



## ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2022 - GENERELL INFORMASJON

### Enheten

Organisasjonsnummer: 991 219 250  
Organisasjonsform: Aksjeselskap  
Foretaksnavn: I O S OFFSHORE HOLDING AS  
Forretningsadresse: Finnestadgeilen 11  
4029 STAVANGER

### Regnskapsår

Årsregnskapets periode: 01.01.2022 - 31.12.2022

### Konsern

Mørselskap i konsern: Ja  
Konsernregnskap lagt ved: Ja

### Regnskapsregler

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

### Årsregnskapet fastsatt av kompetent organ

Bekreftet av representant for selskapet: Kjell Arne Egeland  
Dato for fastsettelse av årsregnskapet: 05.07.2023

### Grunnlag for avgivelse

År 2022: Årsregnskapet er elektronisk innlevert  
År 2021: Tall er hentet fra elektronisk innlevert årsregnskap fra 2022

*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, 24.12.2024



### Resultatregnskap

Beløp i: NOK	Note	2022	2021
<b>RESULTATREGNSKAP</b>			
<b>Kostnader</b>			
Annen driftskostnad		51 538	
<b>Sum kostnader</b>		<b>51 538</b>	
<b>Driftsresultat</b>		<b>-51 538</b>	
<b>Finansinntekter og finanskostnader</b>			
Inntekt på investering i datterselskap og tilknyttet selskap		55 397 126	
Annen renteinntekt		83 591	
<b>Sum finansinntekter</b>		<b>55 480 717</b>	
Rentekostnad til foretak i samme konsern		15 000 000	
Annen rentekostnad		1 700	
<b>Sum finanskostnader</b>		<b>15 001 700</b>	
<b>Netto finans</b>		<b>40 479 017</b>	
<b>Ordinært resultat før skattekostnad</b>		<b>40 427 479</b>	<b>0</b>
Skattekostnad på ordinært resultat		8 894 046	
<b>Ordinært resultat etter skattekostnad</b>		<b>31 533 433</b>	<b>0</b>
<b>Årsresultat</b>		<b>31 533 433</b>	<b>0</b>
<b>Overføringer og disponeringer</b>			
Overføringer til/fra annen egenkapital		31 533 433	
<b>Sum overføringer og disponeringer</b>		<b>31 533 433</b>	



### Balanse

Beløp i: NOK	Note	2022	2021
<b>BALANSE - EIENDELER</b>			
<b>Anleggsmidler</b>			
<b>Immaterielle eiendeler</b>			
Utsatt skattefordel		4 811 738	
<b>Sum immaterielle eiendeler</b>		<b>4 811 738</b>	
<b>Finansielle anleggsmidler</b>			
Investering i datterselskap		355 802 974	
<b>Sum finansielle anleggsmidler</b>		<b>355 802 974</b>	
<b>Sum anleggsmidler</b>		<b>360 614 712</b>	<b>0</b>
<b>Omløpsmidler</b>			
<b>Varer</b>			
<b>Fordringer</b>			
Andre fordringer		55 397 126	
<b>Sum fordringer</b>		<b>55 397 126</b>	
<b>Bankinnskudd, kontanter og lignende</b>			
Bankinnskudd, kontanter og lignende		5 000 246	
<b>Sum bankinnskudd, kontanter og lignende</b>		<b>5 000 246</b>	
<b>Sum omløpsmidler</b>		<b>60 397 372</b>	<b>0</b>
<b>SUM EIENDELER</b>		<b>421 012 084</b>	<b>0</b>
<b>BALANSE - EGENKAPITAL OG GJELD</b>			
<b>Egenkapital</b>			
<b>Innskutt egenkapital</b>			
Selskapskapital		33 535 440	
Overkurs		79 184 650	
Annen innskutt egenkapital		34 397 948	
<b>Sum innskutt egenkapital</b>		<b>147 118 038</b>	



## Balanse

<b>Beløp i: NOK</b>	<b>Note</b>	<b>2022</b>	<b>2021</b>
<b>Sum egenkapital</b>		<b>147 118 038</b>	<b>0</b>
<b>Gjeld</b>			
<b>Langsiktig gjeld</b>			
<b>Annen langsiktig gjeld</b>			
Langsiktig konserngjeld		250 000 000	
<b>Sum annen langsiktig gjeld</b>		<b>250 000 000</b>	
<b>Sum langsiktig gjeld</b>		<b>250 000 000</b>	<b>0</b>
<b>Kortsiktig gjeld</b>			
Betalbar skatt		8 894 046	
Kortsiktig konserngjeld		15 000 000	
<b>Sum kortsiktig gjeld</b>		<b>23 894 046</b>	
<b>Sum gjeld</b>		<b>273 894 046</b>	<b>0</b>
<b>SUM EGENKAPITAL OG GJELD</b>		<b>421 012 084</b>	<b>0</b>



## Brønnøysundregistrene

### ÅRSREGNSKAP FOR REGNSKAPSÅRET 2022 - GENERELL INFORMASJON

Journalnummer: 2023 680855

#### Enheten

Organisasjonsnummer: 991 219 250  
Organisasjonsform: Aksjeselskap  
Foretaksnavn: I O S OFFSHORE HOLDING AS  
Forretningsadresse: Finnestadgeilen 11  
4029 STAVANGER

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Konsernregnskap lagt ved: Ja

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Benyttet ved utarbeidelsen av  
årsregnskapet til selskapet: Regnskapslovens alminnelige regler  
Benyttet ved utarbeidelsen av  
årsregnskapet til konsernet: -

#### Årsregnskapet fastsatt av kompetent organ

Bekreftet av representant for selskapet: Kjell Arne Egeland  
Dato for fastsettelse av årsregnskapet: 05.07.2023

#### Grunnlag for avgivelse

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Brønnøysundregistrene, 16.08.2023



Organisasjonsnr: 991 219 250  
I O S OFFSHORE HOLDING AS

## RESULTATREGNSKAP

<b>Beløp i: NOK</b>	<b>Note</b>	<b>2022</b>	<b>2021</b>
<b>RESULTATREGNSKAP</b>			
<b>Kostnader</b>			
Annen driftskostnad		51 538	
<b>Sum kostnader</b>		<b>51 538</b>	
<b>Driftsresultat</b>		<b>-51 538</b>	
<b>Finansinntekter og finanskostnader</b>			
Inntekt på investering i datterselskap og tilknyttet selskap		55 397 126	
Annen renteinntekt		83 591	
<b>Sum finansinntekter</b>		<b>55 480 717</b>	
Rentekostnad til foretak i samme konsern		15 000 000	
Annen rentekostnad		1 700	
<b>Sum finanskostnader</b>		<b>15 001 700</b>	
<b>Netto finans</b>		<b>40 479 017</b>	
<b>Ordinært resultat før skattekostnad</b>		<b>40 427 479</b>	<b>0</b>
Skattekostnad på ordinært resultat		8 894 046	
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<b>Årsresultat</b>		<b>31 533 433</b>	<b>0</b>
<b>Overføringer og disponeringer</b>			
Overføringer til/fra annen egenkapital		31 533 433	
<b>Sum overføringer og disponeringer</b>		<b>31 533 433</b>	



Organisasjonsnr: 991 219 250  
I O S OFFSHORE HOLDING AS

## BALANSE

Beløp i: NOK	Note	2022	2021
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### BALANSE - EIENDELER

#### Anleggsmidler

##### Immaterielle eiendeler

Utsatt skattefordel		4 811 738	
<b>Sum immaterielle eiendeler</b>		<b>4 811 738</b>	

##### Finansielle anleggsmidler

Investerings i datterselskap		355 802 974	
<b>Sum finansielle anleggsmidler</b>		<b>355 802 974</b>	

<b>Sum anleggsmidler</b>		<b>360 614 712</b>	<b>0</b>
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#### Omløpsmidler

##### Varer

##### Fordringer

Andre fordringer		55 397 126	
<b>Sum fordringer</b>		<b>55 397 126</b>	

##### Bankinnskudd, kontanter og lignende

Bankinnskudd, kontanter og lignende		5 000 246	
<b>Sum bankinnskudd, kontanter og lignende</b>		<b>5 000 246</b>	

<b>Sum omløpsmidler</b>		<b>60 397 372</b>	<b>0</b>
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<b>SUM EIENDELER</b>		<b>421 012 084</b>	<b>0</b>
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### BALANSE - EGENKAPITAL OG GJELD

#### Egenkapital

##### Innskutt egenkapital

Selskapskapital		33 535 440	
Overkurs		79 184 650	
Annen innskutt egenkapital		34 397 948	
<b>Sum innskutt egenkapital</b>		<b>147 118 038</b>	

<b>Sum egenkapital</b>		<b>147 118 038</b>	<b>0</b>
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#### Gjeld

##### Langsiktig gjeld

##### Annen langsiktig gjeld

Langsiktig konserngjeld		250 000 000	
<b>Sum annen langsiktig gjeld</b>		<b>250 000 000</b>	



Sum langsiktig gjeld	250 000 000	0
<b>Kortsiktig gjeld</b>		
Betalbar skatt	8 894 046	
Kortsiktig konserngjeld	15 000 000	
Sum kortsiktig gjeld	23 894 046	
Sum gjeld	273 894 046	0
<b>SUM EGENKAPITAL OG GJELD</b>	<b>421 012 084</b>	<b>0</b>



Organisasjonsnr: 991 219 250  
I O S OFFSHORE HOLDING AS

NOTEOPPLYSNINGER - SELSKAP - alle poster oppgitt i hele tall

## Note

Antall årsverk i regnskapsåret  
0.00

Sum Beløp

Balanseført verdi 31.12. Varige driftsmidler Immaterielle eiend.

## Konsernregnskap

Morselskapet sitt navn

Forretningskontor for morselskapet

## Begrunnelse for at datterselskap er utelatt fra konsolideringen

Samlet beløp - tilknyttet selskap Årets Fjorårets

Samlet beløp - foretak i samme konsern Årets Fjorårets

Samlet beløp - foretak i samme konsern Årets Fjorårets

Samlet beløp - felles kontrollert virksomhet Årets Fjorårets

Pantstillelse Beløp

Beholdning av egne aksjer Antall Pålydende Andel av aksjek.



## IOS Offshore Holding AS

### Board of Directors' report 2022

#### **Business and location**

The principal business activities of IOS Offshore Holding AS, provided through its subsidiary companies InterMoor AS and Claxton Engineering Services AS, is the sale and rental of mooring equipment and other services to the oil and gas industry. The activity is on the Norwegian continental shelf. The company also provides sales and service to offshore wind and to offshore fish farms. Equipment sales are generated from the subsidiaries of the company's facilities at Stavanger and Sola, whereas service activities are generated from facilities in Stavanger and Sløvågen.

The shareholder and parent company of IOS Offshore Holding AS is Acteon Group Ltd, which owns 100% of the shares.

Consolidated financial statements are prepared by Acteon Group Limited and are available from Ferryside, Ferry Road, Norwich NR1 1SW, England.

IOS Offshore Holding AS had no turnover in either 2022 or 2021. Profit before taxation in 2022 was MNOK 40.4 compared to loss MNOK 24.8 in the previous year. The change in results was due to the company receiving a higher group contribution in 2022 of MNOK 55.4 compared to MNOK 15.0m in 2021. 2021 also included an impairment charge on the investment value in Claxton Engineering Services AS of MNOK 24.8. There was no such charge in 2022.

Equity as at 31.12.2022 of IOS Offshore Holding AS was MNOK 147.1 compared to MNOK 115.6 as at 31.12.2021.

#### **Cash flow statement**

Cash inflow from operations during the year amounted to MNOK 0.04. The difference between the cash inflow and operating loss of MNOK (0.05) is MNOK 0.09. This relates to interest items, dividends and changes in intercompany balances.

#### **Research and development**

When the Company (including its subsidiary companies) performs any research and development it is part of an overall project, and the cost is expensed.

#### **Employees/board**

The Company had no employees.

The Company has a neutral policy in relation to equality of opportunity and treatment between genders. The company has in place Directors liability insurance with a total coverage of £20m through Acteon Group Limited.

#### **Going concern**

It has been assumed the Company is a going concern and the 2022 financial statements have been drawn up under this assumption with reference to the act of accounting § 4-5.

#### **Environment**

The Company's (and its subsidiaries) operations do not harmfully influence the environment.



**Future development**

There is always some uncertainty when evaluating future markets. The company has evaluated the level of activity on the Norwegian continental shelf for 2023 and expects activity at the same level compared to 2022. In the long term the market is expected to continue to improve.

**Financial risk**

The Board believes the Company's financial position is good, for both profit and financial strength.

The Company recognized accrued income from a group contribution from InterMoor AS of MNOK 55.4. The equity increased by MNOK 31.5 from MNOK 115.6 to MNOK 147.1.

**Market risk**

The company's main market is the oil and gas industry on the Norwegian continental shelf, both production drilling and exploration drilling. Consequently, the world's demand for oil and gas and substantial changes in the oil price can lead to changes in activity levels, primarily in exploration drilling activities. It is expected there will be a stable number of rigs and wells in 2023 compared to 2022 in Norway.

Mooring solutions, quantity of equipment and duration is also dependent on water depth, sea-bed infrastructure, mooring analysis, sea-bed conditions, rates for anchor handling vessels and weather/time of year, all of which will influence the level of rental revenues.

**Credit risk**

The credit risk of the Company (including its subsidiaries) is estimated to be low. The main customer base is represented by oil and drilling companies which are financially strong.

**Liquidity risk**

The Board evaluates the liquidity risk of the Company (including its subsidiaries) to be low. Investments in fixed assets during 2022 have been funded by its own finance. The surplus liquid capital of its subsidiary company, InterMoor AS, has been placed within the group as a short-term receivable of MNOK 39.3 and no company has any external financing. The financial position therefore at the year-end allows for financial flexibility.

**Coronavirus pandemic.**

The company has not been significantly affected by the coronavirus pandemic.

**Post year end events, including the consequences of the Coronavirus pandemic.**

No events have happened since the year-end that would have a material effect on the Company's 2022 reported profit and loss account and balance sheet.

Stavanger, 5. 7. 2023

In the Board for IOS Offshore Holding AS

David M Zuydam  
Chairman of the Board

Bernhard Bruggaier  
Board member/Managing Director

David Smith  
Board member



**IOS Offshore Holding AS**  
**Financial statements 2022**



All figures in 1 NOK

## IOS Offshore Holding AS

### PROFIT & LOSS ACCOUNT

	Note	2022	2021
Other operating expenses	6	<u>(51,538)</u>	<u>(19,062)</u>
<b>Total Operating expenses</b>		<b><u>(51,538)</u></b>	<b><u>(19,062)</u></b>
<b>Operating loss</b>		<b><u>(51,538)</u></b>	<b><u>(19,062)</u></b>
Income on investment in subsidiary	9	55,397,126	15,011,820
Other interest income		83,591	12,042
Amounts written off investments	2	0	(24,765,440)
Other interest cost	9	(15,001,700)	(15,004,800)
<b>Profit/(loss) before tax</b>		<b><u>40,427,479</u></b>	<b><u>(24,765,440)</u></b>
Tax charge on profit/(loss)	5	<u>(8,894,046)</u>	<u>(1)</u>
<b>Net profit/(loss) for the year</b>		<b><u>31,533,433</u></b>	<b><u>(24,765,441)</u></b>
<b>Transfer of profit/(loss)</b>			
Allocated to/(covered from) other equity		<u>31,533,433</u>	<u>(24,765,441)</u>
<b>Total</b>		<b><u>31,533,433</u></b>	<b><u>(24,765,441)</u></b>



All figures in 1 NOK

## IOS Offshore Holding AS

### BALANCE SHEET AS AT 31.12

ASSETS	Note	2022	2021
<b>FIXED ASSETS</b>			
Deferred tax	5	4,811,738	4,811,738
<b>Total deferred tax</b>		<b>4,811,738</b>	<b>4,811,738</b>
<b>Financial fixed assets</b>			
Investment in subsidiaries	2	355,802,974	355,802,974
<b>Total financial fixed assets</b>		<b>355,802,974</b>	<b>355,802,974</b>
<b>Total Fixed Assets</b>		<b>360,614,712</b>	<b>360,614,712</b>
<b>CURRENT ASSETS</b>			
<b>Receivables</b>			
Other receivables	8	55,397,126	15,011,819
<b>Total receivables</b>		<b>55,397,126</b>	<b>15,011,819</b>
<b>Bank deposit, cash</b>		<b>5,000,246</b>	<b>4,958,074</b>
<b>Total current assets</b>		<b>60,397,372</b>	<b>19,969,893</b>
<b>Total assets</b>		<b>421,012,084</b>	<b>380,584,605</b>



All figures in 1 NOK

IOS Offshore Holding AS

BALANCE SHEET AS AT 31.12

EQUITY AND LIABILITIES	Note	2022	2021
<b>EQUITY</b>			
<b>Paid in capital</b>			
Share capital	3, 4	33,535,440	33,535,440
Share premium account	3	79,184,650	79,184,650
Other paid in capital	3	100,000	100,000
<b>Total paid in capital</b>		<b>112,820,090</b>	<b>112,820,090</b>
<b>Earned capital</b>			
Other equity	3	34,297,948	2,764,515
<b>Total earned equity</b>		<b>34,297,948</b>	<b>2,764,515</b>
<b>Total equity</b>		<b>147,118,038</b>	<b>115,584,605</b>
<b>LIABILITIES</b>			
<b>Long term liabilities</b>			
Long term debt to group companies	8	250,000,000	250,000,000
<b>Total long term liability</b>		<b>250,000,000</b>	<b>250,000,000</b>
<b>Current liabilities</b>			
Accounts payable - intercompany	8	15,000,000	15,000,000
Taxes payable	5	8,894,046	-
<b>Total current liabilities</b>		<b>23,894,046</b>	<b>15,000,000</b>
<b>Total liabilities</b>		<b>273,894,046</b>	<b>265,000,000</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>421,012,084</b>	<b>380,584,605</b>

Stavanger, 5. 7. 2023

David M Zuydam  
Chairman of the Board

Bernhard Bruggaier  
Director and Managing Director

David Smith  
Director



All figures in 1 NOK

## IOS Offshore Holding AS

### CASH FLOW STATEMENT

	2022	2021
<b>Cash flow from operating activities</b>		
Profit/(loss) before tax	40,427,479	(24,765,440)
Changes in amounts written off investments	-	24,765,440
Taxes paid	-	(7,502,936)
Change in accounts receivables, accounts payable and intercompany payables	(40,385,307)	34,116,475
<b>Net liquidity change</b>	<b>42,172</b>	<b>26,613,539</b>
<b>Cash flow from financing activities</b>		
Dividend paid	-	(25,000,000)
<b>Net cash flow from financing activities</b>	<b>-</b>	<b>(25,000,000)</b>
Net change in cash and cash equivalents	42,172	1,613,539
Cash and cash equivalents at the beginning of the year	4,958,074	3,344,535
<b>Cash and cash equivalents at the end of the year</b>	<b>5,000,246</b>	<b>4,958,074</b>



All figures in 1 NOK

**IOS Offshore Holding AS**

**Notes to the accounts for 2022**

**Note 1 Accounting principles**

The financial statements have been prepared in accordance with generally accepted accounting principles.

**Business and location**

The principal business activity of IOS Offshore Holding AS is that of an investment holding company. The company's activity is based in Stavanger. The company is owned 100% by Acteon Group Ltd. Consolidated accounts are prepared by Acteon Group Ltd and are available from its business address; Ferryside, Ferry Road, Norwich NR1 1SW, England.

**Classification of balances**

Assets intended for permanent ownership or use are classified as fixed assets. Receivables are classified as current assets if settlement is expected within one year after the transaction date. The same criteria has also been applied when classifying liabilities.

**General valuation principles**

Assets are valued at the lower of cost and fair value.

**Investments in and returns on investments in subsidiaries**

The company uses the cost method for investments in subsidiaries. The cost value is reviewed at each year end and reduced for any impairment. Movements in impairments are recognised in the profit and loss account after operating profit or loss.

Group relief and dividends from subsidiaries are recorded in the same year the subsidiary accrues it. Received distributions are initially recorded as income, but if the distribution exceeds the earned profit before acquisition, the excess is recorded as a reduction of value in the balance sheet.

**Tax**

The tax expense in the profit and loss account comprises of both the periods tax payable and change in deferred tax. Deferred tax is calculated using the actual tax rate on the temporary differences between accounting and tax values and any taxable loss carried forward at the year end. Positive and negative temporary differences with the same time frame are netted against each other. Deferred tax assets including tax losses carried forward are only recognised if they can be justified as being recoverable by reference to anticipated future earnings. Deferred tax and deferred tax assets which can be recognised are reported net in the balance sheet.

**Note 2 Shares in other companies**

	Business office	Share/ vote share	Equity 31.12.2022	Carrying value
<b>Subsidiary</b>				
InterMoor AS 31.12.2022	Stavanger	100 %	71,433,168	355,802,974
Claxton Engineering Services AS 31.12.2021	Sola	100 %	9,602,167	-
<b>Total carrying value in subsidiaries</b>				<b>355,802,974</b>

Subsidiary		2022	2021
InterMoor AS	Net profit/(loss)	77,650,062	14,632,678
Claxton Engineering Services AS *	Net profit/(loss)	Not available	4,604,137

\* Year 2021 is the latest available accounts

In the 2021 year the Claxton Engineering Services AS investment value was fully impaired with NOK 24,765,440 being charged to the profit and loss account in that year.

**Note 3 Equity**

	Share capital	Share premium account	Other paid in capital	Other equity	TOTAL
<b>Equity as at 01.01.22</b>	33,535,440	79,184,650	100,000	2,764,515	115,584,605
Net profit for the year	-	-	-	31,533,433	31,533,433
<b>Equity as at 31.12.22</b>	<b>33,535,440</b>	<b>79,184,650</b>	<b>100,000</b>	<b>34,297,948</b>	<b>147,118,038</b>



All figures in 1 NOK

## Note 4 Share capital and shareholder information

The company's share capital is nok 33,535,440, divided into 33,535,440 shares of nok 1 each.

The company's shareholders as of 31.12.22:

	Number of shares	Ownership share
Acteon Group Ltd	33,535,440	100 %
	<u>33,535,440</u>	<u>100 %</u>

IOS Offshore Holding AS, InterMoor AS and Claxton Engineering Services AS are included in the consolidated financial statements of Acteon Group Ltd who's registered office is in Norwich, England.

## Note 5 Tax

### Estimate of deferred tax / deferred tax asset

	2022	2021
<b>Temporary differences</b>		
Unused interest deduction brought forward	21,871,535	21,871,535
<b>Net temporary differences</b>	<b>21,871,535</b>	<b>21,871,535</b>
<b>Subject to deferred tax</b>	<b>21,871,535</b>	<b>21,871,535</b>
<b>22% Deferred tax</b>	<b>4,811,738</b>	<b>4,811,738</b>
<b>Deferred tax in balance</b>	<b>4,811,738</b>	<b>4,811,738</b>

### Basis for the tax expense, change in deferred tax and tax payable

	2022	2021
Profit/(loss) before tax	40,427,479	(24,765,440)
Permanent differences	-	24,765,440
Basis for this years tax expense	40,427,479	-
Change in temporary profit differences	-	-
<b>Basis for the tax expense in the profit and loss account</b>	<b>40,427,479</b>	<b>-</b>
<b>Taxable income (basis for tax payable in the balance sheet)</b>	<b>40,427,479</b>	<b>-</b>

### Breakdown of tax expense

Tax payable (22% of the basis for tax payable in the profit and loss account)	8,894,046	-
<b>Total tax payable</b>	<b>8,894,046</b>	<b>-</b>
Change in deferred tax	-	-
Tax related to previous years	-	1
<b>Tax expense (22%)</b>	<b>8,894,046</b>	<b>1</b>

### Breakdown of tax liability

Tax payable (22% of the basis for the tax payable in the balance sheet)	8,894,046	-
<b>Tax liability in the balance sheet</b>	<b>8,894,046</b>	<b>-</b>

## Note 6 Salary cost, compensations etc

The company had no employees.

There were no costs for salaries or director emoluments in 2021.

Auditor	2022	2021
Statutory audit fee	44,200	12,974
<b>Total</b>	<b>44,200</b>	<b>12,974</b>

All fees are excluding VAT



All figures in 1 NOK

## Note 7 Receivables and debt

Carrying value of secured assets	2022	2021
Shares in subsidiary	355,802,974	355,802,974
<b>Total</b>	<b>355,802,974</b>	<b>355,802,974</b>

The above assets are also pledged as security for:	2022	2021
Liabilities to credit institutions	3,356,068,918	3,251,213,370
<b>Total</b>	<b>3,356,068,918</b>	<b>3,251,213,370</b>

The Company's assets are pledged under a loan facilities agreement with HSBC Bank plc and other banks in relation to the borrowings of its parent company, Acteon Group Ltd.

## Note 8 Inter-company balances

	Other receivables/(payables)	
	2022	2021
Group relief from InterMoor AS	55,397,126	15,011,819
Accounts payable to Acteon UK Financing II (NOK) Ltd	(15,000,000)	(15,000,000)
Long term debt to Acteon UK Financing II (NOK) Ltd	(250,000,000)	(250,000,000)
<b>Total</b>	<b>(209,602,874)</b>	<b>(249,988,181)</b>

The long term debt to Acteon UK Financing II (NOK) Ltd is interest bearing and charged in line with agreed terms of 6.0% Interest accrued for the year is payable on the last day in December. The debt is repayable in full on 3rd August 2025.

