



ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2020 - GENERELL INFORMASJON

Enheten

Organisasjonsnummer: 984 285 310
Organisasjonsform: Aksjeselskap
Foretaksnavn: ISLAND OFFSHORE MANAGEMENT AS
Forretningsadresse: Stålhaugen 12
6065 ULSTEINVIK

Regnskapsår

Årsregnskapets periode: 01.01.2020 - 31.12.2020

Konsern

Mørselskap 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: Regnskapslovens alminnelige regler

Årsregnskapet fastsatt av kompetent organ

Bekreftet av representant for selskapet: Asbjørn Hasund
Dato for fastsettelse av årsregnskapet: 09.07.2021

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, 31.07.2022



Resultatregnskap

Beløp i: NOK	Note	2020	2019
RESULTATREGNSKAP			
Inntekter			
Salgsinntekt		601 813 465	593 403 184
Annen driftsinntekt		504 978	1 050 933
Sum inntekter	2,6	602 318 443	594 454 117
Kostnader			
Lønnskostnad	3,7	597 876 777	565 378 251
Avskrivning på varige driftsmidler og immaterielle eiendeler	4	462 223	196 955
Annen driftskostnad	3,6	5 798 551	26 438 356
Sum kostnader		604 137 551	592 013 562
Driftsresultat		-1 819 109	2 440 555
Finansinntekter og finanskostnader			
Inntekt på investering i datterselskap og tilknyttet selskap	5	15 961 424	27 161 354
Annen renteinntekt	6	8 720 850	5 465 125
Annen finansinntekt	12	9 406 929	8 062 392
Sum finansinntekter		34 089 203	40 688 871
Nedskrivning av finansielle eiendeler	6	32 455 503	
Annen rentekostnad	6	5 787	2 123 882
Annen finanskostnad	12	12 473 965	3 490 582
Sum finanskostnader		44 929 468	5 614 464
Netto finans		-10 840 265	35 074 407
Ordinært resultat før skattekostnad		-12 665 160	37 514 961
Skattekostnad på ordinært resultat	8	-6 127 932	2 445 649
Ordinært resultat etter skattekostnad		0	0
Årsresultat		-6 537 229	35 069 312
Totalresultat		-6 537 229	35 069 312
Overføringer og disponeringer			



Resultatregnskap

Beløp i: NOK	Note	2020	2019
Overføringer til/fra annen egenkapital	9	-6 537 229	35 069 312
Sum overføringer og disponeringer		-6 537 229	35 069 312



Balanse

Beløp i: NOK	Note	2020	2019
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Utsatt skattefordel	8	14 009 679	7 881 747
Sum immaterielle eiendeler		14 009 679	7 881 747
Varige driftsmidler			
Driftsløsøre, inventar, verktøy, kontormaskiner og lignende		1 015 815	840 148
Sum varige driftsmidler	4	1 015 815	840 148
Finansielle anleggsmidler			
Investering i datterselskap	5	3 131 697	2 502 004
Investeringer i tilknyttet selskap	5	61 554 760	45 923 029
Lån til tilknyttet selskap og felles kontrollert virksomhet	6	222 929 136	253 304 094
Investeringer i aksjer og andeler		115 000	115 000
Andre fordringer	7	1 062 631	8 871 728
Sum finansielle anleggsmidler		288 793 223	310 715 855
Sum anleggsmidler		303 818 718	319 437 750
Omløpsmidler			
Varer			
Varer	11	36 803 597	9 960 798
Sum varer		0	0
Fordringer			
Kundefordringer	6	7 271 985	66 867 184
Andre fordringer	6	194 859 622	215 646 693
Sum fordringer		202 131 607	282 513 876
Investeringer			
Sum investeringer		0	0
Bankinnskudd, kontanter og lignende			
Bankinnskudd, kontanter og lignende	3	49 814 837	64 204 061
Sum bankinnskudd, kontanter og lignende		49 814 837	64 204 061



Balanse

Beløp i: NOK	Note	2020	2019
Sum omløpsmidler		288 750 040	356 678 735
SUM EIENDELER		592 568 758	676 116 485
BALANSE - EGENKAPITAL OG GJELD			
Egenkapital			
Innskutt egenkapital			
Selskapskapital	10	100 000	100 000
Annen innskutt egenkapital		0	0
Sum innskutt egenkapital		100 000	100 000
Opptjent egenkapital			
Annen egenkapital		284 717 572	291 254 801
Sum opptjent egenkapital		284 717 572	291 254 801
Sum egenkapital	9	284 817 572	291 354 801
Gjeld			
Langsiktig gjeld			
Sum avsetninger for forpliktelser		0	0
Annen langsiktig gjeld			
Sum annen langsiktig gjeld		0	0
Sum langsiktig gjeld		0	0
Kortsiktig gjeld			
Leverandørgjeld	6	109 241 134	154 297 744
Skyldige offentlige avgifter		42 589 007	40 825 744
Annen kortsiktig gjeld	6	155 921 044	189 638 196
Sum kortsiktig gjeld		307 751 185	384 761 684
Sum gjeld		307 751 185	384 761 684
SUM EGENKAPITAL OG GJELD		592 568 758	676 116 485



Konsernets resultatregnskap

Beløp i: NOK	Note	2020	2019
RESULTATREGNSKAP			
Inntekter			
Salgsinntekt	2,6	769 048 337	821 586 648
Annen driftsinntekt		504 978	1 050 933
Sum inntekter		769 553 315	822 637 581
Kostnader			
Lønnskostnad	3,7	761 667 227	793 329 354
Avskrivning på varige driftsmidler og immaterielle eiendeler	4	465 356	233 482
Annen driftskostnad	3,6	8 564 182	28 619 096
Sum kostnader		0	0
Driftsresultat		-1 143 450	455 650
Finansinntekter og finanskostnader			
Inntekt på investering i datterselskap og tilknyttet selskap	5	15 631 731	26 360 961
Annen renteinntekt	6	8 776 375	5 639 492
Annen finansinntekt	12	9 406 929	8 062 392
Sum finansinntekter		0	0
Nedskrivning av finansielle eiendeler	6	32 455 503	
Annen rentekostnad	6	155 501	2 126 631
Annen finanskostnad	12	12 473 965	3 499 069
Sum finanskostnader		0	0
Netto finans		0	0
Ordinært resultat før skattekostnad		-12 413 384	34 892 795
Skattekostnad på ordinært resultat	8	-6 110 017	1 377 612
Ordinært resultat etter skattekostnad		-6 303 367	33 515 183
Årsresultat		0	0
Minoritetsinteresser		233 861	-66 682
Årsresultat etter minoritetsinteresser		-6 537 228	33 581 865



