Annual Report 2020

MORELD

Embracing the energy transition

Content

3 - Moreld at a glance

4 - ESG Report

5 - The Board of Directors' report 2020

10 - Consolidated Financial Statements

16 - Notes to the consolidated financial statements

44 - Financial Statements for the parent company

48 - Notes to the Financial statements of the parent company

53 - Independent Auditors report

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Moreld at a glance

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Companies:

17

Employees:

3,255

Revenue 2020:
(9months as Moreld Group)

4,7 NOKb

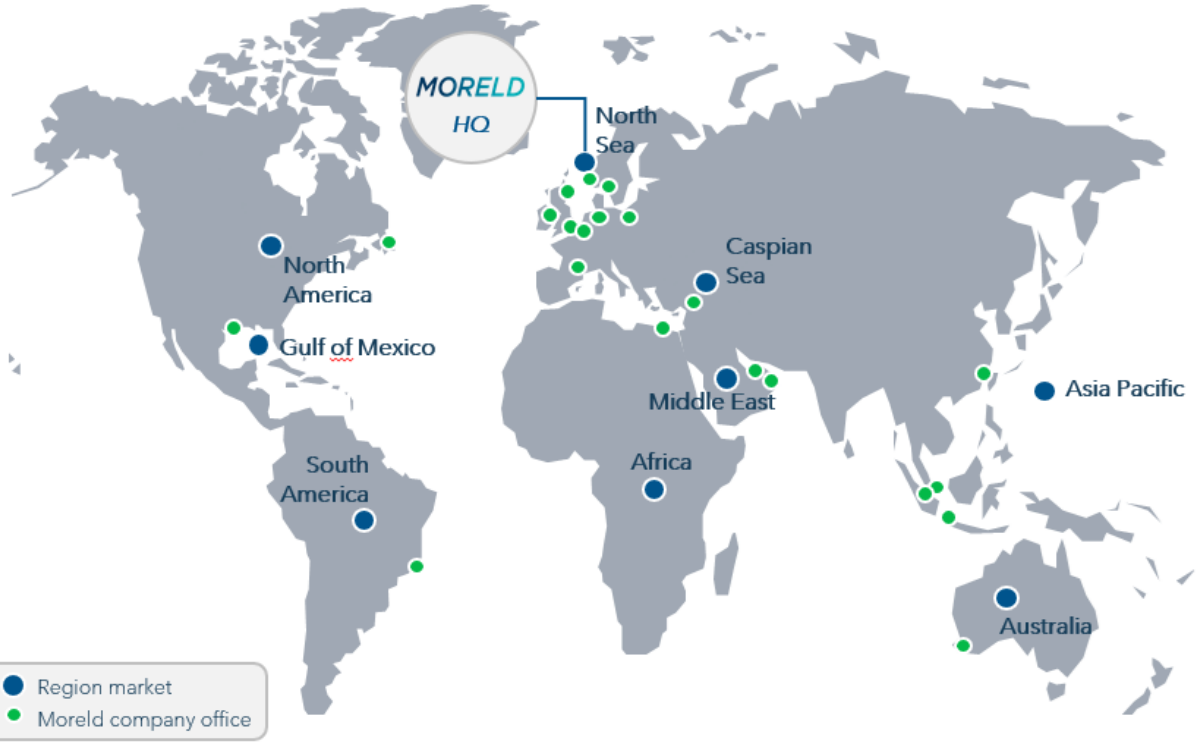
EBITDA 2020:
(9months as Moreld Group)

436 NOKm

ESG main priorities:

A leading industrial company and a preferred partner for our clients.

Global presence through local offices in 21 countries



Local presence, global reach.

MORELD

Moreld group ESG KPI's and targets

Based on our prioritized Sustainability development goals (SDG's) we have defined 5 focus areas for our ESG work. KPI's are reported on a quarterly basis.

Focus area	Goal	Performance 2020	KPI 2021	2030 Target	SDG
Carbon neutrality	We will seek to be carbon neutral in Moreld`s operations.	• On track to 2021 target with 19% reduction in 2020	• 20% reduction in emission by 2021	• Carbon neutral by 2030	12 13
Waste reduction	We will reduce our waste ratio.	• Waste recovery ratio of 87%	• Waste recovery ratio at > 90%	• Waste recovery ratio at 98%	12
GHG emissions	We aim to reduce the net greenhouse gas emissions from Moreld companies.	• ~19% reduction in emissions from 2019 (total 6 531 tons of CO2 equivalents)	• 10% reduction from 2019 – 2020 • 20% reduction from 2019 – 2021	• Reduce net GHG emission by 80% vs 2019 levels	13
Gender balance	We aim to have a sound gender balance.	• 16.8% women in workforce • 22.8% women in leading positions	• 18% women in workforce • 25% women in leading positions	• 35% women in workforce • 50% women in leading positions	5
Good health and well being	Provide a healthy, safe and secure working environment.	• Zero serious incidents • Five LTIs • Total sick leave of 3.4% • Zero accidental spills/emissions	• Zero serious incidents • Zero LTIs • Total sick leave under 3% • Zero accidental spills/emissions	• Zero Incidents vision	3

Waste recovery ratio is recycling ratio % + energy recovery ratio %

For more information, please find the full ESG report on Moreld.com

The Board of Directors' report 2020

Moreld is an industrial group created through the merger of a collection of service companies with roots in the North Sea offshore energy sector. During the first nine months of operations the Moreld Group achieved a revenue of 4 730 million. Despite the Covid 19 pandemic the Group managed to show resilience and stay on track with the consolidation process and strategic development of the company.

Operations and Locations

Established in December 2019 by HitecVision, a Norwegian private equity investor, Moreld is the result of nearly 15 years of investing in, refining, and growing over 20 standalone companies, many of which are niche players and market leaders within their respective segments. Today, Moreld offers comprehensive services to the offshore energy, renewable, marine, aquaculture, and onshore markets.

The Moreld Group was formally formed on April 3rd 2020, and all financial figures for 2020 represent 9 months as the full Moreld Group. GM Group PLC was the acquiring part in the Moreld Group formation, and as such the 2019, as well as the first 3 months of 2020, is consistent with the financial figures GM Group Plc.

Most of the companies that make up Moreld were founded on the Norwegian Continental Shelf (NCS) and continue to have strong roots there. At the same time, they are also expanding their operations globally. Five Moreld companies are headquartered internationally; in the UK, Ireland, Sweden, the Netherlands, and Singapore, providing the group with a platform for international growth and expansion in the years to come.

Moreld's consolidation allows commercial and operational synergies by leveraging each group company's unique resources and competencies to increase the speed at which Moreld enters new market segments.

The group shares common, predetermined ambitions to launch Moreld into a new era of industrial services, where the group will focus on sustainability and supporting its clients in the energy transition.

2020 in Brief

2020 has been a year of establishing the industrial group Moreld, including the restructuring and streamlining of operations to enable the best utilization of the significant market potential and synergies within the Group businesses, as well as positioning the Group for the energy transition.

This includes the divestment of Aarbakke AS, and several other internal re-structuring processes. This, combined with the Covid-19 pandemic, has resulted in significant restructuring costs the first 9 months of operations. The work to refine the organizational structure towards a fully integrated industrial Group continues in 2021.

Comments to the consolidated financial statements

The Group's revenue for 2020 was NOK 4 730,4 million, compared to NOK 904,9 million in 2019. The increase is primarily due to the formation of the Moreld Group in April 2020, and the 9 months of operations of the full Moreld Group represented in the 2020 figures, compared to 2019 figures of GM Group PLC as the acquiring part in the Moreld Group formation.

Net operating results for 2020 was NOK -188,8 million, compared to NOK -10,9 million in 2019. The net operating income is impacted by amortization of intangible assets mainly from the formation of the Moreld Group of NOK -145,8 million.

Net financial expenses amounted to NOK -236,9 million in 2020, heavily impacted by restructuring cost, compared to NOK -40,9 million in 2019.

Net loss for the period was NOK -391,1 million, compared to NOK -56,1 million in 2019.

The cash flow from operating activities for the Moreld Group was NOK 288,3 million in 2020, compared to NOK 187,3 million in 2019. The difference between the net operating income and cash flow from operating activities is mainly explained by depreciation, amortization and impairments of NOK 625 million in 2020.

Net Cash flows from investing activities was NOK 414,1 million in 2020, compared to NOK -212,0 million in 2019. The cash inflow from investing activity in 2020 is mainly explained by the GM Group Plc acquisition of all companies in connection with the Moreld Group formation.

Net cash flows to financing activities was NOK -80,2 million in 2020, compared to NOK -14,1 million in 2019.

The Cash and cash equivalents as of 31.12.2020 was NOK 651,3 million compared to NOK 29,0 million as of 31.12.2019.

Total assets as of 31.12.2020 was 6 776,1 million, and NOK 1 197,4 million as of 31.12.2019.

Total equity was NOK 2 546,8 million as of 31.12.2020, compared to NOK 339,2 million as of 31.12.2019. The corresponding equity to debt ratio as of 31.12.2020 was 37,6%, compared to 28,3% as of 31.12.2019.

A dividend of NOK 49 million has been distributed to the equity shareholders in the parent company in 2020.

Parent company financial statements

The parent company operating loss for 2020 was NOK -6,8 million, and the net financial expense was NOK 437,2 million, mainly due to impairment of shares in subsidiaries. Net loss before tax was NOK -444,1 million and net loss for the period was NOK -442,5 million. Total assets 31.12.2020 was NOK 2 945,2 million, mainly consisting of shares in subsidiaries. Total equity was NOK 2 921,5 million, and total liabilities was 23,8 million as of 31.12.2020.

Going concern

Pursuant to the Norwegian Accounting Act section 3-3a, the board confirms that the requirements of the going concern assumption are met and that the annual accounts have been prepared on that basis.

The Moreld Group completed the re-financing process with Sr-Bank on 28 June 2021.

