majority of E&P operators generate healthy cash flows from operations and invest in maintaining and increasing production, is >$60, and thus the lower prices in 2020 have also impacted DeepOcean's business. However, the negative effects were somewhat mitigated by various stimulus packages for Oil producers in DeepOcean's core markets, such as Norway.

2020 was a challenging year for the Group, due to a number of factors including the continuing COVID-19 pandemic, the sharp decline of commodity prices in Q1 2020 and the challenging market for the UK business (DeepOcean 1 UK Limited, Enshore Subsea Limited & DeepOcean Subsea Cables Limited) of the Group.

In the course of 2020 and early 2021 DeepOcean has restructured its loss-making part of the UK business and thereby significantly reduced unsustainable long-term charter liabilities as well as improved DeepOcean's overall profitability and cash flow. As a result of the restructuring, DeepOcean also achieved further charter rate reductions with existing charterers and a restated loan facility.

Looking towards 2021, an increase of average crude pricing can already be seen in Q1 2021 at around $60 levels, which seems to be driven by a rebounding global economy and resulting increased energy demand. Considering this positive development and generally high activity of DeepOcean's key clients, it is likely that DeepOcean's revenues will increase year over year from 2020 to 2021. This is based on the oil price staying at current levels and no further major impact from COVID-19.

DeepOcean continues to hold great confidence in the fundamental outlook for subsea services. Our service offerings span segments within oil & gas and offshore renewables, but also emerging industries within the ocean space, including seabed mining. Despite oil & gas being forecasted to be the major revenue contributor in the near term, DeepOcean is also geared up and has proven capabilities to allow it to take a more significant stake in the energy transition.

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 subsea services. We are investing in new technology for safer and more efficient ways of delivering our services, such as the roll-out of DeepOcean's remote operating centre in 2020 and will continue to invest in such technologies in the years to come.

A.8 Subsequent events

Subsequent to the end of 2020, the executive management have continued multiple processes to further safeguard operations and provide the business with stability for the future. Key subsequent events include:

- Approved restructuring plan procedure under Corporate Insolvency and Governance Act 2020 (an "RPP") of the UK business (DeepOcean 1 UK Ltd, DeepOcean Subsea Cables Ltd and Enshore Subsea Ltd)

- Amendment and restatement of the current syndicated credit facility – including a maturity extension and other concessions form the lenders such as lower margins (reduced finance cost), and changes to the bank covenants

- $15M new equity from majority shareholder Triton (March 2021) which shows – renewed commitment to their investment in DeepOcean and confidence in DeepOcean's future

- Renegotiated reduced charter rates for the Group's long-term charters in the Norway region

One major impact of the RPP process is temporary negative equity. This temporary negative equity position is due to the impairment of the right-of-use assets in the UK business (DeepOcean 1 UK Limited, Enshore Subsea Limited & DeepOcean Subsea Cables Limited); US$83.7M negative impact on the equity position, while the liabilities remained on the balance sheet at the end of 2020. The liabilities of $91.4M were extinguished from the balance sheet on the 6th January 2021, when a settlement agreed was signed with the external counterparties.

A new loan agreement was signed in January 2021.The key financial covenants as part of a new loan agreement are as follows:

- Liquidity shall at all times exceed $7.5M until 31st December 2023
- EBITDA covenant is not applicable currently and will be reintroduced on 31st December 2022 with a compliant EBITDA of $15M over the prior 12 months

DEEPOCEAN

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, 1st June 2021

Board of Directors

J. Lunder, Chairman Board of Directors

Ø. Mikaelsen, Executive Director

Kristian Diesen

K. Diesen, Non-Executive Director

T. Askvig, Non-Executive Director

M. van der Plas, Non-Executive Director

Mike Winkle

M.Winkel, Non-Executive Director

B. Consolidated Financial Statements

Notes to the Financial statements

B.1 Consolidated statement of profit or loss for the year ended 31 Dec 2020

USD (thousands)	**Note**	**2020**	**2019**
Revenue from contracts with customers	5	352 490	490 394
Direct operating expenses	6	(203 766)	(331 828)
Depreciation and amortisation	11,12	(88 271)	(135 257)
Gross profit		**60 453**	**23 309**
Sales, general and administrative expenses	6	(28 718)	(22 384)
Impairment of fixed assets	6	(3 970)	(5 252)
Other expenses	6	(14 069)	(20 112)
Share of net income from investments accounted for using the equity method	13	432	487
Profit/(Loss) from operating activities		**14 128**	**(23 952)**
Finance income		(34)	481
Finance expense		(12 160)	(26 150)
Net finance expense	9	**(12 194)**	**(25 669)**
Profit/(loss) before tax		**1 934**	**(49 621)**
Corporate income tax (expense)/credit	10	(5 292)	4 282
Loss for the period from continuing operations		**(3 358)**	**(45 339)**
Discontinued operations			
Loss for the period from discontinued operations	4	**(143 346)**	**(3 632)**
Loss for the period		**(146 704)**	**(48 971)**
Total loss attributable to:			
Shareholders of the parent		(144 955)	(48 612)
Non-controlling interests		(1 749)	(359)
		(146 704)	**(48 971)**

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

DEEPOCEAN

B.2 Consolidated statement of comprehensive income for the year ended 31 Dec 2020

USD (thousands)	Note	2020	2019
Loss for the period		**(146 704)**	**(48 971)**
		-	-
Items that may be reclassified subsequently to profit or loss			
Net investment hedge	27	-	-
Foreign currency translation differences of foreign operations		(608)	2 008
		(608)	**2 008**
Total comprehensive loss for the period, net of tax		**(147 312)**	**(46 963)**
Total comprehensive loss attributable to:			
Shareholders of the parent		(147 625)	(46 905)
Non-controlling interests		313	(58)
Total comprehensive loss for the period, net of tax		**(147 312)**	**(46 963)**
Total comprehensive loss for the period, net of tax arises from:			
Continuing operations		(3 966)	(43 331)
Discontinued operations		(143 346)	(3 632)
Total comprehensive loss for the period, net of tax		**(147 312)**	**(46 963)**

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

DEEPOCEAN

B.3 Consolidated statement of financial position as at 31 Dec 2020

USD (thousands)	Note	31 December 2020	31 December 2019
Assets			
Vessels and equipment	11	127 217	361 601
Intangible assets	12	3 056	2 895
Equity accounted investees	13	609	591
Post-employment benefit asset	23	38	409
Prepaid charter costs	16	(0)	2 065
Deferred tax assets	10	15 056	16 137
Total non-current assets		**145 976**	**383 698**
Inventories	17	2 586	3 391
Trade receivables and contract assets	18	86 936	104 413
Current income tax receivable		498	996
Assets held for sale	11	(0)	15 000
Cash and cash equivalents	19	66 441	66 547
Total current assets		**156 461**	**190 347**
Assets held for sale	4	**4 068**	**-**
Total assets		**306 505**	**574 045**
Equity			
Share capital	20	940	863
Share premium	20	397 301	364 529
Other reserves		7 899	14 175
Accumulated losses directly associated with asset held for sale	4	(92 950)	
Accumulated losses		(387 299)	(315 504)
Total equity attributable to owners of the Company		**(74 109)**	**64 063**
Non-controlling interests	4	(8 523)	(8 836)
Total equity		**(82 632)**	**55 227**
Liabilities			
Non-current portion of loans and borrowings	21	40 540	185 670
Non-current portion of loans and borrowings from related parties	22	1 199	1 501
Other non-current liabilities		-	693
Non-current portion of post-employment benefit obligation	23	571	1 276
Non-current provisions	24	0	183
Non-current income tax liabilities	10	45	45
Deferred income tax liabilities	10	1 215	1 215
Total non-current liabilities		**43 570**	**190 583**
Current portion of loans and borrowings	21	124 479	202 407
Current portion of derivative financial liabilities	25	341	4 104
Trade and other payables	26	113 775	119 213
Current provisions	24	1 887	2 569
Current income tax liabilities	10	(456)	(58)
Total current liabilities		**240 026**	**328 235**
Liabilities direct associated with assets held for sale	4	105 541	-
Total liabilities		**389 137**	**518 818**
Total equity and liabilities		**306 505**	**574 045**

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

B.4 Consolidated statement of changes in equity for the year ended 31 December 2020

USD (thousands)	Notes	Attributable to shareholders of the Company								
		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 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)**	**(46 963)**
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)**	**55 226**

USD (thousands)	Notes	Attributable to shareholders of the Company								
		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 2020		**863**	**364 529**	**(49 091)**	**51 785**	**11 480**	**(315 504)**	**64 063**	**(8 836)**	**55 226**
Comprehensive income										
Loss for the period continuing operations		-	-	-	-	-	(3 358)	(3 358)		(3 358)
Loss for the period discontinued operations							(141 597)	(141 597)	1 749	(139 848)
Other comprehensive income								-		
Net investment hedges	27	-	-		-	-	-	-	-	-
Foreign currency translation differences of foreign operations		-	26 016	829	-	-	(26 016)	829	(1 436)	(608)
Total comprehensive loss for the period		**-**	**26 016**	**829**	**-**	**-**	**(170 971)**	**(144 126)**	**313**	**(143 813)**
Reduced liabilities IFRS16							6 227			
Transactions with owners										
Capital contribution				-	-	-	-	-	-	-
Foreign currency movement		77	6 756	(7 899)		794		(272)	-	(272)
Total transactions with owners of the Company		**77**	**6 756**	**(7 899)**	**-**	**794**	**6 227**	**5 955**	**-**	**5 955**
Balance at 31 December 2020		**940**	**397 301**	**(56 161)**	**51 785**	**12 274**	**(480 248)**	**(74 108)**	**(8 523)**	**(82 632)**