Konsernets resultatregnskap

Beløp i: NOK	Note	2020	2019
Overføringer og disponeringer			
Overføringer til/fra annen egenkapital	9	-6 537 228	33 581 865
Sum overføringer og disponeringer	9	-6 537 228	33 581 865



Konsernets balanse

Beløp i: NOK	Note	2020	2019
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Utsatt skattefordel	8	16 409 689	10 246 717
Sum immaterielle eiendeler		16 409 689	10 246 717
Varige driftsmidler			
Driftsløsøre, inventar, verktøy, kontormaskiner og lignende		1 015 815	842 175
Sum varige driftsmidler	4	1 015 815	842 175
Finansielle anleggsmidler			
Investeringer i tilknyttet selskap	5	47 492 479	31 860 748
Lån til tilknyttet selskap og felles kontrollert virksomhet	6	222 929 136	253 304 094
Investeringer i aksjer og andeler		115 000	115 000
Andre fordringer	6	1 062 631	2 954 589
Sum finansielle anleggsmidler		271 599 245	288 234 431
Sum anleggsmidler		289 024 750	299 323 323
Omløpsmidler			
Varer			
Varer	11	36 803 596	9 960 798
Sum varer		0	0
Fordringer			
Kundefordringer	6	20 296 633	83 614 834
Andre fordringer	6	200 821 095	215 898 681
Sum fordringer		221 117 728	299 513 515
Investeringer			
Sum investeringer		0	0
Bankinnskudd, kontanter og lignende			
Bankinnskudd, kontanter og lignende	3	66 760 895	76 362 104
Sum bankinnskudd, kontanter og lignende		66 760 895	76 362 104



Konsernets balanse

Beløp i: NOK	Note	2020	2019
Sum omløpsmidler		324 682 220	385 836 417
SUM EIENDELER		613 706 970	685 159 740
BALANSE - EGENKAPITAL OG GJELD			
Egenkapital			
Innskutt egenkapital			
Selskapskapital	10	100 000	100 000
Annen innskutt egenkapital		0	0
Sum innskutt egenkapital		100 000	100 000
Opptjent egenkapital			
Annen egenkapital		269 948 543	276 438 752
Minoritetsinteresser		298 702	49 168
Sum opptjent egenkapital		269 948 543	276 438 752
Sum egenkapital	9	270 347 245	276 587 920
Gjeld			
Langsiktig gjeld			
Sum avsetninger for forpliktelser		0	0
Annen langsiktig gjeld			
Sum annen langsiktig gjeld		0	0
Sum langsiktig gjeld		0	0
Kortsiktig gjeld			
Leverandørgjeld	6	112 014 607	158 855 844
Skyldige offentlige avgifter		68 265 997	60 312 419
Annen kortsiktig gjeld	6	163 079 120	189 403 557
Sum kortsiktig gjeld		343 359 725	408 571 819
Sum gjeld		343 359 725	408 571 819
SUM EGENKAPITAL OG GJELD		613 706 970	685 159 740



Skattedirektoratet

Saksbehandler
Geir Johannessen

Deres dato
11.10.2013

Vår dato
29.10.2013

Telefon
22 66 11 14

Deres referanse
Tommy Walaunet

Vår referanse
2013/779184

ISLAND OFFSHORE MANAGEMENT AS
Postboks 370
6067 ULSTEINVIK

Tillatelse til å utarbeide årsregnskap og årsberetning på engelsk

Det vises til deres brev av 11. oktober 2013, samt telefonsamtale i sakens anledning, der det søkes om dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk språk for følgende selskaper;

Island Offshore Management AS	org nr 984 285 310
Island Offshore Crewing AS	org nr 995 955 881
Island Offshore XI AS	org nr 987 845 325
Island Offshore III KS	org nr 982 411 408
Island Offshore VIII AS	org nr 987 156 783
Island Offshore VIII KS	org nr 987 156 805
Island Offshore X AS	org nr 887 254 982
Island Offshore X KS	org nr 987 255 188
Island Offshore LNG AS	org nr 996 393 844
Island Offshore LNG KS	org nr 996 393 739
Island Offshore LNG Invest AS	org nr 996 357 813
Island Offshore LNG Invest KS	org nr 996 357 848
Island Offshore XII AS	org nr 888 271 392
Island Offshore XII Ship AS	org nr 994 289 764
Island Pioneer AS	org nr 992 611 634
Istand Pioneer KS	org nr 992 611 588

For Island Offshore Management AS omfatter søknaden også konsernregnskapet, der Island Offshore Crewing inngår med 100 %.

Skattedirektoratet gir på bakgrunn av en konkret helhetsvurdering de ovennevnte 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.

Postadresse
Postboks 9200 Grønland
0134 Oslo
skatteetaten.no/sendepost

Besøksadresse:
Se www.skatteetaten.no
Org.nr: 996250318

Sentralbord
800 80 000
Telefaks
22 17 08 60



Det er særlig hensynet til brukerne av regnskapsinformasjon som skal vurderes ved en dispensasjonssøknad. I denne vurderingen har Skattedirektoratet lagt særlig vekt på at selskapene har klar overvekt av utenlandske eierinteresser og for øvrig en begrenset eierkrets. Selskapenes forretningspråk er engelsk. Videre er det vektlagt at selskapene driver virksomhet i en bransje der aktørene forutsettes å beherske engelsk språk.

