



ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2019 - GENERELL INFORMASJON

Enheten

Organisasjonsnummer:	980 722 805
Organisasjonsform:	Aksjeselskap
Foretaksnavn:	DEEPOCEAN AS
Forretningsadresse:	Karmsundgata 74 5529 HAUGESUND

Regnskapsår

Årsregnskapets periode:	01.01.2019 - 31.12.2019
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Konsern

Morselskap i konsern:	Ja
Konsernregnskap lagt ved:	Nei

Regnskapsregler

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

Årsregnskapet fastsatt av kompetent organ

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

Grunnlag for avgivelse

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

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

Brønnøysundregistrene, 21.02.2023



Resultatregnskap

Beløp i: NOK	Note	2019	2018
RESULTATREGNSKAP			
Inntekter			
Salgsinntekt		2 277 067 377	1 986 818 355
Annen driftsinntekt		177 315	
Sum inntekter		2 277 244 692	1 986 818 355
Kostnader			
Varekostnad		1 660 455 506	1 540 197 796
Lønnskostnad		283 672 297	293 744 463
Avskrivning av driftsmidler og immaterielle eiendeler		74 594 877	77 973 534
Nedskrivning av varige driftsmidler og immaterielle eiendeler			1 193 073
Annen driftskostnad		67 835 968	51 774 704
Sum kostnader		2 086 558 649	1 964 883 569
Driftsresultat		190 686 043	21 934 786
Finansinntekter og finanskostnader			
Inntekt på investering i tilknyttet selskap		4 179 135	7 567 302
Renteinntekt fra foretak i samme konsern		14 065 945	5 210 178
Annen renteinntekt		963 790	747 494
Annen finansinntekt		-3 075 716	-993 341
Sum finansinntekter		16 133 154	12 531 633
Nedskrivning av finansielle eiendeler		357 088 697	33 769 571
Rentekostnad til foretak i samme konsern		22 315 393	26 957 318
Annen rentekostnad		9 971 220	9 546 778
Annen finanskostnad		2 105 586	51 764 849
Sum finanskostnader		391 480 896	122 038 516
Netto finans		-375 347 742	-109 506 883
Ordinært resultat før skattekostnad		-184 661 699	-87 572 097
Skattekostnad på ordinært resultat		16 427 218	-22 352 757
Ordinært resultat etter skattekostnad		-201 088 917	-65 219 340
Årsresultat		-201 088 917	-65 219 340



Resultatregnskap

Beløp i: NOK	Note	2019	2018
Årsresultat etter minoritetsinteresser		-201 088 917	-65 219 340
Totalresultat		-201 088 917	-65 219 340
Overføringer og disponeringer			
Avsatt til annen egenkapital		-201 088 917	-65 219 340
Sum overføringer og disponeringer		-201 088 917	-65 219 340



Balanse

Beløp i: NOK	Note	2019	2018
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Utsatt skattefordel		45 614 838	35 518 206
Sum immaterielle eiendeler		45 614 838	35 518 206
Varige driftsmidler			
Maskiner og anlegg		252 868 009	320 310 605
Sum varige driftsmidler		252 868 009	320 310 605
Finansielle anleggsmidler			
Investering i datterselskap		654 218 644	966 003 165
Lån til foretak i samme konsern		92 647 555	30 879 009
Investeringer i aksjer og andeler		5 189 587	8 577 753
Sum finansielle anleggsmidler		752 055 787	1 005 459 928
Sum anleggsmidler		1 050 538 634	1 361 288 739
Omløpsmidler			
Varer			
Sum varer		13 157 590	21 058 629
Fordringer			
Kundefordringer		252 581 873	573 193 073
Andre kortsiktige fordringer		131 217 239	94 338 423
Sum fordringer		383 799 112	667 531 496
Bankinnskudd, kontanter og lignende			
Bankinnskudd, kontanter o.l.		192 352 067	159 919 543
Sum bankinnskudd, kontanter og lignende		192 352 067	159 919 543
Sum omløpsmidler		589 308 769	848 509 668
SUM EIENDELER		1 639 847 403	2 209 798 406



Balanse

Beløp i: NOK	Note	2019	2018
BALANSE - EGENKAPITAL OG GJELD			
Egenkapital			
Innskutt egenkapital			
Aksjekapital		118 961 802	118 961 802
Overkurs		715 711 022	915 945 540
Annen innskutt egenkapital			34 403 099
Sum innskutt egenkapital		834 672 824	1 069 310 441
Sum egenkapital		834 672 824	1 069 310 441
Gjeld			
Langsiktig gjeld			
Pensjonsforpliktelser		9 291 848	354 246
Sum avsetninger for forpliktelser		9 291 848	354 246
Annen langsiktig gjeld			
Gjeld til kredittinstitusjoner		105 506 907	136 766 148
Øvrig langsiktig gjeld			367 328 210
Sum annen langsiktig gjeld		105 506 907	504 094 358
Sum langsiktig gjeld		114 798 755	504 448 604
Kortsiktig gjeld			
Leverandørgjeld		391 892 094	466 547 582
Betalbar skatt		1	
Skyldig offentlige avgifter		19 235 219	18 446 269
Utbytte		109 983 742	9 867 850
Annen kortsiktig gjeld		169 264 768	141 177 661
Sum kortsiktig gjeld		690 375 823	636 039 362
Sum gjeld		805 174 578	1 140 487 966
SUM EGENKAPITAL OG GJELD		1 639 847 403	2 209 798 406



Vedlegg til årsregnskap 2019

Selskapsnavn	Organisjonsnummer
DeepOcean AS	980 722 805

Informasjon om konsernregnskap

Det utarbeides ikke konsernregnskap for DeepOcean AS.

I vedlagt årsregnskap note 15 framkommer informasjon om hvilket konsernselskap i DeepOcean gruppen det utarbeides konsernregnskap for.

Konsernregnskapet for DeepOcean Group Holding BV er vedlagt i årsregnskapet for DeepOcean Norway AS (org nr 896 696 262).