## Note 9 Transactions with related parties

Type of transaction	Related company	Relationship	2022
Group contribution received	InterMoor AS	Subsidiary company	55,397,126
Interest cost	Acteon UK Financing II (NOK) Ltd	Subsidiary company	15,000,000



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Enterprise 935 174 627 MVA

To the General Meeting of IOS Offshore Holding AS

## Independent Auditor's Report

### Opinion

We have audited the financial statements of IOS Offshore Holding AS (the Company), which comprise the balance sheet as at 31 December 2022, the income statement and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

### In our opinion

- the financial statements comply with applicable statutory requirements, and
- the financial statements give a true and fair view of the financial position of the Company as at 31 December 2022, and its financial performance and its 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 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 as required by relevant laws and regulations in Norway and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), and we have fulfilled our other ethical responsibilities 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

The Board of Directors and the Managing Director (management) are responsible for the information in the Board of Directors' report. The other information comprises information in the annual report, but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the information in the Board of Directors' report.

In connection with our audit of the financial statements, our responsibility is to read the Board of Directors' report. The purpose is to consider if there is material inconsistency between the Board of Directors' report and the financial statements or our knowledge obtained in the audit, or whether the Board of Directors' report otherwise appears to be materially misstated. We are required to report if

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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. The financial statements use the going concern basis of accounting insofar as it is not likely that the enterprise will cease operations.

#### 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 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 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. We 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

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## Monica Roth Rosnes

Partner

På vegne av: KPMG AS

Serienummer: UN:NO-9578-5997-4-231508

IP: 80.232.xxx.xxx

2023-07-05 09:34:44 UTC



## Monica Roth Rosnes

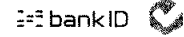
Statsautorisert revisor

På vegne av: KPMG AS

Serienummer: UN:NO-9578-5997-4-231508

IP: 80.232.xxx.xxx

2023-07-05 09:34:44 UTC



Brønnøysundregistrene



Skatteetaten

Vår dato  
14.02.2023

Din/Deres dato  
27.01.2023

Saksbehandler  
Lars Waalorp

800 80 000  
Skatteetaten.no

Din/Deres referanse  
ES/OHH

Telefon  
90833418

Org.nr  
974761076

Vår referanse  
2023/5074313

Postadresse  
Postboks 9200 Grønland  
0134 OSLO

KPMG LAW ADVOKATFIRMA AS  
P.O. Box 57  
4064 STAVANGER

Att. Oda Hapnes

## Tillatelse til å utarbeide årsregnskap og årsberetning på engelsk for I O S Offshore Holding AS, org.nr. 991 219 250

Vi viser til deres brev av 27. januar 2023 der det søkes om dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk for I O S Offshore Holding AS.

Skattekontoret gir på bakgrunn av en konkret helhetsvurdering I O S Offshore Holding AS dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk, jf. regnskapsloven § 3-4 tredje ledd. Dispensasjonen gjelder så lenge opplysningene som danner grunnlaget for vedtaket ikke endres vesentlig.

Kopi av dette brevet må sendes til Regnskapsregisteret i Brønnøysund sammen med årsregnskapet. Den regnskapspliktige må selv dokumentere ved dette brev at tillatelse er gitt.

### Bakgrunn

I O S Offshore Holding AS er eid av et utenlandsk selskap og er en del av et internasjonalt konsern. Selskapet driver virksomhet innen oljeservicebransjen. Virksomheten foregår hovedsakelig i Norge, og kundene er både norske og utenlandske. Selskapet har utenlandske styremedlemmer.

### Skattekontorets 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 mv., 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 skattekontorets 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 skattekontoret lagt særlig vekt på at selskapet er direkte eid av et utenlandsk selskap og er en del av et internasjonalt konsern. Videre er det vektlagt at selskapet driver virksomhet i en internasjonal bransje der alle sentrale aktører behersker og benytter engelsk.

Vennligst oppgi vår referanse ved henvendelse i saken.

Med hilsen

Lars Waalorp  
seniorrådgiver  
Brukerdialog, brukerkontakt  
Skatteetaten

*Dokumentet er elektronisk godkjent og har derfor ikke håndskrevne signaturer.*



Skatteetaten

Vår dato  
08.07.2022

Din/Deres dato  
06.07.2022

Saksbehandler  
Lars Waalorp

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Telefon  
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2022/5609886

Postadresse  
Postboks 9200 Grønland  
0134 OSLO

I O S OFFSHORE HOLDING AS  
Finnestadgeilen 11  
4029 STAVANGER

Att. Aleksander Lee Slang, KPMG Law Advokatfirma AS

## Fritak for konsernregnskapsplikt for I O S Offshore Holding AS, org.nr. 991 219 250

Vi viser til deres henvendelse av 6. juli 2022 hvor dere søker om fritak fra plikten til å utarbeide konsernregnskap for I O S Offshore Holding AS.

Skattekontoret finner med hjemmel i regnskapsloven § 3-7 fjerde ledd å kunne gi tillatelse til at det gjøres unntak for konsernregnskapsplikten for I O S Offshore Holding AS. Dispensasjonen gjelder så lenge opplysningene som danner grunnlaget for vedtaket ikke endres vesentlig.

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

### Bakgrunn

I O S Offshore Holding AS er morselskap i et underkonsern, hvor Acteon Group Ltd. er det ultimate morselskapet og er hjemmehørende i Storbritannia. Konsernregnskap utarbeides av Acteon Group Ltd. på engelsk språk etter IFRS, hvor I O S Offshore Holding AS med datterselskaper er omfattet.

### Skattekontorets vurdering

Det forutsettes at Acteon Group Ltd. utarbeider konsernregnskap som omfatter den regnskapspliktige og dennes datterselskaper. Det legges til grunn at dette konsernregnskapet er utarbeidet i samsvar med IFRS og at kravene i regnskapsloven § 3-7 med forskrifter for øvrig følges. Bestemmelsene i regnskapsloven kapittel 8 gjelder tilsvarende for dette konsernregnskapet.

Når det gjelder hvilket språk morselskapet skal utarbeide konsernregnskapet på, vises det til forskrift av 7. september 2006 nr. 1062 til utfylling og gjennomføring mv. av regnskapsloven. Det følger av § 3-7-1 at konsernregnskapet foruten å være på norsk, kan være på svensk, dansk eller engelsk.

Skattekontoret gir etter en konkret helhetsvurdering tillatelse til at det gjøres unntak for konsernregnskapsplikten.



Vennligst oppgi vår referanse ved henvendelse i saken.

Med hilsen

Lars Waalorp  
seniorrådgiver  
Brukerdialog, brukerkontakt  
Skatteetaten

*Dokumentet er elektronisk godkjent og har derfor ikke håndskrevne signaturer.*



**Acteon Group Limited**

Annual report and financial statements

Registered number 4231212

31 December 2022



Acteon Group Limited  
Registered number 4231212  
Annual report and financial statements  
31 December 2022

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Acteon Group Limited  
Registered number 4231212  
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## Strategic Report

The directors present their Strategic Report for the year ended 31 December 2022.

### Principal activities

The Group's principal activities are the provision of products and services for the renewable energy, nearshore construction and oil and gas sectors.

Acteon provides specialist engineering, services and technology to companies which develop, own or operate marine infrastructure across the life of their assets. It provides specialist services into the technical supply chains of its customers to help them achieve their operational goals with efficient solutions, optimising both cost and carbon footprint but without compromising the quality of delivery.

Acteon has specialisms in a range of areas including data collection and survey techniques ahead of construction, the installation of foundation and anchoring technologies, the monitoring and management of assets and the decommissioning of assets.

#### *Renewables*

Acteon provides specialist engineering services to the offshore renewables sector, particularly in relation to the installation and management of offshore wind turbines. Acteon seeks to reduce costs for operators by optimising design and installation activities and improving scheduling and resource utilisation. It has the expertise to support the development of large structures in deep water, including both fixed and floating installations, and provide baseline environmental surveys which enable projects to establish appropriate controls for environmental protection.

#### *Nearshore construction*

Acteon provides nearshore construction services for marine facilities including bridges, jetties and coastal protection. Acteon also undertakes projects for utility companies to develop and manage near-coast infrastructure. These range from geophysical and geotechnical surveys and engineering services to pile-driving, foundations work and moorings. Its integrated solutions and domain knowledge help customers to reduce project footprints, increase efficiency, and lower the total cost of infrastructure construction and installation.

#### *Oil and gas*

Acteon supports the oil and gas industry by delivering cost efficiencies and project timeline savings on large and complex projects in all water depths. Its services in this market include pre-development and front-end-engineering, development drilling services, foundations, moorings, production asset installation, asset integrity monitoring and management, field life extension and decommissioning. Acteon has strong capabilities in the management of late-life assets and their integrity as well as decommissioning oil and gas assets when they reach the end of their life.

#### *Integrated solutions*

Acteon actively participates in the offshore industry's drive to reduce costs and increase operational efficiency. In order to drive efficiency and to offer a broader more integrated range of services, Acteon, through its business divisions, supports and undertakes integrated projects and integrated offerings within each industry, and serves to allow clients to overcome unresolved challenges, access a wider range of technologies and to contract in a more efficient manner.

### Business model

Acteon is a leading provider of specialist marine energy and infrastructure engineering, services and technology. Its aim is to be the preferred engineering, services and technology partner enabling energy transition across the marine infrastructure industries and to deliver commercial and environmental benefits to its customers.

The Group's principal clients are international, national and independent energy and infrastructure companies and contractors operating in most of the major provinces in the world. As a trusted global partner, Acteon supports its clients by delivering the high levels of international compliance, outstanding quality, health, safety and environmental performance, a flexible, local workforce to support projects worldwide and market leadership in each area of activity.

The Group provides services to customers through a range of business models including service fee, rental, sales and consulting hours. Many contracts comprise a combination of these business and billing models.



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## Strategic Report *(continued)*

### Business model *(continued)*

The Group moved to a divisional structure in the year establishing three divisions, (1) Data and Robotics, (2) Engineering, Moorings and Foundations and (3) Energy Services. In total they contain ten strategic business units, the principal structures, skills and technologies of which are described below:

#### Data and Robotics division

##### Geo-Services

Acteon provides customers with geophysical, geospatial and geotechnical data, to understand seabed conditions and help de-risk marine projects. This unit provides site survey design, data collection, data interpretation and engineering insights relevant to geotechnical and geospatial site surveys. Such data is used to undertake upfront risk assessments, understand seabed geometries, movements and risks relevant to projects, to locate infrastructure, and to design seabed-foundations, amongst other key services.

##### Electronics and Tooling

Acteon is a global marine technology specialist which provides electronic and electro-mechanical parts and systems to the broad marine industries, including the integration and tooling of remotely operated vehicles (ROVs), autonomous underwater vehicles (AUVs) and autonomous surface vehicles (ASVs). Such systems are used for remote access, inspection and survey construction support. This unit provides specialist sensors and scanning systems and their integration for use on ROVs, AUVs and ASVs. It provides such services to the renewables, defence, shipping and oil & gas industries.

##### Structural Monitoring

Acteon is a global specialist in marine structural health monitoring and provides digital monitoring systems to track and visualise asset conditions, (including stress, strain, temperature and vibration), providing the ability for timely engineered interventions or remediation.

#### Engineering, Moorings and Foundations division

##### Advanced Systems Engineering

Acteon's Advanced Systems Engineering segment is an expert marine engineering consultancy business which specialises in the structural engineering design, monitoring and installation of highly dynamic marine structures such as risers, umbilicals, floating structures, floating turbines, mooring and anchor systems.

##### Moorings and Anchors

Acteon is a global leader in mooring and anchor systems used to secure floating structures to the seabed. This includes complex permanent mooring systems such as those used in offshore floating wind structures or used to temporarily moor marine assets such as mobile drilling units or production units. Acteon specialises in complex mooring solutions across the life-cycle of marine infrastructure including installation and decommissioning. Such services are provided to the aquaculture, oil and gas and offshore-renewables sectors.

##### Marine Foundations

Acteon provides specialist services and equipment to design and install piled, drilled and combination foundations for marine infrastructure, particularly offshore wind turbines and platforms including their grouting and any remediation work.

#### Energy Services division

##### Cutting and Decommissioning

Acteon provides engineering and services for the installation and removal of wells and offshore infrastructure for the global oil and gas industry. This business unit provides (1) specialist services for the decommissioning of wells and structures, (2) services to support the drilling of new wells, (3) services to extend the life of infrastructure and (4) bespoke manufacturing of specialist equipment needed by the offshore energy sector.

##### Flex-Lay and Retrieval

Acteon provides services to transport, install and maintain flexible cables and high-voltage electrification services for marine energy assets including for offshore renewables and oil & gas installations.



Acteon Group Limited  
Registered number 4231212  
Annual report and financial statements  
31 December 2022

## **Strategic Report** *(continued)*

### **Business model** *(continued)*

### **Energy Services division** *(continued)*

#### **Corrosion Management**

Acteon has specialised expertise in the engineering, design and implementation of corrosion protection systems, including corrosion inspection and remedial action, assisting customers make timely decisions and develop engineering solutions that maintain the integrity and safety of their assets.

#### **Energy Resourcing**

Acteon supplies specialist technical human resources to the offshore energy industry on an international basis. The business unit identifies, recruits and screens specialist personnel and provides them to customers on a contract basis.

#### **Directors' duties under section 172 of the UK Companies Act 2006**

The directors recognise their duty to act in a way which they consider, in good faith, would be most likely to promote the success of the Group for the benefit of its members as a whole in accordance with section 172 of the UK Companies Act 2006 and in doing so have regard (amongst other matters) to the:

- likely consequences of any decisions taken in the long-term success of the Group;
- interests of the Group's employees;
- need to foster the Group's business relationships with suppliers, customers and other stakeholders;
- impact of the Group's operations on the community and the environment;
- desirability of the Group maintaining a reputation for high standards of business conduct; and
- need to act fairly between its members and stakeholders.

The directors' section 172 duties form part of Board discussions. The directors continue to have regard to the interests of the Group's key stakeholders and throughout the year its Board and senior management engage with key stakeholders on items relevant to them. We set out below our key stakeholder groups, their material issues and how the Group engages with and considers the interests of each stakeholder group.

#### **Members and lenders**

The Board recognises that it has a responsibility to keep members and lenders informed of the Group's performance and strategy. The Board strives to ensure all members and lenders are fully informed of performance, recent events and strategic decisions impacting the business. This is achieved through:

- regular conference calls to discuss financial performance, strategy and potential investment opportunities;
- the supply of monthly and quarterly financial performance information, including forecast information;
- the Group's investment relations team being available to respond to questions raised during the year; and
- an annual presentation to the Group's lending syndicate, enabling lenders to engage with and ask questions of the Board.

#### **Employees**

Employees are central to the long-term success of the Group. The health and safety and wellbeing of staff are of paramount importance. Acteon has a diverse employee base, with employees of many nationalities based in many countries and with varied skills and capabilities. The directors consider it important to engage with staff and consider their interests, understand their views, support their career development and provide appropriate remuneration. To achieve these objectives the Group:

- maintains a Health, Safety and Environmental (HSE) management system and culture to protect employees at work which is appropriate to the nature of the work the Group undertakes and which is regularly reviewed;
- operates a formal staff appraisal scheme based on individual goals, development and training requirements and performance, with regular reviews held throughout the year;



Acteon Group Limited  
Registered number 4231212  
Annual report and financial statements  
31 December 2022

## Strategic Report *(continued)*

### Directors' duties under section 172 of the UK Companies Act 2006 *(continued)*

#### Employees *(continued)*

- operates a system for pay reviews that compensates personnel based on skills, a job grading structure, corresponding market rates and merit;
- manages a discretionary rewards scheme to recognise exceptional performance by employees;
- creates development opportunities based on ongoing career development discussions, individual performance and identified potential;
- undertakes regular employee engagement via surveys, townhall meetings, webinars, etc.;
- offers regionally competitive health and wellness benefits programs to employees including a fully independent and confidential external support helpline for employees to use in relation to both work-related and personal issues; and
- maintains a system to ensure equality of pay without bias.

#### Customers and suppliers

The Group recognises that fostering strong and trusting business relationships with customers and suppliers is key to business success, which is why the Group and its operating companies seek to ensure that:

- customers and suppliers are treated in a fair and respectful manner, and all business is conducted in a fair, transparent and competitive manner, and in compliance with both the letter and the spirit of all competition laws;
- its compliance team is properly resourced and manages a comprehensive compliance programme;
- customer contracts are performed to the highest standard;
- customer service is delivered through the appropriate allocation of technology and skilled personnel;
- suppliers are carefully selected and appropriate due diligence is carried out before work is awarded;
- supplier contracts are fully complied with; and
- there is frequent and sufficient dialogue with customers and suppliers.

Operating in this way helps to develop and maintain credibility and trust across the Group's large and diverse customer and supplier base, which in turn helps ensure longevity of business relationships.

#### Local communities and the environment

The Group maintains a very structured process for protecting the environment. This consists of:

- maintaining a Health, Safety and Environmental (HSE) management system and culture which acts to minimise environmental impact from operations;
- compliance with all relevant legislation;
- reporting all actual or potential incidents which could lead to environmental damage;
- maintaining an incident response plan; and
- actively developing new technologies and processes that aim to reduce or minimise environmental impact, both of its own operations and those of its customers.

Acteon is committed to making a positive impact in the communities where we live and work. The Group supports local economies by:

- creating jobs and ensuring local labour laws are followed;
- ensuring local content requirements are fulfilled;
- developing and training local employees;
- working with local supply chains wherever possible; and
- identifying areas of community involvement where voluntary efforts can make a difference.



Acteon Group Limited  
Registered number 4231212  
Annual report and financial statements  
31 December 2022

## Strategic Report *(continued)*

### Directors' duties under section 172 of the UK Companies Act 2006 *(continued)*

#### Local communities and the environment *(continued)*

The Group is committed to establishing a sustainable Environmental Social and Governance (ESG) strategy that positively impacts the environment, its employees and the wider society. Acteon is uniquely positioned to play a key role in the energy transition and the reduction of carbon emissions, in large part due to the expertise and technology it offers which can help bring down the cost of offshore renewable energy and reduce emissions.

The Group's ESG strategy is based upon the following principles:

- to align the Group's strategy and services with the need to develop lower carbon energy;
- to record, report and reduce harmful emissions from operations;
- to make a positive contribution to the communities within which it operates;
- ensuring "zero-harm" to the people who work for or with the Group;
- Operating within a business framework that ensures all decisions are made ethically and with integrity; and
- Reporting and communicating with key stakeholders honestly and transparently.

#### Business review and results

Acteon Group provides specialist services to the offshore energy and infrastructure sectors. The Group continued its focus on the energy transition and to seek to lead in the provision of solutions with environmental benefits. In particular, the Group continued to develop new markets in the offshore renewables sector, where many of its services have specific applications.

In 2022 c22% (2021: c26%) of group revenue was delivered from renewables and other non-oil and gas activities, c18% (2021: c25%) from greenfield oil and gas activities and c60% (2021: c49%) from later-life and decommissioning oil and gas activities.

Revenue and earnings grew in 2022 during what might be considered a "reset" year following an operationally challenging period where some customer activities were cancelled or postponed as a result of the global Covid-19 pandemic. A landscape of a general increase in the oil price helped the Group's return to growth and it enters 2023 with a solid pipeline of work build up for 2023 delivery. Additionally, the cost synergies arising from a simplified organisational structure along with continued efforts to further consolidate, are expected to continue into 2023 and beyond.

As a result of the actions undertaken, capturing opportunities in the energy market as demand increased, together with the diversified nature of the Group's product and service offering, the Group's financial performance showed good improvement; revenue increased by 14.1% to £532m, and adjusted earnings before interest, tax, depreciation and amortisation amounted to £76.4m, an increase of 19.7% over 2021. With this improved underlying activity and performance in the year, coupled with the adverse impact of exceptional items in 2021, as disclosed below, the overall reported profit from operating activities improved significantly in 2022 to £25.2m (2021: £31.5m loss).



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## Strategic Report (continued)

### Financial performance

The financial performance of the Group's operations for 2022 compared with 2021 reconciled to statutory measures of financial performance, can be summarised as follows:

	2022	2021	Increase/ (Decrease)
	£000	£000	%
Group revenue	532,170	466,318	14.1%
Adjusted earnings before interest, tax, depreciation and amortisation	76,410	63,860	19.7%
Depreciation and amortisation	(45,690)	(46,811)	
Adjusted profit from operating activities before exceptional items	30,720	17,049	80.2%
<u>Exceptional items</u>			
Impairment losses	(2,500)	(15,487)	
Activities from the performance of specific significant contracts*	-	(28,190)	
Reorganisation/restructuring costs	-	(4,746)	
Severance related payments	(1,100)	(684)	
Professional services in relation to external investor opportunities	(2,180)	-	
Government assistance from Covid-19 job retention schemes	240	509	
Profit/(loss) from operating activities	25,180	(31,549)	

\* In the current year, the Group continued with a significant contract to design, manufacture, supply and operate a market-first foundation drilling rig for an offshore windfarm project in Europe. As a result of customer specification changes, coupled with design challenges due to the ground-breaking technology involved, expected estimated costs to fulfil the contract escalated leading to a renegotiated contract on a more reimbursable and day rate nature being agreed with the customer, therefore significantly reducing the risk of it becoming a loss-making contract. This contract is currently on-going at the year-end with completion not anticipated until late 2024 at the earliest. At the current time, there is a considerable amount of the contract still to be performed and an overall break-even position has been forecast. No profit or loss from operating activities has therefore been recognised for this contract in the year. Whilst the outcome of the contract is subject to forecasting risk and uncertainty, principally the volume of reimbursable work offshore, the possible profits or losses are not expected to be materially different from this position.

During the previous year, the Group entered into a significant contract to supply marine foundations for a liquified natural gas (LNG) terminal in the Philippines. During the performance of this contract, a number of technical and operational challenges arose, not only as a result of unforeseen scoping changes, but also from delays caused by unseasonal, inclement weather and continuing Covid-19 pandemic restrictions. All of these factors had a significant cost impact in the performance and fulfilment of the contract within the agreed timeframe and pricing. This resulted in the decision to terminate the contract with a final settlement being agreed with the customer leading to a total contract loss of £28.2m being recognised.

The impact of both these contracts on the Group's performance in the current and prior year are presented as exceptional items because of their size and incidence.



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## Strategic Report (continued)

### Financial performance (continued)

	2022	2021	(Increase)/ Decrease
	£000	£000	%
Adjusted loss before exceptional items and income tax	(7,679)	(6,627)	(15.9%)
<u>Exceptional items</u>			
Impairment losses	(2,500)	(15,487)	
Activities from the performance of specific significant contracts	-	(28,190)	
Reorganisation/restructuring costs	-	(4,746)	
Severance related payments	(1,100)	(684)	
Professional services in relation to external investor opportunities	(2,180)	-	
Government assistance from Covid-19 job retention schemes	240	509	
	<u>(13,219)</u>	<u>(55,225)</u>	76.1%

### Key performance indicators

Further key performance indicators pertinent to the Group's continuing operations are shown below. These demonstrate the underlying operational performance (gross margin and adjusted earnings before interest, tax, depreciation and amortisation), along with the level of sustained investment in the Group's underlying revenue-generating resources (property, plant and equipment and number of employees).

	2022	2021
<b>Financial</b>		
Gross margin % on total revenues	22.5%	15.5%
Gross margin % on pre-exceptional revenues	23.7%	20.7%
Adjusted earnings before interest, tax, depreciation and amortisation (£000s)*	77,646	65,071
Net book value of property, plant and equipment (£000s)	132,421	125,002

\* prior to certain costs totalling £1,236,000 (2021: £1,211,000) considered to be of a non-operating nature.

	2022	2021
<b>Non-financial</b>		
Average number of employees	2,178	1,968
Number of employees at the year-end	2,215	2,053

### Principal risks and uncertainties

The Group's multinational operations and debt financing expose it to a variety of risks, including financial risks. The Group has in place risk management policies that seek to limit the adverse effects of these risks on the financial performance of the Group. The Board of Directors has overall responsibility for the creation and oversight of the Group's risk management framework. The Group's approach to financial risk management is disclosed in note 4.

The directors have taken steps to ensure that the day-to-day risks which face the Group, such as health and safety and commercial risks, are managed comprehensively by the management teams of its operating segments (with appropriate central oversight), by insurance covers which should mitigate the impact of risks turning into reality, and by the preparation and careful review of comprehensive monthly management financial reporting packages which can alert the board to developments in trading performance and cash position.



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## Strategic Report *(continued)*

### Principal risks and uncertainties *(continued)*

The Group's legal, compliance, commercial and tax functions provide additional support and training to the Group's operating businesses, including in respect of those risks which may arise from international trading, such as sanctions, anti-bribery and taxation risks.

Any business operates against a background of risks and uncertainties. The directors believe that the principal operational risks facing Acteon are:

- A reduction in activity levels in the offshore oil and gas exploration and production industry worldwide, as a result of various factors including, but not limited to, a fall in oil price and the broader energy transition.
- Lead times and availability of raw materials and components which are required in order for the Group to provide its products and services could deteriorate from their current levels.
- It could become more difficult to recruit and retain the highly qualified and experienced staff required in order for the Group to carry on its business.
- The considerable health and safety risks which are inherent to a business providing products and services for the renewable, nearshore construction and oil and gas sectors.
- Contracts and projects are frequently complex, and there are risks associated with their execution.
- Access to debt, bonding and credit financing facilities could become difficult.
- The effect of higher interest rates on the cost of borrowing and related bank covenants.

The Group currently has no operations, or exposures resulting from activities, in Russia or Ukraine.