The board is not aware of any factors that materially affect the assessment of the company's position as of 31 December 2020, or the results for 2020, other than those

presented in this report or that otherwise follow from the financial statements.

Investments in R&D

Total investments related to R&D including additions from business combinations in 2020 was NOK 76,2 million. The parent company does not have R&D-costs in 2020.

Environmental, Social and Governance

The Group companies adhere to strict HSE programmes. Corporate governance is implemented in accordance with Moreld's "We behave and comply" programme. Environmental, Social and Governance (ESG) data are monitored and reported monthly and quarterly against set targets. For detailed information, please refer to Moreld's website, for the corporate ESG policy, ESG 2020 annual report as well as the 2020 TCFD report. https://moreld.com/sustainability-at-moreld/

The Group had 5 recordable personal injuries in 2020. The sickness absence statistics in the Group showed a positive trend throughout the year with a total sick leave at 3.4% in 2020 despite a year impacted by the covid pandemic.

As of 31.12.20 the company had 3255 employees, 17% of the company`s workforce are women. The share of women in management is 23%.

The Group works actively and systematically to promote the Discrimination act's purpose and shall be a workplace where there is no discrimination based on ethnicity, skin color, language, religion, disability, sexual orientation or gender. The activities include recruitment, wages and working conditions, promotions, development and protection against harassment. The Group works actively and purposefully to design and facilitate the physical conditions so that the various functions can be used by as many people as possible.

The Covid -19 pandemic has affected the group in several ways. Travel restrictions has made travelling offshore difficult. Furthermore, the government requested that everyone who could, should work from home. Consequently, most engineers and office personnel have worked from home for extended periods of 2020. However, by utilising normal company procedures this has so far only had a minor effect on productivity. Workshop personnel have continued work as normal, however with appropriate measures for social distancing and segregation of work shifts. Travel restrictions limited foreign project workers' ability to travel, which has caused some challenges to ongoing projects.

Risk assessments

Market risks

The operational and financial development of the Group is dependent on the general development in the oil and gas industry, and especially the development in oil price. Additionally, the future success of the Group will also be impacted by its ability to penetrate new market segments. The market conditions during 2020 were challenging due to the low oil price and lowered activity due to the Covid-19 pandemic. Several measures have been implemented in order to remain profitable and improve liquidity.

The market risk is to some extent limited due to the strong order backlog from long-term frame agreements. The Group has implemented several measures to reduce costs to remain profitable at a lower activity level. At the same time the Group needs to continue its focus on improvement initiatives and on new sustainable business areas in order to diversify and increase competitiveness. See also further information regarding subsequent events

included in the notes to the consolidated financial statements.

Currency risk
FX hedging is utilized when required and is part of the Group's financial strategy. Some cash flows are hedged except where revenues and cost are in the same currency.

Interest rate risk
The Group is exposed to fluctuations in the interest rate as loan facilities, factoring facilities and deposits have a floating rate of interest. The company does not use any financial instruments to hedge the interest risk.

Credit risk
Customers are mainly financially robust, and the company has historically not suffered any significant loss from receivables. Credit rating is obtained prior to entering into new contracts, both for new customers and for new subcontractors. The company does not use any financial instruments to reduce the credit risk.

Liquidity risk
Liquidity risk represents the risk that the company will not be able to meet its financial obligations as they fall due. The policy to manage liquidity is to ensure that the Group and parent company will always have sufficient liquidity reserves to meet its liabilities when due.

Management monitors weekly and monthly forecasts of the company's liquidity reserves to identify liquidity requirements in future periods.

At year-end 2020 the liquidity is satisfactory with free cash of NOK 573,3 million compared to NOK 29,0 million in 2019. The Group has interest bearing liabilities of NOK 1 311,3 million as of 31.12 2020, compared to NOK 478,4 million as of 31.12.2019.

Climate related risks and opportunities (TCFD)
Moreld conducted a climate risk and opportunity assessment in 2020 based on the Financial Stability Board's Task Force on Climate-related Financial Disclosures (TCFD) recommendations

The financial impact of climate change for Moreld have been modelled with input data from IEA's Sustainable Development Scenario and IEA's Stated Policies Scenario. Moreld has a higher valuation in the SDS scenario driven by a faster transition into non-oil and gas revenue streams and lower costs of capital. The results of the climate risk and opportunity assessment have been evaluated by Moreld management and is part of our strategic planning. The full TCFD report can be found on Moreld.com: TCFD Report Moreld 2020

Information refinancing 2021
Several of the Group companies hold credit facilities with different banking institutions. The loans had individual covenant regimes and the companies' assets were pledged as security. All company loans, bar Suretank Group, have been refinanced in 2021 following the refinancing of Moreld AS and relevant subsidiaries with SR-Bank. The refinancing process was completed 28 June 2021.

Based on the above, management is of the opinion that the company has sufficient available funding to meet its obligations as they fall due on a short and long-term basis.

New initiatives

In 2021, the Moreld Group has launched initiatives within the offshore wind segment with Moreld Ocean Wind, as well as in Moreld Aqua, that will be an independent solutions provider to the Aquaculture industry.

Outlook and future development

The reduced activity level in 2020 due to the combination of outbreak of Covid-19 and low oil price is expected to improve in the coming years due to increasing oil price and government tax incentives for oil field developments on the NCS. The Group is also actively pursuing new non-oil & gas market segments, which is expected to have a favourable impact on future activity levels. A significant part of the capacity in the company is covered by long-term frame agreements.

Stavanger, 30 June 2021

The Board of Directors of Moreld AS

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Helge Aasen
Chairman of the Board

DocuSigned by:
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Atle Sveinung Eide
Board Member

DocuSigned by:
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Ola Sætre
Board member

DocuSigned by:
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Marit Grimsbo
Board member

DocuSigned by:
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Morten Grongstad
Board Member

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Lise Matre Wulff
Board member

DocuSigned by:
Geir Austgard
Chief Executive Officer

Moreld AS
Consolidated statement of profit and loss
for the year ended 31 December 2020

TNOK	Note	2020	2019
Revenue from contracts with customers	7	4 705 720	904 931
Other operating income		24 710	-
Revenue and income		**4 730 431**	**904 931**
Cost of sales	9, 10	2 076 677	264 584
Salaries and personnel expenses	9	1 849 480	338 539
Other operating expenses	9, 11	368 035	137 189
Earnings before interest, tax, deprecation and amoritzation (EBITDA)		**436 238**	**164 619**
Depreciation, amortization and impairment losses	12, 13, 14	625 004	175 565
Operating result		**-188 766**	**-10 946**
Interest income		12 620	10 710
Other finance income	16	34 112	10 592
Interest expenses	25	-124 809	-52 899
Fair value adjustment of financial instruments	17	-13 645	-
Other financial expenses	16	-32 535	-10 473
Share of gain / loss (-) of associates and joint ventures	18	-112 690	1 153
Net financial expense		**-236 947**	**-40 918**
Net loss before tax		**-425 713**	**-51 865**
Income tax expense	15	-34 584	4 187
Net loss for the period		**-391 128**	**-56 052**
Attributable to:			
Equity holders of the parent company		-388 648	-56 032
Non-controlling interests		-2 480	-20
		-391 128	**-56 052**

Moreld AS
Consolidated statement of comprehensive income
for the year ended 31 December 2020

TNOK	2020	2019
Net loss for the period	**-391 128**	**-56 052**
Other comprehensive income/loss		
Other comprehensive income that may be reclassified to profit or loss in subsequent periods (net of tax):		
Exchange differences on translation of foreign operations	-5 338	-89
Other comprehensive loss for the period	**-5 338**	**-89**
Total comprehensive loss for the period	**-396 466**	**-56 141**
Attributable to:		
Equity holders of the parent company	-387 431	-56 121
Non-controlling interests	-9 035	-20
	-396 466	**-56 141**

Moreld AS
Consolidated statement of financial position
as at 31 December 2020

TNOK

	Note	31 Dec 2020	31 Dec 2019
ASSETS			
Non-current assets			
Property, plant and equipment	13	1 126 725	706 011
Goodwill	5, 12	1 887 501	100 423
Intangible assets	5, 12	421 152	29 315
Right of use assets	5, 14	935 386	65 308
Investments in associates and joint ventures	18	125 819	40 156
Non-current financial assets		1 611	-
Net investment in the lease	14	-	6 964
Other non-current assets	19	18 029	-
Deferred tax assets	15	123 101	2 318
Total non-current assets		**4 639 324**	**950 495**
Current assets			
Inventories	22	174 496	7 891
Trade and other receivables	21	911 772	192 265
Contract assets	8, 27	260 788	-
Other current assets	23	130 878	8 562
Income tax receivable	15	138	2 466
Net investment in the lease	14	7 484	6 767
Cash and short term deposits	20	651 265	28 980
Total current assets		**2 136 821**	**246 930**
Total assets		**6 776 145**	**1 197 426**

Moreld AS
Consolidated statement of financial position
as at 31 December 2020

TNOK

	Note	31 Dec 2020	31 Dec 2019
EQUITY AND LIABILITIES			
Equity			
Paid in capital	28	3 364 000	949 130
Retained earnings		-990 843	-610 397
Equity attributable to the equity holders of the parent company		**2 373 157**	**338 733**
Non-controlling interests		173 598	513
Total equity		**2 546 755**	**339 246**
Non-current liabilities			
Interest bearing loans and borrowings	24, 27	387 379	6 579
Other non-current financial liabilities		11 066	-
Other non-current liabilities	24, 29	103 861	30 627
Lease liabilities	14, 27	803 060	44 229
Deferred tax liabilities	15	113 203	3 166
Total non-current liabilities		**1 418 570**	**84 602**
Current liabilities			
Interest bearing loans and borrowings	24, 27	923 908	471 864
Other current financial liabilities		17 275	-
Derivatives	17	4 974	-
Lease liabilities	14	149 019	28 418
Trade and other payables	26	611 037	185 755
Contract liabilities	8, 27	210 419	-
Social security, VAT and similar public debt	26, 27	253 939	18 179
Income tax payable	15	4 068	1 351
Other current liabilities	26, 27, 29	636 181	68 011
Total current liabilities		**2 810 821**	**773 578**
Total liabilities		**4 229 390**	**858 180**
Total equity and liabilities		**6 776 145**	**1 197 426**