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DeepOcean AS
980 722 805
ANNUAL REPORT
2019



DEEPOCEAN



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DeepOcean AS

Directors Report 2019

The Company

These are the annual report and audited financial statements for DeepOcean AS (DeepOcean) for the year ending 31 December 2019. DeepOcean's office is in Haugesund, and it is an indirect subsidiary of DeepOcean Group Holding BV ("DOGH"), which is a private limited company under Dutch law.

DeepOcean has 10 subsidiaries and two a joint ventures.

DeepOcean Shipping VI AS was merged into DeepOcean from 01.01.2019, and Northwest Maritime AS was liquidated in December 2019.

For further details regarding the subsidiaries and joint ventures reference is made to Note 2.

DeepOcean is an integrated provider of safe, high quality, innovative services and technologies for the subsea industry. Demonstrating an extensive track record, DeepOcean offers a breadth of subsea services including Survey and Seabed-mapping, Subsea Construction, Seabed Intervention, Inspection, Maintenance and Repair (IMR), and Decommissioning.

DeepOcean is operating in the oil and gas, offshore renewables and electrical power transmission industries. Our two main operational offices are located in Haugesund (Norway) and Aberdeen (United Kingdom).

Operations summary

General

The activity level in DeepOcean has in general been high in 2019, with operations for a number of clients, both in the Norwegian and British sector of the North Sea. Despite of the relatively high activity level, rates and margins in the projects performed has mainly been low because of very competitive Oil and Gas market.

Innovation

DeepOcean has in 2019 further increased focus on providing more efficient solutions to the market. An onshore control center that can facilitate remote control of offshore operations from our onshore base facilities west coast Norway has been started built. This center will be fully operational in 2020. We have also initiated a program for development of a USV – Unmanned Surface Vehicle equipped with ROV to ensure more cost efficient and carbon friendly oprations to our clients.

Fleet

DeepOcean has a fleet consisting of owned and chartered vessels, where the main vessels used by the Company in 2019 has been Edda Freya, Normand Ocean, Deep Helder, Edda Flora, Edda Fauna and Deep Vision . DeepOcean also chartered the vessels North Sea Giant and Normand Jarstein during the season.

Operational highlights

Below are some highlights for some of the projects performed during 2019. DeepOcean conducted 1.726 day's worth of Offshore Subsea Operations through the year.

Equinor IMR

The vessel Normand Ocean performed the yearly seasonal IMR call-off on the long-term IMR frame agreement with Equinor. 2019 was another year with high uptime for the vessel spread, great performance and good feedback from the client. Work has mainly consisted of traditional Inspection, Maintenance and Repair work, but also larger and more complex work packages has been carried out under this contract



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Equinor Pipeline Inspection

The vessel Edda Flora has been working on this contract, performing pipeline inspection, construction support and light construction work services. The 2019-work was awarded on the Survey Frame Agreement with Equinor as first part of call-off for 2019 and 2020. DeepOcean's specialized fast survey ROV Superior was utilised on the contract.

Aker BP

DeepOcean holds an IMR frame agreement with Aker BP to provide inspection maintenance and repair services of all Aker BP facilities in NCS. Edda Fauna was the main vessel for this work 2019 in support. In addition Edda Freya, Edda Flora and Normand Jarstein worked for Aker BP during the year.

VÅR Energi

DeepOcean continued the IMR frame agreement with VÅR Energi, previously ENI Norway, for the Goliat field in the North part for Norway. The Normand Jarstein and Edda Fauna were used to perform the work.

ConocoPhillips Scandinavia

DeepOcean completed the subsea construction project "Water Injection Flowline and structure installation" with Edda Freya and Edda Fauna.

Equinor SLM

DeepOcean performed several riser replacement on the SLM – Subsea Line Modification Project 2019 / 2020 for Equinor on the Åsgard and Kristin fields mainly with the vessel Edda Freya.

DeepOcean has worked on the Snorre Expansion, Troll Phase 3, Johan Sverdrup and Northern Light field development projects for Equinor also been working for several other clients in 2019, amongst others Repsol, TechnipFMC, CNR Internation (UK) Limited, Neptune Energy, BP and Shell.

The strong portfolio of services, coupled with a fleet of owned and controlled vessel with specialized mission equipment, enables DeepOcean to bundle its subsea services to deliver cost-effective, tailored solutions to meet individual client's needs.

Operating within a challenging industry, DeepOcean is committed to protecting the health and safety of all people involved in its activities, and thus achieving a safe and incident free workplace, with high standards of environmental responsibility and pollution prevention. DeepOcean strives for relentless customer focus and operational excellence, which is supported by a global team of highly professional and experienced project teams. DeepOcean delivers innovative engineering solutions and turnkey project management for complex offshore operations.

DeepOcean's operational strategy is to achieve high utilization of its resources, in order to have the most effective and efficient operations and to maintain control of contract risk in projects. Furthermore, DeepOcean aims to balance its portfolio of day-rate and lump-sum priced work to achieve its long and short term financial goals.



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Going concern

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

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

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

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

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

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

For further details reference is made to note 19.



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Health, Safety, Environment and Security

DeepOcean has a clear responsibility to its stakeholders and Society to ensure it conducts its business activities in a responsible manner, in compliance with all applicable legislation and regulatory requirements. The Company endeavours to support fundamental human rights throughout all of its activities, ensuring a high focus on health, safety, security and environmental best practice.

Significant focus and high standards are placed on proactive HSE performance indicators. The Company has a proven performance history of exceeding industry benchmarks in relation to proactive HSE performance.

Behavioural safety practices and HSEQS Culture is embedded into Company operations through the active application of the 'ACT for HSEQS Programme'. Throughout 2019 DeepOcean has continued to develop and apply relevant campaigns in support of the programme.

Focus areas for campaigns delivered in 2019 are as follows:

- Q1-Q2 – ACT for Environment, 'ACT for the Ocean' with a specific effort on the reduction of plastic pollution
- Q3-Q4 ACT for Quality

With regards to lagging performance indicators, performance was slightly trending up compared to previous year:

- 2019 Lost Time Injury Frequency (LTIF) per million hours worked – 0.45
- 2019 Total Recordable Injury Frequency (TRIF) per million hours worked – 1.35

The 2019 absence rate for DeepOcean was 6,84 %.