### Going concern

The political unrest caused by the current conflict in Ukraine continues to create short- to medium-term uncertainties for businesses worldwide. This creates a risk that current and prospective clients may delay the timing of their investment programmes which, in turn, could adversely impact Acteon's overall operations across that time horizon. Risk may also still exist in the Group's ability to execute certain projects, depending on their nature and location.

In response, during the past twelve months, the Group has continued to undertake appropriate actions to optimise its trading performance and to protect its margins, profitability and cash flow. It has sought to retain its key capabilities and skills so that it can take advantage and capitalise on opportunities, especially with customer demand starting to return in 2022 and which is expected to continue and accelerate into 2023 and beyond. The Group operates across a wide range of markets and geographies, a factor that provides resilience against adverse short-term impacts in any one business segment.

The Group continues to have the support of its stakeholders and with its debt facility maturities not being until late 2024 and 2025, it provides a period of stability to enable further organic growth as well as prepare and execute a further refinancing of its debt facilities. The directors acknowledge the first maturity date on the secured bank borrowings at the current year-end is within two years, and confirm that they will be looking therefore to undertake a refinancing exercise for both new equity and debt funding. This is expected to commence in 2023 and conclude before any maturity dates crystallise.

During the year the Group has also further developed its global treasury function capabilities, which was introduced in 2021, enhancing its careful management of liquidity and ensuring continued financial covenant compliance.

The directors have prepared financial projections for the twelve months from the date of approval of these financial statements. On the basis of the forecast cash flow information within these projections, and taking into account significant but plausible risks in the current trading environment, the directors consider that the Group will continue to operate with sufficient liquidity and in compliance with its bank covenants. The significant but plausible downside cash flows modelled reflect increases in interest rates and deferrals or reductions in customer revenues that might impact the forecast period which would result in similar activity levels as those reported for 2022.

The directors believe that the Group is well placed to manage its business risks successfully and will have access to sufficient funds to continue to meet its liabilities as they fall due for at least twelve months from the date of approval of the financial statements. Accordingly they continue to adopt the going concern basis in preparing the annual report and financial statements.



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## Strategic Report *(continued)*

### Future developments

The Group has continued its drive to simplify the messaging of its service offerings to the market and to establish a basis upon which to further realise benefits from synergies, both operationally and financially, by establishing its three operating divisions.

Acteon intends to continue its main focus on services in the oil and gas sector which support the integrity and maintenance of existing infrastructure, including the decommissioning of aged assets, in addition to its efforts to further penetrate the offshore renewables and near-shore construction sectors.

Planned investment into the Group's fixed asset base and its workforce to augment and develop its capabilities means that Acteon remains well positioned for future growth and continue to drive to support the energy transition.

By order of the board



Dr B Bruggaier  
Director

4 May 2023



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## Directors' Report

The directors note that, as a result of the Strategic Report and Directors' Report regulations of 2013 (which are amendments to the Companies Act 2006), some of the matters which would previously have been contained within the Directors' Report must (along with certain other reporting) appear within the separate Strategic Report. This Directors' Report therefore contains the remaining information required by statute to be disclosed.

### Research and development

The Group continues to believe in the importance of investing in innovation and in the development of its products and services, in order to achieve technical success and to improve project economics for clients. During the year Acteon has continued to invest in several research and development areas.

### Proposed dividend

No dividend is to be recommended in respect of 2022 (2021: *£nil*).

### Directors

The directors who served during the year and up to the date of this report are as follows:

B Bruggaier  
D M Zuydam (appointed 5 April 2023)  
K Murdoch (resigned 5 April 2023)  
C G Trowell (resigned 31 December 2022)

The directors benefited from qualifying third party indemnity provisions which were in place during the financial year and at the date of this report. These took the form of Directors and Officers liability insurance.

### Employees

The Group is committed to involving employees in the business through appropriate communication and consultation and does so through circulating internal newsletters and periodic briefing meetings.

Applications for employment by disabled persons are always fully considered, having regard to the aptitude and abilities of applicants. If employees become disabled every effort is made to ensure the continuation of their employment with the Group, including the provision of appropriate training. The Group intends that, as far as possible, the training, career development and promotion of a disabled person should be identical to that of a person who does not suffer from a disability.

### Political contributions

Neither the Company nor any of its subsidiaries made any political donations or incurred any political expenditure during the year (2021: *£nil*).

### Greenhouse gas emissions, energy consumption and energy efficiency action

The Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018 introduced requirements for large unquoted UK companies to disclose their annual energy use, greenhouse gas emissions and energy efficiency actions.

During the current financial year, the only company within the Group fulfilling the qualification criteria of a large unquoted UK company was Claxton Engineering Services Limited.

The following table details that company's energy usage by category for the year ended 31 December 2022 including its greenhouse emissions in Tonnes CO<sub>2</sub>e (tCO<sub>2</sub>e). No comparative information has been provided, due to it being the first year it qualified as a large unquoted company.

	Units	Usage	tCO <sub>2</sub> e
Electricity	kWh	214,077	41.4
Heating fuels (gas)	kWh	69,172	12.5
On-site fuels (Oil for heating, Kerosene, Diesel)	Litres	13,400	39.7
Transport (Fleet, hire and business mileage)	Miles	57,816	16.3
Refrigeration top-ups	Kg	367	5.9
<b>Total emissions</b>			<b>115.8</b>



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## Directors' Report *(continued)*

### Greenhouse gas emissions, energy consumption and energy efficiency action *(continued)*

#### *The methodology*

In assessing Claxton Engineering Services Limited's energy usage, all company sites were included. Actual gas, heating oil, electricity and fuel purchases were collated and used, along with business mileage claims as recorded in the company's financial system.

The report also followed the guidance in the document UK Government Environmental Reporting Guidelines: Including Streamlined Energy and Carbon Reporting Guidance (March 2019) in conjunction with UK Government GHG Conversion Factors for Company Reporting 2021.

#### *Intensity Ratios*

Three intensity ratios have been calculated to better understand consumption relative to; employee numbers, floor area and revenue activity of Claxton Engineering Services Limited:

Employee numbers	(tCO <sub>2</sub> e per employee)	0.6
Floor area	(kWH per m <sup>2</sup> )	102.2
Revenue activity	(tCO <sub>2</sub> e per £m revenue)	3.1

#### *Energy efficiency actions*

In 2022 the company employed the following carbon reduction initiatives:

- Introduced a hybrid working model to reduce the level of commuter emissions;
- Progressed an electric car salary sacrifice scheme (including plans for on-site charge point installations);
- The company had roof encapsulation installed on its main building which will reduce heat loss in the future; and
- Conducted time and motion studies within operational yards to streamline processes and reduce forklift truck movements.

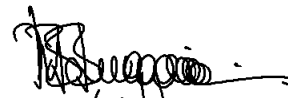
### Disclosure of information to auditor

The directors who held office at the date of approval of this Directors' Report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware. Each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

### Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

By order of the board

  
Dr B Bruggaier  
Director

4 May 2023



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### **Statement of directors' responsibilities in respect of the Strategic Report, Directors' Report and the financial statements**

The directors are responsible for preparing the Strategic Report, the Directors' Report and the Group and parent company financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare group and parent company financial statements for each financial year. Under that law they have elected to prepare the Group financial statements in accordance with UK-adopted international accounting standards and applicable law and have elected to prepare the parent company financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 *Reduced Disclosure Framework*.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and parent company and of their profit or loss for that period. In preparing each of the group and parent company financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable, relevant, reliable and prudent;
- for the group financial statements, state whether they have been prepared in accordance with UK-adopted international accounting standards;
- for the parent company financial statements, state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the Group and parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Group or the parent company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent company's transactions and disclose with reasonable accuracy at any time the financial position of the parent company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are responsible for such internal controls as they determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.



## Independent auditor's report to the members of Acteon Group Limited

### Opinion

We have audited the financial statements of Acteon Group Limited ("the company") for the year ended 31 December 2022 which comprise the Consolidated Income Statement, Consolidated Statement of Comprehensive Income, Consolidated Statement of Financial Position (Balance Sheet), Consolidated Statement of Changes in Equity, Consolidated Statement of Cash Flow, Company balance sheet and related notes, including the accounting policies in notes 3 and 34.

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the parent company's affairs as at 31 December 2022 and of the Group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with UK-adopted international accounting standards in conformity with the requirements of the Companies Act 2006;
- the parent company financial statements have been properly prepared in accordance with UK accounting standards, including FRS 101 *Reduced Disclosure Framework*; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the group in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

### Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Group or the company or to cease their operations, and they have concluded that the Group and the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the directors' conclusions, we considered the inherent risks to the Group's business model and analysed how those risks might affect the Group and company's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Group or the company's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Group or the company will continue in operation.

### Fraud and breaches of laws and regulations – ability to detect

#### *Identifying and responding to risks of material misstatement due to fraud*

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of directors and the Board, and inspection of policy documentation as to the Group's high-level policies and procedures to prevent and detect fraud, including the Group's channel for whistleblowing, as well as whether they have knowledge of any actual, suspected or alleged fraud;
- Reading Board minutes;
- Considering remuneration incentive schemes and performance targets for management and directors;
- Using analytical procedures to identify any unusual or unexpected relationships.



## Independent auditor's report to the members of Acteon Group Limited *(continued)*

### Fraud and breaches of laws and regulations – ability to detect *(continued)*

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit. This included communication from the Group to full scope component audit teams of relevant fraud risks identified at the group level and request to full scope component audit teams to report to the Group audit team any instances of fraud that could give rise to a material misstatement at Group.

As required by auditing standards, and taking into account possible pressures to meet profit targets and our overall knowledge of the control environment, we perform procedures to address the risk of management override of controls and the risk of fraudulent revenue recognition, in particular the risk that revenue recognised over time is recorded in the wrong period and the risk that Group management may be in a position to make inappropriate accounting entries, and the risk of bias in accounting estimates and judgements such as intangible and tangible asset impairment assumptions.

We did not identify any additional fraud risks.

We performed procedures including:

- Identifying journal entries and other adjustments to test for all full scope components based on risk criteria and comparing the identified entries to supporting documentation. These included revenue and cash journals posted to unusual or unexpected accounts.
- For all full scope components, agreeing revenue accrued at year end to evidence of goods delivered or services performed in the year and, where applicable, re-performing, for a risk-based sample of fixed price contracts in progress at year end, the calculation of revenue recognised based on percentage of completion of costs, and comparing forecasts against contractual terms and correspondence with customers.

### *Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations*

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, and through discussion with the directors and other management (as required by auditing standards), and from inspection of the Group's regulatory and legal correspondence and discussions with the directors and other management the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Group is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation and taxation legislation, and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Group is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: health and safety, fraud, anti-bribery and anti-corruption, sanctions compliance and employment legislation, recognising the nature of the Group's operations. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Therefore if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

For the corporation taxation contingent liability discussed in note 31 we assessed disclosures against our understanding from regulatory correspondence and used our taxation specialists to help us further assess the matter.

### *Context of the ability of the audit to detect fraud or breaches of law or regulation*

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.



## Independent auditor's report to the members of Acteon Group Limited *(continued)*

### Strategic Report and Directors' Report

The directors are responsible for the Strategic Report and the Directors' Report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the Strategic Report and the Directors' Report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the Strategic Report and the Directors' Report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

### Matters on which we are required to report by exception

Under the Companies Act 2006, we are required to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in these respects.

### Directors' responsibilities

As explained more fully in their statement set out on page 12, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the group and parent 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 they either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

### Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities).

### The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

**David Derbyshire (Senior Statutory Auditor)**  
for and on behalf of KPMG LLP, Statutory Auditor  
Chartered Accountants  
1 Marischal Square  
1 Broad Street  
Aberdeen, AB10 1DD

5 May 2023



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## Consolidated Income Statement for year ended 31 December 2022

	Note	Pre- exceptional items 2022 £000	Exceptional items 2022 £000	Total 2022 £000	Pre- exceptional items 2021 £000	Exceptional items 2021 £000	Total 2021 £000
Revenue	6	506,898	25,272	532,170	452,611	13,707	466,318
Cost of sales		(386,993)	(25,272)	(412,265)	(358,892)	(35,214)	(394,106)
<b>Gross profit/(loss)</b>		<b>119,905</b>	<b>-</b>	<b>119,905</b>	<b>93,719</b>	<b>(21,507)</b>	<b>72,212</b>
Other income	7	-	-	-	10	-	10
Impairment charges	15,16	-	(2,500)	(2,500)	-	(15,487)	(15,487)
Administrative expenses		(89,185)	(3,040)	(92,225)	(76,680)	(11,604)	(88,284)
Total administrative expenses		(89,185)	(5,540)	(94,725)	(76,680)	(27,091)	(103,771)
<b>Profit/(loss) from operating activities</b>	8	<b>30,720</b>	<b>(5,540)</b>	<b>25,180</b>	<b>17,049</b>	<b>(48,598)</b>	<b>(31,549)</b>
Finance income		902	-	902	1,903	-	1,903
Finance expense		(39,301)	-	(39,301)	(25,579)	-	(25,579)
<b>Net finance expense</b>	11	<b>(38,399)</b>	<b>-</b>	<b>(38,399)</b>	<b>(23,676)</b>	<b>-</b>	<b>(23,676)</b>
<b>Loss before income tax</b>		<b>(7,679)</b>	<b>(5,540)</b>	<b>(13,219)</b>	<b>(6,627)</b>	<b>(48,598)</b>	<b>(55,225)</b>
Income tax credit/(expense)	12	1,989	-	1,989	(6,133)	-	(6,133)
<b>Loss for the year</b>		<b>(5,690)</b>	<b>(5,540)</b>	<b>(11,230)</b>	<b>(12,760)</b>	<b>(48,598)</b>	<b>(61,358)</b>
<b>Attributable to:</b>							
Equity holders of the parent				(10,864)			(59,733)
Non-controlling interests				(366)			(1,625)
<b>Loss for the year</b>				<b>(11,230)</b>			<b>(61,358)</b>

The notes on pages 21 to 64 are an integral part of these consolidated financial statements.

Movements in reserves are set out in the Consolidated Statement of Changes in Equity on page 19.



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## Consolidated Statement of Comprehensive Income for year ended 31 December 2022

	Note	2022 £000	2021 £000
<b>Loss for the year</b>		<b>(11,230)</b>	<b>(61,358)</b>
<b>Items that will not be reclassified subsequently to profit or loss:</b>			
Defined benefit plan actuarial gains	27	434	227
<b>Items that may be reclassified subsequently to profit or loss:</b>			
Translation of foreign currency net investments		15,114	(1,984)
<b>Other comprehensive profit/(loss) recognised directly in equity</b>		<b>15,548</b>	<b>(1,757)</b>
<b>Total comprehensive profit/(loss) for the year</b>		<b>4,318</b>	<b>(63,115)</b>
<b>Attributable to:</b>			
Equity holders of the Company		4,684	(61,490)
Non-controlling interests		(366)	(1,625)
<b>Total comprehensive profit/(loss) for the year</b>		<b>4,318</b>	<b>(63,115)</b>

The notes on pages 21 to 64 are an integral part of these consolidated financial statements.

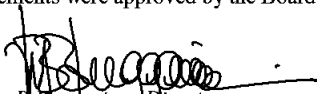


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## Consolidated Statement of Financial Position (Balance Sheet) at 31 December 2022

	Note	2022 £000	2021 £000
<b>Non-current assets</b>			
Property, plant and equipment	14	132,421	125,002
Right-of-use assets	15	40,311	40,417
Intangible assets	16	163,810	171,337
Deferred income tax assets	17	21,082	10,921
<b>Total non-current assets</b>		<b>357,624</b>	<b>347,677</b>
<b>Current assets</b>			
Inventories	18	37,081	26,136
Contract costs	19	17,602	21,037
Trade and other receivables	20	118,059	107,555
Contract assets	21	19,665	13,295
Cash and cash equivalents		47,246	68,670
<b>Total current assets</b>		<b>239,653</b>	<b>236,693</b>
<b>Total assets</b>		<b>597,277</b>	<b>584,370</b>
<b>Equity</b>			
Share capital	22	46,659	46,659
Share premium	23	16,437	16,437
Foreign currency translation reserve	23	26,871	11,757
Other reserves	23	(5,250)	(5,250)
Retained earnings	23	7,929	18,359
<b>Total equity attributable to equity holders of the Company</b>		<b>92,646</b>	<b>87,962</b>
<b>Non-controlling interests</b>	24	<b>11,182</b>	<b>11,548</b>
<b>Total equity</b>		<b>103,828</b>	<b>99,510</b>
<b>Non-current liabilities</b>			
Loans and borrowings	25	283,117	273,510
Lease liabilities	26	38,186	38,425
Other creditors		1,028	704
Employee benefits	27	2,070	2,479
Deferred income tax liabilities	17	7,858	9,313
<b>Total non-current liabilities</b>		<b>332,259</b>	<b>324,431</b>
<b>Current liabilities</b>			
Lease liabilities	26	7,639	6,964
Trade and other payables	28	137,468	141,387
Contract liabilities	21	12,771	8,653
Current income tax liabilities		3,312	3,425
<b>Total current liabilities</b>		<b>161,190</b>	<b>160,429</b>
<b>Total liabilities</b>		<b>493,449</b>	<b>484,860</b>
<b>Total equity and liabilities</b>		<b>597,277</b>	<b>584,370</b>

These financial statements were approved by the Board of Directors on 4 May 2023 and were signed on its behalf by:

  
Dr B. Bruggaier - Director

  
D M Zuydam - Director

The notes on pages 21 to 64 are an integral part of these consolidated financial statements.



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## Consolidated Statement of Changes in Equity for year ended 31 December 2022

	Share capital £000	Share premium £000	Foreign currency translation reserve (FCITR) £000	Other reserves £000	Retained earnings £000	Total £000	Non- controlling interests £000	Total equity £000
<b>Balance at 1 January 2021</b>	<b>46,659</b>	<b>16,437</b>	<b>13,741</b>	<b>(4,991)</b>	<b>77,865</b>	<b>149,711</b>	<b>12,914</b>	<b>162,625</b>
<b>Loss for the year</b>	-	-	-	-	(59,733)	(59,733)	(1,625)	(61,358)
<b>Income and expense recognised directly in equity</b>								
Defined benefit plan actuarial gains	-	-	-	-	227	227	-	227
Foreign currency translation difference	-	-	(1,984)	-	-	(1,984)	-	(1,984)
<b>Total income and expense recognised directly in equity</b>	-	-	(1,984)	-	227	(1,757)	-	(1,757)
Acquisitions in year (note 5)	-	-	-	(259)	-	(259)	259	-
<b>Balance at 31 December 2021</b>	<b>46,659</b>	<b>16,437</b>	<b>11,757</b>	<b>(5,250)</b>	<b>18,359</b>	<b>87,962</b>	<b>11,548</b>	<b>99,510</b>
<b>Loss for the year</b>	-	-	-	-	(10,864)	(10,864)	(366)	(11,230)
<b>Income and expense recognised directly in equity</b>								
Defined benefit plan actuarial gains	-	-	-	-	434	434	-	434
Foreign currency translation difference	-	-	15,114	-	-	15,114	-	15,114
<b>Total income and expense recognised directly in equity</b>	-	-	15,114	-	434	15,548	-	15,548
<b>Balance at 31 December 2022</b>	<b>46,659</b>	<b>16,437</b>	<b>26,871</b>	<b>(5,250)</b>	<b>7,929</b>	<b>92,646</b>	<b>11,182</b>	<b>103,828</b>

The notes on pages 21 to 64 are an integral part of these consolidated financial statements.



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## Consolidated Statement of Cash Flow for year ended 31 December 2022

	Note	2022 £000	2021 £000
<b>Cash flow from operating activities</b>			
Loss for the year		(11,230)	(61,358)
Adjustments for:			
Loss/(Gain) on sale of property, plant and equipment		5,662	(717)
Depreciation and impairment of property, plant and equipment	14	27,319	27,990
Depreciation and impairment of right-of-use assets	15	8,107	7,818
Amortisation and impairment of intangible assets	16	12,764	26,490
Net finance expense	11	38,399	23,676
Total income tax (credit)/expense	12	(1,989)	6,133
		<u>79,032</u>	<u>30,032</u>
Change in inventories		(9,140)	391
Change in contract costs		4,054	(11,232)
Change in trade and other receivables		(4,933)	(22,211)
Change in contract assets		(5,235)	7,291
Change in trade and other payables		(17,726)	55,909
Change in contract liabilities		3,395	(974)
Change in provisions and employee benefits		277	292
		<u>49,724</u>	<u>59,498</u>
<b>Cash generated from operating activities</b>			
Interest paid		(19,147)	(19,573)
Interest paid on lease liabilities		(2,819)	(2,753)
Income tax paid		(11,144)	(13,248)
		<u>16,614</u>	<u>23,924</u>
<b>Net cash from operating activities</b>			
<b>Cash flows from investing activities</b>			
Interest received		902	1,903
Proceeds from sale of property, plant and equipment		566	1,701
Purchase of property, plant and equipment	14	(33,399)	(24,072)
Purchase of intangible assets	16	(895)	(644)
		<u>(32,826)</u>	<u>(21,112)</u>
<b>Net cash used in investing activities</b>			
<b>Cash flow from financing activities</b>			
Receipt of borrowings	25	-	31,650
Expenses paid in relation to borrowings	25	(80)	(3,772)
Repayment of borrowings	25	-	(2,300)
Repayment of lease liabilities	25	(7,714)	(7,079)
		<u>(7,794)</u>	<u>18,499</u>
<b>Net cash (used)/generated in financing activities</b>			
<b>Net (decrease)/increase in cash and cash equivalents</b>			
Cash and cash equivalents at 1 January		68,670	48,057
Effect of exchange rate fluctuations on cash held		2,582	(698)
		<u>47,246</u>	<u>68,670</u>
<b>Cash and cash equivalents at 31 December</b>			

The notes on pages 21 to 64 are an integral part of these consolidated financial statements.



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## Notes

*(forming part of the financial statements)*

### 1 Group and company accounts

Acteon Group Ltd is a company incorporated in England. The address of its registered office is Ferryside, Ferry Road, Norwich, Norfolk, NR1 1SW. The consolidated financial statements of the Group as at and for the year ended 31 December 2022 comprise the parent company and its subsidiaries (together referred to as “the Group”). The Group is primarily involved in the provision of industry-leading products and services for the renewables, nearshore construction and oil and gas sectors. The financial statements of the parent company are set out on pages 65 to 83.

### 2 Basis of preparation of financial statements

The consolidated financial statements consolidate those of the parent company and its subsidiaries (together referred to as the “Group”). The parent company financial statements present information about the Company as a separate entity and not about its Group.

The consolidated financial statements have been prepared and approved by the directors in accordance with UK-adopted international accounting standards and applicable law. The Company has elected to prepare its parent company financial statements in accordance with UK GAAP, including FRS 101 *Reduced Disclosure Framework*.

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

#### (a) Statement of compliance

The consolidated financial statements have been prepared in accordance with UK-adopted international accounting standards and applicable law.

#### (b) Basis of measurement

The consolidated financial statements have been prepared on a historical cost basis except for certain financial instruments and available-for-sale financial assets, which are stated at fair value. Any changes in fair value are reflected in the income statement.

The methods used to measure fair values are discussed further below.

#### (c) Functional and presentation currency

These consolidated financial statements are presented in Sterling, which is the Company’s functional currency. All financial information presented has been rounded to the nearest £1,000.

#### (d) Use of estimates and judgements

The preparation of financial statements in conformity with UK-adopted international accounting standards requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on a regular basis. Revisions to accounting estimates are reflected in the period in which the estimates are revised and in any future periods which are affected by those revisions.

Information relating to areas of estimation, uncertainty and critical judgements in applying accounting policies that have significant effects on the amounts recognised in the financial statements is included in the following notes:

Note 6 – recognition of revenue from fixed-price contracts.

Note 16 – measurement of the recoverable amounts relating to cash-generating units containing goodwill.

Note 17 – recognition of deferred tax assets which are based on future trading and taxable profitability.

#### (e) Going concern

The Group’s business activities and financial position, together with the factors likely to affect its future development, performance and financial position are set out in the Strategic Report on pages 1 to 9. The Group has reported a profit from operating activities of £25.2m, a loss for the year of £11.2m and generated cash flows from operating activities of £49.7m.



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## Notes (continued)

### 2 Basis of preparation of financial statements (continued)

#### (e) Going concern (continued)

The political unrest caused by the current conflict in Ukraine continues to create uncertainties for business worldwide, leading to the risk that current and prospective clients may delay the timing of their investment programmes which, in turn, might adversely impact Acteon's overall operations across that time horizon. Risk may also exist in the Group's ability to execute certain projects, depending on their nature and location.

In response, during the past twelve months, the Group has continued to undertake appropriate actions to optimise its trading performance and to protect its margins, profitability and cash flow. It has sought to retain its key capabilities and skills so that it can take advantage and capitalise on opportunities, especially with customer demand starting to return in 2022 and which is expected to continue into 2023 and beyond. The Group operates across a wide range of markets and geographies, a factor that provides resilience against adverse short-term impacts in any one business segment. The Group also has processes in place to effectively manage commercial risk, including in respect of fixed price contracts.

At 31 March 2023, the Group had £31m in cash. The Group's principal secured bank loan facility of up to £250m as disclosed in note 25, together with its £45m revolving credit facility with the first debt maturity in November 2024. These facilities were fully drawn at 31 March 2023.

The directors acknowledge the first maturity date on the secured bank borrowings at the current year-end is within two years, and confirm that they will be looking therefore to undertake a refinancing exercise for both new equity and debt funding. This is expected to commence later in 2023 and concluded before any maturity dates crystallise.