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

B.5 Consolidated statement of cash flows for the year ended 31 December 2020

USD (thousands)	Notes	2020	2019
Cash flows from continuing operations			
Cash flows from operating activities			
Result from operating activities		14 128	(23 952)
Depreciation and amortisation	11	88 271	135 257
Depreciation and amortisation IFRS16		(70 701)	(107 720)
Operational expenses adjustments IFRS16		(10 498)	(2 919)
Share of net income from investments accounted for using the equity method	13	(432)	(487)
Profit on sale of fixed assets	6	(3 764)	(97)
Impairment losses	6,11	4 021	5 252
Impairment losses IFRS16		-	
		21 025	**5 334**
Changes in working capital:			
Inventories	17	805	176
Trade and other receivables	18	8 223	356
Prepayments	16	2 066	708
Trade and other payables	25,26	3 609	7 796
Provisions and employee benefits	23,24	(2 951)	275
Cash generated from operating activities		**32 777**	**14 646**
Interest and other finance costs paid	21	(17 007)	(11 502)
Interest and other finance income received	21	70	524
Income taxes paid	10	(7 827)	(2 729)
Net cash generated from operating activities		**8 013**	**939**
Cash flows from investing activities			
Proceeds from sale of fixed assets	11	15 000	1 224
Purchase of vessels and equipment	11	(11 545)	(6 218)
Dividends received from equity accounted investees		416	866
Net cash (used in)/generated from investing activities		**3 871**	**(4 128)**
Cash flows from financing activities			
Proceeds from issuance of shares	20		
Proceeds of borrowings	21	8 907	9 987
Repayment of borrowings	21	(12 930)	(5 885)
Transaction costs related to loans and borrowings	21		
Payment of finance lease		(4 691)	(4 680)
Settlement of derivatives			
Net cash used in financing activities		**(8 714)**	**(578)**
Net (decrease)/increase in cash and cash equivalents from continuing operations		3 170	(3 767)
Cash flows from discontinued operations			
Increase assets held for sale	4	(4 068)	
Net change in cash and cash equivalents from discontinued operations		**(4 068)**	**-**
Net decrease in cash and cash equivalents		**(898)**	**(3 768)**
Cash and cash equivalents at 1 January		66 547	70 391
Translation differences on cash and cash equivalents		791	(76)
Cash and cash equivalents at 31 December	19	**66 440**	**66 547**

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

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 Overtoom 141, 1054 HG 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 2020 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 26th May 2021.

2.2 Basis of preparation – Going Concern

2020 was a challenging year for the Group, due to a number of factors including the continuing COVID-19 pandemic, the sharp decline of commodity prices in Q1 2020 and the challenging market for the UK business (DeepOcean 1 UK Limited, Enshore Subsea Limited & DeepOcean Subsea Cables Limited) of the Group. DeepOcean executed several measures to ensure the future viability of the Group including reduction in employees (specifically eliminating SG&A positions), reduced investment plans, negotiated reduced vessel rates on long term charters and initiated a full restructuring of the UK business. However, despite the challenging conditions there was no breach of the bank covenants (Liquidity & LTM EBITDA) in 2020.

The restructuring plan procedure under Corporate Insolvency and Governance Act 2020 (an "RPP") of the UK business was not simply a liquidation of certain entities, but has a multitude of interlinked elements that cover the legal, financial and commercial spheres – which in its entirety have ensured the future viability of the Group and will make it increasingly competitive in the years to come. The process follows an extended period of loss-making operations by the UK business and reflects changes in the industry's procurement strategies and available installation capacity, as well as a mismatch between the UK business contractual commitments and market conditions. The RPP has been approved in court and the UK business is in the process of a solvent wind down. This court approved process has given the Group certainty for ongoing operations and future activities. The key outcomes of the RPP are as follows:

- The UK business has been released of all their liabilities as of 22nd April 2021 (Except a certain % of creditor recovery)
- The liabilities included long term charter vessels with out of market rates
- The solvent wind down of the UK business
- Stops the major cash drain of the Group
- The Group will have more funding headroom, allowing it to be more aggressive towards growth areas and focus on growth in the right areas.
- The retention of the trenching assets to either operate or monetize

- Removes the UK Business which has been the major budget deviation and underperforming business for the Group over the last 36 months

One major impact of the RPP process is temporary negative equity. This temporary negative equity position is due to the impairment of the right-of-use assets in the UK business (DeepOcean 1 UK Limited, Enshore Subsea Limited & DeepOcean Subsea Cables Limited); US$83.7M negative impact on the equity position, while the liabilities remained on the balance sheet at the end of 2020. The liabilities of $91.4M were extinguished from the balance sheet on the 6th January 2021, when a settlement agreed was signed with the external counterparties.

In addition, to the RPP process in the UK business, the Group has continued multiple processes to further safeguard operations and provide the business with stability for the future. These processes include the following:

- Amendment and restatement of the current syndicated credit facility – including a maturity extension and other concessions form the lenders such as lower margins (reduced finance cost), and changes to the bank covenants. For more details, reference is made to note 21.1.
- $15M new equity from majority shareholder Triton (March 2021) which shows – renewed commitment to their investment in DeepOcean and confidence in DeepOcean's future
- Significantly reduced charter rates for the Group's long-term charters in the Norway region

These activities and processes have been the main focus of the Group's management in 2020 to ensure a solid going concern for the wider DeepOcean Group and are the key anchor and preparation for this process of management assessment.

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 2021. This was to be completed in 2020, however, the focus of the executive management was on the RPP process for the UK business. 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 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 affect 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 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. Reference is made to note 4 of the annual financial statement.

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 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.

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
- 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 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 ('MNOPF') in UK. The MNOPF 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 MNOPF.

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 2020 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.

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.

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

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.

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

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 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.

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.

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

The companies DeepOcean 1 UK Ltd, DeepOcean Subsea Cables Ltd and Enshore Subsea Ltd are considered as discontinued operations. The above UK companies are the companies comprising the RPP. Reference is made to note 2.2 with regards the nature of the RPP.

In addition, 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 $143.3M

USD (thousands)	**2020**	**2019**
Revenue	73 641	
Direct operating expenses	(50 426)	
Depreciation and amortisation	(37 997)	(48)
Impairment	(94 230)	
Gross loss	**(109 012)**	**(48)**
Sales, general and administrative expenses	(18 155)	(16)
Other income	50	
Results/(loss) from operating activities	**(127 116)**	**(64)**
Finance income	106	43
Finance expense	(16 336)	(3 611)
Net finance expense	**(16 230)**	**(3 568)**
Loss before tax	**(143 346)**	**(3 632)**
Corporate incpome tax credit		
Loss for the period	**(143 346)**	**(3 632)**
Results/(loss) attributable to:		
Shareholders of the parent	(141 597)	(3 632)
Non-controlling interests	1 749	
Loss for the period	**(143 346)**	**(3 632)**

The balance sheet position of the discontinued operations is presented in the below table.

USD (thousands)	31 December 2020
Assets	
Vessels and equipment	120
Equity accounted investees	(0)
Loans and other receivables	0
Prepaid charter costs	(0)
Total non-current assets	**120**
Inventories	(23)
Trade receivables and contract assets	(925)
Current income tax receivable	247
Cash and cash equivalents	4 649
Total current assets	**3 948**
Total assets	**4 068**
Accumulated losses	(92 950)
Total equity attributable to owners of the Company	**(92 950)**
Non-controlling interests	(8 523)
Total equity	**(101 473)**
Non-current portion of loans and borrowings	52 938
Non-current portion of post-employment benefit obligation	242
Total non-current liabilities	**53 180**
Current portion of loans and borrowings	39 567
Current portion of post-employment benefit obligation	(0)
Trade and other payables	12 810
Current provisions	(0)
Current income tax liabilities	(16)
Total current liabilities	**52 361**
Total liabilities	**105 541**
Total equity and liabilities	**4 068**

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.

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.

USD (thousands)	2020	2019
Norway	241 708	212 040
United Kingdom	94 596	151 247
Netherlands	(5 792)	6 788
Americas	62 438	75 579
Africa	33 181	44 740
Total revenue	**426 131**	**490 394**
Revenue from continuing operations	**352 490**	**490 394**
Revenue from discontinued operations	**73 641**	

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

	31 December	31 December
USD (thousands)	**2020**	**2019**
Norway	93 669	170 089
United Kingdom	1 201	118 303
Netherlands	2 456	38 036
Americas	48 299	55 937
Africa	471	1 991
Total non-current assets	**146 096**	**384 356**

5.2 Major customers

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

USD (thousands)	2020	2019
Revenue	169 601	190 523
Number of customers	2	2

The two customers contributing more than 10% of overall group revenue each in 2020 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:

USD (thousands)	**2020**	**2019**
Employee costs	137 760	182 185
Vessel charter costs	19 892	28 923
Other rentals	15 168	14 497
Parts, materials and consumables	40 452	57 521
Other direct operating expenses	40 919	48 703
Total Direct operating expenses	**254 192**	**331 828**
From continuing operations	203 766	331 828
From discontinued operations	50 426	
IFRS 16 impact		
Vessel charter costs	78 683	107 232
Other rentals	1 022	1 736

- Sales, general and administrative expenses:

USD (thousands)	**2020**	**2019**
Employee costs	25 742	8 954
Premises and office costs	3 015	2 781
Travel cost	420	2 262
Profesional fees	12 274	2 864
IT and communications	3 069	2 559
Marketing	671	705
Other (income)/expense	1 682	2 275
Total Sales, general and administrative expenses	**46 873**	**22 400**
From continuing operations	28 718	22 400
From discontinued operations	18 155	16
IFRS 16 impact		
Premises and office costs	1 425	1 614
Travel cost	68	58