Total exposure hours recorded in 2019 were 6.674.010. This figure is inclusive of offshore and onshore activities for the DeepOcean group, the day to day working hours depend on the nature of the role and do not differ for male and female employees.

DeepOcean continues to consult with employees through evaluation meetings with employee representatives and monitors the working environment to ensure continuous compliance with the Norwegian Working Environment Act.

Equality opportunities in DeepOcean

Our policy is that all employees should have the same opportunities for personal and professional development and that everyone should be treated equally, regardless of gender, age, ethnicity and disabilities. Human Resource procedures and HSE procedures are designed to meet the requirements of Discrimination and Accessibility Act.

DeepOcean strives to have a business culture characterized by:

- Trust and respect
- Openness and honesty
- Empowerment
- No Blame
- Innovation and entrepreneurialism
- Can do
- Dynamic
- Inclusive with equal opportunity for all
- Fun

Equal opportunity is a key characteristic although we, due to the fact that industry is traditionally dominated by men, have some way to go. The continued recruitment of qualified women in both ordinary and trainee positions within the fleet will continue. DeepOcean employee count is 258 in total of which 250 men and 8 women. The Board of Directors consists of seven (7) men, three of which are representatives elected by and amongst the employees.



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External environment

The Offshore Service industry includes risk of accidents that may cause environmental pollution. In order to minimize DeepOcean's impact on the environment DeepOcean operates according to stringent operation and reporting routines according to company's ISO 14001 certified Environmental Management System.

DeepOcean operates a modern vessel fleet with fuel efficient systems to minimize emissions. NOX reducing systems are installed on some of the vessels to meet strict Norwegian NOX regulations.

Throughout 2019, compliance was maintained in accordance with our accreditation to Environmental Management System Standard, ISO 14001:2015.

64 Environmental Release Incidents from our operating Assets occurred in 2019. Of the release volume 45 % was related to Biodegradable Fluid as opposed to 55 % Hydraulic Fluid.

It has been identified, that consistent focus needs to remain within the Assets Department to continue work on the overall reduction in the total number of releases and environmental protection moving forward.

Research and development activities

DeepOcean has 2 ongoing research and development project.

Market outlook

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

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

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

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 their CAPEX spend.



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Market and currency risk

DeepOcean'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 the business.

DeepOcean's revenues are mainly earned in NOK, which is the entity's functional currency and reflects the primary economic environment in which the Company operates. However, the Company is also exposed to USD, GBP, and EUR. Sales and expenses in the same currency contribute to mitigating a large part of the currency risk. The Company continually assesses its exposure, including if the Company is hedged naturally on a Group level. If deemed necessary the risk can be offset using derivative financial instruments.

DeepOcean is exposed to interest-rate risk to borrowings and cash deposits. Primarily, floating interest rate loans under the Group's financing scheme. DeepOcean assesses its interest rate sensitivity at a fair value through profit or loss, and similarly to the currency risk, the interest rate risk can be offset with interest derivative instruments.

For further details, reference is made to Notes 2, 3, 4, 16, 17 and 18.

Credit risk

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

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

DeepOcean's exposure to trade receivables is managed through continuous credit risk assessments of each individual customer. DeepOcean's principal customers are major integrated oil companies, large independent oil and gas companies, large utilities, large multinational companies that provide engineering, procurement, construction and installation (EPCI) services. These companies are mostly large and financially solid; however the risk of non-payment exists. For further details, reference is made to Note 4.

The 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 DeepOcean 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.

DeepOcean relies primarily on cash flow from operating activities, available cash and cash equivalents and any borrowings under the Group's Credit Facility to pay the direct and indirect costs and to finance the maintenance and investment capital expenditures and working capital. In addition, some investment capital expenditure are financed through financial leases.

For further details reference is made to Notes 3, 4, 8, 16 and 17.



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Subsequent events

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

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

Cash flow

Net cash from operating activities in 2019 positive with NOK 440.224.926 compared to negative NOK 26.127.836 in 2018. This positive change has been used to repay intercompany loans with NOK 429.096.756.

Net investment in fixed assets was NOK 7.152.281 in 2019 compared with NOK 27.534.066 in 2018.

Repayment of external borrowings in 2019 was NOK 19.492.440 compared with NOK 26.334.975 in 2017.

Financial Information

Gross revenues increased with 15 % to NOK 2.277.244.692 compared with previous year.

DeepOcean has spent substantial time working with rightsizing of the organization in accordance with activity. DeepOcean generated a positive operating profit of NOK 190.686.042 compared with a positive operating profit of NOK 18.598.470 in previous year.

DeepOcean has impaired the values of shares in subsidiaries with NOK 303.686.250. For further details reference is made to note 2.

DeepOcean equity ratio was 50,9 % as of 31.12.2019 compared to 48,4 % as of 31.12.2018.

The total capital was NOK 1.639.847.403 at the end of 2019, compared to NOK 2.209.798.406 by the end of 2018.

Net income and Disposals

The Board of Directors proposes that the loss of NOK 201.088.917 be treated as follows:

Transferred from share premium:	NOK	197.809.834
Transferred from other paid in capital:	NOK	34.403.098
Group contribution given	(NOK	31.124.015)
Total transfers:	NOK	<u>201.088.917</u>