The principal financial covenants with which the Group is required to comply are ratios relating to EBITDA to Net Interest Payable and, Total Net Debt to EBITDA. EBITDA excludes exceptional items. Compliance is required to be tested at each quarter end.

The directors have prepared financial projections for the twelve months from the date of approval of these financial statements. On the basis of the forecast cash flow information within these projections, and taking into account significant but plausible risks in the current trading environment, the directors consider that the Group will continue to operate with sufficient liquidity and in compliance with its bank covenants. The significant but plausible downside cash flows modelled reflect increases in interest rates and deferrals or reductions in customer revenues that might impact the forecast period which would result in activity levels similar to those reported for 2022. In this downside scenario the Group retains significant liquidity and meets its bank covenants, albeit with limited headroom at testing dates at the end of the forecast period.

The directors believe that the Group is well placed to manage its business risks successfully and will have access to sufficient funds to continue to meet its liabilities as they fall due for at least twelve months from the date of approval of the financial statements. Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements.

### 3 Significant accounting policies

The accounting policies set out below have unless otherwise stated, been applied consistently to all periods presented in these consolidated financial statements, and have been applied consistently by the Group.

#### Basis of consolidation

##### (i) Subsidiaries

Subsidiaries are entities controlled by the Company. Control exists when the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, voting rights that are currently exercisable are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. The accounting policies of subsidiaries have been aligned, where necessary, with the policies adopted by the Group.



## Notes (continued)

### 3 Significant accounting policies

#### Basis of consolidation (continued)

##### (ii) Transactions and balances eliminated on consolidation

Intra-Group transactions and balances, and any unrealised income and expenses arising from intra-Group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee.

#### Revenue recognition

Revenue is recognised at an amount that reflects the consideration to which the Group is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the Group:

- Identifies the contract with the customer.
- Identifies the separable performance obligations in the contract.
- Determines the overall transaction (contract) price, allowing for estimates of variable consideration and the time value of money.
- Allocates the transaction price across the separable performance obligations on a pro-rata basis relative to stand-alone selling prices of each distinct good or service to be delivered, applying any overall discounts across the entire contract (or to specific performance obligations if more appropriate).
- Recognises revenue when, or as, each performance obligation is satisfied in a manner that reflects the transfer of control of the goods or services promised to the customer.

Where variable consideration exists within the transaction price it reflects any concessions provided to the customer such as discounts, rebates and refunds and other contingent events. Estimates of variable consideration are determined using the expected value method and are only recognised when their impacts on the transaction price are highly probable. If any uncertainty exists with respect to a potential refund of the variable consideration received, this consideration is recognised as deferred revenue until the uncertainty is resolved.

##### (i) Sale of goods

How revenue is recognised from performance obligations for the sale of goods depends on whether or not those goods are customer-specific in nature. Where goods are customer-specific (for example, they are designed or manufactured for a particular project), there is no readily available alternative use for those goods and the Group has an enforceable right to payment for performance completed to date, revenue is recognised over time in accordance with the contract's progression (assessed on a cost input method) up to the point of delivery. Revenue in respect of the sale of non-customer-specific goods is recognised at the point in time when the customer obtains control of those goods, typically at the point of delivery.

##### (ii) Rendering of services

The Group recognises revenue for service performance obligations over time as those services are fulfilled. Revenue is based either on a fixed price or on an hourly/day rate. Where a fixed price is used the Group assesses the stage of fulfilment based on a cost input method. Where the rendering of services includes rental income which is not considered to be lease income, the rental income element is recognised on a straight-line basis over the contract period in accordance with quoted day rates. Where the contract for rental income meets the definition of a lease, revenue is also recognised on a straight-line basis over the contract period but is disclosed separately from revenue from contracts with customers.

##### (iii) Mobilisation and demobilisation services

Where contracts contain specific mobilisation and demobilisation services the Group evaluates whether these are separate performance obligations within the contract. Where these services are deemed to be separate performance obligations the corresponding revenue is accounted for separately and recognised at a point in time, normally when each service is fully completed. In other cases the associated revenue is considered to be an integral part of the contract and recognised in accordance with the performance of the contract as a whole.



## Notes (continued)

### 3 Significant accounting policies (continued)

#### Revenue recognition (continued)

##### (iv) Contracts with a significant financing component

Where contracts contain a significant financing component and where the customer pays more than twelve months in advance of receiving the goods or services, the time-value of money is incorporated into the transaction price and an implicit interest expense is subsequently recorded within finance costs at the rate embedded within the contract. This treatment recognises the effective borrowing period by the Group for any such advance receipts up to the point at which the performance obligation is fulfilled and the revenue is recognised.

Where contracts have a significant financing component but the financing period is less than twelve months, the Group has elected to use the practical expedient permitted by paragraph 63 of IFRS 15 and not adjust the transaction price for this financing element.

#### Intangible fixed assets

##### Goodwill

Goodwill arises on the acquisition of subsidiaries and is subject to an annual impairment review.

Goodwill arising on these acquisitions represents the difference between the fair value of the purchase consideration and the fair value of the Group's share of the identifiable net assets of the acquired entity. Directly attributable costs of executing the acquisitions are charged to the income statement in accordance with IFRS 3 (*revised*), *Business Combinations*.

Goodwill is not subject to amortisation but is reviewed for impairment at the end of the first full financial year following the acquisition and annually thereafter. It is also reviewed at other points if events or changes in circumstances indicate that the carrying value may not be recoverable. Goodwill is stated at cost less accumulated impairment losses.

For the purpose of impairment testing, goodwill is allocated to the cash-generating unit in respect of which the goodwill arose. Impairment is determined by assessing the ability of the cash-generating units to generate future cash flows and comparison of the resulting values with the respective goodwill balances. Impairment losses in respect of goodwill are not reversed.

Negative goodwill on acquisitions is immediately recognised in the income statement.

##### Order books and customer lists

Order books and customer lists are recognised as intangible assets at their fair value on acquisition. The fair value is determined by discounting the future cash flows expected to be generated from them at an appropriate market-related discount rate. Amortisation is provided in order to write off the cost over the expected economic lives of the assets in equal instalments. The residual values are assumed to be nil.

Economic lives for intangible assets have been established as:

Order books	Typically less than one year
Customer lists	10 years

All intangible assets are reviewed annually for possible impairment, or more regularly if conditions exist that indicate a review is required.

##### Computer software

Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful life, which is typically 3-5 years.



## Notes (continued)

### 3 Significant accounting policies (continued)

#### Intangible fixed assets (continued)

##### Research and development

Expenditure on research activities is recognised in the income statement as the costs are incurred.

Expenditure on development activities is capitalised where: the process or final product is considered to be technically and commercially feasible; and, the Group intends, (and has the technical ability and sufficient resources) to complete the development; and, future economic benefits are probable; and, the expenditure attributable to the asset during its development can be measured reliably. Development activities involve a plan or design of the production of new or substantially improved products or processes.

Expenditure which is capitalised includes the cost of materials, direct labour and an appropriate proportion of overheads. Capitalised development expenditure is stated at cost less accumulated amortisation and accumulated impairment losses. Amortisation is charged on a straight-line basis over estimated useful lives, typically ranging between 5-10 years.

Other development expenditure is recognised in the income statement as the costs are incurred.

##### Tangible fixed assets

###### (i) Recognition and measurement

Items of property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. The cost of property, plant and equipment at the Group's IFRS transition date was determined by reference to its depreciated cost as at that date.

Cost comprises the purchase price or construction cost and any costs directly attributable to making the asset capable of operating as intended, in the intended location. The purchase price or construction cost is the aggregate amount paid and the fair value of any other consideration given in order to acquire the asset.

When elements of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

Gains and losses on disposals of property, plant and equipment, other than those held for rental to clients, are determined by comparing the proceeds from disposal with the corresponding carrying amounts and are recognised net within other income in the income statement. Where items are transferred to inventory and sold from the rental fleet, the sale proceeds are reflected in revenue and the remaining net book value is charged to cost of sales.

###### (ii) Depreciation

Depreciation is calculated on a straight-line basis to allocate the cost less residual values to the income statement over the estimated useful lives of each asset. Land is not depreciated.

The estimated useful lives are as follows:

Buildings	30-50 years
Fixtures, fittings and computer equipment	2-10 years
Motor vehicles	2-4 years
Plant and equipment	3-15 years

Improvements to leasehold premises are depreciated over the expected lease period (in accordance with IFRS 16 *Leases*) to which the improvements relate.

Depreciation methods, useful lives and residual values are reviewed at each reporting date.



## Notes (continued)

### 3 Significant accounting policies (continued)

#### Inventory

Inventories are stated at the lower of cost and net realisable value. Cost is determined on a first-in-first-out basis, and includes all direct costs incurred and attributable production overheads. Net realisable value is based on estimated selling price less all further costs of completion and disposal.

The Group makes provisions for impairment, where appropriate, based on an assessment of excess and obsolete inventories.

Costs in relation to partially complete projects are treated as contract costs to the extent that the revenue relating to those projects is unrecognised at the balance sheet date.

#### Contract costs

Contract costs represent the incremental costs of obtaining a contract and the costs incurred to fulfil it.

##### (i) Costs of obtaining a contract

Incremental costs of obtaining a contract with a customer are capitalised when it is expected that those costs are recoverable. The costs are subsequently amortised on a straight-line basis over the term of the contract.

Costs to obtain a contract that are incurred regardless of whether or not the contract is obtained, or costs which are not otherwise recoverable from the customer, are expensed immediately to the income statement. Incremental costs of obtaining a contract where the contract term is less than one year are also immediately expensed to the income statement.

##### (ii) Costs to fulfil customer contracts

Customer contract fulfilment costs are capitalised when all of the following are met:

- The costs relate directly to the contract.
- The costs generate or enhance resources that will be used to satisfy the contract's future performance obligations.
- The costs are expected to be recovered.

Capitalised customer contract fulfilment costs are charged to the income statement in line with the fulfilment of the specific performance obligation to which they relate.

#### Foreign currencies

##### (i) Transactions and balances

Transactions denominated in foreign currencies are translated and recorded at exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rates ruling at each balance sheet date. Gains and losses on retranslation are recognised in the income statement for the year.

##### (ii) Subsidiaries

The results and financial position of all subsidiaries that have a functional currency other than Sterling are translated into Sterling as follows:

- assets and liabilities for each balance sheet presented are translated at rates ruling at the balance sheet date;
- income and expenses for each income statement are translated at average exchange rates; and
- resulting exchange differences are recognised directly in equity in a separate foreign currency translation reserve (FCTR) in the consolidated balance sheet.

When a foreign subsidiary is disposed of, the portion of the FCTR relating to that subsidiary is required to be included as part of the calculation of profit or loss on the sale.



## Notes (continued)

### 3 Significant accounting policies (continued)

#### Exceptional items

Exceptional items are those significant items which in the directors' judgement are highlighted by virtue of their size or incidence to enable a full understanding of the Group's financial performance; such items are reflected separately within the income statement under the caption to which they relate. Transactions which may give rise to material exceptional items include gains and losses on disposals, impairments of assets including goodwill, restructuring costs or provisions, litigation settlements, tax provisions, provisions for onerous contracts and acquisition and divestment costs.

#### Employee benefits

##### (i) Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in the income statement when they are due. The overwhelming majority of the Group's employees participate in plans of this nature.

##### (ii) Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Group operates three defined benefit schemes as follows:

Two defined benefit schemes exist in respect of employees of its German subsidiary, MENCK GmbH, in which there are 216 participants. Of these, 5 participate in a final salary scheme and the remaining 211 participate in a scheme which provides very modest benefits: these are determined by length of service rather than being linked to salary.

A further defined benefit scheme, in respect of employees of its Norwegian subsidiary, InterMoor AS, in which there are 20 participants. Benefits are determined by salary levels and length of service.

Amounts charged to operating profit in relation to the schemes are the current service costs and gains and losses on settlements and curtailments. They are included as part of staff costs. Past service costs are recognised in the income statement at the earlier of the recognition of related restructuring costs and termination benefits and when the plan amendment occurs. The net interest on the net defined benefit liability is shown in the income statement under finance expense.

Pension scheme liabilities are measured on an actuarial basis using the projected unit method and discounted at a rate equivalent to the current rate of return on a high-quality corporate bond of equivalent currency and term to the scheme liabilities. Plan assets are valued at fair value and deducted from the pension scheme liabilities. Actuarial valuations are obtained at least triennially, with updates at intervening balance sheet dates. The resulting net defined benefit asset or liability is presented separately on the face of the balance sheet.

The Group recognises all actuarial gains and losses arising from defined benefit plans directly in equity.

##### (iii) Short-term benefits

Short-term employee benefit obligations such as annual performance bonuses are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid as a short-term benefit if the Group has a present legal or constructive obligation to pay this benefit as a result of past service provided by the employee and the amount of the obligation can be measured reliably.

##### (iv) Share-based payments

Where an intermediate parent of the Group grants rights to its equity instruments to the Group's employees, which are accounted for as equity-settled in the consolidated accounts of the intermediate parent, the Group accounts for these share-based payments as equity-settled. The fair value at grant date of share-based payments awarded is recognised as an employee expense, with a corresponding increase in equity spread over the period in which the employee becomes unconditionally entitled to the award. The fair value of the award granted is measured using an option valuation model, taking into account the terms and conditions upon which the award was granted.



## Notes (continued)

### 3 Significant accounting policies (continued)

#### Employee benefits (continued)

##### (iv) Share-based payments (continued)

The amount recognised as an expense is adjusted to reflect the actual number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that do meet the related service and non-market performance conditions at the vesting date.

#### Leasing

Following the adoption of IFRS 16 *Leases* from 1 January 2019 (the transition date) the Group recognises a right-of-use asset and a corresponding lease liability at the lease commencement date.

##### (i) Right-of-use assets

A right-of-use asset is initially measured at cost which comprises the initial amount of the lease liability adjusted for any:

- lease payments made at or before the commencement date (or transition date if earlier);
- initial direct costs incurred;
- estimate of costs to dismantle, remove or restore the underlying asset or the site to which it is located; and
- lease incentives received.

A right-of-use asset is subsequently depreciated using the straight-line method from the commencement (or transition) date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those for property, plant and equipment. A right-of-use asset's value may be reduced where an impairment is necessary and may also be adjusted where a remeasurement of the lease liability is appropriate.

The Group reports its right-of-use assets separately in the statement of financial position.

##### (ii) Lease liabilities

A lease liability is initially measured at the present value of future lease payments on the commencement date (or transition date if earlier) having been discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the incremental borrowing rate of the entity the lease is with, taking into account the risk profile of the asset and its location. Typically the Group uses the incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability will comprise one or more of the following:

- fixed payments;
- variable lease payments that are dependent on an index or a rate, initially measured using the index or the rate at the commencement date;
- amounts expected to be payable under a residual value guarantee;
- lease payments with an optional renewal period where the Group is reasonably certain it will exercise its option to renew; and
- penalties for early termination of the lease unless the Group is reasonably certain it will allow its lease to run its committed term.

The lease liability is measured at amortised cost using the effective interest method. Lease liabilities are remeasured when there is a change in the expected future lease payments arising from a change in the adopted index or rate, or if the Group changes its assessment of whether either extension or termination options will be exercised.

When the lease liability is remeasured in this way a corresponding adjustment is made to the carrying value of the right-of-use asset, or it is recorded in the income statement if the carrying amount of the right-of-use asset has been reduced to zero.

The Group reports its lease liabilities separately in the statement of financial position.



## Notes (continued)

### 3 Significant accounting policies (continued)

#### Leasing (continued)

##### (iii) Short-term leases and leases of low-value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases and leases of low-value assets. The Group recognises the lease payments associated with these leases as an expense in the income statement on a straight-line basis over the lease term.

#### Financial Instruments

##### (i) Non-derivative financial instruments

Non-derivative financial instruments comprise investments in trade and other receivables, contract assets, cash and cash equivalents, loans and borrowings, lease liabilities and trade and other payables.

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

Non-derivative financial instruments are measured at amortised cost using the effective interest method, less any impairment losses.

##### (ii) Derivative financial instruments

Derivative financial instruments are recognised at fair value. Any gain or loss arising in arriving at fair value is recognised immediately in the income statement.

##### (iii) Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity, net of any tax effects.

#### Impairment

##### (i) Financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it may be impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated discounted future cash flows. All impairment losses on financial assets measured at amortised cost are recognised in the income statement.

An impairment loss is only reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised.

##### (ii) Non-financial assets

The carrying amounts of the Group's non-financial assets, other than inventories, contract costs and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill has an indefinite life and the recoverable amount is estimated at each reporting date.

The Group's approach to impairment testing in relation to goodwill and intangible assets is discussed in the Goodwill section above.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its estimated recoverable amount. Impairment losses are recognised in the income statement.



## Notes (continued)

### 3 Significant accounting policies (continued)

#### Income tax

Income tax comprises current and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current income tax liabilities and assets for the current and prior periods are measured at the amount expected to be paid to, or recovered from, the taxation authorities. Taxable profit or loss differs from that reported in the income statement because it excludes items of income or expense that are taxable or deductible in later years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred income tax is recognised on all temporary differences at the balance sheet date between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, with the following exceptions:

- where the temporary difference arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination that, at the time of the transaction, affects neither accounting nor taxable profit or loss;
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future; and
- deferred income tax assets are recognised only to the extent that it is probable that a taxable profit will be available against which the deductible temporary differences, carried forward tax credits or tax losses can be utilised.

Unrecognised deferred income tax assets are reassessed at each balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax liabilities and assets are measured on an undiscounted basis at the tax rates that are expected to apply when the liability is settled or the asset is realised, based on tax rates and tax laws enacted or substantively enacted at the balance sheet date.

Current and deferred income tax is charged or credited directly to equity if it relates to items that are credited or charged to equity. Otherwise, income tax is recognised in the income statement.

#### Assets held for sale

Non-current assets are classified as held for sale if it is highly probable that their carrying value will be realised primarily through sale rather than through continuing use.

Such assets are measured at the lower of their carrying amount and fair value less cost of disposal. Impairment losses on initial classification as held for sale and subsequent gains and losses on re-measurement are recognised in the income statement. Once classified as held for sale, intangible assets and tangible fixed assets are not amortised or depreciated.

#### Discontinued operations

A discontinued operation is a component of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group and which represents a separate major line of business or geographical area of operations that has been disposed of or is held for sale. Classification as a discontinued operation occurs at the earlier of disposal or when the operation meets the criteria to be classified as held for sale. When an operation is classified as a discontinued operation, the comparative income statement is represented as if the operation had been discontinued from the start of the comparative period.



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## Notes (continued)

### 3 Significant accounting policies (continued)

#### Determination of fair values

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods:

#### (i) Property, plant and equipment

The fair value of property, plant and equipment recognised as a result of a business combination is based on market values. The market value of property is the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction wherein the parties had each acted knowledgeably, prudently and without compulsion. The market value of items of plant, equipment, fixtures and fittings is based on management's knowledge of prices offered and accepted for comparable items.

#### (ii) Intangible assets

The fair value of order books and customer lists acquired in a business combination is established by applying the income approach to valuation. The fair value of other intangible assets is based on the discounted cash flows expected to be derived from the use of those assets.

#### (iii) Inventories

The fair value of inventories acquired in a business combination is determined based on historic cost adjusted to fair value, if applicable. However where its estimated selling price in the ordinary course of business less the estimated costs of completion and sale is lower than cost, that lower value is adopted.

#### (iv) Trade and other receivables

The fair value of trade and other receivables is estimated as the present value of their expected future cash flows, discounted where appropriate.

#### (v) Non-derivative financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date. For leases, the market rate of interest is determined by reference to the imbedded rate within the lease agreement or an entity's incremental borrowing rate.

#### Borrowings

Borrowings are initially recorded at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost using the effective interest rate method. Amortised cost is calculated taking into account any issue costs.

Net financing costs comprise interest payable on borrowings, interest receivable on cash and cash equivalents and amortisation of debt finance costs that are recognised in the income statement.

Interest income and expense is recognised in the income statement as it accrues, using the effective interest method.

#### Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purposes of the consolidated cash flow statement, cash and cash equivalents comprise cash on hand, deposits held at call with banks and any other short-term highly liquid investments, less bank overdrafts.



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## Notes (continued)

### 3 Significant accounting policies (continued)

#### Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently at amortised cost less any provision for expected credit losses.

The Group has applied the simplified approach to measuring the expected credit loss which uses a lifetime expected loss allowance. To measure the expected credit loss, trade receivables have been grouped together based on the number of days they are overdue.

#### Contract assets

Contract assets are recognised when the Group has satisfied its contractual performance obligations and has either not recognised a receivable to reflect its unconditional right to the corresponding consideration or where that consideration is not yet due. Contract assets are treated as financial assets for impairment purposes and therefore subject to impairment reviews on the same basis as trade and other receivables.

#### Trade and other payables

Trade and other payables are recognised initially at fair value and subsequently at amortised cost.

#### Contract liabilities

Contract liabilities are recognised when a customer pays consideration or when the Group recognises a receivable to reflect its unconditional right to consideration (whichever is earlier), prior to the Group transferring the goods to, or performing the services for, that customer. The liability represents the Group's responsibility to fulfil the contractual performance obligations for which it has already been paid.

#### New accounting standards adopted in the year

There were no newly adopted accounting standards in the year that had a material impact on the Group's consolidated financial statements.

#### Impact of future accounting standards

The Group has reviewed the accounting standards not yet adopted which become effective for periods commencing after 1 January 2022 and concluded that IFRS 17 *Insurance contracts*, may apply. The potential impact on the Group's existing accounting treatments or disclosures is still being assessed although is not expected to have a material effect.

The Group is expected to fall under the Climate-related Financial Disclosures Regulations 2022 however from 2023, and as a result, disclosures in relation to this will be required to be included within the Group's Strategic Report.

### 4 Financial risk management

The Group's international operations and debt financing expose it to a variety of financial risks. The Group has in place risk management policies that seek to limit the adverse effects of these risks on the financial performance of the Group. The Board of Directors has overall responsibility for the establishment and oversight of the Group's financial risk management framework.

#### (i) Foreign exchange risk

The Group is exposed to foreign exchange risk arising on sales, purchases and borrowings that are denominated in currencies other than the functional currencies of individual Group entities (which are principally Sterling, US Dollars, Euros, Singapore Dollars and Norwegian Kroner). As the Group's presentational currency is Sterling, it is also subject to foreign exchange translation risk in respect of the results and underlying net assets of foreign operations. The Group mitigates its foreign currency risk to a large extent by operating a natural hedge against its major foreign currency risk which is the US Dollar. The impact on earnings of a weakening Dollar is offset, to an extent, by a reduction in the Sterling value of borrowings denominated in US Dollars, and vice versa.

Details of significant balances in foreign currencies and the exchange rates used to translate them into Sterling are shown in note 29. There were no changes in the Group's approach to foreign exchange risk during the year.



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## Notes (continued)

### 4 Financial risk management (continued)

#### (ii) Cash flow and fair value interest rate risk

The Group has interest rate risk arising from its long-term borrowings. Borrowings at variable rates expose the Group to cash flow interest rate risk.

The Group has no significant interest-bearing assets other than cash and cash equivalents of a working capital nature. Therefore the Group's income and operating cash flows arising from such assets are substantially independent of changes in market interest rates.

The Group monitors its exposure to interest rate risk as part of its overall financial risk management. The Board of Directors regularly considers its policy in relation to interest rate hedging and takes action where appropriate to manage its cash flow interest rate risks (see note 29).

There were no changes in the Group's approach to cash flow and fair value interest rate risk during the year.

#### (iii) Credit risk

Financial instruments that potentially subject the Group to a concentration of credit risk consist primarily of cash and cash equivalents and accounts receivable. Cash and cash equivalents, primarily comprising of current account balances, are maintained with major financial institutions in each of the territories in which the Group operates. Cash balances held by non-UK operating companies in excess of those required for short-term funding needs are regularly remitted to UK bank accounts.

Sales are made on credit and result in short-term credit exposure on trade receivables. The Group's customers are principally major companies in the renewables, nearshore construction and oil and gas exploration and production sectors that have several years' transaction history with the Group. Credit risk from the ordinary course of trade activities is managed by the Group's subsidiaries on a customer and/or project basis.

The Group establishes an allowance for impairment that represents its estimated lifetime expected credit loss in respect of trade and other receivables. This includes allowances for specific loss elements that relate to individually significant exposures. The ageing of receivables is shown in note 29.

There were no changes in the Group's approach to credit risk during the year.

#### (iv) Liquidity risk

The Group maintains a blend of long- and short-term committed facilities that are designed to ensure that it has sufficient available funds for operations and planned expansion and to meet its financial obligations as they fall due. At 31 December 2022 the Group had access to variable rate borrowings in the form of a £295m committed credit facility, of which £250m takes the form of term loans and £45m is a revolving credit facility. The Group is able to draw down on the revolving facility as needed. Interest rates are determined by reference to LIBOR except for sterling facilities which have transitioned to SONIA plus a credit spread adjustment (ISDA) from 1 January 2022.

The Group employs a central treasury team which utilises cash-pooling arrangements to enhance its liquidity.

There were no changes in the Group's approach to liquidity risk during the year.

#### (v) Capital risk management

The objectives when managing capital (equity and bank borrowings) are to safeguard the Group's ability to continue as a going concern and:

- provide returns for shareholders;
- provide benefits for other stakeholders; and
- maintain an optimal capital structure to minimise the cost of capital.

The Group monitors its bank borrowings and conducts regular reviews of actual and projected performance against a suite of bank covenants.