- Other expenses / (income):

USD (thousands)	**2020**	**2019**
(Profit)/loss on the sale of fixed assets	3 764	(97)
Restructuring costs	271	14 334
Impairment of loans to related parties	-	-
Allowance for doubtful debt	9 984	5 875
Other extraordinary costs	-	-
Total other expense	**14 019**	**20 112**
From continuing operations	3 890	20 112
From discontinued operations	10 129	
Impairment of fixed assets	98 200	5 252
Total other expense, including impairments of fixed assets	**112 219**	**25 364**
From continuing operations	18 040	25 364
From discontinued operations	94 179	

7. Employee costs

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

USD (thousands)	**2020**	**2019**
Pensions - defined contribution plans	4 850	4 505
Pensions - defined benefit plans	745	959

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:

USD (thousands)	**2020**	**2019**
Audit - Statutory	762	576
Tax advisory services	-	79
Other services	-	119
Total	**762**	**774**

9. Net finance income/(expenses)

USD (thousands)		**2020**	**2019**
Finance income			
Interest income on bank and loans		(68)	(510)
Other finance income		(5)	(14)
Total finance income		**(72)**	**(524)**
Finance expense			
Interest expense on bank loans and overdrafts		9 356	7 943
Interest expense on finance lease		564	779
Interest expense on operational lease	IFRS16	13 472	20 314
Unrealised result of currency derivatives		(8 136)	(104)
Realised result of currency derivatives		4 476	423
Net foreign exchange expense		6 556	2 292
Net foreign exchange expense	IFRS16	(404)	(4 244)
Other finance expense		2 612	2 358
Total finance expense		**28 496**	**29 760**
Net finance expense recognised in statement of profit or loss		**28 424**	**29 236**
From continuing operations		12 194	25 668
From discontinued operations		16 230	3 568

10. Corporate income tax

10.1 Current corporate income tax

USD (thousands)	**2020**	**2019**
Current income tax on loss for the year	6 130	2 729
Adjustments with respect to prior years	20	0
Non-deductable withholding tax	1 677	2 723
Current corporate income tax expense	**7 827**	**5 452**
Origination and reversal of temporary differences	(2 535)	(9 734)
Deferred income tax credit	**(2 535)**	**(9 734)**
Total income tax expense/(credit)	**5 292**	**(4 282)**
From continuing operations	5 292	(4 282)
From discontinued operations	-	

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

USD (thousands)	**2020**	**2019**
Loss before tax from continuing operations	1 934	(49 621)
Loss before tax from discontinued operations	(143 346)	(3 632)
Loss before tax for the period	**(141 412)**	**(53 253)**
Corporate income tax expense calculated at 25%	(35 353)	(13 313)
Effect of different income tax rates in other jurisdictions	1 787	4 273
Permanent differences	3 840	3 570
Non-taxable income	-	-
Unrecognised DTA/(utilisation of previously unrecognised DTA)	35 130	(3 286)
Prior year adjustments	20	0
Other	(132)	4 474
Total	**5 292**	**(4 282)**

	2020	**2019**
Corporate income tax expense calculated at 25%	25,0%	25,0%
Effect of different income tax rates in other jurisdictions	-1,3%	-8,0%
Permanent differences	-2,7%	-6,7%
Non-taxable income	0,0%	0,0%
Unrecognised DTA/(utilisation of previously unrecognised DTA)	-24,8%	6,2%
Prior year adjustments	0,0%	0,0%
Other	0,1%	-8,4%
Total	**-3,7%**	**8,0%**

Effective tax rate analysis

2020
For the year ended 31 December 2020 the Group recorded a net tax cost of $5,3 million. This resulted in an effective tax rate of 3,7%.

2019
For the year ended 31 December 2019 the Group recorded a net tax income of $4,3 million. This resulted in an effective tax rate of minus 8%.

10.2 Recognized deferred tax assets and liabilities

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

USD (thousands)	**Balance 1 January 2019**	Recognised in profit or loss	Recognised in other comprehensive income	Exchange differences	**Balance 31 December 2019**
Vessels and equipment	62	2 272	-	3	2 337
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)**	**13 857**

USD (thousands)	**Balance 1 January 2020**	Recognised in profit or loss	Recognised in other comprehensive income	Exchange differences	**Balance 31 December 2020**
Vessels and equipment	2 337	(1 975)	696	11	1 069
Receivables	(4)	8	-	0	4
Post employment benefits	155	7	-	4	166
Provisions	629	(151)	-	6	484
Tax losses carried forward	8 698	3 895	(3 428)	(116)	9 049
Other	2 042	751	(26)	257	3 024
Total	**13 857**	**2 535**	**(2 758)**	**162**	**13 796**

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

	Assets		**Liabilities**		**Net**	
	31 December	31 December	31 December	31 December	31 December	31 December
USD (thousands)	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**
Vessels and equipment	1 068	2 336	-	-	1 068	2 336
Receivables	5	(3)	-	-	5	(3)
Post employment benefits	156	146	-	-	156	146
Provisions	456	627	-	-	456	627
Tax losses carried forward	9 049	9 419	-	-	9 049	9 419
Other	4 322	3 612	(1 260)	(1 260)	3 062	2 352
Set off of tax components					-	-
Total	**15 056**	**16 137**	**(1 260)**	**(1 260)**	**13 796**	**14 877**
To be recovered after 12 months	10 556	8 153	(1 260)	(1 260)		
To be recovered within 12 months	4 500	7 984	-	-		
Total	**15 056**	**16 137**	**(1 260)**	**(1 260)**		

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 enough future taxable profits will be generated to utilise deferred tax assets.

10.3 Unrecognised deferred tax assets

USD (thousands)	**2020**	**2019**
Deductible temporary differences	(1)	(1)
Tax losses	-	2 470
Capital allowances	-	33
Total	**(1)**	**2 502**

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.

11. Vessels and equipment

USD (thousands)	Vessels	Mission equipment	Other	Right-of-use-assets	Assets under construction	Total
Costs						
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**
Balance at 1 January 2020	85 076	173 322	10 701	359 539	2 023	630 661
Additions		1 507	89	(11 038)	9 949	507
Reclassification		7 186	133		(7 319)	-
Retirement and disposals	(21 359)	(24 662)	(4 400)	(170 829)	(628)	(221 878)
Exchange differences	(3 318)			660		(2 658)
Balance at 31 December 2020	**60 399**	**157 353**	**6 523**	**178 332**	**4 025**	**406 632**
Accumulated depreciation						
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)**
Balance at 1 January 2020	(54 181)	(99 677)	(5 465)	(109 737)	-	(269 060)
Depreciation charge	(4 956)	(16 376)	(909)	(104 027)		(126 268)
Retirement and disposals	21 359	24 829	4 400	162 340		212 928
Impairments	-	(20 876)		(77 324)		(98 200)
Exchange differences	738	582	(15)			1 305
Balance at 31 December 2020	**(37 040)**	**(111 518)**	**(1 989)**	**(128 748)**	**-**	**(279 295)**
Carrying amounts						
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**
At 1 January 2020	30 895	73 645	5 236	249 802	2 023	361 601
At 31 December 2020	**23 359**	**45 835**	**4 534**	**49 584**	**4 025**	**127 337**

Impairment vessels and equipment

The Group performed its annual impairment test in December 2020. The Group considers the relationship between its enterprise value and its book value, among other factors, when reviewing for indicators of impairment. External 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 2020 impairment of USD 98,2 million of which USD 94,2 million is related to discontinued operations.

12. Goodwill and intangible assets

Figure 1 - Table 1

USD (thousands)	Goodwill	Customer relationships	Other intangible assets	Total
Costs				
Balance at 1 January 2019	989	1 906	-	2 895
Balance at 31 December 2019	**989**	**1 906**	**-**	**2 895**
Balance at 1 January 2020	989	1 906	-	2 895
Additions			72	72
Exchange differences	89			89
Balance at 31 December 2020	**1 078**	**1 906**	**72**	**3 056**
Accumulated Amortisation				
Balance at 1 January 2019				-
Balance at 31 December 2019	**-**	**-**	**-**	**-**
Balance at 1 January 2020	-	-	-	-
Balance at 31 December 2020	**-**	**-**	**-**	**-**
Carrying amounts				
At 1 January 2019	989	1 906	-	2 895
At 31 December 2019	**989**	**1 906**	**-**	**2 895**
At 1 January 2020	989	1 906	-	2 895
At 31 December 2020	**1 078**	**1 906**	**72**	**3 056**

In 2020 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.

USD (thousands)	Share	Profit/(loss)	Assets	Liabilities	Equity	DeepOcean's share in equity	Carrying value
31 December 2018							
Technip-DeepOcean PRS JV DA	50 %	968	4 637	(3 539)	(1 098)	(549)	550
Level Offshore AS	50 %	659	4 044	(3 057)	(988)	(494)	59
Total		**1 626**	**8 681**	**(6 596)**	**(2 085)**	**(1 042)**	**609**

During the year ended 31 December 2020, the Group did receive dividend from its equity-accounted investments amounting US$0.4 million (2019: US$0.9 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

No changes in consolidated interests during 2020. The planned wind down and liquidation of UK companies will be done in 2021.

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:

	31 December	31 December
USD (thousands)	**2020**	**2019**
Fuel and oil	2 287	3 203
Spare parts	277	188
Total	**2 563**	**3 391**

At 31 December 2020 no inventory was written off (31 December 2019: 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.