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DeepOcean AS

Haugesund, 23.June 2020
The Board of DeepOcean AS

Ottar Mæland
Board Member

Geir Åge Nesse
Board Member

Frode Garlid
Chairman of the Board

Ove Medhaug Herøy
Board Member

Øyvind Mikaelson
Board Member

Torgeir Maurangnes
Board Member

Olaf A. Hansen
Managing Director/Board Member



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DeepOcean AS

Income statement			
Note	2019	2018	
Operating revenues and expenses			
4,9	Sales revenues	2 277 067 377	1 986 818 355
	Profit from sales of assets	177 315	0
	Gross operating revenues	2 277 244 692	1 986 818 355
4	Project costs	1 656 846 688	1 544 213 245
10	Personnel costs	287 281 116	296 961 973
1	Ordinary depreciation	74 594 877	77 973 534
1	Write-down fixed assets	0	1 193 073
4	Impairment of Intercompany receivables	17 407 368	3 336 316
4,10	Other operating costs	50 428 600	44 541 744
	Operating expenses	2 086 558 649	1 968 219 885
	Operating result	190 686 042	18 598 470
Finance income and expenses			
4	Interest income from group companies	14 065 945	5 210 178
	Interest income	963 790	747 494
11	Other financial income	-2 109	0
	Dividend/Group contribution received	775 906	0
4,18	Derivative non-hedge cost	-3 849 513	-993 341
4,18	Derivative non-hedge income	1 126 259	-12 884 095
	Income from JV	4 179 135	7 567 302
4	Interest expenses to group companies	-22 315 393	-26 957 318
11	Net foreign exchange gain/loss	-2 607 872	-37 820 007
	Other interest expenses	-9 971 220	-9 546 778
4	Impairment of intercompany loans	-53 402 447	0
2	Impairment of financial assets	-303 686 250	-30 433 255
11	Other financial expenses	-623 973	-1 060 748
	Net financial items	-375 347 742	-106 170 567
	Profit/(loss) before tax	-184 661 699	-87 572 097
8	Tax	16 427 218	-22 352 757
	Net profit/(loss)	-201 088 917	-65 219 340
	Transfer from share premium	197 809 834	
	Transfer from other paid in capital	34 403 098	65 219 340
	Group contribution	-31 124 015	
5	Allocations	201 088 917	65 219 340



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DeepOcean AS

Balance Sheet

Note	ASSETS	31.12.2019	31.12.2018
	Fixed assets		
8	Deferred tax asset	45 614 838	35 518 206
	Total intangible assets	45 614 838	35 518 206
1,3	Machinery, equipment etc	247 208 715	305 534 805
1	Assets under construction	5 659 294	14 775 800
	Total tangible fixed assets	252 868 009	320 310 605
	Financial fixed assets		
2	Investment in subsidiaries	654 218 644	966 003 165
2	Investment in shares	5 189 587	8 577 753
4	Loan to group companies	92 647 555	30 879 009
	Total financial fixed assets	752 055 787	1 005 459 928
	Total fixed assets	1 050 538 634	1 361 288 739
	Current assets		
14	Inventories	13 157 590	21 058 629
	Total inventories	13 157 590	21 058 629
	Receivables		
3	Accounts receivables	157 054 047	138 407 115
4,18	Receivables from group companies	95 527 826	434 785 958
3,8	Other current assets	131 217 239	94 338 423
	Total receivables	383 799 112	667 531 496
12	Bank and cash	192 352 067	159 919 543
	Total current assets	589 308 769	848 509 668
	TOTAL ASSETS	1 639 847 403	2 209 798 406



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DeepOcean AS

Note	EQUITY AND LIABILITIES	31.12.2019	31.12.2018
	Equity		
6	Share capital	118 961 802	118 961 802
	Share premium	715 711 023	915 945 540
	Other paid-in capital	0	34 403 098
	Total paid-in-capital	834 672 826	1 069 310 440
	Total retained earnings	0	0
5	Total equity	834 672 826	1 069 310 440
	Liabilities		
	Non-current liabilities		
3	Liabilities to financial institutions	105 506 907	136 766 148
4	Long term loan from group companies	0	367 328 210
7	Pension liabilities	9 291 848	354 246
	Total non-current liabilities	114 798 755	504 448 604
	Current liabilities		
	Accounts payable	163 373 955	141 507 038
3	Liabilities to financial institutions	31 010 227	19 243 426
4,18	Liabilities to group companies	195 276 104	296 947 712
	Public duty payable	19 235 219	18 446 269
4	Accrued group contribution	89 902 583	0
18	Current derivative financial liability	36 039 035	33 315 781
	Other current liabilities	155 538 699	126 579 138
	Total current liabilities	690 375 822	636 039 364
	Total liabilities	805 174 577	1 140 487 968
	TOTAL EQUITY AND LIABILITIES	1 639 847 403	2 209 798 408

Haugesund, 23.June 2020

Ottar Mæland
Board Member

Geir Åge Nesse
Board Member

Olaf A. Hansen
Managing Director/Board Member

Frode Garlid
Chairman of the Board

Øyvind Mikaelson
Board Member

Ove Medhaug Herøy
Board Member

Torgeir Maurangnes
Board Member



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Cash flow statement

NOTE	Cash flow from operational activities	2019	2018
	Result before taxes	-184 661 699	-87 572 097
8	Paid/received tax in the period	-5 822 750	16 552 402
1	Ordinary depreciation	74 594 877	77 973 534
1	Write down fixed assets	0	1 193 073
	Write down/-reversal of earlier write down subsidiaries	303 686 250	30 433 255
	Changes in stocks and goods	7 901 039	-8 627 954
	Changes in accounts receivables	-18 646 932	45 297 096
	Changes in accounts payable	21 866 917	-82 516 160
	Changes in current receivables/payables to related parties	212 468 522	-12 545 205
	Change in pension liabilities/OCI	4 744 279	-4 492 613
	Income from investments in JV and associates	-4 179 135	-7 567 302
	Dividend from JV and associates	7 567 301	6 806 393
	Changes in other current assets and liabilities	20 706 257	-1 062 258
	Net cash flow from operational activities	440 224 926	-26 127 836
	Cash flows from investment activities		
	Sale of fixed assets	16 478 538	
1	Acquisitions of fixed assets	-23 630 819	-27 534 066
4	Incorporation and acquisitions of subsidiaries	47 098 271	-254 396 380
4	Capital injections and group contributions from subsidiaries	0	266 916 935
4	Cash from merger with subsidiary	831 080	0
2	Acquisitions in shares in associated companies	0	-505 000
	Net cash flow from investment activities	40 777 070	-15 518 511
	Cash flows from financing activities		
4	Net change in financing received from group companies	-429 096 756	54 018 835
	Payment of group contribution to subsidiaries	0	-6 241 919
	Net borrowings	-19 492 440	-26 334 975
	Net cash flow from financing activities	-448 589 196	21 441 941
	Net (decrease)/increase in cash	32 412 799	-20 204 406
	Cash and cash equivalents at the beginning of the period	159 939 268	180 123 949
	Cash and cash equivalents at the end of the period	192 352 067	159 919 543