There were no changes to the Group's approach to capital management in the year.



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## Notes (continued)

### 5 Acquisitions and disposals of subsidiaries and trades

There were no new acquisitions or divestments of any subsidiaries in 2022.

In 2021 the Group did increase its percentage shareholding within its existing group company, Century InterMoor Holdings Limited, by acquiring all of the non-controlling interests for a nominal value. In accordance with IAS27, *Consolidated and Separate Financial Statements*, as the transactions did not result in a change of overall control, the goodwill increase as a result of this share acquisition was debited to other reserves.

### 6 Revenue

The following tables disaggregate the Group's revenue by its nature, geographical markets, division and timing of recognition.

	2022 £000	2021 £000
<b>Nature of revenue</b>		
Sale of goods	73,488	96,645
Rendering of services	458,682	369,673
	<u>532,170</u>	<u>466,318</u>
<b>Geographical markets</b>		
Europe	207,382	134,464
Africa	24,104	21,375
North America	71,684	80,633
South America	67,187	34,558
Asia and Asia Pacific	118,659	158,423
Middle East/Caspian	43,154	36,865
	<u>532,170</u>	<u>466,318</u>
<b>Division*</b>		
Data and Robotics	165,841	131,356
Engineering, Moorings and Foundations	231,642	212,543
Energy Services	134,687	122,419
	<u>532,170</u>	<u>466,318</u>
<b>Timing of revenue recognition</b>		
Products and services transferred at a point in time	75,291	107,275
Products and services transferred over time	456,879	359,043
	<u>532,170</u>	<u>466,318</u>

\* In the year the Group has continued its drive to simplify the messaging of its service offerings to the market and to establish a basis upon which to further realise benefits from synergies, both operationally and financially, by establishing three operating divisions. The comparative information above has been restated to reflect this new divisional structure.



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## Notes (continued)

### 6 Revenue (continued)

Where the Group rents equipment to customers without the provision of other associated services, the equipment rental contract with the customer may meet the definition of a lease and be outside of the scope of IFRS 15 *Revenue from Contracts with Customers*. Such revenue (to the extent the lease definition is met) has not been presented separately from the Group's IFRS 15 revenue disclosures on the basis that a combined disclosure reflects a more consistent and relevant presentation of the Group's principal trading activities with its customers.

The Group may enter into fixed-price long-term contracts that remain in progress at year-end for which estimates are required to be made for contract revenue and cost recognition. These contract revenues and costs are affected by uncertainties that depend on the outcome of future events.

At the end of each reporting period the Group is required to estimate costs to complete on fixed-price contracts based on the work to be performed after the reporting date, which may span more than one reporting period. This involves an objective evaluation of project progress against the delivery schedule, evaluation of the work to be performed and the associated costs to fully deliver the contract to the customer, and contingencies. These estimates are affected by a variety of uncertainties that depend on the outcome of future events, and therefore require regular evaluation.

The directors assess the value of a contract's revenue at each reporting date, including an estimation for variation orders and any deduction for liquidated damages. The value of revenue is estimated on the basis that it is highly probable that a significant reversal in the amount of cumulative revenue recognised to date will not occur. The assessment is based on discussions with the customer and a range of other factors, including contractual entitlement, prior experience of the customer and of similar contracts with other customers.

At the year-end, the Group had one individually material contract in progress which required estimation in respect of contract costs to completion and revenue where there may be variability as a result of potential contract variations. The majority of revenue, following contract renegotiations made during the year, is now on a reimbursable/day rate basis, therefore reducing the forecasting risk, although the duration of reimbursable work for offshore installation is uncertain and requires judgement. As detailed in note 8, trading activity in the year relating to this contract has been disclosed as exceptional.

### 7 Other income

	2022	2021
	£000	£000
Net gain on sale of non-rental property, plant and equipment	-	10

### 8 Expenses, auditor's remuneration and exceptional items

	2022	2021
	£000	£000
<i>Loss before taxation is stated after charging:</i>		
Depreciation and other amounts written off owned tangible fixed assets	27,319	27,990
Depreciation of right-of-use assets under IFRS 16	8,107	7,703
Amortisation of intangibles	10,264	11,118
Operating lease rentals from short-term leases and low-value assets	760	409
Research and development expenditure	1,616	1,251

Operating lease commitments at the year-end for non-cancellable short-term and low value asset leases amounted to £448,000 (2021: £234,000), the majority of which is due within one year.

#### *Auditor's remuneration:*

	2022	2021
	£000	£000
Audit of these financial statements	265	240
Amounts receivable by the Company's auditor and its associates in respect of:		
Audit of financial statements of subsidiaries of the Company	1,444	1,378
Taxation compliance services	655	671
Other tax advisory services	321	236
All other services	22	48



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## Notes (continued)

### 8 Expenses, auditor's remuneration and exceptional items (continued)

#### Exceptional items:

##### Trading activity

In the current year, the Group continued with a significant contract to design, manufacture, supply and operate a market-first foundation drilling rig for an offshore windfarm project in Europe. As a result of customer specification changes, coupled with design challenges due to the ground-breaking technology involved, expected estimated costs to fulfil the contract escalated leading to the contract being renegotiated and agreed with the customer on a more reimbursable and day rate basis, therefore significantly reducing the risk of it becoming a loss-making contract. This contract is currently on-going at the year-end with completion not anticipated until late 2024 at the earliest. At the current time, there is a considerable amount of the contract still to be performed, and an overall break-even position has been forecast. No profit or loss from operating activities has therefore been recognised for this contract in the year. Whilst the outcome of the contract is subject to forecasting risk and uncertainty, principally the value of reimbursable work offshore, the possible profits or losses are not expected to be materially different from this position.

During the previous year, the Group entered into a significant contract to supply marine foundations for a liquified natural gas (LNG) terminal in the Philippines. During the performance of this contract, a number of technical and operational challenges arose, not only as a result of unforeseen scoping changes, but also from delays caused by unseasonal, inclement weather and continuing Covid-19 pandemic restrictions. All of these factors had a significant cost impact in the performance and fulfilment of the contract within the agreed timeframe and pricing. This resulted in the decision to terminate the contract with a final settlement being agreed with the customer leading to a total contract loss of £28.2m being recognised.

The impact of both these contracts on the Group's performance in the current and prior year is as detailed below. The results are disclosed as exceptional because of their size and incidence.

	2022 £000	2021 £000
Revenue	25,272	13,707
Cost of sales	(25,272)	(35,214)
Gross loss	-	(21,507)
Administrative expenses – bad debt written off	-	(6,683)
Exceptional loss in the year	-	(28,190)
<i>Other exceptional (charges)/income</i>		
Group reorganisation costs*	-	(4,746)
Severance related payments	(1,100)	(684)
Professional services in relation to external investor opportunities	(2,180)	-
Impairment relating to right-of-use assets under IFRS 16 (note 15)*	-	(115)
Impairment relating to intangible assets (note 16)	(2,500)	(15,372)
Government job retention scheme grant income (note 10)	240	509
	(5,540)	(20,408)
<b>Total exceptional items</b>	<b>(5,540)</b>	<b>(48,598)</b>

\* During 2020 the Group performed a strategic review of its business structure, the sectors it serves and the economic outlook of those sectors along with other potential complementary/related new markets and products. Following this review the Group implemented a reorganisation programme in that year, elements of which continued into 2021. The costs of this reorganisation, including the related right-of-use asset impairment charges, have been disclosed as exceptional.

Total exceptional expenses within administrative expenses comprise other exceptional charges of £5,540,000 (2021: £20,408,000) and £nil (2021: £6,683,000) relating to the exceptional trading activities.



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## Notes (continued)

### 9 Remuneration of directors

	2022 £000	2021 £000
Directors' emoluments	1,603	1,109
Company contributions to defined benefit schemes	7	3
Compensation for loss of office	875	684

The aggregate of emoluments of the highest paid director was £776,000 (2021: £551,000). No company pension contributions were made on his behalf to money purchase or defined benefit schemes in the current or previous year.

	Number of directors	
	2022	2021
Retirement benefits are accruing to the following number of directors under:		
Defined benefit schemes	1	1

### 10 Personnel expenses and employee numbers

The average number of employees during each year was as follows:

	Number of employees	
	2022	2021
Directors of Acteon Group Limited	3	3
Technical and administration	2,175	1,965
	2,178	1,968

The aggregate payroll costs (excluding any job retention scheme grant income) of the average number of employees were as follows:

	2022 £000	2021 £000
Wages and salaries	135,607	119,224
Social security costs	14,494	12,137
Contributions to defined contribution plans	4,824	4,406
Expenses related to defined benefit plans	277	292
	155,202	136,059

During the year the Group received income from government job retention scheme grants in a number of territories in relation to the Covid-19 pandemic of £240,000 (2021: £509,000). This has been recognised in the income statement as a reduction to administrative expenses and disclosed as an exceptional item.

In prior years to 2016, entities controlled by the Group's ultimate controlling party issued equity instruments to Group employees and directors at their then market value. These instruments vested after a period of five years and are exercisable on sale or listing of the Group. No such equity instruments were issued to the Group's employees in the current or prior year.



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## Notes (continued)

### 11 Finance income and expense

#### Recognised in profit or loss

	2022 £000	2021 £000
Interest income on bank deposits	766	1,851
Other interest receivable	136	52
<b>Finance income</b>	<b>902</b>	<b>1,903</b>
Interest payable on bank borrowings	(23,001)	(18,701)
Foreign exchange losses	(11,653)	(2,358)
Amortisation of finance raising costs	(1,680)	(1,530)
Interest on net employee benefit obligations	(38)	(29)
Interest on lease liabilities under IFRS 16	(2,819)	(2,753)
Other interest payable	(110)	(208)
<b>Finance expense</b>	<b>(39,301)</b>	<b>(25,579)</b>
<b>Net finance expense recognised in profit or loss</b>	<b>(38,399)</b>	<b>(23,676)</b>

	2022 £000	2021 £000
<b>Recognised directly in equity</b>		
Translation of foreign currency net investments	15,114	(1,984)
Finance income/(expense) recognised directly in equity, net of tax	15,114	(1,984)

All finance income/(expense) recognised directly in equity is attributable to holders of equity in the company. Translation gains and losses in respect of foreign currency net investments are recognised in the foreign currency translation reserve.



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**Notes** (continued)

**12 Income tax**

	2022 £000	2021 £000
<b>Current tax expense</b>		
Corporation tax on UK profits for year	-	(567)
Adjustment for prior periods	(358)	989
Foreign tax – current	10,861	10,925
Foreign tax – adjustments in respect of prior periods	(93)	678
	<u>10,410</u>	<u>12,025</u>
<b>Deferred tax credit</b>		
Reversal of temporary differences	(10,433)	(7,297)
Adjustments for prior periods	(1,966)	1,405
	<u>(12,399)</u>	<u>(5,892)</u>
Total income tax (credit)/expense	<u>(1,989)</u>	<u>6,133</u>
<b>Reconciliation of effective tax rate</b>		
	2022 £000	2021 £000
Loss for the year	(11,230)	(61,358)
Total income tax (credit)/expense	(1,989)	6,133
Loss excluding income tax	<u>(13,219)</u>	<u>(55,225)</u>
Income tax using the Group's domestic tax rate 19% (2021: 19%)	(2,512)	(10,493)
Movements in non-taxable provisions, and non-deductible expenses	1,719	4,810
Unrelieved foreign taxes and franchise taxes paid in the USA	3,556	2,146
Differences between local tax rates and UK standard rate	388	(115)
Deferred tax assets relating to losses not recognised	3,897	8,572
Recognition of previously unrecognised losses	(6,620)	-
Adjustment for prior periods	(2,417)	3,072
Effect of increase in UK tax rate on deferred tax balances	-	(1,859)
Total income tax (credit)/expense	<u>(1,989)</u>	<u>6,133</u>

In the 3 March 2021 Budget it was announced that the UK corporation tax rate will increase from 19% to 25% from 1 April 2023. The UK deferred tax balance as at 31 December 2021 and 31 December 2022 has therefore continued to be measured using a rate of 25%.



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## Notes (continued)

### 13 Loss for the financial year

The loss dealt with in the accounts of the parent company was £25,749,000 (2021: £102,597,000). The change in results year on year was mainly from an increase in recognised exchange rate losses of £10,783,000 (2021: £248,000), changes in the recognition of net impairments on investment values and provisions on amounts owed from/by group undertakings of £8,200,000 credit (2021: £136,908,000 charge), and the level of dividend income received totalling £6,843,000 (2021: £57,867,000). The balance sheet of the parent company can be found on page 66.

### 14 Property, plant and equipment

	Land, buildings and leasehold improvements £000	Plant, equipment and fixtures and fittings £000	Assets under construction £000	Total £000
<b>Cost or deemed cost</b>				
Balance at 1 January 2021	40,154	334,628	12,158	386,940
Additions	166	8,096	14,091	22,353
Transfer on completion	-	17,312	(17,312)	-
Disposals	(1,028)	(12,546)	-	(13,574)
Exchange movements	(162)	(4,632)	(366)	(5,160)
<b>Balance at 31 December 2021</b>	<b>39,130</b>	<b>342,858</b>	<b>8,571</b>	<b>390,559</b>
Additions	214	13,714	22,360	36,288
Transfer on completion	29	20,171	(20,200)	-
Disposals	(169)	(36,005)	-	(36,174)
Exchange movements	2,669	16,556	971	20,196
<b>Balance at 31 December 2022</b>	<b>41,873</b>	<b>357,294</b>	<b>11,702</b>	<b>410,869</b>
<b>Depreciation and impairment losses</b>				
Balance at 1 January 2021	12,694	241,304	-	253,998
Depreciation for the year	1,682	26,308	-	27,990
Disposals	(903)	(11,480)	-	(12,383)
Exchange movements	(192)	(3,856)	-	(4,048)
<b>Balance at 31 December 2021</b>	<b>13,281</b>	<b>252,276</b>	<b>-</b>	<b>265,557</b>
Depreciation for the year	1,111	26,208	-	27,319
Disposals	(54)	(29,917)	-	(29,971)
Exchange movements	1,240	14,303	-	15,543
<b>Balance at 31 December 2022</b>	<b>15,578</b>	<b>262,870</b>	<b>-</b>	<b>278,448</b>
<b>Carrying amounts</b>				
At 31 December 2021	25,849	90,582	8,571	125,002
<b>At 31 December 2022</b>	<b>26,295</b>	<b>94,424</b>	<b>11,702</b>	<b>132,421</b>



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## Notes (continued)

### 14 Property, plant and equipment (continued)

The Group performed an impairment review of its asset values at both the current and prior year-ends. As a result of limited earnings continuing to be generated from assets within a Brazil-based subsidiary, it was deemed appropriate to maintain a full impairment of these assets. No further impairment losses have been identified in the current year.

The cumulative fixed asset impairment losses carried forward as at 31 December 2022 amounted to £3,072,000 (2021: £2,805,000). The movement in the year arose as a result of changes in foreign exchange rates increasing the value of the underlying impaired assets.

The net carrying amount of land, buildings and leasehold improvements comprises:

	2022 £000	2021 £000
Freehold	12,323	12,535
Short leasehold	5,998	5,721
Leasehold improvements	7,974	7,593
	<u>26,295</u>	<u>25,849</u>

### Security

At each balance sheet date the majority of properties were subject to a fixed or floating charge as security for bank loans.

### Cash flow

The gross additions (excluding those arising on acquisition) to property, plant and equipment of £36,288,000 (2021: £22,353,000) have been adjusted in relation to the value of capital creditors outstanding at 31 December to derive the amount for inclusion in the Statement of Cash Flow for the purchase of property, plant and equipment.

### 15 Right-of-use assets

	Short- leasehold land and buildings £000	Plant, equipment and fixtures and fittings £000	Total £000
<b>Cost</b>			
Balance at 1 January 2021	58,305	4,114	62,419
Additions	584	989	1,573
Movements from modifications of existing lease liabilities	425	115	540
Disposals	(2,027)	(643)	(2,670)
Exchange movements	(601)	(12)	(613)
<b>Balance at 31 December 2021</b>	<u>56,686</u>	<u>4,563</u>	<u>61,249</u>
Additions	2,228	609	2,837
Movements from modifications of existing lease liabilities	1,333	320	1,653
Disposals	(928)	(333)	(1,261)
Reclassifications	77	(77)	-
Exchange movements	4,975	413	5,388
<b>Balance at 31 December 2022</b>	<u>64,371</u>	<u>5,495</u>	<u>69,866</u>



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## Notes (continued)

### 15 Right-of-use assets (continued)

	Short-leasehold land and buildings £000	Plant, equipment and fixtures and fittings £000	Total £000
<b>Depreciation and impairment losses</b>			
Balance at 1 January 2021	14,306	1,449	15,755
Depreciation for the year	6,534	1,169	7,703
Impairment for the year	115	-	115
Disposals	(2,027)	(643)	(2,670)
Exchange movements	(67)	(4)	(71)
<b>Balance at 31 December 2021</b>	<b>18,861</b>	<b>1,971</b>	<b>20,832</b>
Depreciation for the year	6,844	1,263	8,107
Disposals	(928)	(333)	(1,261)
Reclassifications	13	(13)	-
Exchange movements	1,654	223	1,877
<b>Balance at 31 December 2022</b>	<b>26,444</b>	<b>3,111</b>	<b>29,555</b>
At 31 December 2021	37,825	2,592	40,417
<b>At 31 December 2022</b>	<b>37,927</b>	<b>2,384</b>	<b>40,311</b>

The impairment in the prior year of £115,000 resulted from an expectation that leased properties would be vacated prior to the end of their lease term. These were a result of a group wide reorganisation programme and have been disclosed as an exceptional item (see note 8).

### 16 Intangible assets

	Goodwill £000	Customer lists £000	Order books £000	Software £000	Development costs £000	Total £000
<b>Cost</b>						
Balance at 1 January 2021	201,328	145,195	16,482	11,832	9,732	384,569
Additions	-	-	-	452	192	644
Disposals	-	-	-	(233)	-	(233)
Exchange movements	(311)	320	-	(73)	(40)	(104)
<b>Balance at 31 December 2021</b>	<b>201,017</b>	<b>145,515</b>	<b>16,482</b>	<b>11,978</b>	<b>9,884</b>	<b>384,876</b>
Additions	-	-	-	510	385	895
Disposals	-	-	-	(691)	-	(691)
Exchange movements	1,667	3,092	-	405	593	5,757
<b>Balance at 31 December 2022</b>	<b>202,684</b>	<b>148,607</b>	<b>16,482</b>	<b>12,202</b>	<b>10,862</b>	<b>390,837</b>



**Notes** (continued)

**16 Intangible assets** (continued)

	<b>Goodwill £000</b>	<b>Customer lists £000</b>	<b>Order books £000</b>	<b>Software £000</b>	<b>Development costs £000</b>	<b>Total £000</b>
<b>Amortisation and impairment</b>						
Balance at 1 January 2021	62,494	94,561	16,482	9,412	4,376	187,325
Amortisation for the year	-	8,974	-	1,129	1,015	11,118
Impairment for the year	8,815	6,557	-	-	-	15,372
Disposals	-	-	-	(232)	-	(232)
Exchange movements	-	49	-	(65)	(28)	(44)
<b>Balance at 31 December 2021</b>	<b>71,309</b>	<b>110,141</b>	<b>16,482</b>	<b>10,244</b>	<b>5,363</b>	<b>213,539</b>
Amortisation for the year	-	8,252	-	1,137	875	10,264
Impairment for the year	2,500	-	-	-	-	2,500
Disposals	-	-	-	(691)	-	(691)
Exchange movements	-	775	-	431	209	1,415
<b>Balance at 31 December 2022</b>	<b>73,809</b>	<b>119,168</b>	<b>16,482</b>	<b>11,121</b>	<b>6,447</b>	<b>227,027</b>
<b>Carrying amounts</b>						
At 31 December 2021	129,708	35,374	-	1,734	4,521	171,337
<b>At 31 December 2022</b>	<b>128,875</b>	<b>29,439</b>	<b>-</b>	<b>1,081</b>	<b>4,415</b>	<b>163,810</b>

**Amortisation and impairment charge**

Amortisation and impairment of intangible assets is included within administrative expenses in the income statement.

Customer lists represent the value associated with the customer base of subsidiaries acquired since 1 January 2006.

The principal carrying amount of customer lists at 31 December 2022 includes:

	<b>2022 £000</b>	<b>2021 £000</b>
Probe Oil Tools Ltd – Amortisation period remaining of 8 months	1,223	3,061
UTEK Group – Amortisation period remaining of 1 years 11 months	5,349	8,157
Viking companies – Amortisation period remaining of 4 years 11 months	527	635
Deepwater Group – Amortisation period remaining of 5 years 11 months	2,761	3,227
Benthic Group – Amortisation period remaining of 6 years 5 months	18,292	18,852
Claxton FTS division – Amortisation period remaining of 6 years 7 months	1,253	1,395

Order books represent the value associated with incomplete customer orders at the date of acquisition in subsidiaries.



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**Notes** (continued)

**16 Intangible assets** (continued)

**Impairment testing for cash-generating units (CGUs) containing goodwill**

Goodwill is allocated to operating units for the purpose of impairment testing and this represents the lowest level within the Group at which goodwill is monitored for internal management purposes. Goodwill arising on business combinations is not amortised but is reviewed for impairment on an annual basis or more frequently if there are indications that goodwill may be impaired.

The aggregate carrying amounts of goodwill allocated to each unit are as follows:

	2022	2021
	£000	£000
<u>High capital intensity units</u>		
Seatronics Group	43,380	43,380
InterMoor Ltd	20,319	20,319
InterMoor AS	29,198	29,117
Probe Oil Tools Ltd	9,109	9,109
Aquatic Engineering & Construction Ltd (“Aquatic”)	3,364	3,364
Benthic Group (“Benthic”)	7,102	8,569
Other capital-intensive units	1,514	1,514
	<u>113,986</u>	<u>115,372</u>
<u>Low capital intensity units</u>		
Claxton Engineering Services Ltd	6,093	6,093
2H Group	5,804	5,804
Deepwater Group	2,377	1,824
Other low capital intensity units	615	615
	<u>14,889</u>	<u>14,336</u>
Total goodwill	<u>128,875</u>	<u>129,708</u>

Recoverable amounts for CGUs are based on value-in-use calculations. These calculations use pre-tax cash flow projections for a five-year period, including financial budgets approved by the board covering a one-year period. Cash flows beyond the one-year period are extrapolated based on estimated long-term average growth rates (typically 3 to 6 per cent). Goodwill is considered to have an infinite life and the cash flows in year five are used as a basis for calculating a terminal value. The terminal value is added to the value-in-use calculated for years one to five. The growth rate in years two to five does not exceed the anticipated long-term average growth rate for the market in which the CGU operates after taking account of the expected improvement in markets following the adverse impact from the Covid-19 pandemic and continuing energy transition, and its effect on current profitability levels. In all cases, a terminal growth value of 2.5% (2021: 2.0%) has been assumed. The key inputs to this calculation are shown below:

	As at 31 December 2022	As at 31 December 2021
Period on which management approved forecasts are based	1 Year	1 Year
Average growth rate applied for years two to five – Benthic	26.0%	9.0%
Average growth rate applied for years two to five – Probe Oil Tools Ltd	9.0%	14.5%
Average growth rate applied for years two to five – Aquatic	7.0%	9.0%
Average growth rate applied for years two to five – other entities	0.0% - 5.0%	0.0% - 5.0%
Growth rate applied to terminal value calculation	2.5%	2.0%
Pre-tax discount rate	14.0%	12.0%



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## Notes (continued)

### 16 Intangible assets (continued)

#### Impairment testing for CGUs containing goodwill (continued)

Whilst current market conditions do not support the average growth rates presented above for Benthic, Probe and Aquatic in the short term, it is anticipated that over the medium- to longer-term these rates are appropriate, reflecting the expected development in markets of these entities over the period covered by the projections.

The pre-tax discount rate applied to the cash flow projections has been derived by estimating the Group's tax-adjusted weighted average cost of capital. The rate adopted is broadly consistent with that of comparable market participants taken together.

Impairment reviews were performed at 31 December 2021 and 31 December 2022 by comparing the carrying value of goodwill and other intangible and tangible fixed assets with the estimated recoverable amount of each CGU. As part of the impairment reviews a sensitivity analysis was performed. On the basis of this review the directors concluded that an impairment in relation to Benthic, a group of companies operating worldwide, was necessary. Benthic's short- and medium-term trading expectations are below the level required to generate cash flows to justify the full carrying value of its goodwill. As a result, the goodwill value has been impaired by £2,500,000, with this loss being recognised in the consolidated income statement.

The directors note that although the 14% pre-tax discount rate used is appropriate, an increase of 1% to 15% would have resulted in a further impairment loss on intangibles being recognised in the year, all relating to Benthic of £4,000,000.

The cumulative impairment provisions within intangible assets are as follows:

	2022 £000	2021 £000
Goodwill	73,809	71,309
Customer lists	10,861	10,861
	<u>84,670</u>	<u>82,170</u>

There are no intangible assets, other than goodwill, with indefinite useful lives.