Vennligst oppgi vår referanse ved henvendelser i saken.

Med hilsen

Rune Tystad

Seniorrådgiver

Rettsavdelingen, foretaksskatt
Skattedirektoratet

Geir Johannessen



**Financial Statements
2020**

**Island Offshore Management AS
Consolidated**



ISLAND OFFSHORE



Annual Report 2020

Island Offshore Management AS and Group

Org. no 984 285 310

Business activities

The companies comprising the Island Offshore Management Group provide vessel management and crewing services to offshore service vessels and mobile offshore units.

The business is managed from Ulsteinvik.

Statement on results

Revenue for the parent company totals NOK 602.3 mill in 2020 versus NOK 594.5 mill in 2019 and comprises crewing services and vessel management services.

Revenue for the Group totals NOK 769.6 mill, which is lower than in 2019 at NOK 822.6 mill mainly due to reduced crew activity related to the LWI vessels, with one vessel in lay-up in 2020. Overall, market activity through 2020 has been significantly impaired by Covid-19, low oil prices and therefore reduced vessel activity.

The result for the parent company is a loss of NOK -6.5 mill compared with a profit NOK 35.1 mill in 2019. The parent company has recorded a provision for loss on receivables due from related party with NOK 32.5 mill in 2020.

The result for the Group in 2020 is a loss of NOK -6.3 mill compared to a profit NOK 33.5 mill in 2019 due to the abovementioned factors.

The cash position 31.12.20 for the parent company is NOK 49.8 mill compared with NOK 64.2 mill as per 31.12.19, mainly explained by decreased operating cash flow with NOK 44.1 mill in 2020. The parent company has received NOK 30.4 mill as repayment of shareholder loan from an associated company. The cash position at 31.12.20 for the Group is NOK 66.8 mill compared with NOK 76.4 mill in 2019.

The parent company's equity at 31.12.2020 is NOK 284.8 mill, a decrease equal to this year's result.

Book value of equity for the Group totals NOK 270.3 mill as per 31.12.20, a decrease equal to this year's result.

Going concern

Vessel management activities focus on securing sustainable employment for vessels under management through strategic marketing and chartering efforts, as well as continuous improvement in quality of operations and best practice.

The Company and Group does not have external loans except for agreed prepayments from vessel owning entities.

Due to the continued state of the market and the implications for earnings and cash flow, the major customer of the Parent company, the Island Offshore Group, is negotiating with stakeholders for agreements effective post 2020. The objective is to conclude the process as soon as possible, but additional time is required due to the complexity of the restructuring. The discussions are constructive and progressing, however no assurances can be given as to when a conclusion is attainable involving all companies and stakeholders. The Island Offshore Group is in a challenging financial position, and the viability of the Group will require a long-term agreement with secured and unsecured creditors to strengthen the financial situation.



Further, market state in 2020 has been significantly impaired by the COVID-19 pandemic and the immediate effect on market activity and cost of operations. The assessment is that the Island Offshore Group has the resources, organization, competence, assets and customer base to continue being a going concern.

In accordance with the Norwegian Accounting Act § 3-3a the Board of Directors thus confirms that the financial statements are prepared on the basis of a going concern assumption. The basis for this assumption is the financial position of the Company at 31.12.2020, and the condition that a new restructuring agreement for the Island Offshore Group is agreed and made effective with secured and unsecured lenders.

Work environment and gender equality

Island Offshore endeavors to secure a safe and healthy working environment offshore and onshore in order to achieve no accidents and no injury to people. This includes considering health and safety factors in the design, construction and operation of all vessels and equipment. Management has strong focus on HSE and continuously works to improve the work environment.

Employees in the parent company are working offshore and totaled 540 at 31.12.2020 compared to 513 at 31.12.2019. 45 of the employees in the parent company are female. The Board and management work to promote gender equality in all aspects of the business, however the recruitment of female employees is a challenge to the industry in general.

The total number of employees in the Group was 858 at 31.12.2020 compared to 866 at 31.12.2019. 93 of the employees in the Group are female.

The Group has an objective of zero absence from work due to injury and strives to improve routines and systems in order to maximize operational safety. In 2020, 13 work incidents were reportable, the equivalent number in 2019 was 7. Adjusted for labor hours, the Total Recordable Case Frequency Rate was still low at 4. Management initiatives continue to focus on reducing the number of incidents by enhancing safety culture initiatives, and ensure high HSE reporting.

The parent company is a member of the IA agreement ("Inclusive Work Environment") whereby focus on work environment is strengthened. Sick leave in 2020 at Group level totaled 5.1% which is an increase with 0.4 percentage points compared with 2019.

The Board of Directors are all men, who are representatives for the largest shareholders.

External environment

The parent company is ISO 14001 certified for environment management and systematically works to survey and reduce the environmental impact from the vessels under management. Further, the work involves definition of goals and the necessary management systems required to achieve these goals. The fleet, managed by the Group, reduced the CO2 emission by 1.9% in port, 3,3% reduction in transit and a 2.5% increase for vessel operational activity.

The environmental improvement plan includes focus on the following main areas:

- Reductions in emissions by use of environmental technology, reduction in baseline fuel consumption, cleaning of exhaust and installation of Energy Storage Systems and batteries
- Selection and handling of chemicals
- Waste management
- Handling of environmentally harmful substances from marine and subsea operations

Financial risk

The Group is exposed to financial risk as revenue is mainly derived from management and support services to vessel owning entities. The demand for the Group's services was negatively impacted by the overall market downturn starting in 2015, in addition to low oil prices and Covid-19 implications in 2020 and 2021. Market state has somewhat improved through 2021 with more vessel activity. An additional two vessels were added to the managed fleet in 2020.



The liquidity status is satisfactory, but the Group is dependent on regular settlement of monthly expenditure invoices from ship owners.

The Group does not have external debt beyond accounts payable and financing provided by related parties. The risk of loss is considered to be relatively low, subject to the going concern assumption for the Island Offshore Group.