18. Trade receivables and contract assets

	31 December	31 December
USD (thousands)	**2020**	**2019**
Trade receivables		
Receivables from third-party customers	61 083	72 231
Receivables from associates and joint-ventures	559	500
Allowance for expected credit losses	(14 051)	(5 803)
Net trade receivables	**47 591**	**66 928**
Contracts assets		
Other receivables	3 705	2 759
Other current financial assets	34 717	34 726
Net contract assets	**38 421**	**37 485**
Total	**86 012**	**104 413**

Allowance for expected credit losses on trade receivables and contract assets

USD (thousands)	**2020**	**2019**
Balance at 1 January	(5 803)	(47)
Provision for expected credit losses	(8 248)	(5 756)
Write-off	-	-
Foreign currency movement	-	-
Balance at 31 December	**(14 051)**	**(5 803)**

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

USD (thousands)	**2020**	**2019**
Withheld employee taxes Norw ay	2 706	2 533

20. Share capital and premium

USD (thousands)	Number of shares	Share capital	Share premium
On issue at 1 January 2019	77 036 451	880	371 655
New shares issued		-	
Foreign currency movement	-	(17)	(7 126)
On issue at 31 December 2019 - fully paid	**77 036 451**	**863**	**364 529**
Treasury shares		-	-
Outstanding at 31 December 2019 - fully paid	**77 036 451**	**863**	**364 529**
On issue at 1 January 2020	77 036 451	863	364 529
New shares issued		-	
Foreign currency movement	-	78	32 771
On issue at 31 December 2020 - fully paid	**77 036 451**	**941**	**397 300**
Treasury shares		-	-
Outstanding at 31 December 2020 - fully paid	**77 036 451**	**941**	**397 300**

The Board of Directors proposes no dividend for 2020 (2019: 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.

USD (thousands)		31 December **2020**	31 December **2019**
Non-current borrowings			
Secured bank loans - Credit Facility - Facility B		11 613	17 009
Finance charges being amortised[1]		(181)	(1 161)
Finance lease liabilities		13 018	20 155
Operational lease liabilities	IFRS16	69 028	149 667
		93 478	**185 670**
Current borrowings			
Secured bank loans - Credit Facility - Facility A		87 887	84 575
Secured bank loans - Credit Facility - Facility B		-	-
Finance charges being amortised[1]		-	-
Bank loan acquired through business combination		-	-
Finance lease liabilities		6 665	4 220
Operational lease liabilities	IFRS16	69 494	113 612
		164 046	**202 407**
Total		**257 524**	**388 077**

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

21.1 Secured bank loans

USD (thousands)	31 December **2020**	31 December **2019**
At 1 January	101 584	109 044
Repayment of borrowings	(12 930)	(4 640)
Proceeds of new borrowings	9 227	
Exchange differences	1 619	(2 820)
At 31 December	**99 500**	**101 584**

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 bank bonds and guarantees facility (the "Facility C"), and a EUR 16.2 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 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 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 the entities 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 were minimum liquidity positions at each month end period and LTM adjusted EBITDA at each month end period. However, the key financial covenants have now been renegotiated as part of a new loan agreement and are as follows:

- Liquidity shall at all times exceed $7.5M until 31st December 2023
- EBITDA covenant is not applicable currently and will be reintroduced on 31st December 2022 with a compliant EBITDA of $15M over the prior 12 months

Prior to the finalised loan agreement, there was a lock-up period agreement signed on the 18th November 2020. The lock up agreement provided waivers and forbearance which temporarily waive any default, potential Event of Default or Event of Default under or in respect of the Facilities Agreement arising directly and solely as a result of the Restructuring including:

- any failure by the Parent or any Group Company to comply with clause 22.1(d)(viii) (Financial Covenants) of the Facilities Agreement including any failure to deliver a quarterly compliance certificate evidencing compliance with that clause pursuant to clause 21.4 (Compliance Certificates) of the Facilities Agreement

The lock up agreement and subsequent new loan agreement were negotiated and agreed in parallel to the RPP process in the UK.

Current and forecasted covenants are monitored continually. Under the lock up agreement the monitoring of the, of the Company’s ability to meet its debt service obligations was tightened (also see note 27.5 on Liquidity),with weekly reporting and minimum cash in Pledged Accounts set to USD 17.5 million and where necessary action will be taken to ensure access to funding.

At 31 December 2020 the financial covenants for the Company’s debt instruments were within their applicable thresholds under the lock up agreement.

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

USD (thousands)	Currency	Nominal interest rate	Year of maturity	31 December 2020 Carrying amount	31 December 2019 Carrying amount
Facility A - Credit Facility	USD	LIBOR + 4.75%	2023	87 887	84 575
Facility B - Term loan	USD	LIBOR + 4.75%	2023	11 613	17 009
Total				**99 500**	**101 584**

The fair value of the outstanding borrowings in 2020 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.

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 term loan was repaid by USD 5.2 million late November in relation to the sale of the vessel Deep Endeavour. This will be deducted from the next instalment due in 2021.

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.

For the drawn amounts of committed loan facility, refer to note 28. The Group has the following undrawn borrowing facilities as per 31 December 2020:

USD (thousands)	31 December 2020	31 December 2019
Facility C - Ancillary loan commitment	31 689	16 163
Total	**31 689**	**16 163**

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 had per 31 December 2020, 9 lease agreements all classified as financial leases under IFRS.
The lease liabilities are effectively:

USD (thousands)	31 December **2020**	31 December **2019**
Gross finance lease liabilities - minimum lease payments		
- No later then 1 year	7 995	6 548
- Betw een 1 and 5 years	15 530	22 126
- Later than 5 years	-	-
Total gross finance lease liabilities	**23 525**	**28 674**
Future finance charge on finance lease	(3 842)	(4 299)
Present value of finance lease liabilities	**19 683**	**24 375**

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

USD (thousands)	31 December **2020**	31 December **2019**
No later then 1 year	6 665	4 927
Betw een 1 and 5 years	13 018	19 447
Later than 5 years	-	1

22. Loans and borrowings from related parties

USD (thousands)	31 December **2020**	31 December **2019**
At 1 January	1 501	1 580
Exchange differences	(302)	(79)
At 31 December	**1 199**	**1 501**

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 Enghenaria 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:

USD (thousands)	31 December **2020**	31 December **2019**
Present value of funded obligations	9 642	9 030
Less: Fair value of plan assets	9 110	8 397
(Surplus)/ deficit in the plan	**532**	**633**
MNOPF & MNRPF scheme	242	234
Total	**774**	**867**

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

USD (thousands)	**2020**	**2019**
Defined benefit obligations at 1 January	9 030	9 682
Benefits paid by the plan	(112)	(201)
Current service costs	735	832
Interest (income)/expense	150	250
Remeasurement, excluding amounts included in interest (income)/ expense	(260)	(1 507)
Payroll tax	(131)	68
Exchange differences	230	(94)
Defined benefit obligations at 31 December	**9 642**	**9 030**

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

USD (thousands)	**2020**	**2019**
Fair value of plan assets at 1 January	8 397	10 078
Contributions paid by the employer	932	334
Benefits paid by the plan	(112)	(175)
Administration costs	(22)	(19)
Interest (income)/expense	143	257
Remeasurement, excluding amounts included in interest (income)/ expense	(452)	(1 978)
Exchange differences	226	(99)
Fair value of plan assets at 31 December	**9 110**	**8 397**

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

USD (thousands)	**2020**	**2019**
Current service costs	735	832
Interest (income)/expense	8	(7)
Administration costs	22	19
Payroll tax of net pension cost	(131)	68
Exchange differences	4	5
Total	**638**	**917**

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 2020	31 December 2019
Equity instruments	9,0%	9,6%
Bonds	14,0%	12,4%
Hold to maturity bonds	62,0%	62,7%
Property	14,0%	13,4%
Other	1,0%	1,9%
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 2020	31 December 2019
Discount rate	1,80 %	2,07 %
Future salary increases	2,25 %	2,25 %
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	(485)	1 261
Future salary grow th	2 661	(2 135)
Future pension grow th	354	-
Life expectancy	44	(50)

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 2020		31 December 2019	
	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:

	31 December 2020		31 December 2019	
	Active	**Pensioners**	**Active**	**Pensioners**
Number of participants	231	19	237	20
Average age	46	64	44	65

24. Provisions

USD (thousands)	**Onerous contracts**	**Dilapidations**	**Total**
Balance at 1 January 2020	2 569	183	2 752
Provisions utilised during the year	(406)	-	(406)
Provisions reversed during the year	-	-	-
Exchange differences	(394)	(64)	(458)
Balance at 31 December 2020	**1 769**	**119**	**1 888**
Analysis of provisions			
Current	1 769	119	1 888
Non-current		-	-
Total	**1 769**	**119**	**1 888**

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

25. Derivative financial instruments

USD (thousands)	31 December **2020**	31 December **2019**
Non-current portion of derivative liabilities		
	0	**-**
Current portion of derivative liabilities		
Forw ard foreign exchange contracts and sw aps	341	4 104
	341	**4 104**
Total	**341**	**4 104**

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 **2020**	31 December **2019**
Trade payables	36 213	47 127
Contract liabilities	70 305	66 048
Wage taxes and social securities	6 124	6 040
Other payables	1 133	(3)
Total	**113 775**	**119 213**

Trade and other payables have increased decreased at the end of 2020 compared to 2019. This is mainly caused by a reduction in project cost at year end 2020 than 2019.

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
2019	0,11387	0,11367	1,32228	1,27730	1,12079	1,11955
2020	0,11628	0,10646	1,36720	1,28400	1,22155	1,14142

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 2020 and 2019.

	Equity		Profit or loss before tax	
	strengthening	weakening	strengthening	weakening
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)
31 December 2020				
EUR	5 894	(5 894)	(1 039)	1 039
GBP	(9 348)	9 348	(12 275)	12 275
NOK	48 670	(48 670)	952	(952)

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.