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**Notes** (continued)

**17 Deferred tax assets and liabilities**

**Recognised deferred tax assets and liabilities**

Deferred tax assets and liabilities are analysed as:

	Assets		Liabilities	
	2022 £000	2021 £000	2022 £000	2021 £000
Property, plant and equipment	(10,131)	(5,995)	-	-
Intangible assets	-	-	7,796	9,313
Retirement benefit obligations	-	(111)	8	-
Provisions/accruals	-	(63)	54	-
Tax losses carried forward	(10,857)	(4,597)	-	-
Other items	(94)	(155)	-	-
	<u>(21,082)</u>	<u>(10,921)</u>	<u>7,858</u>	<u>9,313</u>
Deferred tax (assets)/liabilities				
Net deferred tax (asset)/liabilities			<u>(13,224)</u>	<u>(1,608)</u>

The Group has recognised deferred tax assets, principally in the UK, in respect of losses carried forward on the basis that they will be used to offset future taxable profits. UK losses principally arose in 2021 as a result of an exceptional contract loss.

At 31 December 2022 deferred tax assets totalling £33,373,000 (2021: £35,307,000) relating to trading losses (including the restriction of corporate interest deductions) have not been recognised because the relevant entities are forecasting insufficient profits for them to be utilised.

**Deferred tax impact of movements in temporary differences during the year – 2022**

	Balance 1 January 2022 £000	Foreign exchange movement £000	Recognised in income statement £000	Adjustments for prior year £000	Balance 31 December 2022 £000
Property, plant and equipment	(5,995)	81	(2,686)	(1,531)	(10,131)
Intangible assets	9,313	678	(2,195)	-	7,796
Retirement benefit obligations	(111)	1	118	-	8
Provisions/accruals	(63)	-	52	65	54
Tax losses carried forward	(4,597)	22	(5,782)	(500)	(10,857)
Other items	(155)	1	60	-	(94)
	<u>(1,608)</u>	<u>783</u>	<u>(10,433)</u>	<u>(1,966)</u>	<u>(13,224)</u>



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## Notes (continued)

### 17 Deferred tax assets and liabilities (continued)

Deferred tax impact of movements in temporary differences during the year – 2021

	Balance 1 January 2021 £000	Foreign exchange movement £000	Recognised in income statement £000	Adjustments for prior year £000	Balance 31 December 2021 £000
Property, plant and equipment	(2,722)	(100)	(5,575)	2,402	(5,995)
Intangible assets	12,789	79	(3,555)	-	9,313
Retirement benefit obligations	(215)	(4)	108	-	(111)
Provisions/accruals	(168)	(2)	212	(105)	(63)
Tax losses carried forward	(5,189)	(47)	1,531	(892)	(4,597)
Other items	(136)	(1)	(18)	-	(155)
	<u>4,359</u>	<u>(75)</u>	<u>(7,297)</u>	<u>1,405</u>	<u>(1,608)</u>

### 18 Inventories

	2022 £000	2021 £000
Raw materials and consumables	2,434	2,164
Work in progress	784	1,145
Finished goods	33,863	22,827
	<u>37,081</u>	<u>26,136</u>

In 2022 raw materials, consumables and changes in finished goods and work in progress recognised as cost of sales amounted to £17,234,000 (2021: £16,815,000).

### 19 Contract costs

	2022 £000	2021 £000
Costs to fulfil a contract	17,602	21,037
	<u>17,602</u>	<u>21,037</u>

The charge in the year to cost of sales relating to contract costs totalled £67,195,000 (2021: £74,388,000).



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## Notes (continued)

### 20 Trade and other receivables

	2022 £000	2021 £000
Trade receivables	89,957	81,140
Other debtors	11,825	12,103
Income tax receivables	8,894	8,277
Prepayments	7,383	6,035
	<u>118,059</u>	<u>107,555</u>

Included in income tax receivables is £5,854,000 (2021: £5,854,000) relating to the settlement of State Aid charging notices. As disclosed in note 31, these charges are currently being contested by the UK government.

The Group's exposures to credit and currency risks and allowances for expected losses related to trade and other receivables are disclosed in note 29.

### 21 Contract balances and unsatisfied performance obligations

#### (a) Contract balances

	2022 £000	2021 £000
Receivables which are included in Trade and other receivables (note 20)	89,957	81,140
Contract assets	19,665	13,295
Contract liabilities	(12,771)	(8,653)

In some contracts the Group receives payments from customers based on explicit billing schedules. Contract assets primarily relate to the Group's conditional right to consideration for completed performance obligations under those contracts. These are transferred to receivables once this right has become unconditional (typically on invoicing). Contract liabilities relate to payments received in advance of performing obligations under a contract and exist primarily in contracts where significant costs are expected to be incurred prior to the fulfilment of a performance obligation where revenue is to be recognised at a later point in time.

The changes in contract assets and contract liabilities during the year were as follows:

	2022 £000
<b>Contract assets</b>	
Balance at 1 January 2022	13,295
Increase in conditional right to consideration	54,632
Transferred to trade receivables when consideration becomes unconditional	(49,430)
Exchange movements	1,168
<b>Balance at 31 December 2022</b>	<u>19,665</u>



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## Notes (continued)

### 21 Contract balances and unsatisfied performance obligations (continued)

#### (a) Contract balances (continued)

	2022 £000
<b>Contract liabilities</b>	
Balance at 1 January 2022	8,653
Revenue recognised on amounts included in the balance at the beginning of the year	(8,658)
Payments received/invoices raised in advance of recognising revenue at the year-end	12,137
Exchange movements	639
	<hr/>
<b>Balance at 31 December 2022</b>	<b>12,771</b>
	<hr/> <hr/>

#### (b) Unsatisfied performance obligations

The aggregate amount of the transaction price (contracted revenue value) allocated to performance obligations (POs) that are unsatisfied (or partially unsatisfied) as at 31 December 2022 totals £246,857,000 (2021: £194,493,000). The Group expects these to be satisfied in:

31 December 2022	2023	2024	After	Total
	£000	£000	2024 £000	
Expected recognition of unsatisfied POs at the year-end	230,531	16,326	-	246,857
	<hr/>	<hr/>	<hr/>	<hr/>
31 December 2021	2022	2023	After	Total
	£000	£000	2023 £000	
Expected recognition of unsatisfied POs at the year-end	154,546	28,166	11,781	194,493
	<hr/>	<hr/>	<hr/>	<hr/>

### 22 Share capital

	Allotted, called up and fully paid	
	2022 £000	2021 £000
<b>At 31 December 2021 and 31 December 2022</b>		
4,665,929,237 Ordinary shares of £0.01 each	46,659	46,659
	<hr/>	<hr/>

### 23 Capital and reserves

#### Share premium

Share premium represents the excess of the proceeds received from the issue of shares over the nominal value of those shares.



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## Notes (continued)

### 23 Capital and reserves (continued)

#### Foreign currency translation reserve

The foreign currency translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.

#### Other reserves

Other reserves represent a capital redemption reserve credit balance of £1,154,000 (2021: £1,154,000) and an ownership change reserve debit balance of £6,404,000 (2021: debit balance of £6,404,000).

The capital redemption reserve arose on the repurchase of own shares by the Company.

The ownership change reserve arose from the Group acquiring and disposing of shareholdings in existing group companies which did not result in a change in overall control. In accordance with IAS 27, *Consolidated and Separate Financial Statements*, any goodwill changes are posted to this reserve, rather than adjusting goodwill on initial acquisition by the Group.

#### Retained earnings

Retained earnings comprise cumulative undistributed earnings of the Group.

### 24 Non-controlling interests

	UTEK Group £000	Seatronics Group £000	Probe Oil Tools Limited £000	Other £000	Total £000
Balance at 1 January 2021	1,445	1,380	7,729	2,360	12,914
(Loss)/profit allocated to non-controlling interests in the year	(52)	157	(42)	(1,688)	(1,625)
On acquisition in the year (note 5)	-	-	-	259	259
Balance at 31 December 2021	1,393	1,537	7,687	931	11,548
Profit/(loss) allocated to non-controlling interests in the year	54	225	172	(817)	(366)
<b>Balance at 31 December 2022</b>	<b>1,447</b>	<b>1,762</b>	<b>7,859</b>	<b>114</b>	<b>11,182</b>



Notes (continued)

25 Loans and borrowings

Net debt

	1 January 2022 £000	Cash flows (* £000	Non-cash changes				31 December 2022 £000
			Foreign exchange £000	Debt issue cost amortisation £000	Change in debt issue cost accrual £000	New lease obligations £000	
<b>Non-current liabilities</b>							
Secured bank loans	(273,510)	80	(7,987)	(1,680)	(20)	-	(283,117)
Total loans and borrowings	(273,510)	80	(7,987)	(1,680)	(20)	-	(283,117)
Lease liabilities (note 26)	(45,389)	7,714	(3,792)	-	-	(4,358)	(45,825)
Cash and cash equivalents	68,670	(24,006)	2,582	-	-	-	47,246
Net debt	(250,229)	(16,212)	(9,197)	(1,680)	(20)	(4,358)	(281,696)

	1 January 2021 £000	Cash flows (* £000	Non-cash changes				31 December 2021 £000
			Foreign exchange £000	Debt issue cost amortisation £000	Change in Debt issue cost accrual £000	New lease obligations £000	
<b>Non-current liabilities</b>							
Secured bank loans	(246,823)	(25,578)	(825)	(1,530)	1,246	-	(273,510)
Total loans and borrowings	(246,823)	(25,578)	(825)	(1,530)	1,246	-	(273,510)
Lease liabilities (note 26)	(50,698)	7,079	492	-	-	(2,262)	(45,389)
Cash and cash equivalents	48,057	21,311	(698)	-	-	-	68,670
Net debt	(249,464)	2,812	(1,031)	(1,530)	1,246	(2,262)	(250,229)

\* Detailed breakdowns of these cash flows are disclosed within the Consolidated Statement of Cash Flow on page 20.

There was no repayment of the brought forward loans and borrowing liability in 2021 following the refinancing exercise during that year which only resulted in changes to the terms of the facilities in place. This is detailed in the terms and debt repayment schedule section below.



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## Notes (continued)

### 25 Loans and borrowings (continued)

#### Terms and debt repayment schedule

This note provides information relating to the contractual terms of the Group's interest-bearing loans and borrowings (excluding lease liabilities which are disclosed separately), which are measured at amortised cost. Further information relating to the Group's exposure to interest rate, foreign currency and liquidity risk is contained in note 29.

The principal terms relating to outstanding borrowings are as follows:

	Currency	Nominal interest rate	Maturity	Face value 2022 £000	Carrying amount* 2022 £000	Face value 2021 £000	Carrying amount* 2021 £000
Secured bank loan	Sterling	Sonia + Margin**	November 2024 May 2025	115,217 97,500	112,404 97,102	115,217 97,500	112,957 95,588
Secured bank loan	US Dollar	Libor + Margin**	November 2024 May 2025	16,651 57,601	16,245 57,366	14,860 51,405	14,569 50,396
Total interest-bearing liabilities				<b>286,969</b>	<b>283,117</b>	278,982	273,510

\* The carrying amount of each loan is the face value less its unamortised debt issue costs.

\*\* Margin is in the range of 4.50% to 6.50% depending on the Group's financial performance.

The bank loans are secured via fixed or floating charges over the majority of the Group's properties and other assets.

During the prior year the Group amended the terms of its secured bank borrowings. This had the effect of revising the thresholds for certain financial covenants, modifying the interest margins and extending of maturity dates. The table above reflects these revised terms. Prior to this Amendment, the loans were due for repayment by 2023 and interest margins on the individual tranches were in the 4.0% to 5.75% range.

The directors considered both the quantitative and qualitative aspects of the Amendment and concluded that the resulting changes in the ancillary facilities and key covenant definitions did not constitute a substantial modification to the financing arrangements. Specifically, the changes did not result in a change of 10% or more in the present value of cash flows, when discounted at the original effective interest rate, nor were there other qualitative changes which were considered substantial.

No gain or loss was therefore recognised on modification. This reflected how the Group considered the revision of interest margins was a market rate adjustment and the loan continued to be repayable by the Group without a significant penalty. In accordance with IFRS 9 *Financial instruments*, and reflecting the conclusion of no substantial modification to terms, the costs and fees relating to the Amendment were offset against the carrying value of the loan liability and is being amortised, along with existing unamortised issue costs, over the remaining extended borrowing term on an effective interest rate basis.

A further Amendment to the terms of the secured bank loans was also agreed in December 2021 (effective from 1 January 2022). This was a result of Ibor reform with the only amendment relating to the replacement of Libor, as part of the nominal interest rate for the sterling loans, to Sonia (Sterling Overnight Interbank Average Rate) plus a credit spread adjustment (ISDA). This was an equivalent rate to Libor and therefore had no material impact to the current or future interest costs associated with the facility.

The directors acknowledge the first maturity date on the secured bank borrowings at the current year-end is within two years, and confirm that they will be looking to extend this as part of a refinancing exercise. This is expected to commence later in 2023 and concluded before any maturity dates crystallise.



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## Notes (continued)

### 26 Lease liabilities

The maturity of lease liabilities at the balance sheet date are as follows:

	2022	2021
	£000	£000
Within one year	7,639	6,964
Between one and two years	6,911	6,871
Between two and five years	10,515	10,328
After five years	20,760	21,226
	<u>45,825</u>	<u>45,389</u>

The majority of the Group's leases relate to land and buildings for office space, warehouse and yard facilities. These leases typically run on average for a period of 5 to 10 years although a small number exist where the term is significantly longer and some include options, exercisable by the Group and not by the lessor, to further extend. This is to ensure the Group has sufficient operational flexibility and security over its occupied business premises.

The Group also leases office equipment and vehicles all of which have fixed lease terms of between 2 and 5 years.

When assessing a lease liability's value (and its corresponding right-of-use asset) the Group considers at the lease commencement date (or on transition) whether it will with reasonable certainty exercise any extension options embedded in the lease. A reassessment is performed if there are significant events or changes in circumstances within the Group's control that suggests previous assumptions have changed. For those options that are deemed likely to be exercised they are included in the lease liability values as described in note 3.

As at 31 December 2022 the potential undiscounted future lease payments relating to extension options which are considered likely to lapse with reasonable certainty, and therefore not included in the lease liabilities value, amounted to £40,649,000 (2021: £36,213,000). The main leases this relates to at the current year end are:

	2022
	£000
<b>Facility and extension periods after initial lease term</b>	
Port facility, Brazil – 20-year extension from November 2031	21,142
Facilities in Morgan City, USA – five 5-year extensions from December 2024	10,672
Facilities in Houston, USA – 5/10 year extensions from December 2023/August 2026	6,048
Facility in Kristiansund and Sløvågen, Norway – 10/5 year extensions from June 2024/September 2026	2,450
	<u>40,312</u>

The Group also had potential early termination fees totalling £1,272,000 (2021: £1,485,000) at the year-end. These have not been included in the lease liabilities value as there is no expectation of the related leases being terminated before the end of the lease term.



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## Notes (continued)

### 27 Employee benefits

#### Defined contribution schemes

The Group operates various defined contribution pension schemes, the assets of which are held separately from those of the Group in independently administered funds.

#### Defined benefit schemes

MENCK GmbH, a subsidiary of Acteon Group Ltd incorporated in Germany, operates two defined benefit pension schemes as described in note 3. Unlike UK pension schemes the pension obligations of the scheme are met via the assets of the company. There are no assets held separately by the scheme itself.

InterMoor AS, an indirectly owned subsidiary of Acteon Group Ltd incorporated in Norway, also operates a defined benefit scheme. The scheme's pension obligations are met via plan assets held separately in the form of an insurance policy. The company contributes annually into the policy, with the premiums being invested to provide assets sufficient to fund employees' accrued benefit entitlements on retirement.

#### Charges to the income statement

Total charges to operating profit/(loss) in the income statement in respect of the schemes operated by the Group were as follows:

	2022 £000	2021 £000
(i) In respect of the Group's defined contribution schemes		
- UK	2,774	2,523
- Overseas	2,050	1,883
	<u>4,824</u>	<u>4,406</u>
(ii) In respect of the Group's defined benefit schemes	<u>277</u>	<u>292</u>

#### Disclosure relating to the Group's defined benefit obligations

	2022 £000	2021 £000
Total present value of unfunded obligations recognised as a liability - Menck GmbH	1,609	2,185
Total present value of funded obligations net of pension plan assets - InterMoor AS	461	294
Net liability for defined benefit obligations at 31 December	<u>2,070</u>	<u>2,479</u>



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## Notes (continued)

### 27 Employee benefits (continued)

#### Movement in the present value of the defined benefit obligations

	InterMoor AS		Menck GmbH	
	2022	2021	2022	2021
	£000	£000	£000	£000
Defined benefit obligations at 1 January	(3,076)	(2,948)	(2,185)	(2,489)
Benefits paid by the plan	30	30	88	83
Current service costs	(201)	(215)	(76)	(77)
Interest cost	(59)	(49)	(28)	(18)
Actuarial (loss)/gain recognised in equity	(168)	16	715	155
Payment of payroll taxes on pension obligations	39	35	-	-
Exchange rate movements on retranslation	(7)	55	(123)	161
<b>Defined benefit obligations at 31 December</b>	<b>(3,442)</b>	<b>(3,076)</b>	<b>(1,609)</b>	<b>(2,185)</b>
<b>Movement in fair value of plan assets</b>				
Fair value of plan assets at 1 January	2,782	2,511	-	-
Interest income	49	38	-	-
Actuarial (loss)/gain on plan assets recognised in equity	(113)	56	-	-
Employer contributions	285	254	-	-
Benefits paid from the plan	(30)	(30)	-	-
Exchange rate movements on retranslation	8	(47)	-	-
<b>Fair value of plan assets at 31 December</b>	<b>2,981</b>	<b>2,782</b>	<b>-</b>	<b>-</b>
<b>Deficit recognised at 31 December</b>	<b>(461)</b>	<b>(294)</b>	<b>(1,609)</b>	<b>(2,185)</b>

Based on the immateriality of these defined benefit schemes, individually and in aggregate, further disclosures under IAS 19 *Employee benefits* are not presented.

### 28 Trade and other payables

	2022	2021
	£000	£000
Trade payables	53,518	63,037
Other tax and social security	5,668	4,895
Other creditors	7,054	6,682
Accruals and deferred income	71,228	66,773
	<b>137,468</b>	<b>141,387</b>

The Group's exposure to currency and liquidity risk related to trade and other payables is disclosed in note 29.



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## Notes (continued)

### 29 Financial instruments

The Group's activities give rise to a variety of financial risks: market risk (including currency risk and cash flow interest rate risk), credit risk and liquidity risk. The Group's approach to financial risk management is described in note 4.

#### Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	Carrying amount	
	2022	2021
	£000	£000
Trade and other receivables (excluding prepayments)	110,676	101,520
Contract assets	19,665	13,295
Cash and cash equivalents	47,246	68,670
	<u>177,587</u>	<u>183,485</u>

The carrying amounts of the Group's net trade receivables were denominated in the following principal currencies:

	Carrying amount	
	2022	2021
	000	000
Sterling	45,227	37,110
US Dollars	26,511	31,372
Euros	7,347	6,764
Norwegian Kroner	69,712	39,377
Singapore Dollars	5,244	12,190
	<u>158,037</u>	<u>127,013</u>



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**Notes** (continued)

**29 Financial instruments** (continued)

**Allowance for expected credit losses**

The Group contracts with customers under different credit terms.

The ageing of trade receivables and allowances for expected credit losses at the reporting date was:

	Expected credit loss rates		Gross 2022 £000	Gross 2021 £000	Allowance for expected credit losses	Allowance for expected credit losses
	2022 %	2021 %			2022 £000	2021 £000
0-30 days	0.1	0.1	62,281	41,814	(62)	(42)
31-60 days	0.2	0.2	17,753	27,315	(36)	(55)
61-90 days	3.2	3.2	4,867	5,843	(156)	(187)
91-120 days	50.0	50.0	1,816	3,095	(908)	(1,548)
Over 121 days	57.8	54.3	10,442	10,735	(6,040)	(5,830)
			<b>97,159</b>	<b>88,802</b>	<b>(7,202)</b>	<b>(7,662)</b>
Trade receivables net of allowance for expected credit losses					<b>89,957</b>	81,140

The expected credit loss rates are assessed at each year-end and adjusted to reflect the expected future market conditions in which the Group operates.

The directors are of the opinion that despite the energy sector showing an improving trend, the overall recoverability risk on the Group's trade receivables is still considered comparable to 2021. Even though trading activity in the industry has improved, which is expected to continue into 2023, competition and cost pressures within the market still remain. This coupled with the legacy impact of the Covid-19 pandemic on the older outstanding receivables, has led to the Group's assessment of the inherent risk of credit loss as at 31 December 2022 remaining comparable to the prior year levels, with only a slight increase on those over 121 days. This is reflected in the credit loss percentage rates above.

The movement in the allowance for expected credit losses in respect of trade receivables during the year was as follows:

	2022 £000	2021 £000
Balance at 1 January	7,662	9,892
Expected credit loss allowance utilised and/or reversed	(460)	(2,230)
Balance at 31 December	<b>7,202</b>	7,662

The expected credit loss allowance at 31 December 2022 that covers amounts on contracts known to have specific recoverability risk amounts to £6,062,000 (2021: £5,893,000).



**Notes** (continued)

**29 Financial instruments** (continued)

**Liquidity risk**

The Group's policy on liquidity risk management is discussed in note 4.

The following are the contractual maturities of financial liabilities, including estimated interest payments and including the impact of netting agreements:

**Non-derivative financial liabilities**

2022	Carrying amount £000	Contractual cash flows £000	6 months or less £000	6-12 months £000	1-2 years £000	2-5 years £000	More than 5 years £000
Secured bank loans	283,117	347,570	14,336	14,336	158,442	160,456	-
Lease liabilities	45,825	63,287	5,067	5,068	9,760	15,371	28,021
Trade and other payables	138,496	138,496	137,429	39	67	716	245
	<u>467,438</u>	<u>549,353</u>	<u>156,832</u>	<u>19,443</u>	<u>168,269</u>	<u>176,543</u>	<u>28,266</u>
	=====	=====	=====	=====	=====	=====	=====
2021	Carrying amount £000	Contractual cash flows £000	6 months or less £000	6-12 months £000	1-2 years £000	2-5 years £000	More than 5 years £000
Secured bank loans	273,510	334,877	8,978	8,978	17,956	298,965	-
Lease liabilities	45,389	64,075	4,753	4,753	9,341	15,493	29,735
Trade and other payables	142,091	142,091	141,387	-	81	10	613
	<u>460,990</u>	<u>541,043</u>	<u>155,118</u>	<u>13,731</u>	<u>27,378</u>	<u>314,468</u>	<u>30,348</u>
	=====	=====	=====	=====	=====	=====	=====



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## Notes (continued)

### 29 Financial instruments (continued)

#### Exposure to currency risk

The Group's significant exposure to foreign currency risk was as follows:

#### 31 December 2022

Impact in 000s	USD	Euro	SGD	NOK
Trade receivables	26,511	7,347	5,244	69,712
Cash and cash equivalents	29,501	13,232	4,713	40,394
Secured bank loans	(89,326)	-	-	-
Trade payables	(15,478)	(9,181)	(5,822)	(38,343)
Gross balance sheet financial instrument exposure	<u>(48,792)</u>	<u>11,398</u>	<u>4,135</u>	<u>71,763</u>

#### 31 December 2021

Impact in 000s	USD	Euro	SGD	NOK
Trade receivables	31,372	6,764	12,190	39,377
Cash and cash equivalents	36,442	17,446	12,404	64,198
Secured bank loans	(89,326)	-	-	-
Trade payables	(13,833)	(18,728)	(8,687)	(21,842)
Gross balance sheet financial instrument exposure	<u>(35,345)</u>	<u>5,482</u>	<u>15,907</u>	<u>81,733</u>

The following significant exchange rates applied during the year:

	Average rate		Reporting date spot rate	
	2022	2021	2022	2021
	£	£	£	£
USD	1.2288	1.3772	1.203	1.348
Euro	1.1688	1.1657	1.127	1.190
SGD	1.6932	1.8492	1.612	1.818
NOK	11.799	11.8347	11.854	11.887



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## Notes (continued)

### 29 Financial instruments (continued)

#### Sensitivity analysis

A 5 percent strengthening of Sterling against the following currencies at 31 December would have increased/(decreased) equity and profit after tax by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for 2021.

Impact in £000	Balance sheet (Equity)	Income Statement (Profit after tax)
<b>31 December 2022</b>		
USD	(639)	(130)
Euro	(1,257)	(283)
SGD	(1,345)	(120)
NOK	(1,305)	(178)
<b>31 December 2021</b>		
USD	(949)	662
Euro	(1,066)	(529)
SGD	(1,089)	(285)
NOK	(1,303)	19

A 5 percent weakening of Sterling against the above currencies at 31 December would have had an equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remained constant.

#### Interest rate risk

##### Profile

	Carrying amount	
	2022	2021
	£000	£000
<b>Variable rate instruments</b>		
Financial liabilities at 31 December	283,117	273,510



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## Notes (continued)

### 29 Financial instruments (continued)

#### Cash flow sensitivity analysis for variable rate instruments

An increase of 100 basis points in interest rates during the reporting period and at the reporting date would have decreased equity and profit before tax by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. Tax effects have been ignored. The analysis is performed on the same basis for 2021.

Impact in £000	Balance sheet (Equity)	Income Statement (Profit before tax)
<b>31 December 2022</b>		
Variable rate instruments	2,783	2,783
Cash flow sensitivity	<u>2,783</u>	<u>2,783</u>
<b>31 December 2021</b>		
Variable rate instruments	2,602	2,602
Cash flow sensitivity	<u>2,602</u>	<u>2,602</u>

A decrease of 100 basis points in interest rates during the reporting period and at the reporting date would have had an equal but opposite effect on the above amounts shown above, on the basis that all other variables remained constant.