Future outlook

The Group's future outlook is closely connected to the development of the offshore oil and gas market, and specifically the activities and fleet employment status of the vessels owned by the Island Offshore Group. The markets have been significantly impaired by the COVID-19 pandemic and the associated global collapse of oil demand and associated activity, however the overall market outlook has improved in 2021.

Overall, activity is expected to increase in 2021 and 2022 compared to 2020. There are signs of market improvement across vessel segments with improved employment status for the fleet managed by the Group. Despite improvement in contract flow, visibility is limited beyond expiry of current contracts and vessel profitability needs to improve further. The share of activity towards the Renewables market is increasing but Oil & Gas is still the most important market. Going forward ensuring presence in diversified markets will be important to develop the business and maximize vessel utilization.

The Board of Directors continue to monitor the financial situation of the Company closely and will assess the need for capital contributions going forward.

Other matters

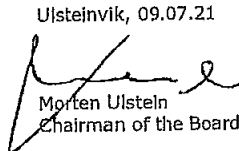
Beyond the above, the Board of Directors is not aware of any subsequent events that could be significant for the evaluation of the Group's financial position and results. Reference is made to the income statement, balance sheet and cash flow analysis.

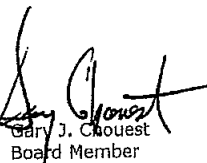
Allocation of results for the parent company:

The Board proposes the following allocation of the 2020 net loss of NOK 6,537,229 :

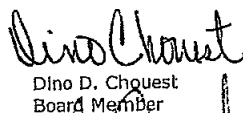
Transferred to other equity NOK -6 537 229

Ulsteinvik, 09.07.21

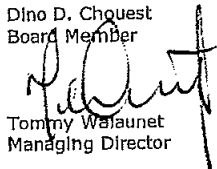

Morten Ulstein
Chairman of the Board


Gary J. Chouest
Board Member


Per Spørre
Board Member


Dino D. Chouest
Board Member


Håvard Ulstein
Board Member


Tommy Walaunet
Managing Director

**Income statement****Island Offshore Management AS Group**

Parent				Group	
2019	2020		Notes	2020	2019
593 403 184	601 813 465	Sales income		769 048 337	821 586 648
1 050 933	504 978	Other operating income		504 978	1 050 933
594 454 117	602 318 443	Operating income	2,6	769 553 315	822 637 581
0	0	Materials and consumables		0	0
565 378 251	597 876 777	Payroll expenses	3,7	761 667 227	793 329 354
196 955	462 223	Depreciation	4	465 356	233 482
26 438 356	5 798 551	Other operating expenses	3,6	8 564 182	28 619 096
2 440 555	-1 819 109	Operating profit		-1 143 450	455 650
-463 048	329 693	Income on investment in subsidiary	5	0	0
27 624 402	15 631 731	Income from associated companies	5	15 631 731	26 360 961
5 465 125	8 720 850	Interest receivable	6	8 776 375	5 639 492
8 062 392	9 406 929	Other financial income	12	9 406 929	8 062 392
0	32 455 503	Write-down on financial assets	6	32 455 503	0
2 123 882	5 787	Interest expenses	6	155 501	2 126 631
3 490 582	12 473 965	Other financial expenses	12	12 473 965	3 499 069
37 514 961	-12 665 160	Ordinary result before tax		-12 413 384	34 892 795
2 445 649	-6 127 932	Tax on ordinary result	8	-6 110 017	1 377 612
35 069 312	-6 537 229	Net profit for the year		-6 303 367	33 515 183
0	0	Minority interest		233 861	-66 682
35 069 312	-6 537 229	Net profit after minority		-6 537 228	33 581 865
		Transfer			
35 069 312	-6 537 228	Transfer to other equity	9	-6 537 228	33 581 865
35 069 312	-6 537 228	Total transfers	9	-6 537 228	33 581 865

Island Offshore Management AS Group

**Balance sheet**

Island Offshore Management AS Group

Parent				Group	
2019	2020		Notes	2020	2019
		Assets			
		Fixed assets			
7 881 747	14 009 679	Deferred tax assets	8	16 409 689	10 246 717
7 881 747	14 009 679	Total intangible assets		16 409 689	10 246 717
		Tangible fixed assets			
840 148	1 015 815	Office machines and fittings		1 015 815	842 175
840 148	1 015 815	Total tangible assets	4	1 015 815	842 175
		Financial fixed assets			
2 502 004	3 131 697	Investments in subsidiaries	5	0	0
45 923 029	61 554 760	Investment in associated companies	5	47 492 479	31 860 748
253 304 094	222 929 136	Loan to associated companies	6	222 929 136	253 304 094
115 000	115 000	Investments in shares		115 000	115 000
8 871 728	1 062 631	Other long term receivables	7	1 062 631	2 954 589
310 715 855	288 793 223	Total financial fixed assets		271 599 245	288 234 431
319 437 750	303 818 718	Total fixed assets		289 024 750	299 323 323
		Current assets			
9 960 798	36 803 597	Stock	11	36 803 597	9 960 798
		Debtors			
66 867 184	7 271 985	Accounts receivables	6	20 296 633	83 614 834
215 646 693	194 859 622	Other receivables	6	200 821 095	215 898 681
282 513 876	202 131 607	Total debtors		221 117 728	299 513 515
64 204 061	49 814 837	Cash and bank deposits	3	66 760 895	76 362 104
356 678 735	288 750 040	Total current assets		324 682 220	385 836 417
676 116 485	592 568 758	Total assets		613 706 970	685 159 740

Island Offshore Management AS Group



Notes to the financial statements 2020

Island Offshore Management AS & Group

NOTE 1 ACCOUNTING PRINCIPLES

The financial statements are prepared in accordance with the Norwegian Accounting Act and Generally Accepted Accounting Principles in Norway.

Revenue recognition

Revenue is recognized based on the time delivery, whereby the time of delivery is defined as the time at which risk and control is transferred to the buyer. Revenue from services is recognized as delivered. The share of revenue related to future services is capitalized as deferred revenue at the time of sale, and recognized as revenue in accordance with services delivered.