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:

	Nominal amount	
	31 December	31 December
USD (thousands)	**2020**	**2019**
Variable rate instruments		
Facility A - Credit Facility	87 887	84 575
Facility B - Term loan	11 613	17 009
Finance lease liabilities	19 683	24 375
	119 183	**125 959**

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 (+/-)	2 088 464

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.

	31 December	31 December
USD (thousands)	**2020**	**2019**
0 - 60 days	51 259	63 053
60 - 90 days	1 155	2 179
90 - 120 days	7 717	1 675
120+ days	1 511	5 824
Gross trade receivable	**61 642**	**72 731**
Allowance for doubtful debt	**(14 051)**	**(5 803)**
Net trade receivables	**47 591**	**66 928**

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 71,1 million.

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 2019			
Secured bank loans - Credit Facility - Facility B	-	17 009	-
Secured bank loans - Credit Facility - Facility A	84 575	-	-
Finance lease (inclusing 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**	**-**
31 december 2020			
Secured bank loans - Credit Facility - Facility B	-	11 613	-
Secured bank loans - Credit Facility - Facility A	87 887	-	-
Finance lease (inclusing interest)	7 995	15 530	-
Derivative financial instruments (excluding interest rate swaps)	341	0	-
Trade and other payables	43 470	-	-
Total	**139 692**	**27 143**	**-**

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.

				31 December 2020
USD (thousands)	Level 1	Level 2	Level 3	Total
Liabilities				
Derivatives at fair value through profit or loss	341	-	-	341
Net asset/(liability)	**(341)**	**-**	**-**	**(341)**

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 2020. The different levels have been defined as follows:

- 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 2020:

USD (thousands)	Level 1	Level 2	Level 3	Total
At 1 January 2020	(4 104)	-		(4 104)
- statement of profit or loss	3 525	-		3 525
- exchange differences	238	-		**238**
At 31 December 2020	**(341)**	**-**	**-**	**(341)**

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.

USD (thousands)	31 December **2020**	31 December **2019**
Total borrowings	257 524	388 077
Less: cash and cash equivalents	66 441	66 547
Net debt	**191 083**	**321 530**
Debt to adjusted EBITDA ratio	2,14	2,84
Net debt to adjusted EBITDA ratio	1,59	2,35

27.8 Financial instruments by category

USD (thousands)	**Financial assets/ liabilities at amortised cost**	**Assets/ liabilities at fair value through profit or loss**	**Total**
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**
31 December 2020			
Assets			
Trade receivables	47 591	-	47 591
Cash and cash equivalents	66 441	-	66 441
Total financial assets	**114 032**	**-**	**114 032**
Liabilities			
Borrowings	257 524	-	257 524
Derivative financial liabilities	-	341	341
Trade payables	36 213		36 213
Total financial liabilities	**293 737**	**341**	**294 078**

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

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	109 730
Accumulated depreciation and impairment 31 December 2019	**106 555**	**3 082**	**93**	**109 730**
Carrying amount of right-of-use assets 31 December 2019	**237 048**	**12 574**	**187**	**249 809**
Acquisition cost 1 January 2020	**343 603**	**15 656**	**280**	**359 539**
Addition of right-of-use assets	(11 038)	0	-	(11 038)
Disposals	(164 531)	(6 298)	-	(170 829)
Currency exchange differences	1 043	(383)	-	660
Acquisition cost 31 December 2020	**169 077**	**8 975**	**280**	**178 332**
Accumulated depreciation and impairment 1 January 2020	**106 561**	**3 082**	**93**	**109 737**
Depreciation	102 186	3 057	92	105 336
Impairment losses in the period	77 325	-	-	77 325
Disposals	(160 582)	(1 758)	-	(162 340)
Accumulated depreciation and impairment 31 December 2020	**125 491**	**4 382**	**185**	**130 057**
Carrying amount of right-of-use assets 31 December 2020	**43 587**	**4 593**	**95**	**48 275**

Undiscounted lease liabilities and maturity of cash outflows	2020	2019
Less than 1 year	68 323	121 673
1-2 years	56 125	94 640
2-3 years	12 933	65 479
3-4 years	1 695	14 327
4-5 years	1 730	1 666
More than 5 years	1 600	3 275
Total undiscounted lease liabilities at 31 December 2020	**142 406**	**301 060**

Summary of the lease liabilities	Total	Total
Lease liabilities at 1 January	263 279	297 300
New lease liabilities recognised in the year	-22 512	59 566
Transfers and reclassifications	-6	-
Cash payments for the principal portion of the lease liability	-115 151	-110 534
Interest expense on lease liabilities	13 250	20 318
Currency exchange differences	-338	-3 271
Total lease liabilities at 31 December	138 522	263 379
Current lease liabilities	69 494	113 612
Non-current lease liabilities	69 028	149 667

Summary of other lease expenses recognised in profit or loss	Total	Total
Total lease expenses included in other operating expenses	21 978	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 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	31 December
USD (thousands)	**2020**	**2019**
Within one year	-	253
Total	**-**	**253**

28.3 Ancillary loan commitment

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

	31 December	31 December
USD (thousands)	**2020**	**2019**
Within one year	12 304	16 904
Betw een one and five years	10 977	17 368
Total	**23 281**	**34 272**

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 2020.

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.

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)	**2020**	**2019**
Salaries and other short term employee benefits	1 906	2 112
Post-employment benefits	32	29
Total	**1 938**	**2 141**

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 0,8 million during 2020.

31. Subsequent events

Subsequent to the end of 2020, the executive management have continued multiple processes to further safeguard operations and provide the business with stability for the future. Key subsequent events include:

- Approved restructuring plan procedure under Corporate Insolvency and Governance Act 2020 (an "RPP") of the UK business (DeepOcean 1 UK Ltd, DeepOcean Subsea Cables Ltd and Enshore Subsea Ltd)

- Amendment and restatement of the current syndicated credit facility – including a maturity extension and other concessions form the lenders such as lower margins (reduced finance cost), and changes to the bank covenants

- $15M new equity from majority shareholder Triton (March 2021) which shows – renewed commitment to their investment in DeepOcean and confidence in DeepOcean's future

- Renegotiated reduced charter rates for the Group's long-term charters in the Norway region

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32. Subsidiaries and investments of the Group

Company	Country	31 December 2020	31 December 2019
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	Norw ay	100 %	100 %
DeepOcean AS	Norw ay	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	Norw ay	100 %	100 %
DeepOcean Maritime AS	Norw ay	100 %	100 %
DeepOcean Middle East DMCC	UAE	100 %	100 %
DeepOcean Norw ay AS	Norw ay	100 %	100 %
DeepOcean Shipping AS	Norw ay	100 %	100 %
DeepOcean Shipping II AS	Norw ay	100 %	100 %
DeepOcean Shipping III AS	Norw ay	100 %	100 %
DeepOcean Shipping V AS	Norw ay	100 %	100 %
DeepOcean Subsea Cables Ltd	UK	100 %	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 %
Ensore Subsea Ltd	UK	100 %	100 %
Level Offshore AS	Norw ay	50 %	50 %
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 PRS JV DA	Norw ay	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 w ith 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 w ith section 479A of the Companies Act 2006.

[3] Although the Group has 49% of the shares in DOMX Maritima S. de RL. 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 2020

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C.1 Company statement of profit or loss of DeepOcean Group Holding B.V. for the year ended 31 December 2020

USD (thousands)		**2020**	**2019**
Share in results from participating interests, after tax	37	(79 368)	(54 915)
Other income and expenses after taxation	35	(7 051)	6 303
Impairment of intercompany loans receivable	38	(58 536)	-
Profit/(loss) for the period		**(144 955)**	**(48 612)**

C.2 Company statement of financial position of DeepOcean Group Holding B.V. as at 31 December 2020

		31 December	31 December
USD (thousands)		**2020**	**2019**
Assets			
Subsidiaries	37	0	24 636
Non-current loan receivables to related parties	38	67 012	118 414
Total non-current assets		**67 012**	**143 050**
Trade receivables and contract assets	40	148	188
Receivables from related parties	40	15 862	5 111
Current income tax receivable		10	9
Cash and cash equivalents		523	894
Total current assets		**16 543**	**6 202**
Total assets		**83 555**	**149 252**
Equity			
Share capital		940	863
Share premium		397 301	364 529
Reserves		7 899	14 175
Retained earnings		(480 249)	(315 504)
Total equity	41	**(74 109)**	**64 064**
Liabilities			
Other non-current liabilities			693
Total non-current liabilities		**-**	**693**
Current portion of loans and borrowings	42	87 706	83 414
Trade and other payables	43	16 898	1 088
Payables to related parties	43	246	22
Current provisions	43	52 845	-
Other taxes and social securities		(31)	(28)
Total current liabilities		**157 664**	**84 496**
Total liabilities		**157 664**	**85 189**
Total equity and liabilities		**83 555**	**149 253**

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

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:

USD (thousands)	31 December **2020**	31 December **2019**
Balance at beginning of the period	24 636	55 541
Adjustments previous years		21 382
Reclass external loan to internal loan	-	-
Share in result of subsidiaries	(79 368)	(54 915)
Exchange differences	1 887	2 629
Balance at end of the period	**(52 845)**	**24 636**

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. The parent company is responsible to cover the losses in subsidiaries; therefore, we have a negative value in the parent's balance sheet. The provision for the negative investment primarily relates to the UK companies that are part of the restructuring process and thus, the provision will be released in 2021.

38. Non-current loan receivables to related parties

USD (thousands)	31 December **2020**	31 December **2019**
At 1 January	118 414	117 555
Loans provided	24 817	32 721
Impairments	(58 536)	
Redemptions	(20 478)	(30 428)
Exchange differences	2 795	(1 433)
At 31 December	**67 012**	**118 414**

39. Deferred tax asset

No deferred tax asset was recognized in 2020.