#### Fair values

##### Fair values versus carrying amounts

The fair values of financial assets and liabilities, together with the carrying amounts shown in the balance sheet, are as follows:

	2022		2021	
	Carrying amount £000	Fair value £000	Carrying amount £000	Fair value £000
Trade and other receivables	118,059	118,059	107,555	107,555
Contract assets	19,665	19,665	13,295	13,295
Cash and cash equivalents	47,246	47,246	68,670	68,670
Secured bank loans	(283,117)	(285,385)	(273,510)	(278,012)
Lease liabilities	(45,825)	(45,825)	(45,389)	(45,389)
Trade and other payables*	(132,828)	(132,828)	(137,196)	(137,196)
	<u>(276,800)</u>	<u>(279,068)</u>	<u>(266,575)</u>	<u>(271,077)</u>

\* Excludes other taxes and social security

The fair values of bank borrowings have been calculated by discounting expected future cash flows at prevailing interest rates.



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## Notes (continued)

### 29 Financial instruments (continued)

#### Interest rates used for determining fair value

The interest rates used to discount estimated cash flows, where applicable, are based on the rates applicable to the bank borrowings at the relevant balance sheet date, and were as follows:

	2022	2021
Bank loans and borrowings	10.0%	6.4%

### 30 Capital commitments

At 31 December 2022 the Group had entered into contracts to purchase property, plant and equipment totalling £15,685,000 (2021: £9,612,000) in respect of which delivery and settlement was expected to take place in the following financial year.

### 31 Contingent liabilities

In April 2019, the European Commission published its final decision on its State Aid investigation into the UK's 'Financing Company Partial Exemption' legislation and concluded that part of the legislation is in breach of EU State Aid rules. As with other UK-based international groups that have acted in accordance with the UK legislation in force at the time, the Group is affected by the finding and is monitoring developments.

The European Commission's conclusion as to whether the technical basis for the decision is correct is being contested by the UK government, which has appealed to the General Court of the European Union against the decision.

The Group's estimated maximum potential liability as at 31 December 2022 relating to this is £5,854,000. Based on its current assessment, the Group believes that no provision is required in respect of this issue at 31 December 2022 (2021: £nil). This is based on the Group's current assessment of the matter and the underlying uncertainty surrounding the final conclusion. No additional claim should accrue in future periods following (i) an amendment of the UK legislation affected by the EU Commission findings on 1 January 2019 to be in compliance with EU law, and (ii) the unwinding by the Group of the financing company arrangements in question.

Notwithstanding the appeal, the UK government was required to start collection proceedings with the Group receiving in prior years State Aid charging notices from HM Revenue and Customs totalling £5,854,000. All of these have been settled and recorded as an income tax receivable.

The Group may also, from time to time, be subject to other claims or proceedings in the normal course of business, including taxation. The directors believe, based on the information currently available to them, that the likelihood of a material outflow of economic benefit arising in relation to such matters is remote.

### 32 Parent and ultimate controlling party

The Company's immediate parent undertaking is KKR Matterhorn Bidco Ltd, a company incorporated in Jersey.

The Company's ultimate parent undertaking is KKR Matterhorn Holdco Ltd, a company incorporated in Jersey, and the ultimate controlling party is KKR & Co. Inc., a company listed on the New York Stock Exchange.

The registered office address for both Jersey incorporated entities is 47 Esplanade, St Helier, Jersey, JE1 0BD.

KKR & Co. Inc.'s registered office address is c/o Maples Fiduciary Services (Delaware) Inc., 4001 Kennett Pike, Suite 302, County of New Castle, Wilmington, Delaware 19807, USA.



Notes (continued)

33 Related parties

(a) Transactions with key management personnel

(i) Key management personnel compensation

Key management comprises executive directors and members of the executive management team. In addition to their salaries, the Group also provides non-cash benefits and contributes to post-employment defined contribution plans on their behalf.

Key management personnel compensation comprised:

	2022	2021
	£000	£000
Short-term employee benefits	4,265	4,093
Post-employment benefits	57	46
	<u>4,322</u>	<u>4,139</u>
Total	<u>4,322</u>	<u>4,139</u>
Of which outstanding at the year-end:	<u>4</u>	<u>4</u>

	Number	
	2022	2021
Average number of key management personnel during the year	<u>8</u>	<u>8</u>

(ii) Key management personnel and director transactions

*BHHM pension scheme*

The Group had transactions with BHHM Pension Scheme, an entity associated by a common shareholder (former Company director)/trustees as follows:

Rent charged by BHHM Pension Scheme amounted to £297,000 (2021: £297,000). The amount owing to BHHM Pension Scheme at 31 December 2022 was £78,000 (2021: £181,000).

*Balanus Assets Ltd*

The Group had transactions with Balanus Assets Ltd, an entity associated by a common shareholder (former Company director) as follows:

Rent charged by Balanus Assets Ltd amounted to £190,000 (2021: £187,000). The amount owing to Balanus Assets Ltd at 31 December 2022 was £nil (2021: £86,000).

*Directors' interests*

Directors of the Company had an equity interest in the Company of 0.4% (2021: 0.4%) at the balance sheet date.

(b) Post-employment benefit plans

The Group operates three post-employment benefit plans as detailed in note 27.

The Group contributed the following amounts to defined contribution plans and had amounts outstanding at 31 December each year as follows:

	Employer contributions		Outstanding at 31 December	
	2022	2021	2022	2021
	£000	£000	£000	£000
Defined contribution schemes	<u>4,824</u>	<u>4,406</u>	<u>524</u>	<u>513</u>



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**Notes** (continued)

**33 Related parties** (continued)

(c) **Other related party transactions**

	Transaction value		Balance outstanding	
	2022	2021	2022	2021
	£000	£000	£000	£000
<b>Sales of goods and services</b>				
Products and services provided to companies on a commercial arm's length basis where the ultimate controlling party has an interest.	1	29	-	-
Products and services provided to the Group's joint venture partners on a commercial arm's length basis.	519	-	299	-
<b>Purchase of goods and services</b>				
Products and services provided by companies on a commercial arm's length basis where the ultimate controlling party has an interest.	710	1,482	702	4
Products and services provided by the Group's joint venture partners on a commercial arm's length basis.	483	-	-	-
<b>Bad debts provided on sales of goods and services</b>				
Bad debts provided on products and services to the Group's joint venture partners on a commercial arm's length basis.	61	-	61	-

	UTEC Group		Seatronics Group		Probe Oil Tools Ltd	
	2022	2021	2022	2021	2022	2021
	£000	£000	£000	£000	£000	£000
<b>Statement of Financial Position*</b>						
Non-current assets	5,610	6,489	12,203	13,240	5,342	5,991
Current assets	43,244	42,005	74,550	59,993	42,050	38,121
Current liabilities	(13,147)	(15,669)	(15,107)	(10,756)	(5,035)	(3,850)
Non-current liabilities	(57)	(49)	(3,691)	(4,226)	(3,898)	(4,219)
<b>Income Statement*</b>						
Revenue	56,191	41,294	43,583	36,272	10,080	9,480
Profit for the year	1,925	1,291	8,329	6,373	2,422	1,118

\* In accordance with IFRS 12, *Disclosure of Interests in Other Entities*, all amounts disclosed are before any inter-company/group eliminations.



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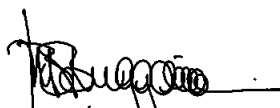



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Annual report and financial statements  
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## Balance Sheet at 31 December 2022

	Note	2022		2021	
		£000	£000	£000	£000
<b>Fixed assets</b>					
Tangible assets	35		23		15
Right-of-use assets	36		222		286
Intangible assets	37		679		1,026
Investments	38		478,690		470,490
			<u>479,614</u>		<u>471,817</u>
<b>Current assets</b>					
Debtors	39	105,975		51,850	
Cash at bank and in hand		39		15,429	
		<u>106,014</u>		<u>67,279</u>	
<b>Creditors: amounts falling due within one year</b>	40	<u>(199,881)</u>		<u>(137,144)</u>	
<b>Net current liabilities</b>			<u>(93,867)</u>		<u>(69,865)</u>
<b>Total assets less current liabilities</b>			<u>385,747</u>		<u>401,952</u>
<b>Creditors: amounts falling due after more than one year</b>	41		<u>(283,282)</u>		<u>(273,738)</u>
<b>Net assets</b>			<u>102,465</u>		<u>128,214</u>
<b>Capital and reserves</b>					
Called up share capital	45		46,659		46,659
Share premium account			16,437		16,437
Capital redemption reserve			1,154		1,154
Profit and loss account			38,215		63,964
<b>Shareholders' funds</b>			<u>102,465</u>		<u>128,214</u>

These financial statements were approved by the board of directors on 4 May 2023 and were signed on its behalf by:

  
Dr B Bruggaier  
Director

  
D M Zuydam  
Director



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**Statement of Changes in Equity**  
*for year ended 31 December 2022*

	<b>Called up share capital £000</b>	<b>Share premium account £000</b>	<b>Capital redemption reserve £000</b>	<b>Profit and loss account £000</b>	<b>Total equity £000</b>
Balance at 1 January 2021	46,659	16,437	1,154	166,561	230,811
Loss for the year	-	-	-	(102,597)	(102,597)
Balance at 31 December 2021	46,659	16,437	1,154	63,964	128,214
Loss for the year	-	-	-	(25,749)	(25,749)
<b>Balance at 31 December 2022</b>	<b>46,659</b>	<b>16,437</b>	<b>1,154</b>	<b>38,215</b>	<b>102,465</b>



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## Notes

(forming part of the financial statements)

### 34 Accounting policies

Acteon Group Limited (the "Company") is a company incorporated and domiciled in the UK.

The Company has taken advantage of the exemption in s408 of the Companies Act 2006 not to present its individual profit and loss account and related notes that form part of these approved financial statements.

These financial statements have been prepared in accordance with UK accounting standards including Financial Reporting Standard 101 *Reduced Disclosure Framework* ("FRS 101").

In preparing these financial statements, the Company has taken advantage of the available FRS 101 disclosure exemptions in relation to the following:

- a Cash Flow Statement and related notes;
- Comparative period reconciliations for share capital, tangible and intangible fixed assets;
- Disclosures in respect of transactions with wholly owned subsidiaries;
- Disclosures in respect of capital management;
- The effects of new but not yet effective IFRSs;
- Disclosures in respect of the compensation of Key Management Personnel.

The consolidated financial statements of Acteon Group Limited include the disclosures as required under IFRS 7, *Financial Instruments: Disclosures* and IFRS 13, *Fair Value Measurements*, both relating to financial instruments. As a consequence, the Company has also taken the exemption under FRS 101 not to include the equivalent disclosures, apart from those which are relevant for financial instruments held at fair value and are not either held as part of a trading portfolio or derivatives.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

Judgements made by the directors in the application of these accounting policies that have a significant effect on these financial statements, or in relation to estimates with a significant risk of material adjustment in the next year, are discussed in note 38 in relation to impairment of investment values.

#### Measurement convention

The financial statements have been prepared under the historical cost convention.

#### Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. When an element of a tangible fixed asset item has a different useful life, it is accounted for as a separate tangible fixed asset item.

Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each element of an item of tangible fixed asset.

The estimated useful lives are as follows:

Fixtures, fittings and computer equipment      3-5 years straight line

Depreciation methods, useful lives and residual values are reviewed at each balance sheet date.



## Notes (continued)

### 34 Accounting policies (continued)

#### Right-of-use assets

Right-of-use assets have arisen as a result of the adoption of IFRS 16 *Leases* from 1 January 2019 (the transition date).

A right-of-use asset is initially measured at cost which comprises the initial amount of the lease liability adjusted for any:

- lease payments made at or before the commencement date (or transition date if earlier);
- initial direct costs incurred;
- estimate of costs to dismantle, remove or restore the underlying asset or the site to which it is located; and
- lease incentives received.

A right-of-use asset is subsequently depreciated using the straight-line method from the commencement (or transition) date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those for property, plant and equipment. A right-of-use asset's value may be reduced when an impairment is necessary and may also be adjusted where a remeasurement of the lease liability is appropriate.

The Company reports its right-of-use assets separately in the balance sheet.

#### Intangible fixed assets

Intangible fixed assets represents software and is stated at cost less accumulated amortisation and accumulated impairment losses. Amortisation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each intangible asset from the date they are available for use. This is currently assessed as 3 years.

#### Non-derivative financial instruments

Non-derivative financial instruments comprise investments, trade and other debtors, cash and cash equivalents, trade and other creditors, lease liabilities and loans and borrowings.

##### (i) Investments

Investments in subsidiaries are carried at deemed cost less impairment.

##### (ii) Trade and other debtors

Trade and other debtors are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment provision for expected credit losses.

The Company has applied the simplification approach to measuring expected credit loss, which uses a lifetime expected loss allowance. To measure the expected credit loss, trade debtors have been grouped based on days overdue.

##### (iii) Trade and other creditors

Trade and other creditors are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.



## Notes (continued)

### 34 Accounting policies (continued)

#### Non-derivative financial instruments (continued)

##### (iv) Lease liabilities

Lease liabilities have arisen as a result of the adoption of IFRS 16 *Leases* from 1 January 2019 (the transition date).

A lease liability is initially measured at the present value of future lease payments on the commencement date (or transition date if earlier) having been discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the incremental borrowing rate of the Company taking into account the risk profile of the asset and its location. Typically the Company uses the incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability will comprise one or more of the following:

- fixed payments;
- variable lease payments that are dependent on an index or a rate, initially measured using the index or the rate at the commencement date;
- amounts expected to be payable under a residual value guarantee;
- lease payments with an optional renewal period where the Company is reasonably certain it will exercise its option to renew; and
- penalties for early termination of the lease unless the Company is reasonably certain it will allow its lease to run its committed term.

The lease liability is measured at amortised cost using the effective interest method. Lease liabilities are remeasured when there is a change in the expected future lease payments arising from a change in the adopted index or rate, or if the Company changes its assessment of whether either extension or termination options will be exercised.

When the lease liability is remeasured in this way a corresponding adjustment is made to the carrying value of the right-of-use asset, or it is recorded in the income statement if the carrying amount of the right-of-use asset has been reduced to zero.

The Company reports its lease liabilities within creditors in the balance sheet and disclosed separately within the accompanying notes.

##### (v) Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

#### Classification of financial instruments issued by the Company

Following the adoption of IAS 32 *Financial Instruments: Presentation*, financial instruments issued by the Company are treated as equity only to the extent they meet the following two conditions:

- (a) they include no contractual obligations upon the Company to deliver cash or other financial assets, or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Company; and
- (b) where the instrument will or may be settled in the Company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Company's own equity instruments, or is a derivative that will be settled by the Company exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the Company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.



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## Notes (continued)

### 34 Accounting policies (continued)

#### Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, adjusted for any tax payable or receivable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future.

The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

#### Foreign currency

Transactions in foreign currencies are translated to the Company's functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Foreign exchange differences arising on translation are recognised in the profit and loss account on a net basis.

#### Impairment

The carrying amounts of the Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss is recognised in the profit and loss account whenever the carrying amount of an asset exceeds its estimated recoverable amount.

#### Defined contribution pension plans

A defined contribution plan is a post-employment benefit plan under which the Company pays fixed contributions into a separate entity and has no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit and loss account in the periods during which services are rendered by employees.

#### Intra-group financial instruments

Where the Company enters into financial guarantee contracts to guarantee the indebtedness of other companies within its group, the Company considers these to be insurance arrangements and accounts for them as such. In this respect, the Company treats the guarantee contract as a contingent liability until such time as it becomes probable that the Company will be required to make a payment under the guarantee.



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## Notes (continued)

### 34 Accounting policies (continued)

#### Short-term leases and leases of low-value assets

The Company has elected not to recognise right-of-use assets and lease liabilities for short-term leases and leases of low-value assets. The Company recognises the lease payments associated with these leases as an expense in the profit and loss account on a straight-line basis over the lease term.

#### New accounting standards adopted in the year

There were no newly adopted accounting standards in the year that had a material impact on the Company's financial statements.

#### Impact of future accounting standards

The Company has reviewed the accounting standards not yet adopted which become effective for periods commencing after 1 January 2022 and concluded that IFRS 17 *Insurance contracts*, may apply. The potential impact on the Company's existing accounting treatments and disclosures is still being assessed although is not expected to have a material effect.

### 35 Tangible fixed assets

	<b>Fixtures, fittings and computer equipment £000</b>
<b>Cost</b>	
Balance at 1 January 2022	184
Additions	11
Disposals	(2)
	<hr/>
Balance at 31 December 2022	193
	<hr/>
<b>Depreciation and impairment</b>	
Balance at 1 January 2022	169
Depreciation charge for the year	3
Disposals	(2)
	<hr/>
Balance at 31 December 2022	170
	<hr/>
<b>Net book value</b>	
<b>At 31 December 2022</b>	<b>23</b>
	<hr/> <hr/>
At 31 December 2021	15
	<hr/> <hr/>



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## Notes (continued)

### 36 Right-of-use assets

	<b>Short leasehold buildings £000</b>
<b>Cost</b>	
Balance at 1 January 2022	481
Balance at 31 December 2022	481
<b>Depreciation and impairment</b>	
Balance at 1 January 2022	195
Depreciation charge for the year	64
Balance at 31 December 2022	259
<b>Net book value</b>	
<b>At 31 December 2022</b>	<b>222</b>
At 31 December 2021	286

### 37 Intangible fixed assets

	<b>Software £000</b>
<b>Cost</b>	
Balance at 1 January 2022	3,364
Additions	42
Balance at 31 December 2022	3,406
<b>Depreciation and impairment</b>	
Balance at 1 January 2022	2,338
Depreciation charge for the year	389
Balance at 31 December 2022	2,727
<b>Net book value</b>	
<b>At 31 December 2022</b>	<b>679</b>
At 31 December 2021	1,026

Included in the cost as at 31 December 2022 is £209,000 (2021: £246,000) relating to software currently under development. Amortisation will not commence until the development is complete.



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## Notes (continued)

### 38 Fixed asset investments

	<b>Shares in Subsidiary undertakings £000</b>
<i>Cost</i>	
At 1 January 2022	813,601
At 31 December 2022	813,601
<i>Impairment</i>	
At 1 January 2022	343,111
Impairment charges in the year	4,100
Impairment reversals in the year	(12,300)
At 31 December 2022	334,911
<i>Net book value</i>	
At 31 December 2022	<b>478,690</b>
At 31 December 2021	470,490

The adjustments to the impairment provision in the year resulted from movements in the value of the Company's direct and indirect investments in certain subsidiaries where their respective underlying net asset values or anticipated future trading prospects (based on value-in-use calculations) either improved from prior year expectations, leading to an impairment reversal, or have deteriorated and no longer supports the investment carrying value.

In assessing value-in-use, pre-tax cash flow projections for a five-year period, including financial budgets approved by the board covering a one-year period, have been used. Cash flows beyond the one-year period have been extrapolated based on estimated long-term average growth rates (typically 5 per cent) up to its level of maintainable earnings. The terminal value was then added to the value-in-use calculated. The growth rate in years two to five does not exceed the anticipated long-term average growth rate for the market in which each company operates after taking account of the expected improvement in markets following the adverse impact from the Covid-19 pandemic and continuing energy transition, and its effect on current profitability levels. The key inputs to these calculations are shown below:

Period on which management approved forecasts are based	1 Year
Average growth rate applied for years two to five (Large Diameter Drilling Limited)	39%*
Average growth rate applied for years two to five (Churchill Acquisition Pty Ltd - "Benthic")	30%*
Average growth rate applied for years two to five (all other entities)	0% to 9%
Growth rate applied to terminal value calculation	2.5%
Pre-tax discount rate	14%

\* Both Large Diameter Drilling Limited's and Benthic's growth rates reflect the anticipated recovery from their current period of weak performance. Large Diameter Drilling Limited's investment value remains fully impaired at the year-end, with the investment value of Benthic being impaired in the year by £4,100,000 as disclosed above.



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**Notes** (continued)

**38 Fixed asset investments** (continued)

The Company has the following investments in subsidiaries:

	Country of incorporation		Ownership interest % in ordinary shares	
			2022	2021
2H Offshore (Asia Pacific) Sdn Bhd	Malaysia	*	100	100
2H Offshore Engineering Limited	England		100	100
2H Offshore Engineering Pty Limited	Australia	*	100	100
2H Offshore Engineering Sdn Bhd <sup>(1)</sup>	Malaysia	*	30	30
2H Offshore Inc	USA	*	100	100
2H Offshore Projetos Limitada	Brazil	*	100	100
Acteon Angola Limitada	Angola		100	100
Acteon (Ghana) Holding Limited	Ghana	*	100	100
Acteon Group Properties Limited	England		100	100
Acteon Guyana Holding Limited	England		100	100
Acteon Guyana Inc	Guyana	*	100	100
Acteon Integrated Solutions Limited	England		100	100
Acteon Malaysia Holding Limited	England		100	100
Acteon Middle East and Far East Investments Limited	England		100	100
Acteon Middle East FZE	UAE		100	100
Acteon Singapore Holdings Pte Limited	Singapore		100	100
Acteon Singapore Operations Pte Limited	Singapore		100	100
Acteon South American Investments Limited	England		100	100
Acteon Taiwan Limited	Republic of China (Taiwan)		100	100
Acteon UK Financing Limited	England		100	100
Acteon UK Financing II (NOK) Limited	England		100	100
Acteon UK Financing III (EUR) Limited	England		100	100
Acteon UK Financing IV (AUD) Limited	England		100	100
Acteon UK Financing V (SGD) Limited	England		100	100
Acteon US Holdings Inc	USA		100	100
Acteon West Africa Holding Limited	England		100	100
Aquatic Asia Pacific Pte Limited	Singapore	*	100	100
Aquatic Engineering & Construction Limited	Scotland		100	100
Benthic Admin Services (Cayman)	Cayman Island	*	100	100
Benthic Australasia Pty Limited	Australia	*	100	100
Benthic do Brasil Limitada	Brazil	*	100	100
Benthic Geotech Pty Limited	Australia	*	100	100
Benthic Limited	England	*	100	100
Benthic (Singapore) Pte Limited	Singapore	*	100	100
Benthic USA LLC	USA	*	100	100
Bruce Anchor Limited	Scotland		85	85
Century InterMoor Holdings Limited	England		100	100
Century InterMoor Limited	Nigeria	*	100	100
Churchill Acquisition Pty Limited	Australia		100	100
Clarus Subsea Integrity Inc	USA	*	100	100
Claxton Engineering Services AS	Norway	*	100	100
Claxton Engineering Services Limited	England		100	100
Claxton Engineering Services Pte Limited	Singapore		100	100
Claxton Services Inc	USA	*	100	100
Deepwater Australasia Pty Limited	Australia	*	90	90
Deepwater do Brasil Servicos do Corrosao Limitada	Brazil	*	90	90
Deepwater Corrosion Services Inc	USA		90	90

\* Denotes indirect ownership

<sup>(1)</sup> The Company has full control of this entity as a result of the underlying constitutional documents in place.



**Notes** (continued)

**38 Fixed asset investments** (continued)

The Company has the following investments in subsidiaries (continued):

	Country of incorporation		Ownership interest % in ordinary shares	
			2022	2021
Deepwater EU Limited	England	*	90	90
Deepwater Manufacturing (USA) Inc	USA	*	90	90
EURWA Survey Limited	Scotland	*	94	94
Geoscan Group Limited	Scotland	*	97	97
InterAct PMTI Inc (changed its name to 2H Offshore California, Inc in 2023)	USA	*	100	100
InterMoor do Brasil Servicos Onshore e Offshore Limitada	Brazil	*	100	100
InterMoor EG, Sociedad Limitada	Equatorial Guinea	*	65	65
InterMoor Inc	USA	*	100	100
InterMoor Limited	Scotland		100	100
InterMoor Mediterranean for Petroleum Services SAE	Egypt		100	100
InterMoor Mexico S de RL de CV	Mexico		100	100
InterMoor AS	Norway	*	100	100
InterMoor Pte Limited	Singapore	*	100	100
InterMoor Pty Ltd	Australia		100	100
IOS Offshore Holding AS	Norway		100	100
J2 Subsea Inc	USA	*	100	100
J2 Subsea Limited	Scotland		80	80
Large Diameter Drilling Limited	England		100	100
LDD Australia Pty Limited	Australia	*	100	100
Menck GmbH	Germany		100	100
Menck Pte Limited	Singapore	*	100	100
Probe Oil Tools Limited	England		80	80
PT Cape Resource Indonesia	Indonesia	*	85	85
PT UTEC Survey Indonesia	Indonesia	*	89	89
PT Viking Seatech Indonesia	Indonesia		95	95
Pulse Monitoramento Estrutural Limitada	Brazil	*	100	100
Pulse Structural Monitoring Inc	USA	*	100	100
Pulse Structural Monitoring Limited	England		100	100
Seascan Limited	Scotland		97	97
Seatronics do Brasil Equipamentos Eletronicos Limitada	Brazil	*	97	97
Seatronics Inc	USA	*	97	97
Seatronics Limited	Scotland	*	97	97
Seatronics Pte Limited	Singapore	*	97	97
Subsea Riser Products Limited	England		100	100
Team Energy Resources Limited	England		100	100
Team Energy Resources Middle East LLC <sup>(1)</sup>	Qatar	*	49	49
TecAfrica Offshore Limited	Ghana	*	90	90
TerraSond Limited	USA	*	80	80
UTEC International Limited	Scotland		94	94
UTEC NCS Survey AS	Norway	*	94	94
UTEC NCS Survey Limited	Scotland	*	94	94
UTEC Survey Asia Pte Limited	Singapore	*	94	94
UTEC Survey Australia Pty Limited	Australia	*	94	94
UTEC Survey Canada Limited	Canada	*	94	94
UTEC Survey Inc	USA	*	94	94

\* Denotes indirect ownership

<sup>(1)</sup> The Company has full control of this entity as a result of the underlying constitutional documents in place.