Classification and valuation of balance sheet items

Assets to be owned or utilized on a permanent basis, and receivables falling due later than one year from the end of the accounting period are classified as fixed assets. Other assets are classified as current assets. Analogue criteria apply to liabilities.

Current assets are valued at the lower of acquisition cost and market value. Fixed assets are valued at acquisition cost, and depreciated linearly over the expected economic life of the asset. If asset value decreases, the asset is written down to market value. The write-down is reversed if the basis for the initial write-down ceases.

Fixed assets

Fixed assets are capitalized and depreciated over the expected economic life of the asset if the expected lifetime exceeds 3 years and the acquisition cost exceeds NOK 15.000. Maintenance of assets is expenses as other operating expenses.

Consolidation

The consolidated statements include Island Offshore Management AS and companies where Island Offshore Management AS has a controlling interest. Controlling interest is normally in place when the Group owns more than 50% of the shares of the company and is in a position to exercise actual control. The minority interest is included in the consolidated equity. Transactions between Group companies are eliminated. The consolidated statements are prepared on the basis of consistent accounting principles whereby subsidiaries apply the same principles as the parent company.

Entities acquired or sold during the year are included in the consolidated statements from the date actual control is obtained and until actual control ceases. Excess value regarding purchase of shares is investigated, identified and recorded as tangible and/or intangible assets including goodwill valuation in accordance with the majority share.

In the group financial statements, the item shares in subsidiaries are replaced with the subsidiaries assets and liabilities. In preparation of the group financial statement, the group is considered as one independent financial unit.

Subsidiaries, associated companies

Investments in subsidiaries and associated companies are valued in Parent company in accordance with equity method. Investments in associated companies are valued in accordance with equity method both for Parent company and Group.

Receivables

Accounts receivable and other receivables are recorded at initial value less a provision for doubtful accounts. The provision for doubtful accounts is recorded based on an individual assessment of outstanding items.



Notes to the financial statements 2020

Island Offshore Management AS & Group

Pensions

Pension costs and liabilities were in 2019 estimated linearly based upon assumptions regarding discount rate, future payroll adjustment, pensions and contributions from National Insurance schemes, expected return on pension assets, in addition to actuarial assumptions regarding mortality rates, voluntarily retirement etc. Changes in the pension liability as a result of changes in assumptions and estimates were expensed systematically over the remaining earning period. Social security tax was accrued in accordance with changes in the pension liability. The plan gave the employees a right to a defined future pension benefit. The collective pension plan was financed by funds deposited to an insurance company. In 2020, the tariff parties decided to terminate the collective pension plan and introduce pension contribution scheme for all employees financed by the operation of the Company. In addition, introduction for mandatory early retirement pension scheme (AFP).

Taxes

The tax expense in the income statement includes both taxes payable and change in deferred tax. Deferred tax is calculated as 22% of the temporary differences between tax and accounting values, and eventual tax losses carried forward at the end of the accounting year. Tax reducing and tax increasing differences are offset if reversible. Any net deferred tax asset is recorded in the balance sheet if expected future profitability makes utilization probable. Deferred tax liability and deferred tax assets are presented net in the balance sheet.

Cash flow statement

The cash flow statement is prepared by using the indirect method. By using this method, cash flows are reported gross from investment and financing activities, whilst the accounting result is reconciled to net cash flow from operating activities. Cash and cash equivalents include cash, bank deposits and other short term liquid investments which can be converted to cash within 3 months from the date of acquisition and with immaterial risk.

Currency

Transactions in foreign currency are recorded at the exchange rate at the transaction date. Current assets, short term liabilities and long term liabilities in foreign currency are recorded at the exchange rate on the balance sheet date.

Government Contribution

The parent company receives government refund compensation ("Refusjonsordningen) for Norwegian seamen on NOR and NIS registered vessels. The refund is recorded based on the accrual principle and refunds are matched with the underlying salary expense on a monthly basis.

Change in Accounting Principle

There have not been any changes in accounting principles from 2019 to 2020.

NOTE 2 REVENUE BY SEGMENT

The Parent company's revenue is generated from crewing services and other fees related to management and supervision of offshore vessels. The services are delivered to vessels operated from Norway.

Agent contracts are recorded net in the financial statements. Total income related to agent contracts is in 2020 NOK 15.904.314 with comparable figure in 2019 NOK 992.992.529.



Notes to the financial statements 2020

Island Offshore Management AS & Group

Summary of sales income:

Parent Company	2020	2019
Crewing services	540 985 122	526 803 229
Management services	59 761 750	60 875 252
Supervision services	285 000	3 135 000
Other services and refund of expenses	1 286 571	3 640 636
TOTAL	602 318 443	594 454 117

Group	2020	2019
Crewing services	708 219 994	754 968 987
Management services	59 761 750	60 875 252
Supervision services	285 000	3 135 000
Other services and refund of expenses	1 286 571	3 658 342
TOTAL	769 553 315	822 637 581

NOTE 3 PAYROLL EXPENSES, EMPLOYEES

PARENT COMPANY			GROUP	
2019	2020	Payroll expenses	2020	2019
447 621 363	463 914 682	Salaries	616 630 094	629 224 221
33 375 559	39 292 865	Hired management salaries	0	0
53 534 033	54 790 982	Social security taxes	84 191 066	89 757 309
26 351 494	35 234 814	Pension expenses	54 427 917	57 613 170
-77 733 529	-90 842 524	Governmental grants	-90 842 524	-77 733 529
82 229 331	95 485 957	Other employee expenses	97 260 673	94 468 183
565 378 251	597 876 776	Total	761 667 226	793 329 354
494	527	Average no of employees	862	883
		Management compensation		
2 500 000	2 575 000	Managing director	2 575 000	2 500 000
		Auditor		
		Remuneration to the auditor can be specified as follows:		
187 400	216 025	Statutory audit services	261 525	211 258
83 474	49 557	Advisory services	49 557	83 474
65 975	118 795	Other audit services	119 420	66 308
336 849	384 377	Remuneration expenses (excl. VAT)	430 502	361 040
16 603 164	17 500 188	Mandatory reserves	28 667 896	26 321 463

The parent company receives government refund compensation ("Refusjonsordningen) for Norwegian seamen on NOR and NIS registered vessels.