40. Related party receivables

The trade and other receivables contain US$5.6 million (2019: US$5.1 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.

USD (thousands)	**2020**	**2019**
At 1 January	83 414	88 459
Repayment of borrowings	(7 644)	(4 339)
Proceeds of new borrowings	9 131	-
Financing fees	980	1 037
Exchange differences	1 825	(1 743)
At 31 December	**87 706**	**83 414**

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 (2019: USD 2.5 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.

46. Board remuneration

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

Figure 2 - Table 2

USD (thousands)	**2020**	**2019**
Current Non-executive members	296	255
Former Non-executive members		6
Current Executive members	939	996
Former Executive members	-	-
Total	**1 235**	**1 257**

47. Basis of preparation – Going Concern

2020 was a challenging year for the Group, due to a number of factors including the continuing COVID-19 pandemic, the sharp decline of commodity prices in Q1 2020 and the challenging market for the UK business (DeepOcean 1 UK Limited, Enshore Subsea Limited & DeepOcean Subsea Cables Limited) of the Group. DeepOcean executed several measures to ensure the future viability of the Group including reduction in employees (specifically eliminating SG&A positions), reduced investment plans, negotiated reduced vessel rates on long term charters and initiated a full restructuring of the UK business. However, despite the challenging conditions there was no breach of the bank covenants (Liquidity & LTM EBITDA) in 2020.

The restructuring plan procedure under Corporate Insolvency and Governance Act 2020 (an "RPP") of the UK business was not simply a liquidation of certain entities, but has a multitude of interlinked elements that cover the legal, financial and commercial spheres – which in its entirety have ensured the future viability of the Group and will make it increasingly competitive in the years to come. The process follows an extended period of loss-making operations by the UK business and reflects changes in the industry's procurement strategies and available installation capacity, as well as a mismatch between the UK business contractual commitments and market conditions. The RPP has been approved in court and the UK business is in the process of a solvent wind down. This court-approved process has given the Group certainty for ongoing operations and future activities. The key outcomes of the RPP are as follows:

- The UK business has been released of all their liabilities as of 22nd April 2021 (Except a certain % of creditor recovery)
- The liabilities included long term charter vessels with out of market rates
- The solvent wind down of the UK business
- Stops the major cash drain of the Group
- The Group will have more funding headroom, allowing it to be more aggressive towards growth areas and focus on growth in the right areas.
- The retention of the trenching assets to either operate or monetize
- Removes the UK Business which has been the major budget deviation and underperforming business for the Group over the last 36 months

In addition, to the RPP process in the UK business, the Group has continued multiple processes to further safeguard operations and provide the business with stability for the future. These processes include the following:

- Amendment and restatement of the current syndicated credit facility – including a maturity extension and other concessions form the lenders such as lower margins (reduced finance cost), and changes to the bank covenants
- $15M new equity from majority shareholder Triton (March 2021) which shows – renewed commitment to their investment in DeepOcean and confidence in DeepOcean's future
- Significantly reduced charter rates for the Group's long-term charters in the Norway region

These activities and processes have been the main focus of the Group's management in 2020 to ensure a solid going concern for the wider DeepOcean Group and are the key anchor and preparation for this process of management assessment.

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 2021. This was to be completed in 2020, however, the focus of the executive management was on the RPP process for the UK business. 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

48. Subsequent events

Subsequent to the end of 2020, the executive management have continued multiple processes to further safeguard operations and provide the business with stability for the future. Key subsequent events include:

- Approved restructuring plan procedure under Corporate Insolvency and Governance Act 2020 (an "RPP") of the UK business (DeepOcean 1 UK Ltd, DeepOcean Subsea Cables Ltd and Enshore Subsea Ltd)
- Amendment and restatement of the current syndicated credit facility – including a maturity extension and other concessions form the lenders such as lower margins (reduced finance cost), and changes to the bank covenants
- $15M new equity from majority shareholder Triton (March 2021) which shows – renewed commitment to their investment in DeepOcean and confidence in DeepOcean's future
- Renegotiated reduced charter rates for the Group's long-term charters in the Norway region

One major impact of the RPP process is temporary negative equity. This temporary negative equity position is due to the impairment of the right-of-use assets in the UK business (DeepOcean 1 UK Limited, Enshore Subsea Limited & DeepOcean Subsea Cables Limited); US$83.7M negative impact on the equity position, while the liabilities remained on the balance sheet at the end of 2020. The liabilities of $91.4M were extinguished from the balance sheet on the 6th January 2021, when a settlement agreed was signed with the external counterparties.

A new loan agreement was signed in January 2021.The key financial covenants as part of a new loan agreement are as follows:

- Liquidity shall at all times exceed $7.5M until 31st December 2023
- EBITDA covenant is not applicable currently and will be reintroduced on 31st December 2022 with a compliant EBITDA of $15M over the prior 12 months

DEEPOCEAN

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, 1st June 2021

Board of Directors

J. Lunder, Chairman Board of Directors

Ø. Mikaelsen, Executive Director

Kristian Diesen

K. Diesen, Non-Executive Director

T. Askvig, Non-Executive Director

M. van der Plas, Non-Executive Director

Mike Winkle

M.Winkel, Non-Executive Director

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.

DeepOcean Norway AS
896 696 262
ANNUAL REPORT
2020

DEEPOCEAN

Directors Report 2020

The Company

These are the annual report and audited financial statements for DeepOcean Norway AS (the "Company") for the year ended 31 December 2020. 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.

2020 was a challenging year for the Group, due to a number of factors including the continuing COVID-19 pandemic, the sharp decline of commodity prices in Q1 2020 and the challenging market for the UK business (DeepOcean 1 UK Limited, Enshore Subsea Limited & DeepOcean Subsea Cables Limited) of the Group. DeepOcean executed several measures to ensure the future viability of the Group including reduction in employees (specifically eliminating SG&A positions), reduced investment plans, negotiated reduced vessel rates on long term charters and initiated a full restructuring of the UK business. However, despite the challenging conditions there was no breach of the bank covenants (Liquidity & LTM EBITDA) in 2020.

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.

The restructuring plan procedure under Corporate Insolvency and Governance Act 2020 (an "RPP") of the UK business was not simply a liquidation of certain entities, but has a multitude of interlinked elements that cover the legal, financial and commercial spheres – which in its entirety have ensured the future viability of the Group and will make it increasingly competitive in the years to come. The process follows an extended period of loss-making operations by the UK business and reflects changes in the industry's procurement strategies and available installation capacity, as well as a mismatch between the UK business contractual commitments and market conditions. The RPP has been approved in court and the UK business is in the process of a solvent wind down. This court approved process has given the Group certainty for ongoing operations and future activities. The key outcomes of the RPP are as follows:

- The UK business has been released of all their liabilities as of 22nd April 2021 (Except a certain % of creditor recovery)
- The liabilities included long term charter vessels with out of market rates
- The solvent wind down of the UK business
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- The retention of the trenching assets to either operate or monetize
- Removes the UK Business which has been the major budget deviation and underperforming business for the Group over the last 36 months

In addition, to the RPP process in the UK business, the Group has continued multiple processes to further safeguard operations and provide the business with stability for the future. These processes include the following:

- Amendment and restatement of the current syndicated credit facility – including a maturity extension and other concessions form the lenders such as lower margins (reduced finance cost), and changes to the bank covenants
- $15M new equity from majority shareholder Triton (March 2021) which shows – renewed commitment to their investment in DeepOcean and confidence in DeepOcean's future
- Significantly reduced charter rates for the Group's long-term charters in the Norway region

These activities and processes have been the main focus of the Group's management in 2020 to ensure a solid going concern for the wider DeepOcean Group and are the key anchor and preparation for this process of management assessment.

For further details reference is made to note 16.

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 there were indications of oil & gas market recovery during 2019 and into 2020. The offshore wind and renewables market have also seen increased activity leading to increased utilisaton 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. The COVID-19 effects are expected to continue throughout 2021. The Norwegian authorities granted in 2020 tax incentives to encourage investments in new projects leading to a number of field developments being sanctioned. The market recovery in oil & gas is expected to continue in the North Sea in the years to come supported by accelerated growth in the offshore wind and renewables market.

Entry of remote technology and the trend of transferring work tasks and people from offshore to onshore is expected to continue and subsequently over time change conventional ways of working.

Focus on cost reduction, technology development, innovation and reduction of carbon footprint is expected remain high in the oil and gas, renewables and offshore wind market going forward.

During the previous year's downturn 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 under periods of prolonged low oil price.

DeepOcean's strategy, focused on IMR will further de-risk DeepOcean from the volatility of the oil price, as a large portion of DeepOcean's service offering is geared towards optimizing and maintaining existing infrastructure and thus supporting operators in reduction of their CAPEX spend.

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.

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 it's 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

2020 was a challenging year for the Group, due to a number of factors including the continuing COVID-19 pandemic, the sharp decline of commodity prices in Q1 2020 and the challenging market for the UK business (DeepOcean 1 UK Limited, Enshore Subsea Limited & DeepOcean Subsea Cables Limited) of the Group. DeepOcean executed several measures to ensure the future viability of the Group including reduction in employees (specifically eliminating SG&A positions), reduced investment plans, and initiated a full restructuring of the UK business. However, despite the challenging conditions there was no breach of the bank covenants (Liquidity & LTM EBITDA) in 2020.