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## Notes (continued)

### 38 Fixed asset investments (continued)

The Company has the following investments in subsidiaries (continued):

	Country of incorporation	*	Ownership interest % in ordinary shares	
			2022	2021
UTEK Survey South Africa Proprietary Limited	South Africa	*	94	94
UTEK Survey West Africa Limited	England	*	94	94
UWG Limited	England		100	100

\* Denotes indirect ownership

The registered office addresses for these subsidiaries are as follows:

	Registered office address
2H Offshore (Asia Pacific) Sdn Bhd	- Lot 6.01, 6 <sup>th</sup> Floor Imbi Plaza, 28 Jalan Imbi, 55100 Kuala Lumpur
2H Offshore Engineering Limited	- Ferryside, Ferry Road, Norwich, Norfolk, NR1 1SW, UK
2H Offshore Engineering Pty Limited	- Level 8, 1008 Hay Street, Perth, WA6000, Australia
2H Offshore Engineering Sdn Bhd	- Lot 6.01, 6 <sup>th</sup> Floor Imbi Plaza, 28 Jalan Imbi, 55100 Kuala Lumpur
2H Offshore Inc	- Corporation Service Company, 2711 Centerville Rd, Suite 400, Wilmington, New Castle, DE, 19808, USA
2H Offshore Projetos Limitada	- Avenida Rio Branco, No. 89, room 1102, Centro, Rio de Janeiro, 20040-004, Brazil
Acteon Angola Limitada	- Rua Américo Júlio de Carvalho, No. 182, 1st and 2nd Floor, Zone 2, Bairro Azul, Municipality of Ingombota, Luanda, Angola
Acteon (Ghana) Holding Limited	- GL-126-5368, 4th Floor 1 Airport Square Plot, Near South Liberation Link, Accra, La Dade-Kotopon, Greater Accra, Ghana
Acteon Group Properties Limited	- Ferryside, Ferry Road, Norwich, Norfolk, NR1 1SW, UK
Acteon Guyana Holding Limited	- Ferryside, Ferry Road, Norwich, Norfolk, NR1 1SW, UK
Acteon Guyana Inc	- 158 D Waterloo Street, North Cummingsburg, Geirgetown, Guyana
Acteon Integrated Solutions Limited	- Ferryside, Ferry Road, Norwich, Norfolk, NR1 1SW, UK
Acteon Malaysia Holding Limited	- Ferryside, Ferry Road, Norwich, Norfolk, NR1 1SW, UK
Acteon Middle East and Far East Investments Limited	- Ferryside, Ferry Road, Norwich, Norfolk, NR1 1SW, UK
Acteon Middle East FZE	- PO Box 262490, Jebel Ali Freezone, Gate 5, South Side, FZSI AL05, Dubai, United Arab Emirates
Acteon Singapore Holdings Pte Limited	- 107 Tuas South Avenue 8, Acteon Singapore Operations Ctr, Singapore, 637036
Acteon Singapore Operations Pte Limited	- 107 Tuas South Avenue 8, Acteon Singapore Operations Ctr, Singapore, 637036
Acteon South American Investments Limited	- Ferryside, Ferry Road, Norwich, Norfolk, NR1 1SW, UK
Acteon Taiwan Limited	- 19F, No 508, Sec. 5, Zhongxiao E. Rd., Xinyi Dist., Taipei City 110, Taiwan, Republic of China
Acteon UK Financing Limited	- Ferryside, Ferry Road, Norwich, Norfolk, NR1 1SW, UK
Acteon UK Financing II (NOK) Limited	- Ferryside, Ferry Road, Norwich, Norfolk, NR1 1SW, UK
Acteon UK Financing III (EUR) Limited	- Ferryside, Ferry Road, Norwich, Norfolk, NR1 1SW, UK
Acteon UK Financing IV (AUD) Limited	- Ferryside, Ferry Road, Norwich, Norfolk, NR1 1SW, UK
Acteon UK Financing V (SGD) Limited	- Ferryside, Ferry Road, Norwich, Norfolk, NR1 1SW, UK
Acteon US Holdings Inc	- The Corporation Trust Company, Corporation Trust Center, 1209 Orange St, Wilmington, New Castle DE, 19801, USA
Acteon West Africa Holding Limited	- Ferryside, Ferry Road, Norwich, Norfolk, NR1 1SW, UK



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## Notes (continued)

### 38 Fixed asset investments (continued)

The registered office addresses for these subsidiaries are as follows (continued):

	Registered office address
Aquatic Asia Pacific Pte Limited	- 4 Robinson Road, #05-01 The House of Eden, Singapore, 048543
Aquatic Engineering & Construction Limited	- Union Plaza (6th Floor), 1 Union Wynd, Aberdeen, AB10 1DQ, UK
Benthic Admin Services (Cayman)	- Maple Corporate Services Limited, Uglan House, South Church Street, Georgetown, Grand Cayman, KY1-1104, Cayman Islands
Benthic Australasia Pty Limited	- Brookfield Place, Level 11, 125 St Georges Terrace, Perth, Western Australia, 6000
Benthic do Brasil Limitada	- Rua Paulo Emídio Barbosa, No. 485, Módulo de Prototipagem, Módulo 3, Quadra 06-A, Parque Tecnológico da UFRJ, Ilha da Cidade Universitária, Rio de Janeiro, Zip Code 21941-615, Brazil.
Benthic Geotech Pty Limited	- Level 8, 1008 Hay Street, Perth, WA 6000, Australia
Benthic Limited	- Ferryside, Ferry Road, Norwich, Norfolk, NR1 1SW, UK
Benthic (Singapore) Pte Limited	- 4 Robinson Road, #05-01 The House of Eden, Singapore, 048543
Benthic USA LLC	- 8 The Green, STE A Dover, DE 19901, USA
Bruce Anchor Limited	- Union Plaza (6th Floor), 1 Union Wynd, Aberdeen, AB10 1DQ, UK
Century InterMoor Holding Limited	- Ferryside, Ferry Road, Norwich, Norfolk, NR1 1SW, UK
Century InterMoor Limited	- Plot 21, Prince Adelowo Adedeji Str. (Off Admiralty Way) Lekki Phase 1, Lagos State, Nigeria
Churchill Acquisition Pty Limited	- C/o Company Matters Pty Ltd, Level 12, 680 George Street, Sydney, NSW 2000, Australia
Clarus Subsea Integrity Inc	- The Corporation Trust Company, Corporation Trust Center, 1209 Orange St, Wilmington, New Castle DE, 19801, USA
Claxton Engineering Services AS	- Finnstadgeilen 11, 4029 Stavanger, Norway
Claxton Engineering Services Limited	- Ferryside, Ferry Road, Norwich, Norfolk, NR1 1SW, UK
Claxton Engineering Services Pte Limited	- 107 Tuas South Avenue 8, Acteon Singapore Operations Ctr, Singapore, 637036
Claxton Services Inc	- The Corporation Trust Company, Corporation Trust Center, 1209 Orange St, Wilmington, New Castle DE, 19801, USA
Deepwater Australasia Pty Limited	- Core Business Advisory Group Pty Ltd, Unit 6, 375 Charles Street, North Perth, WA6006, Australia
Deepwater do Brasil Servicos de Corrosao Limitada	- Avenida Presidente Vargas, 633, Sala 2021, Centro, Rio de Janeiro, CEP 20.071-905 JR, Brazil
Deepwater Corrosion Services Inc	- 13813 FM 529, Houston, TX 77041, USA
Deepwater EU Limited	- Ferryside, Ferry Road, Norwich, Norfolk, NR1 1SW, UK
Deepwater Manufacturing (USA) Inc	- 13813 FM 529, Houston, TX 77041, USA
EURWA Survey Limited	- Union Plaza (6th Floor), 1 Union Wynd, Aberdeen, AB10 1DQ, UK
Geoscan Group Limited	- Union Plaza (6th Floor), 1 Union Wynd, Aberdeen, AB10 1DQ, UK
InterAct PMTI Inc	- C T Corporation System, 818 W 7th St Suite 390 Los Angeles, CA 90017, USA
InterMoor do Brasil Servicos Onshore e Offshore Limitada	- Praça Floriano, number 19, 22nd floor, Centro, Rio de Janeiro/RJ, 20031-050, Brazil
InterMoor EG, Sociedad Limitada	- Malabo, Republic of Equatorial Guinea
InterMoor Inc	- The Corporation Trust Company, Corporation Trust Center, 1209 Orange St, Wilmington, New Castle DE, 19801, USA
InterMoor Limited	- Union Plaza (6th Floor), 1 Union Wynd, Aberdeen, AB10 1DQ, UK



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## Notes (continued)

### 38 Fixed asset investments (continued)

The registered office addresses for these subsidiaries are as follows (continued):

	Registered office address
InterMoor Mediterranean for Petroleum Services SAE	- Area (B) - Dry Basin Area, South Raswa, Port Said Free Zone Area, Egypt
InterMoor Mexico S de RL de CV	- Florencia 57, 3rd floor, Colonia Juárez, Mexico City, Mexico
InterMoor AS	- Finnestadgeilen 11, 4029 Stavenger, Norway
InterMoor Pte Limited	- 25 Loyang Crescent, Block 103, TOPS Avenue 1, #06-02 Loyang Offshore Supply Base, Singapore, 508988
InterMoor Pty Ltd	- Level 3, 140 St Georges Terrace, Perth, WA 6000, Australia
IOS Offshore Holding AS	- Finnestadgeilen 11, 4029 Stavenger, Norway
J2 Subsea Inc	- The Corporation Trust Company, Corporation Trust Center, 1209 Orange St, Wilmington, New Castle DE, 19801, USA
J2 Subsea Limited	- Union Plaza (6th Floor), 1 Union Wynd, Aberdeen, AB10 1DQ, UK
Large Diameter Drilling Limited	- Ferryside, Ferry Road, Norwich, Norfolk, NR1 1SW, UK
LDD Australia Pty Limited	- Level 8, 1008 Hay Street, Perth, WA 6000, Australia
Menck GmbH	- Industrial Area Moorkaten, Am Springmoor 5a, DE24568 Kaltenkirchen, Germany
Menck Pte Limited	- 107 Tuas South Avenue 8, Acteon Singapore Operations Ctr, Singapore, 637036
Probe Oil Tools Limited	- Ferryside, Ferry Road, Norwich, Norfolk, NR1 1SW, UK
PT Cape Resource Indonesia	- Indonesia Stock Exchange Building Tower 1, 27 <sup>th</sup> Floor, Suite 2703, Jl. Jendral Sudirman Kav 52-53, Jakarta 12190, Indonesia
PT UTEC Survey Indonesia	- Menara Rajawali Lt. 7-1, Jl. Dr. Ide Anak Agung Gde Agung Lot. #5.1, Kawasan Mega Kuningan, Setiabudi, Jakarta Selatan – 12950, Indonesia
PT Viking Seatech Indonesia	- Sovereign Plaza 21st Floor, J1 T.B. Simatupang Kav. 36, Jakarta, 12430, Indonesia
Pulse Monitoramento Estrutural Limitada	- Avenida Rio Branco, No. 89, room 1102, Centro, Zip Code 20040-004, in the City of Rio de Janeiro, State of Rio de Janeiro, Brazil
Pulse Structural Monitoring Inc	- The Corporation Trust Company, Corporation Trust Center, 1209 Orange St, Wilmington, New Castle DE, 19801, USA
Pulse Structural Monitoring Limited	- Ferryside, Ferry Road, Norwich, Norfolk, NR1 1SW, UK
Seascan Limited	- Union Plaza (6th Floor), 1 Union Wynd, Aberdeen, AB10 1DQ, UK
Seatronics do Brasil Equipamentos Eletronicos Limitada	- Praça Floriano, number 19, 22nd floor, Centro, Rio de Janeiro/RJ, 20031-050, Brazil
Seatronics Inc	- Gary W Miller, 2925 Richmond Ave. 14th Floor, Houston Texas 77098, USA
Seatronics Limited	- Union Plaza (6th Floor), 1 Union Wynd, Aberdeen, AB10 1DQ, UK
Seatronics Pte Limited	- 4 Robinson Road, #05-01 The House of Eden, Singapore, 048543
Subsea Riser Products Limited	- Ferryside, Ferry Road, Norwich, Norfolk, NR1 1SW, UK
Team Energy Resources Limited	- Ferryside, Ferry Road, Norwich, Norfolk, NR1 1SW, UK
Team Energy Resources Middle East LLC	- PO Box 23890, Souq Al Thuraiya, Office No 10, Salwa Road, Doha, Qatar
TecAfrica Offshore Limited	- NO.J.489/7, Cassia Street Teshie Nungua Estates, Accra, Greater Accra, Ghana
TerraSond Limited	- 1617S Industrial Way, Palmer, AK, 99465, USA



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## Notes (continued)

### 38 Fixed asset investments (continued)

The registered office addresses for these subsidiaries are as follows (continued):

	<b>Registered office address</b>
UTEK International Limited	- Union Plaza (6th Floor), 1 Union Wynd, Aberdeen, AB10 1DQ, UK
UTEK NCS Survey AS	- Tangen 14, 4072, Randaberg, Norway
UTEK NCS Survey Limited	- Union Plaza (6th Floor), 1 Union Wynd, Aberdeen, AB10 1DQ, UK
UTEK Survey Asia Pte Limited	- 25 Loyang Crescent, Block 103, TOPS Avenue 1, #04-03, Loyang Offshore Supply Base, Singapore 508988
UTEK Survey Australia Pty Limited	- C/O Fortuna Advisory Group, Suite 102, 110 Erindale Road, Balcatta, WA 6021, Australia
UTEK Survey Canada Limited	- Suite 600, 815 - 8th Avenue SW, Calgary, Alberta, TP2 3P2, Canada
UTEK Survey Inc	- Gary W Miller, 2925 Richmond Ave. 14th Floor, Houston Texas 77098, USA
UTEK Survey South Africa Proprietary Limited	- 11 Buitengracht Street, Cape Town, 8001 / PO Box 695, Cape Town, 8000, South Africa
UTEK Survey West Africa Limited	- Ferryside, Ferry Road, Norwich, Norfolk, NR1 1SW, UK
UWG Limited	- Ferryside, Ferry Road, Norwich, Norfolk, NR1 1SW, UK

### Exempted companies from audit

The Group will be exempting the follow companies from an audit in 2022 under Section 479A of the Companies Act 2006. All of these companies are fully consolidated within the Group Financial Statements.

<b>Company</b>	<b>Registration number</b>
Acteon Group Properties Limited	06535458
Acteon Guyana Holding Limited	11412730
Acteon Malaysia Holding Limited	11796580
Acteon Middle East and Far East Investments Limited	06435813
Acteon South American Investments Limited	05816192
Acteon UK Financing Limited	09301781
Acteon UK Financing II (NOK) Limited	09680849
Acteon UK Financing III (EUR) Limited	09956025
Acteon UK Financing IV (AUD) Limited	12028775
Acteon UK Financing V (SGD) Limited	13072001
Century InterMoor Holdings Limited	09093814
U.W.G. Limited	02369087

### 39 Debtors

	<b>2022</b>	2021
	<b>£000</b>	£000
Trade debtors	<b>12</b>	6
Amounts owed by group undertakings	<b>96,251</b>	41,894
Other debtors	<b>7,748</b>	7,540
Prepayments and accrued income	<b>419</b>	373
Deferred tax asset (see note 44)	<b>1,545</b>	2,037
	<b>105,975</b>	51,850

Included in other debtors is an income tax receivable of £5,854,000 (2021: £5,854,000) relating to the settlement of State Aid charging notices from HM Revenue and Customs as disclosed in more detail in note 31.



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## Notes (continued)

### 40 Creditors: amounts falling due within one year

	2022 £000	2021 £000
Bank overdraft	1,897	-
Lease liabilities (see note 42)	63	62
Trade creditors	2,375	1,152
Amounts owed to group undertakings	185,760	120,990
Taxation and social security	270	331
Other creditors	42	12,032
Accruals and deferred income	9,474	2,577
	<u>199,881</u>	<u>137,144</u>

The contractual terms of the secured bank loans measured at amortised cost are shown in note 25.

As a result of exceptional trading losses within one of its wholly owned subsidiaries in 2021, as disclosed in note 8, the Company has recognised £nil (2021: £12,000,000) within other creditors for the settlement, on behalf of this subsidiary undertaking, of outstanding liabilities relating to this loss-making contract.

### 41 Creditors: amounts falling after more than one year

	2022 £000	2021 £000
Bank loans	283,117	273,510
Lease liabilities (see note 42)	165	228
	<u>283,282</u>	<u>273,738</u>

The contractual terms of the secured bank loans measured at amortised cost are shown in note 25.

### 42 Lease liabilities

The maturity of lease liabilities at the balance sheet date is as follows:

	2022 £000	2021 £000
Within one year	63	62
Between one and two years	65	63
Between two and five years	100	165
	<u>228</u>	<u>290</u>

The Company leases a property for its office space. Rental payments are fixed throughout the lease which is due to expire in June 2026.

### 43 Defined contribution plans

The Company operates a defined contribution pension plan. The total expense relating to this plan in the current year was £454,000 (2021: £375,000).



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## Notes (continued)

### 44 Deferred tax assets and liabilities

#### The movement in deferred tax during the year - 2022

	Balance 1 January 2022 £000	Recognised in income £000	Balance 31 December 2022 £000
Tangible fixed assets	148	61	209
Non-trade loan related interest	1,878	(556)	1,322
Other	11	3	14
	<u>2,037</u>	<u>(492)</u>	<u>1,545</u>

At 31 December 2022 a deferred tax asset relating to the restriction of corporate interest deductions of £8,472,000 (2021: £4,986,000) has not been recognised as insufficient profits are being forecast for the foreseeable future for it to be utilised.

#### The movement in deferred tax during the year - 2021

	Balance 1 January 2021 £000	Recognised in income £000	Balance 31 December 2021 £000
Tangible fixed assets	103	45	148
Non-trade loan related interest	1,427	451	1,878
Other	7	4	11
	<u>1,537</u>	<u>500</u>	<u>2,037</u>

### 45 Share capital

	Allotted, called up and fully paid	
	2022 £000	2021 £000
At 31 December 2021 and 31 December 2022 4,665,929,237 Ordinary shares of £0.01 each	<u>46,659</u>	<u>46,659</u>

### 46 Contingencies

The Company has a cross-guarantee with other Group companies in respect of Group borrowings.



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**Notes (continued)**

**47 Related parties**

During the year the Company transacted with non-wholly owned group companies in the ordinary course of business.

The income from and (expenditure) to those group companies were as follows:

Related party	Relationship	Transactions	2022 £000	2021 £000
Bruce Anchor Limited	Subsidiary	Bad debt provision	-	(1,458)
Deepwater Corrosion Services Inc	Subsidiary	Management fee income	423	280
J2 Subsea Limited	Subsidiary	Loan interest expense	(157)	-
Probe Oil Tools Limited	Subsidiary	Loan interest expense	(1,660)	(959)
Seascan Limited	Subsidiary	Loan interest expense	(1,650)	(848)
Seatronics Limited	Subsidiary	Loan interest expense	(146)	-
Seatronics Pte Ltd	Subsidiary	Loan interest expense	(62)	-
Seatronics Group of companies	Subsidiaries	Management fee income	748	567
Team Energy Resources Middle East LLC	Subsidiary	Management fee income	212	393
TerraSond Limited	Subsidiary	Management fee income	130	307
UTEC International Limited	Subsidiary	Loan interest expense	(155)	(6)
UTEC Group of companies	Subsidiaries	Management fee income	977	621

The amounts owed (to) and by those group companies at the balance sheet date were as follows:

Related party	Relationship	Balance	2022 £000	2021 £000
Bruce Anchor Limited	Subsidiary	Loan debtor*	262	224
Deepwater Australasia Pty Ltd	Subsidiary	Loan creditor	(1,263)	-
Deepwater EU Limited	Subsidiary	Loan creditor	(1,275)	-
Eurwa Survey Limited	Subsidiary	Loan creditor	(110)	(110)
J2 Subsea Limited	Subsidiary	Loan creditor	(6,271)	-
Probe Oil Tools Limited	Subsidiary	Loan creditor	(36,981)	(30,076)
Seascan Limited	Subsidiary	Loan creditor	(33,852)	(32,096)
Seatronics Inc	Subsidiary	Loan creditor	(2,245)	(1,669)
Seatronics Limited	Subsidiary	Loan creditor	(7,901)	-
Seatronics Pte Ltd	Subsidiary	Loan creditor	(6,501)	(4,169)
Team Energy Resources Middle East LLC	Subsidiary	Loan debtor	1,037	229
TerraSond Limited	Subsidiary	Loan debtor	2,874	1,550
UTEC International Limited	Subsidiary	Loan creditor	(11,093)	(11,019)
UTEC NCS Survey AS	Subsidiary	Loan creditor	(1,167)	(581)
UTEC NCS Survey Limited	Subsidiary	Loan debtor	4,382	-
UTEC Survey Canada Limited	Subsidiary	Loan creditor	-	(235)
UTEC Survey Inc	Subsidiary	Loan creditor	(2,956)	(3,150)

\* = net of a bad debt provision of £1,458,000 (2021: £1,458,000).

The Company was also charged rent by BHHM Pension scheme, an entity associated by common shareholders/trustees, amounting to £69,000 (2021: £69,000) and incurred professional fees of £699,000 (2021: £1,464,000) from KKR, the Company's ultimate controlling party.



UNOFFICIAL OFFICE TRANSLATION – IN CASE OF DISCREPANCY THE NORWEGIAN VERSION SHALL PREVAIL:

**PROTOKOLL FRA  
EKSTRAORDINÆR GENERALFORSAMLING I  
I O S OFFSHORE HOLDING AS**

Den 10. mai 2023 ble det avholdt ekstraordinær generalforsamling i I O S Offshore Holding AS, org.nr. 991 219 250 ("Selskapet"). Møtet ble avholdt i Acteon Group Ltd's lokaler i Norwich NR1 1SW, Storbritannia.

Tilstede var Selskapets eneaksjonær, Acteon Group Limited, representert ved Bernhard Bruggaier etter fullmakt. Således var 100 % av Selskapets aksjekapital og stemmer representert på generalforsamlingen.

Følgende saker ble behandlet:

**1. ÅPNING AV GENERALFORSAMLINGEN,  
GODKJENNELSE AV INNKALLING OG  
AGENDA, VALG AV MØTELEDER MV.**

Generalforsamlingen ble åpnet av Bernhard Bruggaier.

Bernhard Bruggaier ble valgt til å lede møtet. Som eneste møtende signerer han protokollen alene.

Generalforsamlingen godkjente innkallingen og agendaen for møtet, herunder fravikelse av reglene om innkalling i henhold til aksjeloven ("ast.").

**3. STYREVALG**

I tråd med styrets forslag fattet generalforsamlingen følgende vedtak:

*"Kenneth Murdoch trer ut av styret. David Mel Zuydam velges inn i styret til erstatning for det avtroppende styremedlemmet. David Mel Zuydam velges som styrets leder. Styret består etter dette av følgende personer:*

- David Mel Zuydam, styrets leder
- Bernhard Bruggaier
- Benjamin David Smith

Alle beslutninger ble fattet med enstemmighet. Ingen flere saker forelå til behandling. Møteleder erklærte generalforsamlingen for hevet.

**MINUTES FROM AN  
EXTRAORDINARY GENERAL MEETING OF  
I O S OFFSHORE HOLDING AS**

On 10 May 2023 there was held an extraordinary general meeting of I O S Offshore Holding AS, reg. no. 991 219 250 (the "Company"). The meeting was held at Acteon Group Ltd's offices in Norwich NR1 1SW, United Kingdom.

The Company's sole shareholder, Acteon Group Limited, was represented by Bernhard Bruggaier by proxy. Thus, 100% of the Company's share capital and votes were represented at the general meeting.

The following matters were considered:

**2. OPENING OF THE GENERAL MEETING,  
APPROVAL OF THE NOTICE AND AGENDA,  
ELECTION OF THE CHAIRMAN OF THE  
MEETING, ETC.**

The general meeting was opened by Bernhard Bruggaier.

Bernhard Bruggaier was elected to chair the meeting. Being the only person present, he signs the minutes alone.

The notice of meeting and the agenda for the meeting were approved, including the deviation from the notice requirements set out in the Norwegian Private Limited Liability Companies Act (the "Companies Act").

**4. BOARD ELECTION**

In accordance with the board's proposal, the general meeting passed the following resolution:

*"Kenneth Murdoch resigns from the board. David Mel Zuydam is elected as new board member to replace the resigning director. David Mel Zuydam is elected as the chairman of the board. The board now comprises the following persons:*

- David Mel Zuydam, chairman
- Bernhard Bruggaier
- Benjamin David Smith

All resolutions were reached unanimously. There were no further items on the agenda. The chairman of the meeting declared the general meeting closed.



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*[Separat signaturside følger / Separate signature page follows]*

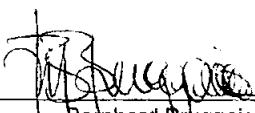


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*[Signaturside for protokoll fra ekstraordinær generalforsamling i I O S Offshore Holding AS]*

*[Signature page for minutes of an extraordinary general meeting of I O S Offshore Holding AS]*

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\_\_\_\_\_  
Bernhard Bruggaier  
Møteleder / Chairman of the meeting