Stavanger, 31 December 2020
30 June 2021

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Helge Aasen
Chairman

DocuSigned by: DF9C9556D4E84F5...
Atle Sveinung Eide
Board member

DocuSigned by: 4AA514534BED430...
Ola Sætre
Board member

DocuSigned by: EEAC5ACF064841A...
Marit Grimsbo
Board member

DocuSigned by: 0323AE586EBA475...
Morten Grongstad
Board member

DocuSigned by: 653819740D23449...
Lise Matre Wulff
Board member

DocuSigned by: 49B861734CD149B...
Geir Austigard
Chief executive officer

Moreld AS
Consolidated statement of changes in equity
for the year ended 31 December 2020

TNOK	Note	Share capital	Other paid in capital and reserves	Foreign currency translation reserve	Retained earnings	Attributable to equity holders of the parent	Non-controlling interests	Total equity
Balance at 31 December 2019	1, 28	30	949 100	3 432	-613 829	**338 733**	513	**339 246**
Capital decrease	28	-30				**-30**		**-30**
Capital contribution in kind	5, 28	30	2 464 070			**2 464 100**	200 124	**2 664 224**
Adjustment to non-controlling interest on opening balance as part of group establishment					-21 151	**-21 151**	21 151	**-**
Dividend	28		-49 200			**-49 200**	-11 019	**-60 219**
Transactions with non-controlling interests					28 136	**28 136**	-28 136	**-**
						-		
Comprehensive income:						**-**		
Net loss for the period					-388 648	**-388 648**	-2 480	**-391 128**
Other comprehensive loss for the period				1 217		**1 217**	-6 555	**-5 338**
Total comprehensive income				1 217	-388 648	**-387 431**	-9 035	**-396 466**
Balance at 31 December 2020		**30**	**3 363 970**	**4 650**	**-995 493**	**2 373 157**	**173 598**	**2 546 755**

Moreld AS
Consolidated statement of cash flows
for the year ended 31 December 2020

TNOK	Note	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES			
Net profit / loss (-) before tax		-425 713	-51 865
Adjustments for:			
Depreciation, amortisation and impairment losses	12, 13, 14	625 004	175 565
Changes in fair value of derivatives		13 645	-
Net foreign exchange differences		24 712	-939
Gain (-) / loss on disposal of property, plant and equipment		26 989	-9 892
Other income - non cash element		-5 850	-
Share of profit (-) / loss of associates or joint ventures	18	112 690	-1 153
Working capital adjustments:			
Change in inventories	22	15 082	15 259
Change in trade and other receivables	21	101 161	-21 552
Change in trade and other payables	26	-219 707	91 319
Change in accrued expenses and other current liabilities	23, 26, 29	31 078	3 379
Cash from operating activities		**299 091**	**200 122**
Taxes paid		-10 793	-12 809
Net cash flows from operating activities		**288 299**	**187 313**
CASH FLOWS FROM INVESTING ACTIVITIES:			
Proceeds from disposal of property, plant and equipment	13	17 772	12 892
Purchase of property, plant and equipment	13	-159 653	-224 046
Purchase of intangible assets	12	-16 770	-5 790
Receipts from net investment in the lease	14	6 246	4 922
Net cash flows from acquisitions	5	323 576	-
Net cash receipts (-payment) related to other investments	18	242 983	-
Net cash flows from investing activities		**414 154**	**-212 022**
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from issuance of shares	28	-	4 005
Proceeds from interest bearing loans and borrowings		280 748	44 624
Repayment of interest bearing loans and borrowings	24	-96 271	-7 368
Net change in overdraft facilities		-78 648	-22 233
Payment of lease liabilities	14	-123 615	-33 152
Dividend paid to equity holders of the company	28	-49 200	-
Dividend paid to non controlling interests		-10 005	-
Net change in other non-current liabilities	24, 29	-3 176	-
Net cash flows from financing activities		**-80 167**	**-14 125**
Net change in cash and cash equivalents		622 286	-38 834
Cash and cash equivalents at beginning of year	20	28 980	67 814
Cash and cash equivalents at end of year		**651 265**	**28 980**

Moreld AS

Notes to the consolidated financial statements 2020

Note 1. Corporate information

The consolidated financial statements of Moreld (hereby referred to as 'Moreld', 'the Moreld group' or simply 'the Group' – formerly the GM Group) for the fiscal year 2020 were approved and authorised for issue in the board meeting held at 30 June 2021.

The parent company Moreld AS is a private limited liability company, incorporated in Norway and headquartered in Stavanger. The address of its registered office is Hospitalgata 4, 4006 Stavanger.

Prior to 3 April 2020, the Moreld group consisted of the Global Maritime Group (GM Group). With effect from 3 April 2020, the HitecVision Private Equity funds IV, V, and VI transferred their ownership shares in more than 20 previous standalone companies into the Moreld group structure for which the GM Group was determined to constitute the acquirer under the provisions of IFRS 3. The restructuring process of bringing the entities outside of the GM Group structure into the new Moreld structure was accounted for at fair value applying the acquisition method in IFRS 3 and, consequently, a purchase price allocation was performed for these entities effective 3 April 2020. Hence, the amounts for the comparable period, 2019, and for the first three months of 2020 are GM Group amounts. The GM Group financial statements were presented in euro. The Moreld financial statements are presented in NOK. The balance sheet, including components of equity, as of 31 December 2019 for GM Group Plc has been translated from EUR to NOK using the exchange rate at 31 December 2019. The statement of profit and loss has been translated from EUR to NOK using the average exchange rate for 2019.

The Moreld group offers comprehensive services to the offshore energy, renewable, marine, aquaculture, and onshore markets.

Note 2. Significant accounting policies

2.1 Basis of preparation

The consolidated financial statements have been prepared in accordance with the Norwegian Accounting Act §3-9 and regulation on simplified IFRS (2014) as approved by the Ministry of Finance on 3 November 2014. This means that the measurement and recognition in all material respects are in accordance with International Financial Reporting Standards (IFRS) which have been adopted by the EU and are mandatory for financial years beginning on or after 1 January 2020, and disclosures are in accordance with the Norwegian Accounting Act and generally accepted accounting principles in Norway (NGAAP).

The consolidated financial statements are prepared on a historical cost basis, except for certain financial instruments, which are measured at fair value.

2.2 Functional currency and presentation currency

Functional currency

The functional currency is determined for each entity in the Group based on the currency of the entity's primary economic environment. Transactions in foreign currencies are translated to the functional currency using the exchange rate at the date of the transaction. At the end of each reporting period foreign currency monetary items are translated using the closing rate, non-monetary items that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction and non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The accounting effects from changes in exchange rates are recognised in the accounting period in which they occur.

Presentation currency
The Group's presentation currency is NOK. This is also the parent company's functional currency.

The statement of financial position figures of entities with a different functional currency are translated at the exchange rate prevailing at the end of the reporting period for balance sheet items, including goodwill, and the exchange rate at the date of the transaction for profit and loss items. Monthly average exchange rates are used as an approximation of the transaction date exchange rates. Related currency translation differences are recognised in other comprehensive income ("OCI").

When investments in foreign subsidiaries are sold, the accumulated translation differences relating to the subsidiary attributable to the equity holders of the parent are recognised in the statement of comprehensive income. When a loss of control, significant influence or joint control occurs, the accumulated translation differences related to investments allocated to controlled interests is recognised in profit and loss.

When a partial disposal of a subsidiary (not loss of control) occurs, a proportionate share of the accumulated translation differences is allocated to non-controlling interests.

2.3 Basis of consolidation

The Group's consolidated financial statements comprise the parent company and its subsidiaries as of 31 December 2020. An entity has been assessed as being controlled by the Group when the Group is exposed to, or have the rights to variable returns from its involvement with the entity, and has the ability to use its power over the entity to affect the amount of the Group's returns.

Thus, the Group controls an entity if and only if the Group has all of the following:
- power over the entity;
- exposure, or rights, to variable returns from its involvement with the entity; and
- the ability to use its power over the entity to affect the amount of the Group's returns.

There is a presumption that if the Group has the majority of the voting rights in an entity, the entity is considered as a subsidiary. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over the entity. Including ownership interests, voting rights, ownership structure and relative power, as well as options controlled by the Group and shareholder's agreement or other contractual agreements. The assessments are done for each individual investment. The Group re-assesses whether or not it controls an entity if facts and circumstances indicate that there are changes to one or more of the three elements of control.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Non-controlling interests is presented separately under equity in the Group's balance sheet.

Change in ownership interest without loss of control
A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

The consideration is recognised at fair value and the difference between the consideration and the carrying amount of the non-controlling interests is recognised at the equity attributable to the parent.

Loss of control
In cases where changes in the ownership interest of a subsidiary lead to loss of control, the consideration is measured at fair value. Assets (including goodwill) and liabilities of the subsidiary and non-controlling interest at their carrying amounts are derecognized at the date when the control is lost.

The fair value of the consideration received is recognised and any investment retained is recognised at fair value. Gain or loss is recognised in profit and loss at the date when the control is lost.

Note 3. Summary of significant accounting policies

3.1 Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in other operating expenses.

The Group determines that it has acquired a business when the acquired set of activities and assets include an input and a substantive process that together significantly contribute to the ability to create outputs. The acquired process is considered substantive if it is critical to the ability to continue producing outputs, and the inputs acquired include an organised workforce with the necessary skills, knowledge, or experience to perform that process or it significantly contributes to the ability to continue producing outputs and is considered unique or scarce or cannot be replaced without significant cost, effort, or delay in the ability to continue producing outputs.