The Parent Company has paid NOK 75.000 as Board Fee compensation for 2020.

**Notes to the financial statements 2020**

Island Offshore Management AS & Group

NOTE 4 FIXED ASSETS**Parent company**

	Vehicles, office machines and inventory
Acquisition cost 1.1	14 154 296
Additions	637 890
Acc.depreciation at 31.12	-13 776 371
Book value at 31.12.	1 015 815
Annual depreciation charge	462 223
Economic life	3-5 years
Depreciation plan	Linear

Group

	Vehicles, office machines and inventory
Acquisition cost 1.1	14 317 455
Additions	638 996
Acc.depreciation at 31.12	-13 940 636
Book value at 31.12.	1 015 815
Annual depreciation charge	465 356
Economic life	3-5 years
Depreciation plan	Linear

NOTE 5 SHARES IN SUBSIDIARIES AND ASSOCIATED COMPANIES**Parent company:**

Investments in subsidiaries and associated companies are valued according to equity method.

Associated company:

Recorded in Balance sheet:

in NOK	TIOS AS
	49 %
Balance investments 01.01.	45 923 029
Share of Profit	15 631 731
Balance investment 31.12.	61 554 760



Notes to the financial statements 2020

Island Offshore Management AS & Group

Shares in subsidiaries and associated companies at 31.12. include 49% of value of shares in TIOS AS (Org. No. 988 626 392). Island Offshore Management AS has in March 2020 declared a put option to Technip-Coflexip Holdings UK Limited in order to sell the remaining 49% of shares in TIOS AS. Exercise of the put option is disputed by the Technip-Coflexip Holdings UK Limited and the case will be resolved in the Court of Arbitration in June 2021. According to Norwegian Accounting principles, the shares in TIOS AS are recorded in the balance sheet until final ruling of the Court.

Investments in subsidiaries :

<i>Direct Ownership in:</i>	<i>Business office</i>	<i>Ownership</i>	<i>Book value</i>	<i>Equity 100%</i>	<i>Net result 100%</i>
Island Offshore Crewing AS	Ulsteinvik	100 %	2 273 603	1 376 504	-199 344
IO Ulsteinvik AS	Ulsteinvik	100 %	156 511	152 339	-172 546
Island Offshore Portugal Ltda	Lisboa	75 %	701 583	1 194 808	935 444
			3 131 697	2 723 651	563 554

Investment by the equity method:

in NOK	Island	IO Ulsteinvik	Island	TOTAL
	Offshore Crewing AS	AS	Offshore Portugal Ltda	
	100 %	100 %	75 %	
Balance investments 01.01.	2 472 947	29 057	0	2 502 004
Purchase of shares	-	-	-	-
Sale of Shares	-	-	-	0
Profit	-199 344	-172 546	701 583	329 693
Group contribution	-	300 000	-	300 000
Balance investment 31.12.	2 273 604	156 511	701 583	3 131 697

Group:

Investments in associated companies are valued according to equity method. TIOS AS owns 100% of TIOS Crewing AS (org.no. 996 266 591), 52% of Agat Technology AS (org.no. 997 109 198) and 100% of TechnipFMC Island Offshore Subsea UK Limited.

Associated company:

This year's profit from associated companies:

Associated companies	100% Profit + /	Direct and	Share of
	loss -12-20	indirect ownershare	profit + / loss-
TIOS AS	27 547 765	49 %	13 498 405
TIOS Crewing AS	251 017	49 %	122 998
Agat Technology	3 026 508	49,00 %	1 482 989
TIOS UK LTD	1 076 201	49 %	527 338
sum	31 901 491		15 631 731



Notes to the financial statements 2020

Island Offshore Management AS & Group

Net book value associated companies:

GROUP	
in NOK in Balance Sheet	TIOS Group
	49 %
Value of investment 01.01.	31 860 748
This year's profit + / loss -	15 631 731
Balance investment 31.12.	47 492 480

The Company considers the net book value of the investment in TIOS AS with subsidiaries to be fair and sustainable at 31.12.2020.

NOTE 6 TRANSACTIONS WITH RELATED PARTIES

Related party balances, Parent company:

	2020	2019
Accounts receivable	-	-
Other long term receivables	222 929 136	253 304 094
Other short term receivables	132 687 902	169 028 808
Accounts payable	-	(14 651 162)
Other short term liabilities	(143 350 301)	(152 611 339)

Other short-term receivables comprises receivables due from Island Offshore ship owning companies. The Parent Company has in 2020 received NOK 30.4 mill as settlement long-term receivable from TIOS AS. The parent company has provided loans to Borgstein AS and Island Investment LLC, companies which are controlled by the ultimate owners of the Parent company, included in the line item other long term receivables.

The Parent Company has written down the book value of receivables by NOK 32.5 mill at 31.12.20 shown as financial expenses in the Income Statement. The provision reflects the increased risk of incurring a loss reason towards one specific customer, due to market state and vessel profitability.

Other short term liabilities are mainly towards Nor Management LLC, IO Ulsteinvik AS, Island Navigator Holding KS and Island Offshore Shipholding, L.P. in addition to prepayments from ship owners NOK -107.6 mill relating to vessel operating expenses.

Loan agreements for receivables / payables with related parties have been established. All loans are charged interest at market rates.



Notes to the financial statements 2020

Island Offshore Management AS & Group

Transactions with related parties, parent company:

	2020	2019
Crew services	540 985 122	526 803 229
Contract revenue	15 904 314	992 992 529
Purchases	678 129 340	587 552 263
Management services	59 761 750	60 875 252
Supervision services	285 000	3 135 000
Interest income	2 657 882	3 022 166
Interest cost	-	(2 066 708)

The parent company has agreements for delivery of ship management services to vessels owned by the Island Offshore Group. Services include crewing, purchase, administration, sales, accounting and technical operations. According to the management agreement, the ship owning company refunds all direct costs related to the vessels to the management company. An annual fee is charged based on the arm's length principle. In addition, the parent company serves as agent contract party on behalf of certain ship owning entities. This is presented net in the financial statement as agent contracts.