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DeepOcean AS

Accounting principles

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

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

DeepOcean AS is a subsidiary of DeepOcean Norway AS 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

Income from sale of goods and services are recognised at fair value of the consideration, net after deduction of VAT, returns, discounts and reductions. Sales are taken to income when the company has delivered its products to the customer and there are no unsatisfied commitments which may influence the customer's acceptance of the product. Delivery is not completed until the products have been sent to the agreed place, and risks relating to loss and obsolescence have been transferred to the customer. Historical data is applied to estimate and recognise provisions for quantity rebates and returns at the sales date. Provisions for expected guarantee work are recognised as expenses. Services are recognised in proportion to the work performed.

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 instalment on external long term liabilities are classified as short term liabilities.

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.

For fixed assets and intangible assets purchase cost also includes direct expenses to prepare the asset for use, such as expenses for testing of the asset.

Fixed assets

Other fixed assets are reflected in the balance sheet and depreciated to residual value over the asset's expected useful life on a straight-line basis. If changes in the depreciation plan occur the effect is distributed over the remaining depreciation period. Direct maintenance of an asset is expensed under operating expenses as and when it is incurred. Additions or improvements are added to the asset's cost price and depreciated together with the asset. The split between maintenance and additions/improvements is calculated in proportion to the asset's condition at the purchase date.

Leased assets are reflected in the balances sheet as assets if the leasing contract is considered a financial lease.



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DeepOcean AS

Accounting principles

Investments in other companies

Except for short term investments in listed shares, 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.

Joint ventures

The Company has two joint ventures, in which both parties own 50%. The parties have joint control over the investment, and in accordance with IFRS 11 these are accounted for as joint ventures using the equity method.

Asset impairments

Impairment tests are carried out if there is indication that the carrying amount of an asset exceeds the estimated recoverable amount. The test is performed on the lowest level of fixed assets at which independent cashflows can be identified. If the carrying amount is higher than both the fair value less cost to sell and recoverable amount (net present value of future use/ownership), the asset is written down to the highest of fair value less cost to sell and the recoverable amount.

Previous impairment charges, except writedown of goodwill, are reversed in later periods if the conditions causing the write-down are no longer present.

Inventories

Inventories are valued at the lower of purchase cost (according to the FIFO principle) and fair value. Recoverable amount has been used as approximation to net realisable value for raw materials and work in progress. For finished goods and work in progress purchase cost comprises cost of product design, material consumption, direct payroll expenses and other direct and indirect production expenses (based on normal capacity). Fair value is estimated sales costs less expenses for completion and sale. Only variable expenses are considered necessary to sell finished goods, whilst fixed production expenses are also included as necessary for not finished goods.

Long term contracts

Work in progress on long term fixed-price contracts is valued according to the percentage of completion method. The degree of completion is calculated as expenses incurred as a percentage of estimated total expense. Total expenses are reviewed on a regular basis. If projects are expected to result in losses, the total estimated loss is recognised immediately.

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



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DeepOcean AS

Accounting principles

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.

Guarantee commitments/complaints

Guarantee commitments relating to completed sales are valued at the estimated cost of such work. The estimate is made on the basis of historical figures for guarantee work, but adjusted for expected differences due to, for instance, changes in quality assurance routines and changes in product range. The provision is recognised under 'Other short term liabilities' and changes in the provision are recognised in income.

Pensions

The company has various pension schemes. The pension schemes are financed through payments to insurance companies, with the exception of the early retirement pension scheme (AFP). The company has both defined contribution plans and defined benefit plans.

Defined contribution plan

With a defined contribution plan the company pays contributions to an insurance company. After the contribution has been made the company has no further commitment to pay. The contribution is recognised as payroll expenses. Prepaid contributions are reflected as an asset (pension fund) to the degree the contribution can be refunded or will reduce future payments.

Defined benefit plan

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 commitment relating to the defined benefit plan on the balance sheet is the present value of the defined benefits at the balance sheet date less fair value of the pension funds (amount paid to an insurance company), adjusted for estimate differences and expenses relating to former period's pension earnings not recognised in the income statement. The pension commitments are calculated annually by an independent actuary on a straight-line earning profile basis.

The amended IAS19R "employee benefits" implies that the previous corridor approach is eliminated and all actuarial gains and losses will be recognized in other comprehensive income as they occur and all past service cost will be recognized immediately in the income statement.



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DeepOcean AS

Accounting principles

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 carryforward 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 carryforward 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.

Derivative financial instruments

Financial assets at fair value through profit or loss are acquired principally for the purpose of selling in the short term. Derivatives are also categorised as held for trading unless they are designated as hedges. Derivatives are initially recognised 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.



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DeepOcean AS

Notes to the financial statements

Note 1 Fixed Assets

Fixed Assets	Machinery and equipment	Furnitures and fixtures	Assets under construction	Total
Purchase cost 01.01	964 514 346	9 221 164	14 775 800	988 511 309
Additions	19 564 869	700 758	-9 116 506	11 149 121
Write down				0
Disposals	-20 120 901			-20 120 901
Purchase cost 31.12	963 958 314	9 921 922	5 659 294	979 539 529
Accumulated depreciation and write down 01.01	-660 449 886	-7 750 818		-668 200 704
Disposals	16 124 061		0	16 124 061
Write down				0
Depreciation this year	-73 965 101	-629 777		-74 594 878
Accumulated depreciation and write down 31.12	-718 290 926	-8 380 595	0	-726 671 520
Book value 31.12	245 667 388	1 541 327	5 659 294	252 868 009
Depreciation this year	-73 965 101	-629 777	0	-74 594 878
Economic useful life	5 - 10 years	3 years		
Depreciation plan	Linear	Linear		

Management has reviewed the net book value of all the fixed assets in the company and compared with an estimated fair value of the assets at year end 2019.