When acquiring a business, all financial assets and liabilities are assumed for appropriate classification and designation in accordance with contractual terms, economic circumstances and pertinent conditions at the acquisition date. The acquired assets and liabilities are accounted for at fair value in the Group consolidated statement of financial position.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IFRS 9 Financial Instruments, is measured at fair value with the changes in fair value recognised in the statement of profit or loss in accordance with IFRS 9. Other contingent consideration that is not within the scope of IFRS 9 is measured at fair value at each reporting date with changes in fair value recognised in profit or loss.

Goodwill
Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests and any previous interest held over the net identifiable assets acquired and liabilities assumed). If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a cash-generating unit (CGU) and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

3.2 Investments in associates and joint ventures

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. The considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries. The Group investment in its joint venture is accounted for using the equity method.

Under the equity method, the investment in a joint venture is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the joint venture since the acquisition date. Goodwill relating to the joint venture is included in the carrying amount of the investment and is not tested for impairment separately.

The statement of profit or loss reflects the Group's share of the results of operations of the associate or joint venture. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate or joint venture are eliminated to the extent of the interest in the associate or joint venture.

The aggregate of the Group's share of profit or loss of an associate and a joint venture is shown on the face of the statement of profit and loss outside operating profit and represents profit or loss after tax and noncontrolling interests in the subsidiaries of the associate or joint venture.

The financial statements of the associate or joint venture are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate or joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate or joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value, and then recognises the loss within 'Share of profit of an associate and a joint venture' in the statement of profit or loss.

Upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

3.3 Current versus non-current classification

The Group presents assets and liabilities in the consolidated statement of financial position as either current or non-current.

The Group classifies an asset as current when it:

- Expects to realise the asset, or intends to sell or consume it, in its normal operating cycle

- Holds the asset primarily for the purpose of trading
- Expects to realise the asset within twelve months after the reporting period

Or

- The asset is cash or a cash equivalent, unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current, including deferred tax assets.

The Group classifies a liability as current when it:

- Expects to settle the liability in its normal operating cycle
- Holds the liability primarily for the purpose of trading
- Is due to be settled within twelve months after the reporting period

Or

- It does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current, including deferred tax liabilities.

3.4 Revenue recognition

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group has generally concluded that it is the principal in its revenue arrangements, because it typically controls the goods or services before transferring them to the customer.

The Group recognizes revenue from the following major sources:

- Operations and engineering
- Maintenance and Modification
- Rig, drilling and green solutions

Operations and engineering
The Group provides engineering services related to the preparation for operation of technical systems. Such services are recognised as a performance obligation satisfied over time. Revenue is recognised for these services based on the stage of completion of the contract.

Maintenance and modification
The Group operates in maintenance and modification markets and execute projects with overall responsibility for planning, design, fabrication and commissioning. Revenue based on call-offs under framework contracts will mainly be recognized over time and the transaction price is based on best estimate of the variable consideration.

Rig, drilling and green solutions
The Group provides drilling rigs with all the system solutions and services required for efficient, reliable and safe operations. Such services are recognized as a performance obligation satisfied over time.

Construction contracts
The Group operates both fixed price- and cost-plus construction contracts. The contracts are for the construction of assets with no alternative use and the Group has enforceable rights to payment for performance completed to date. Revenue from construction contracts are recognised over time measuring progress using an input method. Revenue is recognized on the basis of the Group's efforts of inputs to the satisfaction of a performance obligation (for example, resources consumed, labour hours expended, cost incurred or time elapsed) relative to the total expected inputs to the satisfaction of that performance obligation. If the Group's efforts or inputs are expended evenly throughout the performance period, it may be appropriate for the entity to recognize revenue on a straight-line-basis.

If the Group can reasonably measure its progress towards complete satisfaction of the performance obligation, the Group recognizes revenue for a performance obligation satisfied over time.

The directors consider that this input method is an appropriate measure of the progress towards complete satisfaction of these performance obligations under IFRS 15.

Revenue from rendering of services
Revenues from the rendering of service-related performance obligations are considered distinct when they are regularly supplied by the Group to other customers on a stand-alone basis and are available to customers from other providers in the market. Revenue relating to the rendering of services is recognized over time based on the stage of completion of the contract. The directors have assessed that the stage of completion determined as the proportion of the total time expected to the services has elapsed at the end of the reporting period is an appropriate measure of progress towards complete satisfaction of these performance obligations under IFRS 15. Payment for services is not due from the customer until the services are complete and therefore a contract asset is recognized over the period in which the services are performed representing the Group's right to consideration for the services performed to date.

Sale of goods
Revenue is also generated from the sale of equipment. When the equipment sale is determined to constitute a separate performance obligation, it is satisfied at a point in time, when control of the equipment is passed to the customer. Consequently, the Group recognise revenue from the sale of equipment at a point in time upon satisfaction of the performance obligation.

Interest income
Interest income is recognized as the interest accrues, unless collectability is uncertain. Interest income is included in finance income in the consolidated statement of profit and loss.

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

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

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

3.5 Segments
For management reporting purposes, the Group is organised into business units based on its activities and has reportable segments as shown in the notes to these financial statements.

3.6 Income tax
The tax expense consists of the tax payable and changes to deferred tax. Deferred tax/tax assets are calculated on all differences between the book value and tax value of assets and liabilities, with the exception of:

- temporary differences linked to goodwill that are not tax deductible

- temporary differences related to investments in subsidiaries, associates or joint ventures when the Group controls when the temporary differences are to be reversed and this is not expected to take place in the foreseeable future.

Deferred tax assets are recognised when it is probable that the company will have a sufficient profit for tax purposes in subsequent periods to utilise the tax asset. The companies recognise previously unrecognised deferred tax assets to the extent it has become probable that the company can utilise the deferred tax asset. Similarly, the company will reduce a deferred tax asset to the extent that the company no longer regards it as probable that it can utilise the deferred tax asset.

Deferred tax and deferred tax assets are measured on the basis of the expected future tax rates applicable to the companies in the Group where temporary differences have arisen based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. Deferred tax and deferred tax assets are recognised at their nominal value and classified as non-current asset investments (long-term liabilities) in the balance sheet.

Taxes payable and deferred taxes are recognised directly in equity to the extent that they relate to equity transactions.

3.7 Property, plant and equipment

Property, plant and equipment are valued at cost less any accumulated depreciation and any accumulated impairment losses. Subsequent costs are included in the asset's carrying amount when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

General expenditure on repairs and maintenance is recognised as an expense when incurred.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets,

Plant and equipment are derecognised on disposal and when no future economic benefits are expected from their use or disposal. Gains or losses arising from derecognition represent the difference between the net disposal proceeds, if any, and the carrying amount, and are included in the statement of comprehensive income in the year of derecognition.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

3.8 Leases

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

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

i) Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

ii) Lease liabilities
At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

iii) Short-term leases and leases of low-value assets
The Group applies the short-term lease recognition exemption to its short-term leases of property, motor vehicle and machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain extension or purchase options). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be of low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Group as a lessor
Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income.

The Group enters from time to time into arrangements to sublease leased assets to third parties while the original lease contracts are in effect. The Group as intermediate lessor classifies the sublease by reference to the right-of- use asset arising from the head lease, rather than by reference to the underlying asset. The Group accounted for the sublease by (a) derecognising the right-of-use asset relating to the head lease that it transfers to the sublessee and recognising the net investment in the sublease; (b) recognising any difference between the right-of-use asset and the net investment in the sublease in profit or loss; and (c) retained the lease liability relating to the head lease in its statement of financial position, which represents the lease payments owed to the head lessor. The net investment in the lease is the gross investment discounted at the interest rate implicit in the lease. The gross investment in the lease is the aggregate of the minimum lease payments receivable by the Group. The lease payments received from the lessee are treated as repayments of principal and finance income.

3.9 Intangible assets
Intangible assets that have been acquired separately are carried at cost. The costs of intangible assets acquired through an acquisition are recognised at their fair value in the Group's opening balance sheet. Capitalised intangible assets are recognised at cost less any amortisation and impairment losses.

Internally generated intangible assets, excluding capitalised development costs, are not capitalised but are expensed as incurred.

The economic life is either definite or indefinite. Intangible assets with a definite economic life are amortised over their economic life and tested for impairment if there are any indications. The amortisation method and period are assessed at least once a year. Changes to the amortisation method and/or period are accounted for as a change in estimate.

Intangible assets with an indefinite economic life are tested for impairment at least once a year, either individually or as a part of a cash-generating unit. Intangible assets with an indefinite economic life are not amortised. The economic life is assessed annually with regard to whether the assumption of an indefinite economic life can be justified. If it cannot, the change to a definite economic life is made prospectively.

Patents and licenses

Amounts paid for patents and licenses are capitalised and amortised on a straight-line basis over the expected useful life. The expected useful life of patents and licenses varies from 5 to 10 years.

Software

Expenses linked to the purchase of new software are capitalised as an intangible asset provided these expenses do not form part of the hardware acquisition costs. Software is depreciated on a straight-line basis over the estimated economic life. Costs incurred as a result of maintaining or upholding the future utility of software is expensed unless the changes in the software increase the future economic benefits from the software.

3.10 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, or at fair value through profit or loss.

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

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified into the following categories:

- Financial assets at amortised cost (trade and other receivables)
- Financial assets at fair value through profit or loss

Financial assets at amortised cost (trade and other receivables)

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

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

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

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term.

Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

Derecognition
Financial assets are derecognised when rights to receive cash flows from the asset have expired or the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement.

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

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

Financial liabilities
Initial recognition and measurement
Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

Subsequent measurement
The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss
Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by IFRS 9.

Gains or losses on liabilities held for trading are recognised in the statement of profit or loss.

Derecognition
A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

3.11 Inventories

Inventories are stated at the lower of cost of acquisition or production and recoverable amount and comprise raw materials, work in progress, and finished goods. The costs of finished goods and work in progress include the cost of raw materials used and direct production costs. The recoverable amount is determined on an individual basis.

3.12 Cash and cash equivalents

Cash comprises cash at bank. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash, which are subject to an insignificant risk of change in value and have a maximum term to maturity of three months. 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 and are presented in current liabilities on the statement of financial position.