Related party balances at 31.12., Group

Group:

	2020	2019
Accounts receivable	14 029 182	16 616 531
Other long term receivables	222 929 136	253 304 094
Other short term receivables	133 314 518	169 028 808
Accounts payable	-	(14 651 162)
Other short term liabilities	(137 636 901)	(141 796 853)

Accounts receivables and short term receivables and liabilities are towards companies in the Island Offshore Shipholding LP and Nor Management LLC. The parent company has provided loans to Borgstein AS and Island Investment LLC shown as other long term receivables. Loan agreements for receivables / payables with related parties have been established and are charged interest at market rates.



Notes to the financial statements 2020

Island Offshore Management AS & Group

Transactions with related parties, Group:

	2020	2019
Crew services	708 219 994	756 402 937
Contract revenue	15 904 314	992 992 529
Purchases	678 169 040	590 025 974
Management services	59 761 750	60 875 252
Supervision services	285 000	3 135 000
Interest income	2 657 882	3 022 166
Interest cost	-	(2 066 708)

NOTE 7 PENSIONS

The Parent company's pension plan included in 2019 438 employees and 579 employees for the group. The plan gave the employees a right to a defined future pension benefit. The collective pension plan was financed by funds deposited to an insurance company. In 2020, the tariff parties decided to terminate the collective pension plan and introduce pension contribution scheme for all employees financed by the operation of the Company. In addition, introduction for mandatory early retirement pension scheme (AFP).

In accordance with Norwegian law, the Company is obliged to offer a pension scheme and this scheme satisfies the requirements in the law. The pension plans offered complies with laws and regulations hereto applicable tariffs.

As a consequence of the discontinuation of the collective pension plan, the pension funds of NOK 8.9 mill recorded as per 31.12.19 is reversed in the balance sheet.

The Company invoices a proportion of the pension cost to the ship owning entities.



Notes to the financial statements 2020

Island Offshore Management AS & Group

Composition of last year's pension costs:

IOM		GROUP	
2019	Secure arrangement	2019	
10 234 613	Present value of this year pension contribution	18 120 772	
2 049 768	Interest expense pension liability	4 728 507	
<u>12 284 381</u>	This years gross pension cost	<u>22 849 279</u>	
-3 334 837	Rate of return on pension contribution	-7 431 873	
772 339	Administration cost	<u>1 634 568</u>	
<u>9 721 883</u>	Net pension cost after administration cost	17 051 974	
0	Transition to defined contribution pension scheme	0	
470 411	Variance due to estimates expensed	506 885	
1 370 785	Social security tax	<u>2 404 328</u>	
<u>11 563 079</u>	This years pension cost incl. Payroll tax	19 963 187	
2019		2019	
89 692 279	Accrued Pension liability 31.12.	168 211 644	
78 046 950	Accrued Pension asset 31.12.	<u>147 630 023</u>	
<u>11 645 329</u>	Net pension 31.12.	<u>20 581 621</u>	
-374 156	Accrued pension premium	3 375 843	
-21 784 892	Variance due to estimate not expensed	-29 814 061	
<u>1 641 991</u>	Social security tax	<u>2 902 008</u>	
<u>-8 871 728</u>	Net balance pension (-funds/+liability) 31.12.	<u>-2 954 589</u>	

Economic assumptions:

2019

Expected rate of return on the pension assets	4.20%
Discount rate	2.30%
Annual wage increase	2.25%
Annual adjustment of pension paid out	0.50%
Annual G-regulation	2.00%

The actuarial assumptions are based on commonly used assumptions within the insurance industry as far as demographic factors are concerned.

NOTE 8 TAXES

Deferred tax is calculated on the basis of temporary differences between accounting and tax values existing at the end of the accounting period.

Negative temporary differences and positive temporary differences that are reversible in the same period are offset and recorded net.



Notes to the financial statements 2020

Island Offshore Management AS & Group

Deferred tax has been calculated on the basis of the following temporary differences:

Parent company			Group	
2019	2020		2020	2019
-1 098 413	-871 448	Fixed assets	-871 448	-1 098 413
-	-	Other differences	-	-
-	-32 455 503	Receivables	-32 455 503	-
8 871 728	-	Pension liabilities	-	2 954 589
7 773 315	-33 326 951	Total temporary differences	-33 326 951	1 856 176
-43 599 437	-30 353 411	Tax losses carried forward	-41 262 553	-48 432 164
-35 826 122	-63 680 362	Total temporary difference and tax losses carried forward	-74 589 504	-46 575 988
		Effect change in tax rate Group Contribution	-	-
-35 826 122	-63 680 362	Basis for Deferred Tax Calculation	-74 589 504	-46 575 988
		Deferred tax (+) /deferred tax advantage (-) financial statement	-16 409 689	-10 246 717
-7 881 747	-14 009 679		22 %	22 %
22 %	22 %			

A specification of the differences between accounting profit before tax and taxable profit is presented below:

Parent company			Group	
2019	2020		2020	2019
37 514 961	-12 665 160	Profit before taxes	-12 413 384	34 892 795
		<i>Permanent differences</i>		
866 399	772 345	Non-deductible expenses	772 345	866 399
		Sale of shares / share of profit- /loss+ from subsidiaries and associated companies	-15 631 731	-26 360 961
		<i>Change in temporary differences</i>		
-410 850	-226 965	Fixed asset	-226 965	-410 850
-1 665 639	8 871 728	Pension liabilities	2 954 589	-1 371 587
0	32 455 503	Receivables	32 455 503	
0		Foreign taxes and other differences	-740 737	1 747 828
9 143 517	13 246 027	Annual tax basis	7 169 620	9 363 624
-9 143 517	-13 246 027	Use of deferred tax losses	-7 169 620	-9 363 624
0	0	Payable taxes	0	0
22 %	22 %	Tax rate	22 %	22 %