The estimated values exceeds the carrying amount of the assets and subsequently no impairment has been recognized in 2019 profit and loss account.

Yearly rental of fixed assets not in balance sheet:

	2019	2018
External vessel charter	509 994 177	436 790 095
Internal vessel charter	14 965 000	68 618 951
Property rentals	17 022 457	16 307 205

Commitments and lease obligations	External vessel charter	Internal vessel charter	Property rentals	Vehicles	Printers & office machines
2020	579 752 500	14 965 000	14 832 765	198 066	529 969
2021	380 406 311		7 593 455	29 465	543 218
2022	195 200 000		7 496 966		139 199
>2023			23 363 250		

There are no options to purchase the rented assets.



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DeepOcean AS

Notes to the financial statements

Note 2 Subsidiaries, associated companies and joint ventures

Subsidiaries	Location	Ownership	Equity current year (100 %)	Net income current year (100 %)	Book value
DeepOcean Management AS	Haugesund, Norway	100 %	43 147 239	10 657 466	13 042 881
DeepOcean Maritime AS	Haugesund, Norway	100 %	51 408 261	-2 822 993	51 408 261
DeepOcean Shipping AS	Haugesund, Norway	100 %	186 159 968	-2 474 274	195 838 201
DeepOcean Shipping II AS	Haugesund, Norway	100 %	61 287 279	-19 478 170	104 711 197
DeepOcean Shipping III AS	Haugesund, Norway	100 %	84 942 015	16 459 005	24 230 814
DeepOcean Shipping V AS	Haugesund, Norway	100 %	-1 766 213	-106 670	0
DeepOcean de Mexico S. De R.L. de C.V	Ciudad del Carmen, Mexico	99 %	-12 797 931	16 975 301	28 812
DeepOcean Subsea Services Ltd	Aberdeen, UK	100 %	-66 260 275	-45 663 354	0
Delta Subsea LLC	Houston, US	100 %	213 660 608	-51 382 783	207 298 109
DeepOcean 1 UK Ltd	Darlington, UK	100 %	57 660 369	-217 912 983	57 660 369
Book value 31.12.19					654 218 644

1) The book value of shares in DeepOcean Maritime AS is impaired with NOK 2.824.484 per 31.12.19 to reflect the fair value of the company.

3) The book value of shares DeepOcean Shipping AS is impaired with NOK 932.348. The book value of the shares represents the fair value of the company per 31.12.19.

3) The book value of shares DeepOcean Shipping II AS is impaired with NOK 20.569.976. The book value of the shares represents the fair value of the company per 31.12.19.

4) The book value of the shares in DeepOcean 1 UK Ltd is impaired with NOK 279.359.441. The book value of shares represents the equity value of the company per 31.12.2019.

5) The subsidiary DeepOcean Shipping VI AS was merged with DeepOcean AS in December 2019.

6) The subsidiary Northwest Maritime AS was liquidated in December 2019.

Joint ventures	Location	Ownership	Equity current year (100 %)	Net income current year (100 %)	Book value
Technip - DeepOcean PRS JV DA	Haugesund, Norway	50 %	9 369 174	8 358 271	4 684 586
Level Offshore AS	Haugesund, Norway	50 %	2 324 017	2 324 017	505 000
Book value 31.12.19					5 189 586



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DeepOcean AS

Notes to the financial statements

Note 3 Assets and liabilities

	2019	2018
Accrued, not invoiced revenues are included in other current	168 068 610	85 797 854
Leasing contracts		
Short term finance leases	-31 010 227	-19 243 426
Long term finance leases	-105 506 907	-136 766 148
Total finance leases	-136 517 134	-156 009 574

The Company has long-term leasing agreements. NOK 8.192.724 is due 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 17 for more details regarding Group financing.

Note 4 Transactions and balances with group companies

Related party transactions:

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

	2019	2018
Revenue		
Charter hire	136 865 980	117 009 545
Equipment hire	51 051 369	51 343 508
Personnel charges	57 781 837	62 223 170
Other revenue	164 899 393	57 368 289
Total	410 598 580	287 944 512

Expenses		
Charter hire	13 671 478	68 618 951
Equipment hire	4 763 585	13 932 193
Personnel charges	345 789 877	264 126 190
Management fee	84 906 892	91 667 984
Other costs	1 445 663	6 814 052
Total	450 577 495	445 159 370

Financial items		
Interest income	14 065 945	5 210 178
Dividend received	775 906	
Interest costs	-22 315 393	-26 957 318
Net financial items	-7 473 542	-21 747 140

Balance sheet		
Loans to group companies	300 796 021	79 992 656
Provision doubtful loan to group companies	-208 148 466	-49 113 647
Loans from group companies	0	-367 328 210
Group contributions to group companies	-89 902 583	
Group contributions/Dividends from group companies	775 906	50 000 000
Short term Receivables group companies	147 571 537	418 515 478
Bad debt provision group companies	-27 701 613	-33 729 519
Short term Payables group companies	-195 276 104	-296 947 712
Total	-71 885 303	-198 610 954

The Company has forgiven loan and accounts receivables to the liquidated subsidiary Northwest Maritime AS with NOK 50.331.666 and NOK 18.885.734, respectively.

The Company has made a bad debt provision for intercompany loan and accounts receivables from AXA Engenharia Submarina Ltda with NOK 154.746.019 and NOK 14.843.785, respectively.

The Company has also made a bad debt provision for intercompany loan and accounts receivables from DeepOcean Subsea Services Ltd with NOK 53.402.447 and NOK 12.827.828, respectively.

Repayment plans for Intercompany loans are signed.



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DeepOcean AS

Notes to the financial statements

Note 5 Equity

	Share Capital	Share premium	Other paid in Capital /Capital increase not registered	Other equity	Total
Change in equity					
Equity 01.01	118 961 802	915 945 540	34 403 098	0	1 069 310 440
Merged DeepOcean Shipping VI AS				846 109	846 109
IAS 19R actuarial gains/losses				-3 270 792	-3 270 792
Given group contributions				-31 124 015	-31 124 015
Profit (loss) this year	0	-200 234 517	-34 403 098	33 548 698	-201 088 917
Equity 31.12	118 961 802	715 711 022	0	0	834 672 825

Note 6 Share Capital and shareholder information

The Share Capital of NOK 118.961.802,30 comprises of 108.147.094 shares with par value NOK 1,10. All shares have equal rights.