3.13 Equity

Equity and liabilities
Financial instruments are classified as liabilities or equity in accordance with the underlying economic realities.

Interest, dividend, gains and losses relating to a financial instrument classified as a liability are presented as an expense or income. Amounts distributed to holders of financial instruments that are classified as equity are recorded directly in equity.

Costs of equity transactions
Transaction costs directly related to an equity transaction are recognised directly in equity after deducting related tax expenses.

3.14 Other equity

Translation differences
Translation differences arise in connection with exchange-rate differences occurring when translating foreign entities for consolidation purposes.

Exchange-rate differences in monetary amounts (liabilities or receivables) which are in reality a part of a company’s net investment in a foreign entity are also included as translation differences. If a foreign entity is sold, the accumulated translation difference linked to the entity is reversed and recognised in the statement of comprehensive income in the same period as the gain or loss on the sale is recognised.

3.15 Provisions

A provision is recognised when the Group has an obligation (legal or self-imposed) as a result of a previous event, it is probable (more likely than not) that a financial settlement will take place as a result of this obligation and the size of the amount can be measured reliably. If the effect is considerable, the provision is calculated by discounting estimated future cash flows using a discount rate before tax that reflects the market’s pricing of the time value of money and, if relevant, risks specifically linked to the obligation.

Onerous contracts
If the Group has a contract that is onerous, the present obligation under the contract is recognised and measured as a provision. However, before a separate provision for an onerous

contract is established, the Group recognises any impairment loss that has occurred on assets dedicated to that contract.

Restructuring provisions
Restructuring provisions are recognised when the Group has approved a detailed, formal restructuring plan and the restructuring has either started or been publicly announced.

3.16 Contingent liabilities and assets

Contingent liabilities (less than 50% likelihood of resulting in cash outflows) are not recognised in the financial statements. Significant contingent liabilities are disclosed, with the exception of contingent liabilities that are considered remote of occurring. Contingent assets are not recognised in the financial statements but are disclosed if it is more likely than not that a benefit will be received by the Group.

3.17 Related parties

Related parties are individuals and companies where the individual or Group has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions.

3.18 Events after the reporting date

Events after the reporting date are those events, favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue. Adjusting events require the Group to adjust the amounts recognised in its financial statements while non-adjusting events do not require any adjustments to the amounts recognised in the financial statements.

Note 4. SIGNIFICANT ACCOUNTING ESTIMATES, JUDGEMENTS AND DEFINITIONS

4.1 Significant accounting estimates and judgements

The preparation of the Group's consolidated financial statements requires Management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets, liabilities and the accompanying disclosures, and the disclosure of contingent liabilities. Use of available information and application of judgement are inherent in the formation of estimates.

Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods. Actual results in the future could differ from such estimates and the differences may be material to the consolidated financial statements. These estimates are reviewed on a regular basis and if a change is needed, it is accounted for in the year the change becomes known.

The Group based its assumptions and estimates on parameters available when the consolidated financial statements are prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Judgements made in applying accounting policies
In the process of applying the Group's accounting policies, Management has made the following judgements, which have the most significant effect on the amounts recognised in the consolidated financial statements:

Identifying the acquirer when the Moreld group was set up
The determination of «acquirer» under the provisions of IFRS 3 when the Moreld group was established effective from 3 April 2020 required the application of significant judgement. Based on an assessment of relevant factors the GM Group was determined to constitute the acquirer. On this basis the comparable amounts and the amounts for the first three months of 2020 are for the GM Group only.

Assessing control versus joint control
The determination of whether Moreld's investments in other entities constitute subsidiaries (control alone), and should be fully consolidated, or investments in joint ventures (joint control with other shareholders), for which the equity method should normally be applied requires significant judgement. The Group has assessed what constitutes relevant activities and who controls the decision-making process related to these relevant activities when determining whether an investment constitutes a subsidiary or a jointly controlled investment. All facts and circumstances relating to the various relationships with other owners were factored in in the assessments.

Estimations of fair values and value in use

Measuring fair values when performing purchase price allocations (PPAs)

As discussed above, PPAs were performed for all entities, at the time of transfer of ownership shares from the HitecVision private equity funds into the Moreld structure, when establishing the Moreld group. These transactions were made between related parties and the process of estimating the fair values required extensive use of unobservable assumptions and inputs, such as business plans, etc. The fair values have been set using net present value approaches commonly applied in the industry. Under the fair value hierarchy, as set out in IFRS 13 *Fair Value Measurements,* the valuations would constitute level 3 measurements, as the assumptions driving the most significant portion of the values are internal.

Impairment of goodwill
The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the "value in use". Estimating value in use amount requires Management to make an estimate of the expected future cash flows and to choose a suitable discount rate in order to calculate the present value of those cash flows. The estimates used to calculate the "value-in-use" change from year-to-year based on operating results and market conditions. Changes in these estimates and assumptions could materially affect the determination of fair value and impairment.

4.2 Definitions

EBITDA
Moreld refers to EBITDA in its financial statements. EBITDA is defined as earnings before interest, taxes, depreciation and amortization. The Group makes regular use of EBITDA in the management and controlling of the business. Further, management is of the opinion that this information is useful to investors who wish to evaluate the company's operating performance, ability to repay debt and capability to pursue new business opportunities.

Note 5 **Business combinations and acquisition of non-controlling interests**

Acquisitions in 2020

On 3 April 2020, Moreld acquired a portfolio of oil service and oilfield technology companies from different HitecVision private equity funds. The Moreld group was formed as part of the transaction. The Group believes that in today's competitive environment, size is becoming ever more important, and by forming the Moreld group it is possible to create this size. In addition to the technological know-how existing in the companies, they are also characterized by an active focus on sustainability, including operative experience in HSEQ and ESG practices that have been built up over years. These are core values that the Group will bring from the oil industry, and that will prove to be a competitive advantage when entering into new business areas going forward.

The acquisition was made as a contribution in kind where Moreld issued shares as consideration. As Moreld is a newly formed holding company it has assessed GM Group Plc as the acquiring company based on relative size of fair value. The acquisition method has been applied on accounting for the acquired companies. See note 6 for more information on the companies acquired in the transaction.

The Group has elected to measure the non-controlling interests in the entities considered acquirees for accounting purposes in this transaction at fair value.

Assets acquired and liabilities assumed
The fair values of the identifiable assets and liabilities of the acquired companies at the date of acquisition were:

	Acquired assets and liabilities assumed	Fair value adjustments	Fair value recognised on acquisition
Assets			
Property, plant and equipment	499 530	-	499 530
Intangible assets	82 989	476 019	559 008
Right of use assets	980 727	54 305	1 035 032
Investments in associates and joint ventures	15 317	428 884	444 201
Other non-current assets	18 260	-	18 260
Deferred tax assets	103 853	-	103 853
Net working capital assets	1 225 325	-	1 225 325
Other current assets	111 142	-	111 142
Cash and short term deposits	323 576	-	323 576
Total assets	**3 360 719**	**959 208**	**4 319 927**
Non current liabilities	1 525 880	-	1 525 880
Deferred tax	27 383	112 605	139 988
Short term financial liabilities	270 401	-	270 401
Net working capital liabilities	1 629 868	-	1 629 868
Total liabilities	**3 453 532**	**112 605**	**3 566 137**
Total identifiable net assets at fair value			**753 789**
Non-controlling interest measured at fair value			-200 124
Goodwill arising on acquisitions			1 910 630
Purchase consideration transferred			**2 464 295**

Purchase consideration
The acquisition was made as a contribution in kind where Moreld issued shares as consideration. The fair value of the total contribution in kind was NOK 3 413 200, of which NOK 2 464 101 was considered consideration for the acquired companies. The remaining value of the contribution in kind relates to GM Group Plc that was considered the acquirer for accounting purposes.

Analysis of cash flows on acquisition

Net cash acquired with the subsidiary (included in cash flows from investing activities)	323 576
Net cash flow on acquisition	**323 576**

The goodwill comprises the value of expected synergies arising from the acquisition and the acquired workforce, which is not separately recognised. The workforce does not meet the criteria for recognition as an intangible asset under IAS 38. None of the goodwill recognised is deductible for income tax purposes.

The value of intangible assets have been estimated by applying discounted earnings technique and the value of interests in associated companies were valued by applying a combination of discounted cash flows and the use of multiplies. The Group measured the acquired lease liabilities using the present value of the remaining lease payments at the date of acquisition. The right-of-use assets were measured at an amount equal to the lease liabilities and adjusted to reflect the favourable terms of the lease relative to market terms. Deferred tax has been recognised at nominal value for identifiable intangible assets.

The fair value of acquired receivables are considered to be equal to net book value of the receivables. It is expected that the net book value of the receivables can be collected.

From the date of acquisition, the acquired companies contributed 3 876 MNOK of revenues and negatively with 440 MNOK to loss before tax of the Group. If the combination had taken place at the beginning of the year, revenues would have been 5 294 MNOK and loss before tax would have been 481 MNOK.

Note 6 **Group information**

The following subsidiaries in which Moreld AS has a direct investment are included in these consolidated financial statements:

Subsidiaries	Country of incorporation	Equity interest 31.12.2020	Voting power 31.12.2020
More HoldCo Alfa AS	Norway	100 %	100 %
Moseidveien 17 AS	Norway	100 %	100 %
Minox Technology AS	Norway	100 %	100 %
More HoldCo Giba AS	Norway	100 %	100 %
More HoldCo Gamma AS	Norway	100 %	100 %
Agility Group AS	Norway	94,8 %	94,8 %
More Holdco Aza AS	Norway	100 %	100 %
HV VI Invest Phi Ltd	Ireland	100 %	100 %
GM Group Plc.	Malta	92,3 %	92,3 %
Moreld Aqua AS	Norway	100 %	100 %
Subsidiaries liquidated in 2020			
RNS Holding II AS	Norway	92,5 %	92,5 %

Consolidated entities in 2019	Country of incorporation	Equity interest 31.12.2019	Voting power 31.12.2019
GM Group Plc.	Malta	92,3 %	92,3 %

The Moreld group was formally established in 2020. GM Group Plc was considered the acquiring company for accounting purposes. Hence, GM Group Plc financial statements are presented as comparative financial information in these financial statements. See note 5 Business combinations for additional information.