Subsequent to the end of 2020, the executive management have continued multiple processes to further safeguard operations and provide the business with stability for the future. Key subsequent events include:

- Approved restructuring plan procedure under Corporate Insolvency and Governance Act 2020 (an "RPP") of the UK business (DeepOcean 1 UK Ltd, DeepOcean Subsea Cables Ltd and Enshore Subsea Ltd)

- Amendment and restatement of the current syndicated credit facility – including a maturity extension and other concessions form the lenders such as lower margins (reduced finance cost), and changes to the bank covenants

- $15M new equity from majority shareholder Triton (March 2021) which shows – renewed commitment to their investment in DeepOcean and confidence in DeepOcean's future

- Renegotiated reduced charter rates for the Group's long-term charters in the Norway region

DeepOcean has decided to move its Group Holding entity from a Dutch entity (currently DeepOcean Group Holding BV) to a Norwegian entity in the cource of 2021. 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 plus NOK 14,4 million in 2020 compared with minus NOK 127,1 million in 2019.

Net cash from financing activities is negative with NOK 192,9 mill mainly due to changes in repayments and restructuring of intercompany loans.

Financial Information

The Company has an external loan in USD. The foreign exchange unrealized and realized gain on this loan in 2020 was NOK 0,9 million compared with NOK 1,7 million loss in 2019.

The shares in subsidiaries are impaired with NOK 355.110.994 to reflect the equity values in the companies.

The Company has received a group contribution of NOK 71,8 mill from DeepOcean AS in 2020.

The Company equity ratio was 24,4 % as of 31.12.2020 compared to 41,9 % as of 31.12.2019.

The total capital was NOK 1.057.793.300 at the end of 2020, compared with NOK 1.554.986.773 at end of 2019.

Net income and Disposals

The Board of Directors proposes that the loss of NOK 392.384.178 is treated as follows:

Transferred from share premium	NOK 392.384.178
Total transfer	NOK 392.384.178

Haugesund, 21.May 2021
The Board of DeepOcean Norway AS

Øyvind Mikaelsen
Chairman of the Board

Frode Garlid
Board Member
Managing Director

DeepOcean Norway AS

Income statement

Note		2020	2019
	Operating revenues and expenses		
4,9	Sales revenues	64 425 986	74 300 870
	Gross operating revenues	**64 425 986**	**74 300 870**
4	Project costs	46 748 151	81 439 867
10	Personnel costs	733 856	301 927
	Ordinary depreciation	160 693	93 151
	Impairment of Intercompany receivables	7 979 731	108 300
10	Other operating costs	56 034 834	11 234 622
	Operating expenses	**111 657 265**	**93 177 868**
	Operating result	**-47 231 279**	**-18 876 998**
	Finance income and expenses		
4	Interest income from group companies	737 492	10 842 251
	Interest income	147 575	3 288 885
4	Group contributions and dividends	71 788 638	39 902 583
4	Interest expenses to group companies	-59 794 689	-73 383 795
11	Net foreign exchange gain/loss	10 003 627	566 250
	Other interest expenses	-12 580 545	-11 935 798
2	Impairment of shares in subsidiaries	-355 110 994	0
	Other financial expenses	-1 015	0
	Net financial items	**-344 809 911**	**-30 719 625**
	Profit / (loss) before tax	**-392 041 190**	**-49 596 622**
8	Tax	342 987	-2 011 087
	Net profit/(loss)	**-392 384 177**	**-47 585 536**
	Transfer from share premium	392 384 177	47 585 536
	Allocations	**392 384 177**	**47 585 536**

DeepOcean Norway AS

Balance Sheet

Note	ASSETS	31.12.2020	31.12.2019
	Fixed assets		
	Deferred tax asset	1 668 100	2 011 087
	Total intangible assets	**1 668 100**	**2 011 087**
1	Machinery, equipment etc	549 036	709 729
	Assets under construction	23 023 600	1 112 473
	Total tangible fixed assets	**23 572 636**	**1 822 203**
	Financial fixed assets		
2	Investment in subsidiaries	907 817 011	1 262 928 005
4	Loan to group companies	14 385 942	0
7	Pension fund	0	2 834 276
	Total financial fixed assets	**922 202 953**	**1 265 762 281**
	Total fixed assets	**947 443 689**	**1 269 595 571**
	Current assets		
	Receivables		
	Accounts receivables	346 025	0
4	Receivables from group companies	83 948 826	62 116 170
	Other current assets	3 679 822	455 803
	Total receivables	**87 974 673**	**62 571 973**
12	Bank and cash	22 374 939	222 819 230
	Total current assets	**110 349 612**	**285 391 203**
	TOTAL ASSETS	**1 057 793 300**	**1 554 986 773**

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DeepOcean Norway AS

Note	EQUITY AND LIABILITIES	31.12.2020	31.12.2019
	Equity		
6	Share capital	55 000 000	55 000 000
	Share premium	203 384 357	595 768 533
	Total paid-in-capital	**258 384 357**	**650 768 533**
	Total retained earnings	**0**	**0**
5	**Total equity**	**258 384 357**	**650 768 533**
	Liabilities		
	Non-current liabilities		
3,15	Liabilities to financial institutions	107 511 972	157 174 560
4	Long term loan from group companies	570 854 812	699 704 032
	Total non-current liabilities	**678 366 783**	**856 878 592**
	Current liabilities		
	Accounts payable	10 141 884	1 928 448
4	Liabilites to group companies	103 335 708	44 369 428
16	Other current liabilities	7 564 569	1 041 771
	Total current liabilities	**121 042 161**	**47 339 647**
	Total liabilities	**799 408 944**	**904 218 239**
	TOTAL EQUITY AND LIABILITIES	**1 057 793 301**	**1 554 986 773**

Haugesund, 21.May 2021

Øyvind Mikaelsen
Chairman of the Board

Frode Garlid
Board Member
Managing Director

DeepOcean Norway AS

Cash flow statement

NOTE	Cash flow from operating activities	2020	2019
	Result before taxes	-392 041 190	-49 596 622
	Ordinary depreciation	160 693	93 151
	Write down/-reversal of earlier write down subsidiaries	355 110 994	0
	Changes in accounts receivables	-346 025	0
	Changes in accounts payable	8 213 436	542 898
4	Changes in current receivables/payables to related parties	37 133 624	-77 110 942
	Change in pension fund/liabilities/OCI	2 834 276	-45 343
	Changes in other current assets and liabilities	3 298 778	-946 444
	Net cash flow from operational activities	**14 364 586**	**-127 063 302**
	Acquisitions of fixed assets	-21 911 126	-1 915 354
	Net cash flow from investment activities	**-21 911 126**	**-1 915 354**
	Cash flows from financing activities		
4	Net change in financing received from group companies	-143 235 162	104 809 219
	Net borrowings	-49 662 589	-2 644 971
	Net cash flow from financing activities	**-192 897 751**	**102 164 248**
	Net (decrease)/increase in cash	**-200 444 291**	**-26 814 409**
	Cash and cash equivalents at the beginning of the period	222 819 230	249 633 638
	Cash and cash equivalents at the end of the period	**22 374 939**	**222 819 230**

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.

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.

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.

Notes to the financial statements

Note 1 Fixed Assets

Fixed Assets	Furnitures and fixtures	Assets under construction	Total
Purchase cost 01.01	802 881	1 112 473	1 915 354
Additions	0	21 911 126	21 911 126
Disposals			0
Purchase cost 31.12	802 881	23 023 600	23 826 480
Accumulated depreciation and write down 01.01	-93 151		-93 151
Disposals		0	0
Depreciation this year	-160 693		-160 693
Accumulated depreciation and write down 31.12	-253 845	0	-253 845
Book value 31.12	**549 036**	**23 023 600**	**23 572 636**
Depreciation this year	**-160 693**	**0**	**-160 693**
Economic useful life	5 years		
Depreciation plan	Linear		

Note 2 Subsidiaries, accociated companies and joint ventures

Subsidiaries	Location	Ownership	Equity current year (100 %)	Net income current year (100 %)	Book value
DeepOcean AS	Haugesund, Norway	100 %	802 721 530	63 152 866	802 721 529
DeepOcean Africa AS	Haugesund, Norway	100 %	105 095 482	1 877 503	105 095 482
Book value 31.12.20			907 817 011	65 030 369	907 817 011

1) The book value of shares in DeepOcean AS is impaired with NOK 460.206.476 to reflect the booked equity in the company per 31.12.20.

2) The book value of shares DeepOcean Africa AS is reversed with NOK 105.095.482. The book value of the shares represents the booked equity in the company per 31.12.20.

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 liabilies 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.

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	**2020**	**2019**
Management fee	64 425 986	74 300 870
Total	**64 425 986**	**74 300 870**

Expenses	**2020**	**2019**
Personnel charges	7 884 580	5 456 351
Management fee	62 463 785	70 316 210
Other costs	-1 773 602	6 779 780
Total	**68 574 762**	**82 552 341**

Financial items	**2020**	**2019**
Group contributions received	71 788 638	39 902 583
Interest income	737 492	10 842 251
Interest costs	-59 794 689	-73 383 795
Net financial items	**12 731 441**	**-22 638 961**

Balance sheet	**2020**	**2019**
Loans to group companies	14 385 942	0
Loans from group companies	-570 854 812	-699 704 032
Group contributions to/from group companies	71 788 638	39 902 583
Account Receivable group companies	12 160 188	22 213 587
Accounts Payable group companies	-103 335 708	-44 369 428
Total	**-575 855 751**	**-681 957 289**

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	595 768 534	0	650 768 534
Profit (loss) this year	0	-392 384 177		-392 384 177
Equity 31.12	**55 000 000**	**203 384 357**	**0**	**258 384 357**

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 %

Notes to the financial statements

Note 7 Pensions

The Company had a pension schemes which covered a total of 2 pensioners. The schemes gave right to defined future benefits. Only 1 pensioner is left per end of 2020. The pensioner will receive the pension based on own surplus fund. The corporate pension scheme has been terminated, since there are no further pension obligations in the company.