Shareholders	Shares	Total	Share
DeepOcean Norway AS	108 147 094	108 147 094	100,0 %

Note 7 Pensions

The Company has pension schemes which cover a total of 258 persons. The schemes give right to defined future benefits. These are mainly dependent on the number of qualifying employment years, salary level at pension age, and the amount of benefits from the National Insurance Scheme. The commitment related to the group pension scheme is covered through an insurance company. The company's pension schemes meet the requirements of the law on compulsory occupational pension. Calculations are in accordance with IAS 19R Employee Benefits and the Norwegian Society of Actuaries standards for actuarial calculations.

	31.12.2019	31.12.2018
Present value of accrued pension obligations at 01.01. (PBO)	78 790 470	66 881 840
Pension fund assets at 01.01.	-78 480 000	-60 673 831
Net pension obligations at 01.01.	310 470	6 208 009
Employer's National Insurance contributions	43 776	875 329
Net pension obligations at 01.01. posted in BS incl NIC	354 246	7 083 338
Service costs	8 176 332	7 403 248
Capital cost of previously accrued pensions	2 027 655	1 533 792
Gross pension cost for the year	10 203 987	8 937 040
Expected return on pension fund assets	-2 062 297	-1 509 718
Administration cost	171 000	164 000
Net pension cost for the year after adm cost	8 312 690	7 591 322
Apportionated employer's Nat Ins contr for the period		
Net pension cost for the year incl employers NIC	8 312 690	7 591 322
Pensions paid during the year	-1 278 178	-649 146
Investment in pension fund assets	-3 127 442	-10 436 000
Estimated present value of accrued pension obl at 31.12	76 573 601	78 790 470
Estimated pension fund assets at 31.12.	-68 430 000	-78 480 000
Net pension obligations at 31.12.	8 143 601	310 470
Employer's National Insurance contributions	1 148 248	43 776
Net pension obligations at 31.12. posted in BS incl NIC	9 291 849	354 246
Estimate divergence not posted in P&L account		
Net pension obligations at 31.12. posted in BS incl NIC	9 291 849	354 246
No of active members	237	258
No of pensioners	10	9
Financial assumptions:		
Discount rate	1,80 %	2,60 %
Expected return on pension fund assets	1,80 %	2,60 %
Anticipated rise in salaries	2,25 %	2,75 %
Anticipated rise in National Insurance base rate	2,00 %	2,50 %
Anticipated rise in pensions	0,70 %	0,80 %
Turnover	5,00 %	5,00 %
Employer's National Insurance contributions	14,10 %	14,10 %

The actuarial assumptions relating to demographic factors are based on assumptions generally applied to insurance. Actuarial loss of NOK 3.270.792 is recognized in equity in 2019.



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DeepOcean AS

Notes to the financial statements

Note 8 Taxes

	Change	2019	2018
Temporary differences			
Fixed assets	4 608 983	-6 335 695	-1 726 712
Receivables	-6 027 906	-27 701 613	-33 729 519
Provisions	9 491 342	-21 148 339	-11 656 996
Profit & loss account	-14 854 495	-59 417 979	-74 272 473
Financial instruments	2 723 254	-36 039 035	-33 315 781
Leasing agreements	11 232 325	-47 405 664	-36 173 340
Manufacturing contracts	0	0	0
Pensions	8 937 602	-9 291 849	-354 246
Net temporary differences	16 111 106	-207 340 174	-191 229 067
Interest restrictions	0	-1 336 631	-1 336 631
Tax losses carried forward		0	-94 552 131
Basis for deferred tax	16 111 106	-208 676 805	-287 117 829
Deferred tax asset based on nominal tax rate (22%)		-45 908 897	-63 165 922
Deferred tax assets not recognized		294 059	27 647 716
Deferred tax in the balance sheet	10 096 632	-45 614 838	-35 518 206
Basis for income tax expense, changes in deferred tax and tax payable		2019	2018
Result before taxes		-184 661 699	-87 572 097
Permanent differences (1)		353 005 307	58 566 220
Basis for the tax expense for the year	40 402 466	168 343 608	-29 005 877
Change in temporary differences		16 111 106	-13 133 008
Basis for payable taxes in the income statement		184 454 714	-42 138 885
Interest restrictions		0	0
Tax losses carried forward		-94 552 131	42 138 885
+/- Group contributions received/given		-89 902 583	0
Taxable income (basis for payable taxes in the balance sheet)		0	0
Components of the income tax expense		2019	2018
Payable tax on this year's result		19 778 568	0
Adjustment from prior years		0	0
Total payable tax		19 778 568	0
Change in taxes prior year (2)			-16 552 402
Change in deferred tax		-10 096 632	-5 285 965
Tax effect on pension estimates direct in equity		922 531	-514 390
Effect of changes in nominal tax rate pension			
Withholding tax		5 822 750	0
Tax expense		16 427 218	-22 352 757
Payable taxes in the balance sheet			
Payable tax in the tax charge		19 778 568	0
Tax effect of group contribution		-19 778 568	0
Tax receivable regarding previous years		0	0
Payable tax in the balance sheet		0	0
1) Specification of permanent differences:		2019	2018
Tax free dividends		0	0
Non-deductible representation/gifts and subscriptions		132 071	296 487
Tax free interest income		-22 138	0
Actuarial profit/loss IAS 19R		-4 193 323	2 236 478
Non-deductible interest costs		-	25 600 000
Impairment of intercompany loans (ref note 4)		53 402 447	-
Impairment of shares in subsidiaries (ref note 2)		303 686 250	30 433 255
Non-deductible corporate costs		-	-
Withholding tax Brasil - posted as tax cost previous years		0	0
Total permanent differences		353 005 307	58 566 220



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DeepOcean AS

Notes to the financial statements

Note 9 Sales revenues

Segments	2019	2018
Subsea Services	2 277 067 377	1 986 818 355
Total	2 277 067 377	1 986 818 355