See note 32 for a detailed list of all subsidiaries included in the Group.

Note 7 **Revenue**

The Group derives its revenue from contracts with customers for the transfer of goods and services over time and at a point in time in the following major areas of operations:

Per area of operation:	2020	2019
Renewables	435 342	75 128
Marine	488 745	609 232
Aquaculture	30 322	1 838
Onshore	422 201	-
Topside Construction & Equipment	512 071	5 511
Maintenance & Operations	1 888 320	78 227
Subsea	437 714	18 377
Drilling & Well	491 006	116 618
Total	**4 705 720**	**904 931**

Per geographic market:	2020	2019
Norway	3 601 273	-
UK	235 455	-
Other countries in Europe	224 711	539 790
Middle East	54 584	-
Asia and Australia	433 348	271 747
Americas	120 116	46 180
Other countries	36 234	47 214
Total	**4 705 720**	**904 931**

Note 8 **Construction contracts**

Construction projects in progress at the end of the reporting period:

	31.12.2020	31.12.2019
Construction costs incurred	8 379 130	-
Plus recognised profits	1 266 972	-
(Less) recognised losses to date	-41 336	-
Revenues on ongoing construction contracts	**9 604 765**	**-**
(Less): progress billings	-9 554 396	-
Amounts due from (to) customers under construction contracts (not yet invoiced)	**50 369**	**-**

Recognised and included in the consolidated financial statements as amounts due:		
Contract assets: Amounts due from customers under construction contracts	260 788	-
Contract liabilities: Amounts due to customers under construction contracts	-210 419	-
Amounts due from (to) customers under construction contracts (not yet invoiced)	**50 369**	**-**

Method used to account for construction contracts:
Work in progress is recognised in the Income Statement according to the percentage of completion method. Progress on such contracts is measured based on cost spent compared to total estimated costs or based on actual progress. Long-term contracts (including contracts that are not fixed price) with KPI's and lump-sum compensation elements give rise to estimation uncertainty. Estimation uncertainty related to earned revenue, variations and cost to complete is evaluated and measured at the best estimate. Recoverable amounts from variation orders and incentive payments are recognized when they are measurable and deemed likely to result in revenue. This evaluation is adjusted by Management's judgement of claims to be imposed by customers usually relating to contractual delivery terms. Judgements are continuously reviewed and are based on past experience and expectations of future events. The resulting accounting estimates will, by definition, rarely match actual figures precisely.

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional. Any amount previously recognised as a contract asset is reclassified to trade receivables at the point at which it is invoiced to the customer.

Payment for services is not due from the customer until the services are complete and therefore a contract asset is recognised over the period in which the services are performed to represent the entity's right to consideration for the services transferred to date. For contracts that include payment for instalments, the Group may receive consideration before the Group transfers goods or services to the customer. Such prepayments are recognized as a contract liability.

Remaining production on loss making contracts at 31 December 2020 amounts to MNOK 2,1 (2019: none).

At 31 December 2020, payments in the amount of MNOK 28,7 has been retained by customers due to conditions in contracts (2019: none).

Note 9 **Employee benefits expense**

	2020	2019
Salaries and wages (excl. bonuses)	1 513 169	302 488
Bonuses	15 147	-286
Social security tax	203 944	-
Pension costs	75 404	11 823
Other benefits	41 816	24 514
Total salaries and personnel expenses	**1 849 480**	**338 539**
Number of full time equivalents at the end of the year	3 255	324

Salaries and personnel expenses charged to other financial statement lines:	2020	2019
Salaries and personal expense included in Cost of Sales	39 631	-
Salaries and personal expense included in R&D	7 335	-
Other capitalized assets	1 378	-
Total	**48 343**	**-**

Key Management personnel compensation 2020	Board remuneration	Salary	Pension cost	Other benefits	Total
Management					
Chief Executive Officer		1 875	37	6	1 919
Board of Directors					
Chairman	83				83
Board members	1 230				1 230
Total remuneration	**1 313**	**1 875**	**37**	**6**	**3 232**

In 2019 Directors fees amounted to TNOK 374.

Remuneration to independent auditor (ex VAT):	2020	2019
Audit fee	9 380	1 877
Audit related fee, incl. attestation services	526	184
Tax services	1 075	-
Other non-audit related assistance	940	405
Total	**11 921**	**2 467**

Contribution plans
The Group is required to have an occupational pension scheme in accordance with the Norwegian law on required occupational pension ("lov om obligatorisk tjenestepensjon") for all employees in Norwegian companies. The Group's pension arrangements fulfil the requirements of the law. The Group's defined contribution plan is organised in accordance with Norwegian legislation on defined contribution pensions ("lov om innskuddspensjon").

Further, the Group has several defined contribution plans in their foreign subsidiaries.

Note 10 **Cost of sales**

	2020	2019
Cost of goods sold	1 576 385	69 432
Cost of handling	130 681	42 091
Cost of consultancy and engineering	327 070	152 648
Other items	42 541	414
Total	**2 076 677**	**264 584**

Note 11 **Other operating expenses**

	2020	2019
Premises expenses	32 206	5 163
Consultancy fees and external personnel	69 272	11 419
Repair and maintenance costs	31 699	8 764
Rental and leasing costs	29 205	-
Auditor remuneration	11 921	2 467
IT expenses	80 743	20 730
Other operating costs	112 989	88 646
Total	**368 035**	**137 189**

Note 12 **Goodwill and other intangible assets**

Acquisition cost	Research and development	Patents and licenses with definite useful lives	Trade marks and trade names	Customer relationships	Order backlog	Goodwill	Total
Acquisition cost as at 1 January 2019	**40 231**	**33 287**	**8 735**	**6 327**	**-**	**324 782**	**413 362**
Additions from business combinations in the year	-	-	-	-	-	-	-
Additions in the year	159	5 627	-	-	-	-	5 786
Disposal in the year	-	-	-	-	-	-	-
Net foreign currency exchange differences	2 143	-85	-84	-4	-	-1 435	534
Acquisition cost as at 31 December 2019	**42 533**	**38 829**	**8 651**	**6 323**	**-**	**323 347**	**419 682**
Additions from business combinations in the year	70 653	13 317	21 000	311 152	142 885	1 910 630	2 469 637
Additions and adjustments in the year	5 582	7 230	-	-	227	-99 164	-86 125
Disposal in the year	-15 335	-1 798	-	-	-	-	-17 133
Net foreign currency exchange differences	-1 060	309	-1	2	262	6 523	6 036
Acquisition cost as at 31 December 2020	**102 372**	**57 888**	**29 650**	**317 477**	**143 374**	**2 141 337**	**2 792 097**
Accumulated amortisation							
Accumulated amortisation as at 1 January 2019	**35 525**	**15 151**	**4 954**	**3 561**	**-**	**172 682**	**231 874**
Amortisation expense	1 089	3 654	867	631	-	50 763	57 003
Disposal in the year	-	-	-	-	-	-	-
Impairment loss	-	-	-	-	-	-	-
Net foreign currency exchange differences	1 738	-61	-90	-	-	-520	1 067
Accumulated amortisation as at 31 December 2019	**38 352**	**18 744**	**5 731**	**4 192**	**-**	**222 924**	**289 944**
Amortisation expense	15 660	5 671	2 447	29 808	92 208	-	145 793
Disposal in the year	-25	-	-	-	-	-	-25
Impairment loss	-	525	-	-	17 000	23 204	40 729
Net foreign currency exchange differences	-247	-57	-10	-3	-388	7 708	7 003
Accumulated amortisation as at 31 December 2020	**53 740**	**24 883**	**8 168**	**33 997**	**108 820**	**253 836**	**483 443**
Net carrying amount as at 1 January 2019	**4 706**	**18 136**	**3 780**	**2 766**	**-**	**152 101**	**181 488**
Net carrying amount as at 31 December 2019	**4 181**	**20 085**	**2 920**	**2 131**	**-**	**100 423**	**129 739**
Net carrying amount as at 31 December 2020	**48 632**	**33 005**	**21 482**	**283 480**	**34 554**	**1 887 501**	**2 308 654**
Estimated useful life	2-5 years	3-10 years	3-10 years	1-5 years	1-5 years	Indefinite	
Depreciation method	Linear	Linear	Linear	Linear	Linear	NA	

Impairment assessment of goodwill and adjustment to goodwill in 2020
Carrying amount of goodwill is allocated to the cash generating units to which synergies from the acquisitions are expected. The major part of the Group's goodwill is relating to the acquisition described in note 5 to these financial statements. Adjustment to goodwill of MNOK 99 in 2020 mainly relates to the restructuring of Flux Group in 2020.

Goodwill is tested for impairment on an annual basis, and more frequently if there are indications that amounts may be impaired. In accordance with IAS 36 Impairment of assets, the carrying amount of the cash generating unit to which the goodwill has been allocated is compared with the recoverable amount of the cash generating unit. The recoverable amount is mainly determined based on value in use calculations. Value in use is determined by using the discounted cash flow method. The calculations use cash flow projections based on the latest strategic forecasts. Cash flows beyond 2025 are stipulated by extrapolation using a constant nominal growth rate. The impairment charge in 2020 is mainly relating to parts of the business that is sold in 2021. See note 31 Subsequent events for transactions.

Key assumptions in the value in use calculations
Growth rate
Cash flows in 2025 and beyond are extrapolated using estimated growth rates of 2%. The growth rates used are considered reasonable by the Management in relation to the general industry expectations.