	31.12.2020	31.12.2019
Present value of accrued pension obligations at 01.01. (PBO)		-647 510
Pension fund assets at 01.01.		3 436 443
Net pension fund at 01.01.	-	2 788 933
Employer's National Insurance contributions		
Net pension fund at 01.01. posted in BS incl NIC	-	2 788 933
Present value of pension accrued in the period		0
Capital cost of previously accrued pensions		0
Gross pension cost for the year	0	0
Expected return on pension fund assets		-45 343
Administration cost	0	0
Net pension cost for the year after adm cost	0	-45 343
Apportionated employer's Nat Ins contr for the period	0	0
Net pension cost for the year incl employers NIC	**0**	**-45 343**
OCI		
Actuarial gains/losses recognized in OCI at 01.01	0	0
Actuarial gains/losses recognized in OCI at 31.12	0	0
Actuarial gains/losses recognized in OCI 2017	**0**	**0**
Pensions paid during the year		225 200
Investment in pension fund assets	0	0
Estimated present value of accrued pension obl at 31.12		-550 000
Estimated pension fund assets at 31.12.		3 293 590
Net pension fund at 31.12.	0	2 743 590
Employer's National Insurance contributions	0	0
Net pension fund at 31.12. posted in BS incl NIC	**0**	**2 743 590**
No of active members	-	-
No of pensioners	1	2
Financial assumptions:		
Discount rate		1,80 %
Expected return on pension fund assets		1,80 %
Anticpated rise in pensions		0,70 %
Turnover		0,00 %
Employer's National Insurance contributions		14,10 %

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

Notes to the financial statements

Note 8 Taxes

Temporary differences	Change	2020	2019
Fixed assets	-33 582	72 772	39 190
Profit & loss account	-6 682	-26 730	-33 412
Pensions	2 743 590	0	2 743 590
Net temporary differences	2 703 325	46 043	2 749 367
Interest expenses restrictions	0	-30 374 334	-30 374 334
Tax losses carried forward	-3 164 745	-7 628 314	-10 793 059
Basis for deferred tax		-37 956 606	-38 418 025
Deferred tax based on nominal tax rate (22%)		-8 350 453	-8 451 966
Deferred tax benefit not shown in the balance sheet		6 682 353	6 440 879
Deferred tax in the balance sheet	342 987	-1 668 100	-2 011 087

Basis for income tax expense, changes in deferred tax and tax payable	2020	2019
Result before taxes	-392 041 190	-49 596 622
Permanent differences (1)	392 502 610	65 852 111
Basis for the tax expense for the year	461 420	16 255 488
Change in temporary differences	2 703 325	-144 936
Basis for payable taxes in the income statement	3 164 745	16 110 552
Interest expenses restrictions	0	0
Tax losses carried forward	-3 164 745	-16 110 552
+/- Group contributions received/given		0
Taxable income (basis for payable taxes in the balance sheet)	**0**	**0**

Components of the income tax expense	2020	2019
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	342 987	-2 011 087
Tax expense	**342 987**	**-2 011 087**

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 37.390.635

Note 9 Sales revenues

Segments	2020	2019
Corporate management fee	64 425 986	74 300 870
Total	**64 425 986**	**74 300 870**
Geographical segments		
Norway	43 940 337	36 861 831
United Kingdom	12 993 921	23 164 725
Netherland & France	1 456 148	4 183 381
Mexico	1 290 475	6 700 557
USA	4 745 105	3 390 376
Total	**64 425 986**	**74 300 870**

DeepOcean Norway AS

Notes to the financial statements

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

Payroll expenses	**2020**	**2019**
Pension expenses	733 856	42 402
Total	**733 856**	**42 402**
Average number of employees	**0**	**0**

Auditor	**2020**	**2019**
Allocation of auditor fee:		
Statutory audit excl VAT	1 736 496	990 000
Other assurance services excl VAT		891 021
Total fee auditor excl VAT	**1 736 496**	**1 881 021**

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	**2020**	**2019**
Foreign exchange gains	10 003 627	566 250
Foreign exchange losses	0	0
Net financial gains and losses	**10 003 627**	**566 250**

Note 12 Restricted cash

The Company has no restricted cash as of 31.12.2020 .

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 registrered 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 Nederlands.

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.

Notes to the financial statements

Market risk - Foreign exchange risk
The Company operates internationally and conducts it's 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 it's 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 it's 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.

Note 15 Group financing

At 31 December 2020, total interest-bearing debt amounted to US$99.5M (2019 US$101.6M), consisting of the drawn amount on the multi-currency Revolving Credit Facility (RCF) of US$87.9M and US$11.6 of the term loan. The borrowing base under the credit facility shows an availability of USD 9.8 million. 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$71.1M (2019 US$66.5M) at the end of the year.

Financially, the Group's took precautionary measures when Covid-19 hit with full strength in March 2020 by keeping the RCF fully utilised and closely monitoring the liquidity situation. As per 31st of December 2020, separate financial covenants for the Group's debt instruments and liquidity were defined in the Lock-up Agreement. The group 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.

Notes to the financial statements

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.

2020 was a challenging year for the Group, due to a number of factors including the continuing COVID-19 pandemic, the sharp decline of commodity prices in Q1 2020 and the challenging market for the UK business (DeepOcean 1 UK Limited, Enshore Subsea Limited & DeepOcean Subsea Cables Limited) of the Group. DeepOcean executed several measures to ensure the future viability of the Group including reduction in employees (specifically eliminating SG&A positions), reduced investment plans, negotiated reduced vessel rates on long term charters and initiated a full restructuring of the UK business. However, despite the challenging conditions there was no breach of the bank covenants (Liquidity & LTM EBITDA) in 2020.

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.

The restructuring plan procedure under Corporate Insolvency and Governance Act 2020 (an "RPP") of the UK business was not simply a liquidation of certain entities, but has a multitude of interlinked elements that cover the legal, financial and commercial spheres – which in its entirety have ensured the future viability of the Group and will make it increasingly competitive in the years to come. The process follows an extended period of loss-making operations by the UK business and reflects changes in the industry's procurement strategies and available installation capacity, as well as a mismatch between the UK business contractual commitments and market conditions. The RPP has been approved in court and the UK business is in the process of a solvent wind down. This court approved process has given the Group certainty for ongoing operations and future activities. The key outcomes of the RPP are as follows:

- The UK business has been released of all their liabilities as of 22nd April 2021 (Except a certain % of creditor recovery)
- The liabilities included long term charter vessels with out of market rates
- The solvent wind down of the UK business
- Stops the major cash drain of the Group
- The Group will have more funding headroom, allowing it to be more aggressive towards growth areas and focus on growth in the right areas.
- The retention of the trenching assets to either operate or monetize
- Removes the UK Business which has been the major budget deviation and underperforming business for the Group over the last 36 months

In addition, to the RPP process in the UK business, the Group has continued multiple processes to further safeguard operations and provide the business with stability for the future. These processes include the following:

- Amendment and restatement of the current syndicated credit facility – including a maturity extension and other concessions form the lenders such as lower margins (reduced finance cost), and changes to the bank covenants
- $15M new equity from majority shareholder Triton (March 2021) which shows – renewed commitment to their investment in DeepOcean and confidence in DeepOcean's future
- Significantly reduced charter rates for the Group's long-term charters in the Norway region

These activities and processes have been the main focus of the Group's management in 2020 to ensure a solid going concern for the wider DeepOcean Group and are the key anchor and preparation for this process of management assessment.

Notes to the financial statements

Note 17 Subsequent events

2020 was a challenging year for the Group, due to a number of factors including the continuing COVID-19 pandemic, the sharp decline of commodity prices in Q1 2020 and the challenging market for the UK business (DeepOcean 1 UK Limited, Enshore Subsea Limited & DeepOcean Subsea Cables Limited) of the Group. DeepOcean executed several measures to ensure the future viability of the Group including reduction in employees (specifically eliminating SG&A positions), reduced investment plans, and initiated a full restructuring of the UK business. However, despite the challenging conditions there was no breach of the bank covenants (Liquidity & LTM EBITDA) in 2020.

Subsequent to the end of 2020, the executive management have continued multiple processes to further safeguard operations and provide the business with stability for the future. Key subsequent events include:

- Approved restructuring plan procedure under Corporate Insolvency and Governance Act 2020 (an “RPP”) of the UK business (DeepOcean 1 UK Ltd, DeepOcean Subsea Cables Ltd and Enshore Subsea Ltd)
- Amendment and restatement of the current syndicated credit facility – including a maturity extension and other concessions form the lenders such as lower margins (reduced finance cost), and changes to the bank covenants
- $15M new equity from majority shareholder Triton (March 2021) which shows – renewed commitment to their investment in DeepOcean and confidence in DeepOcean’s future
- Renegotiated reduced charter rates for the Group’s long-term charters in the Norway region

DeepOcean has decided to move its Group Holding entity from a Dutch entity (currently DeepOcean Group Holding BV) to a Norwegian entity in the cource of 2021. 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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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 2020, 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 2020 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.

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, 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.

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

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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.

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 results 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.

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Bergen, 31 May 2021
ERNST & YOUNG AS

The auditor's report is signed electronically

Truls Nesslin
State Authorised Public Accountant (Norway)

PENNEO

Signaturene i dette dokumentet er juridisk bindende. Dokument signert med "Penneo™ - sikker digital signatur". De signerende parter sin identitet er registrert, og er listet nedenfor.

"Med min signatur bekrefter jeg alle datoer og innholdet i dette dokument."

Truls Nesslin
Statsautorisert revisor
På vegne av: EY
Serienummer: 9578-5993-4-2263660
IP: 92.220.xxx.xxx
2021-05-31 18:49:44Z

bank ID

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