Geographical segments

Norway	1 718 851 229	1 362 824 931
Outside Norway	558 216 148	623 993 424
Total	2 277 067 377	1 986 818 355

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

Payroll expenses	2019	2018
Salaries/wages	220 831 543	222 241 531
Social security fees	33 959 354	38 039 359
Pension expenses	15 632 906	15 610 618
Pension expenses OTP	9 435 490	11 214 413
Other remuneration	7 421 823	9 856 052
Total	287 281 116	296 961 973

Average number of employees	254	273
------------------------------------	------------	------------

Auditor	2019	2018
Allocation of auditor fee:		
Statutory audit excl VAT	1 660 514	878 995
Other assurance services excl VAT		566 810
Total fee auditor excl VAT	1 660 514	1 445 805

The General Manager and the Board of Directors receive remuneration in other group companies.
No loans/sureties have been granted to the general manager, Board chairman or other related parties.

Note 11 Specification of financial income and expenses

Foreign exchange gains and losses	2019	2018
Foreign exchange gains	5 133 187	4 315 286
Foreign exchange losses	-7 741 059	-42 135 293
Net financial gains and losses	-2 607 872	-37 820 007

Financial expenses

Other financial expenses	-623 973	-1 060 748
---------------------------------	-----------------	-------------------

Note 12 Restricted cash

	2018	2017
Withheld employee taxes	9 350 213	8 916 980
Total restricted cash	9 350 213	8 916 980

Note 13 Guarantees

Creditor	2019	2018
Equinor Energy AS	20 000 000	20 000 000
Equinor Energy AS - Troll C		3 696 327
ConocoPhillips Skandinavia		1 053 820
ConocoPhillips Skandinavia	2 840 482	2 840 482
Equinor Energy AS	5 970 752	5 970 752
Equinor Energy AS	11 215 470	11 215 470
Total	40 026 704	44 776 851



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DeepOcean AS

Notes to the financial statements

Note 14 Inventories

Inventories consist of fuel to be consumed in the rendering of services. Fuel is measured at the lower of costs and net realizable value. The cost is based on the First-in-First-out (FIFO) principle.

	2019	2018
Fuel on chartered vessels	13 157 590	21 058 629

Note 15 Group information

The Company is a subsidiary of DeepOcean Norway AS. The ultimate parent company and ultimate controlling party is Tricer HoldCo S.C.A. The smallest group for which group financials are prepared is DeepOcean Group Holding BV, Herengracht 433, 1017 BR Amsterdam, The Netherlands.

Note 16 Financial risk management

Overview

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

Market risk - Foreign exchange risk

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

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

The Company has signed forward foreign exchange contracts in USD, and is exposed to changes in the USD/NOK currency exchange rate. For details reference is made to note 18.

Market risk - Interest rate risk profile

The Company's interest rate risk arises primarily from the Intercompany loans; refer to note 4 for the details of the loans. The loans has a floating interest based on LIBOR + 5 % or NIBOR +4,49 % depending on the the currency of the loan.

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.

Liquidity risk

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

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



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DeepOcean AS

Notes to the financial statements

Note 17 Group financing

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

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

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

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

Note 18 Derivative financial instruments

The notional principal amount of outstanding forward foreign exchange contracts at 31 December 2019 USD 22.130.322.

The fair value of the foreign contract reflects the credit risk of the instrument and include adjustments to take account of the credit risk of the Company and counterparty when appropriate. Fair value obligations of the derivatives per 31 December 2019 are NOK 36.039.034.

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 input for the liability is not based on observable marked data and the net change in fair value is posted through profit and loss. Total loss in 2019 in DeepOcean AS was NOK 6.572.765.

Note 19 Basis for preparation - Going Concern

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

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

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

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

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



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DeepOcean AS

Notes to the financial statements

Note 20 Subsequent events

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

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



MOTTATT

11 JAN. 2016

Skattedirektoratet

Saksbehandler
Torstein Kinden Helleland

Deres dato
05.01.2016

Vår dato
07.01.2016

Telefon
22078139

Deres referanse
Øyvind Apeland

Vår referanse
2012/430841

DEEPOCEAN NORWAY AS
Postboks 2144
5504 HAUGESUND

Tillatelse til å utarbeide årsregnskap og årsberetning på engelsk språk

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

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

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

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

Bakgrunn

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

Postadresse
Postboks 9200 Grønland
0134 Oslo

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

Sentralbord
800 80 000
Telefaks
22 17 08 60



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

Skattedirektoratets vurdering

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

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

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

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

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

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



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





Statsautoriserte revisorer
Ernst & Young AS

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INDEPENDENT AUDITOR'S REPORT

To the Annual Shareholders' Meeting of DeepOcean AS

Report on the audit of the financial statements

Opinion

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

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

Basis for opinion

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

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

We draw attention to note 17, 19 and 20 in the financial statements and the Board of Director's report, which includes information relating to the going concern assumption while also considering the developments surrounding the Corona (COVID-19) virus. These developments have a profound impact on people's health and on our society as a whole, as well as on the operational and financial performance of organizations and the assessment of the ability to continue as a Going Concern. The financial statements and our auditor's report reflect the conditions at the time of preparation.

The situation changes on a daily basis giving rise to inherent uncertainty. DeepOcean AS is confronted with this uncertainty as well, that is also disclosed in the Report of the Board of Directors sections Going concern and subsequent event, the note 17 and 19 to the financial statements and the disclosure about events after the reporting period in note 20. We draw attention to these disclosures.

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

Other information

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

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



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Responsibilities of management for the financial statements

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

Independent auditor's report - DeepOcean AS

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Report on other legal and regulatory requirements

Opinion on the Board of Directors' report

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

Opinion on registration and documentation

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

Bergen, June 30 2020
ERNST & YOUNG AS

The auditor's report is signed electronically

Øyvind Nore
State Authorised Public Accountant (Norway)

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Øyvind Nore

Statsautorisert revisor

På vegne av: Ernst & Young AS

Serienummer: 9578-5994-4-485745

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