Discount rate
The discount rate is based on a weighted average cost of capital (WACC) method. The cost of equity is derived from the expected return on investment by the Group's investors by using the Capital Asset Pricing Model (CAPM). The risk-free interest is estimated on a 10-year Norwegian government bond interest rate and is based on all cash flows being translated to NOK. The risk premium is the entity's systematic risk as represented Beta value multiplied by the market's risk premium including a specific small-cap premium. Market risk premium of just above 5% is reflected in the discount rate. Entity specific risk is incorporated by applying individual debt premium. The Beta factor is based on publicly available market information. Cost of debt is based on the interest bearing borrowings the Group is obliged to service. The estimated capital structure is based on the average capital structure in the industry in which the cash generating unit operates and an assessment of a reasonable and prudent long-term capital structure. The applied WACC varies between approximately 9,5% and 11,8%.

Long term EBIT margin
Long term EBIT margin is one of the key assumptions. Most of the Group's operations have experienced a major dip in revenues and EBIT margins in 2020 and in the start of 2021. However, it is expected that the market will grow and that the EBIT margin will increase in the years to come. The EBIT margin used in the cash flows are based on latest forecasts and prognoses and with an expected increase in the following years.

Sensitivity analysis for key assumptions
A sensitivity analysis has been performed over the key assumptions applied in the valuation model. These key assumptions are the WACC and the long-term EBIT margin used in the model. The sensitivity analysis performed shows that a nominal change in the WACC of 1% (+/-) would result in a change in the value from MNOK –214 to MNOK +203 in the enterprise value of Moreld Group. A change of 10% (+/-) in the long-term EBIT margin would result in a change in the value of MNOK -342 to MNOK 413 in enterprise value of Moreld Group.

Note 13 **Property, plant and equipment**

Acquisition cost	Buildings and plants	Machinery	Equipment	Other equipment	Total
Acquisition cost as at 1 January 2019	**-**	**-**	**845 847**	**62 428**	**908 275**
Additions from business combinations in the year	-	-	-	-	-
Additions in the year	-	-	211 419	12 375	223 794
Disposal in the year	-	-	-4 503	-552	-5 054
Net foreign currency exchange differences	-	-	1 499	773	2 272
Acquisition cost as at 31 December 2019	**-**	**-**	**1 054 263**	**75 024**	**1 129 287**
Additions from business combinations in the year	76 199	48 490	344 139	30 702	499 530
Additions in the year	132 223	11 429	89 712	4 101	237 465
Disposal in the year	-	-4 111	-26 575	-238	-30 923
Net foreign currency exchange differences	-2 684	5 918	-5 975	-343	-3 085
Acquisition cost as at 31 December 2020	**205 738**	**61 726**	**1 455 564**	**109 246**	**1 832 274**
Accumulated depreciation					
Accumulated depreciation as at 1 January 2019	**-**	**-**	**272 309**	**55 481**	**327 790**
Depreciation expense	-	-	88 270	7 084	95 354
Disposal in the year	-	-	-2 069	-	-2 069
Impairment loss	-	-	-	-	-
Net foreign currency exchange differences	-	-	1 676	524	2 200
Accumulated depreciation as at 31 December 2019	**-**	**-**	**360 187**	**63 089**	**423 275**
Depreciation expense	4 095	14 496	134 050	5 928	158 569
Disposal in the year	-	-	-2 989	-281	-3 270
Impairment loss	-	-	130 247	628	130 875
Net foreign currency exchange differences	2 159	-17	-5 709	-332	-3 900
Accumulated depreciation as at 31 December 2020	**6 254**	**14 478**	**615 786**	**69 031**	**705 549**
Net carrying amount as at 1 January 2019	**-**	**-**	**573 538**	**6 947**	**580 485**
Net carrying amount as at 31 December 2019	**-**	**-**	**694 076**	**11 935**	**706 011**
Net carrying amount as at 31 December 2020	**199 484**	**47 248**	**839 778**	**40 215**	**1 126 725**
Estimated useful life	3-25 years	3-10 years	3-20 years	3-10 years	
Depreciation method	Linear	Linear	Linear	Linear	

Note 14 **Leasing**

Right-of-use assets

The Group leases several assets such as offices and other facilities, machinery and equipment and vehicles. The Group's right-of-use assets are categorised and presented in the table below:

Acquisition cost	Buildings and plants	Machinery	Equipment	Other equipment (incl. motor vehicles)	Total
Acquisition cost as at 1 January 2019	**71 269**	**-**	**-**	**1 318**	**72 587**
Additions from business combinations in the year	-	-	-	-	-
Additions in the year	4 040	-	12 109	-	16 149
Disposal in the year	-	-	-	-	-
Net foreign currency exchange differences	-304	-	-6	-6	-316
Acquisition cost as at 31 December 2019	**75 004**	**-**	**12 103**	**1 312**	**88 419**
Additions from business combinations in the year	1 012 934	-1 143	2 492	20 749	1 035 032
Additions in the year	24 561	21 802	20 256	1 376	67 995
Disposal in the year	-82 676	-	-	-	-82 676
Net foreign currency exchange differences	-243	-	-1 757	72	-1 928
Acquisition cost as at 31 December 2020	**1 029 580**	**20 659**	**33 093**	**23 509**	**1 106 841**
Accumulated depreciation					
Accumulated depreciation as at 1 January 2019	**-**	**-**	**-**	**-**	**-**
Depreciation expense	21 824	-	808	571	23 203
Disposal in the year	-	-	-	-	-
Impairment loss	-	-	-	-	-
Net foreign currency exchange differences	-94	-	1	1	-92
Accumulated depreciation as at 31 December 2019	**21 730**	**-**	**809**	**572**	**23 111**
Depreciation expense	117 748	2 090	10 769	7 531	138 138
Disposal in the year	-1 958	-	-	355	-1 603
Impairment loss	10 900	-	-	-	10 900
Net foreign currency exchange differences	1 338	-	-462	32	909
Accumulated depreciation as at 31 December 2020	**149 758**	**2 090**	**11 116**	**8 490**	**171 455**
Net carrying amount as at 1 January 2019	**71 269**	**-**	**-**	**1 318**	**72 587**
Net carrying amount as at 31 December 2019	**53 274**	**-**	**11 294**	**740**	**65 308**
Net carrying amount as at 31 December 2020	**879 822**	**18 569**	**21 977**	**15 019**	**935 386**
Estimated useful life	1-20 years	3-10 years	3-20 years	1-10 years	
Depreciation method	Linear	Linear	Linear	Linear	

Lease liabilities

Undiscounted lease liabilities and maturity of cash outflows	**31.12.2020**	**31.12.2019**
Not later than one year	179 315	28 418
Later than one year and not later than five years	550 092	44 229
Later than five years	530 696	-
Total future minimum lease payments	1 260 103	72 647
Less: amount representing interest (input: *negative number*)	-308 024	-
Present value of total lease liabilities	**952 079**	**72 647**

Included in the consolidated financial statements as:		
Current liabilities	149 019	28 418
Non-current liabilities	803 060	44 229
Total	**952 079**	**72 647**

Net investment in the lease	**31.12.2020**	**31.12.2019**
Current	7 484	6 767
Non-current	-	6 964
Total	**7 484**	**13 730**

Options in significant lease agreements have not been included in the calculations.

Note 15 **Income tax expense**

Specification of income tax expense
The tax benefit/(expense) is calculated based on income before tax and consists of current tax and deferred tax.

Specification of income tax expense	**2020**	**2019**
Income tax payable	14 968	3 971
Adjustments to tax before business combination	-324	-
Changes in deferred tax	-49 229	217
Income tax expense	**-34 584**	**4 187**

Income tax payable (statement of financial position)	**31.12.2020**	**31.12.2019**
Income tax payable	14 861	4 636
Paid during the year	-10 793	-3 285
Tax payable (statement of financial position)	**4 068**	**1 351**

Income tax receivable (statement of financial position)	**31.12.2020**	**31.12.2019**
Tax receivable ("Skattefunn")	4 529	2 462
Tax receivable included in other current receivable (statement of financial position)	**4 529**	**2 462**

Effective Tax Rate
The table below reconciles the reported income tax expense to the expected income tax expense according to the corporate income tax rate of 22% in Norway and 35% in Malta (in Malta tax rate for GM Group Plc, acquirer for accounting purposes, ref note 5). It also shows major components of tax expense (income).

	2020	**2019**
Corporate tax rate	22 %	35 %
Profit/(loss) before tax	-425 713	-51 865
Expected income tax applying nominal tax rate	-93 657	-18 153
Tax effect of the following items:		
Permanent differences	38 928	40 573
Effect due to changes in tax rate	67	-
Changes in not recognised deferred tax asset/reversal of not recognised deferred tax asset	18 276	-19 410
Effect of different tax rates in other jurisdictions	2 303	-434
Withholding taxes	3 259	-
Other	-3 761	1 610
Income tax expense/income recognised in profit or loss	**-34 584**	**4 187**
Effective tax rate	8,1 %	-8,1 %

	31.12.2020		31.12.2019	
Specification of the tax effect of temporary differences and losses carried forward:	**Assets**	**Liabilities**	**Assets**	**Liabilities**
Property, plant and equipment and intangible assets	29 043	77 161	-32	1 560
Current assets	13 919	5 184	-	-
Leasing	17 918	12 550	-	-
Provisions	6 677	629	-	-
Profit and loss account	20	705	-	-
Pension	324	-	-	-
Contracts	4 550	50 695	-	-
Limitation of interest costs	6 186	-	-	-
Tax losses carried forward	242 959	-	2 111	-
Other	5 346	445	239	1 607
Total tax effect of temporary differences	326 941	147 368	2 318	3 166
Amounts not recognised (valuation allowance)/netted per entity	-203 840	-34 165	-	-
Deferred tax assets/liabilities	**123 101**	**113 203**	**2 318**	**3 166**
Deferred tax assets	**123 101**		**2 318**	
Deferred tax liability		**113 203**		**3 166**
Net deferred tax assets/liabilities	**9 897**		**-848**	

Deferred tax asset is recognized based on an assumption that the Group will have sufficient profit for tax purposes in subsequent periods to utilize the tax asset. Tax losses carried forward is mainly relating to Norway and Sweden where there are no limitations for utilization.