Notes to the financial statements 2020

Island Offshore Management AS & Group

The annual tax expenses comprise:

Parent company			Group	
2019	2020		2020	2019
0	0	Taxes paid abroad	52 955	-1 051 769
-	-	Taxes payable	-	-
2 445 649	-6 127 932	Changes in deferred tax	-6 162 972	2 429 381
2 445 649	-6 127 932	Tax on ordinary results	-6 110 017	1 377 612

NOTE 9 EQUITY

Parent company:

	Share capital	Other equity	Total
Equity 1.1	100 000	291 254 801	291 354 801
<i>Change in equity</i>			-
This year's net result		-6 537 229	-6 537 229
Equity 31.12.	100 000	284 717 572	284 817 572

Group:

	Share capital	Other equity	Minority Interests	Total
Equity 1.1	100 000	276 438 752	49 168	276 587 920
<i>Change in equity</i>				
Change and Currency effect		47 019	15 673	62 692
This year's net result		-6 537 228	233 861	-6 303 367
Equity 31.12.	100 000	269 948 543	298 702	270 347 245



Notes to the financial statements 2020

Island Offshore Management AS & Group

NOTE 10 SHARE CAPITAL

The share capital of NOK 100.000 consists of 1.000 shares at NOK 100.

Ownership

Shareholders at 31.12.:

<u>Shareholders</u>	<u>No of shares</u>	<u>Ownership</u>
Nor Management LLC	1 000	100 %
TOTAL	1 000	100 %

NOTE 11 STOCK

In October 2020, the related party Island Navigator Holding KS decided to sell the project specific equipment to its manager Island Offshore Management AS for MNOK 26.8 mill. The Manager has in employment, employees with the expertise, know-ledge and the necessary relations to the market in order to realize the stock.

The stock of spare parts to be used onboard the vessels, are valued at the lowest of cost price and market value.

NOTE 12 SPECIFICATION OF ITEMS

Parent Company:

Other financial income comprises:

	<u>2020</u>	<u>2019</u>
Other financial income	1 203	-
Unrealized currency gain	6 525 236	-
Realized currency gain	2 880 490	8 062 392
Total other interest income	9 406 929	8 062 392

**Notes to the financial statements 2020**

Island Offshore Management AS & Group

Other financial expenses comprise:

	<u>2020</u>	<u>2019</u>
Currency loss	10 765 653	3 904 731
Other financial costs and refunded finance costs	<u>1 708 312</u>	<u>-414 149</u>
Sum other financial costs	<u>12 473 965</u>	<u>3 490 582</u>

Group:

Other financial income comprises:

	<u>2020</u>	<u>2019</u>
Other financial income	1 203	-
Unrealized currency gain+/-loss-	6 525 236	-
Realized currency gain	<u>2 880 490</u>	<u>8 062 392</u>
Total other interest income	<u>9 406 929</u>	<u>8 062 392</u>

Other financial expenses comprise:

	<u>2020</u>	<u>2019</u>
Currency loss	10 765 653	3 908 067
Other financial costs and refunded financial costs	<u>1 708 312</u>	<u>-408 998</u>
Sum other financial costs	<u>12 473 965</u>	<u>3 499 069</u>

NOTE 13 GOING CONCERN

The Company and Group does not have external loans except short-term loans to related parties.

Due to the continued state of the market and the implications for earnings and cash flow, the major customer of the Parent company, the Island Offshore Group, is negotiating with stakeholders for agreements effective post 2020. The objective is to conclude the process as soon as possible, but additional time is required due to the complexity of the restructuring. The discussions are constructive and progressing; however, no assurances can be given as to when a conclusion is attainable involving all companies and stakeholders. The Island Offshore Group is in a challenging financial position, and the viability of the Island Offshore Group will require a long-term agreement with secured and unsecured creditors to strengthen the financial situation.

Further, market state in 2020 has been significantly impaired by the COVID-19 pandemic and the immediate effect on market activity and cost of operations. The assessment is that the Island Offshore Group has the resources, organization, competence, assets and customer base to continue being a going concern.



Notes to the financial statements 2020

Island Offshore Management AS & Group

In accordance with the Norwegian Accounting Act § 3-3a the Board of Directors thus confirms that the financial statements are prepared on the basis of a going concern assumption. The basis for this assumption is the financial position of the Company at 31.12.2020, and the condition that a new restructuring agreement for the Island Offshore Group is agreed and made effective with secured and unsecured lenders.

NOTE 14 EVENTS AFTER THE BALANCE SHEET DATE AND COVID -19

In February 2018, the parent company Island Offshore Management AS signed an agreement to sell 51% of the shareholdings in the subsidiary TIOS AS. Island Offshore Management AS has in March 2020 declared a put option to Technip-Coflexip Holdings UK Limited in order to sell the remaining 49% of shares in TIOS AS. The put option was disputed and the case is being processed in the Court of Arbitration in June 2021.

The COVID-19 pandemic is causing operational disruptions to vessel activity and increases the overall risk of activity deferrals and cancellations. Accordingly, the demand for vessels has also declined across markets and there is increased risk of negative future financial implications for the Company.

The Board of Directors continue to monitor the financial situation of the Company closely and will assess the need for capital contributions going forward.



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INDEPENDENT AUDITOR'S REPORT

To the Annual Shareholders' Meeting of Island Offshore Management AS

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Island Offshore Management AS, which comprise the financial statements for the parent company and the Group. The financial statements for the parent company and the Group comprise the balance sheets 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 and the Group as at 31 December 2020 and their 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 and the Group 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 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.

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 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;
- ▶ obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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 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, 13 July 2021
ERNST & YOUNG AS

The auditor's report is signed electronically

Jørn Knutsen
State Authorised Public Accountant (Norway)

Penneo Dokumentnøkkel: 0AUA8-ZCYL6-1YL15-LAEWA-MTX35-DJ8GE



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Jørn Knutsen

Statsautorisert revisor

På vegne av: Ernst & Young AS

Serienummer: 9578-5992-4-3012515

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