Note 16 **Other financial income and expenses**

	2020	2019
Net foreign exchange gain	20 487	10 592
Other financial income	13 625	-
Total financial income	**34 112**	**10 592**

	2020	2019
Net foreign exchange losses	32 155	6 779
Other financial expenses	380	3 695
Total financial expenses	**32 535**	**10 473**

Note 17 **Derivatives**

Derivatives at fair value in the balance sheet	31.12.2020	31.12.2019
Foreign exchange forward contracts	-4 974	-
Total	**-4 974**	**-**

Foreign exchange contract are valued at fair value through profit and loss.

Note 18 **Investments in associates and joint ventures accounted for using the equity method**

Investments in associates and joint ventures	Investor	Comment	Date of acquisition	Date of disposal	Registered office	Ownership share	Voting share
GM Eiendom AS	GM Group AS		01.01.2012		Stavanger	50,0 %	50,0 %
Aa Holdco AS	Moreld AS	1)	03.04.2020	August 2020	Bryne	50,0 %	50,0 %
Aarbakke AS			03.04.2020	August 2020	Bryne	100,0 %	100,0 %
Ross Offshore Danmark A/S	Ross Offshore		03.04.2020		Denmark	22,4 %	22,4 %
C5 Eiendom Holding AS	Moreld AS (*)	2)	03.04.2020		Stavanger	42,4 %	42,4 %
D1-3 Eiendom AS		3)	03.04.2020	November 2020	Stavanger	100,0 %	100,0 %
Teresoft AS	Moreld AS	4)	03.04.2020		Stavanger	49,3 %	49,3 %
Eureka Group AS	More Holdco Giba AS	5)	03.04.2020		Fornebu	58,5 %	58,5 %
Bokn Holdco AS	More Holdco Giba AS	5)	13.10.2020		Stavanger	60,1 %	60,1 %

1) The shares in Aa Holdco AS was acquired 3 April 2020. Aa Holdco AS held 100% of the shares in Aarbakke. In August 2020 the investment in Aa Holdco AS (including Aarbakke AS) was sold.
2) C5 Eiendom Holding AS was established by More Holdco Alfa AS in 2011. In November 2020 it was decided to distribute the shares in C5 Eiendom Holding AS to the parent company Moreld AS.
3) D1-3 Eiendom AS was a wholly owned subsidiary of C5 Eiendom Holding AS from inception to November 2020. In November 2020 C5 Eiendom Holding AS sold all the shares in D1-3 Eiendom AS to Moseidveien 17 AS, a wholly owned subsidiary of Moreld AS.
4) The ownership share in Teresoft AS takes into consideration a conversion right held by DnB in the company.
5) Eureka Group AS (former Align) was acquired 3 April 2020. Bokn Holdco AS was established in October 2020 and the Fire & Safety business in Align was sold to Bokn Holdco AS.

Companies recorded using the equity method

2020	GM Eiendom AS	Aa Holdco AS	Ross Offshore Danmark A/S	C5 Eiendom Holding AS	Teresoft AS	Eureka Group AS	Bokn Holdco AS	Total 2020
Net book value at the beginning of period	**40 156**	**-**	**-**	**-**	**-**	**-**	**-**	**40 156**
Additions		289 000	710	38 800	46 700	68 800	18	444 028
Share of profit/(loss), net of tax	1 409	27 108	1 466	2 259	-1 536	-10 029	-3 829	16 848
Adjustments to equity and dividend	-	-	-	-	-	-	-2 683	-2 683
Paid in/repayment of capital in the period	-	-	-	-	-	-	9 017	9 017
Impairment of investment during the period	-	-64 108	-	-6 659	-	-58 771	-	-129 538
Disposals	-	-252 000	-	-	-	-	-	-252 000
FX Movement	-	-	-9	-	-	-	-	-9
Net book value at the end of period	**41 565**	**-**	**2 167**	**34 400**	**45 164**	**-**	**2 523**	**125 819**

	GM Eiendom AS	Aa Holdco AS	Ross Offshore Danmark A/S	C5 Eiendom Holding AS	Teresoft AS	Eureka Group AS	Bokn Holdco AS	Total
Original cost price of investment	31 054	289 000	710	38 800	46 700	68 800	18	475 082
Net book value of equity in the joint venture or associated company's balance sheet	32 578	*	*	81 293	-22 478	-10 687	9	80 715
Current year depreciation on excess values	209	*	*	-	7 283	-	2 832	10 324
Net book value on excess values at the end of the period, incl. goodwill	5 722	*	*	-	137 985	-	-	143 707

* Aa Holdco AS was sold during the year and therefore the information is not relevant. Ross Offshore Danmark A/S is not significant to the Group.

Companies recorded using the equity method

2019	GM Eiendom AS	Total 2019
Net book value at the beginning of period	**38 626**	**38 626**
Share of profit/(loss), net of tax	1 153	1 153
FX Movement	376	376
Net book value at the end of period	**40 156**	**40 156**

Note 19 **Other non current assets**

	31.12.2020	31.12.2019
Mobilization fees	17 891	-
Other	138	-
Total	**18 029**	**-**

Note 20 **Cash and cash equivalents**

	31.12.2020	31.12.2019
Short-term bank deposits	651 265	28 980
Cash and cash equivalents in the consolidated statement of financial position and cash flow statements	**651 265**	**28 980**

Included in the above balance are the following restricted cash balances:	31.12.2020	31.12.2019
Bank deposits for employee tax withholding	30 656	-
Restricted cash under SEB facilities	20 107	-
Restricted cash under SR-Bank facilities	24 658	-
Other restricted cash	2 550	-
Total restricted cash	**77 971**	**-**
Bank guarantee for employee tax withholding	55 500	-

Note 21 **Trade and other receivables**

	31.12.2020	31.12.2019
Trade and other receivables	896 153	148 263
Expected credit loss (analysed below)	-14 130	-7 447
Total trade receivables	**882 022**	**140 816**
Other receivables	29 749	51 450
Total trade and other receivables	**911 772**	**192 265**

The above total represents the Group's maximum exposure to credit risk at the balance sheet date.

Allowance expected credit loss	31.12.2020	31.12.2019
Balance at 1 January	7 447	10 929
Additions from business combinations in the year	10 357	-
Expected credit loss recognised on receivables	-2 044	-
Credit losses reversed	-1 630	-3 482
Balance at the end of the year	**14 130**	**7 447**

Note 22 **Inventories**

Net book value of inventories	**31.12.2020**	**31.12.2019**
Raw materials	96 914	7 891
Work in progress	25 851	-
Finished goods	51 731	-
Total	**174 496**	**7 891**

Write down of inventories included in the net book value	**31.12.2020**	**31.12.2019**
Raw materials	11 701	-
Work in progress	-	-
Finished goods	8 449	-
Total	**20 150**	**-**
Write down of inventories included in cost of sales (P&L)	**1 587**	**-**

Note 23 **Other current assets**

	31.12.2020	**31.12.2019**
Prepayments to employees	239	-
Prepaid costs	67 390	5 973
Loan to employees	170	-
Tax receivables	4 529	2 462
VAT and other taxes receivables	26 046	-
Accrued Income	695	-
Other receivables	31 810	127
Total	**130 878**	**8 562**

Note 24 **Interest-bearing liabilities**

Overview of interest-bearing liabilities at 31 December 2020

Facility	**Debt refinanced**	**Currency**	**Borrower**	**Type (credit facility, term loan etc)**	**Maturity**	**Nominal amount**	**Remaining, unamortized financing fees**	**Net book value 31.12.2020**
SEB term loan facility	a)	NOK	More Holdco Alfa	Term loan - SEB	16.04.2022	212 000	-	212 000
SEB Senior Facility Agreement	a)	NOK	More Holdco Apply	Term loan - SEB	16.04.2022	110 000	183	109 817
Credit facility	a)	NOK	Leirvik	Credit facility - SEB	Yearly renewal	20 000	-	-
Term Loan	a)	NOK	Leirvik	Term loan - SEB		20 000	-	-
Bank loan	a)	NOK	Leirvik	Bank loan	2025	809	-	809
Bank loan	a)	NOK	More Holdco Giba	Bank loan-SR-Bank	30.06.2023	100 000	-	100 000
Term Loan		NOK	Deepwell	Bank loan-SR-Bank	30.06.2021	93 931	-	93 931
Credit facility		NOK	Deepwell	Bank loan-SR-Bank	30.06.2021	35 000	-	25 532
Term Loan	a)	NOK	Flux Group	Bank loan-SR-Bank	31.03.2021	67 500	-	67 500
Credit facility	a)	NOK	Flux Group	Bank loan-SR-Bank	31.03.2021	10 000	-	8 247
Term Loan	a)	NOK	More Asset	Bank loan-SR-Bank	31.12.2021	36 000	-	36 000
Credit facility	a)	NOK	TekniskBureau	Bank loan-SR-Bank	30.06.2021	30 000	-	23 556
Term Loan	a)	NOK	TB Holdco	Bank loan-SR-Bank	15.03.2024	40 000	-	40 000
Bank loan		NOK	D1-3 Eiendom	DnB Bank ASA	31.12.2021	69 000	-	69 000
Term Loan	a)	NOK	Ross Offshore	Nordea	30.06.2021	18 600	-	18 600
Credit facility	a)	NOK	Ross Offshore	Nordea	30.06.2021	50 000	-	50 000
Term Loan		EUR	Suretank Group	Ulster Bank	31.08.2021	47 116	-	47 116
Covid Support Loan		USD	Suretank USA	Ulster Bank	20.04.2025	1 340	-	1 340
Covid Support Loan		STG	Prior Power	Nat West	20.04.2025	586	-	586
Term loan		EUR	Vryhof Anchors	Rabobank	30.06.2023	10 470	-	8 725
Credit facility	a)	NOK	Global Maritime Group AS	Bank loan-DnB	27.09.2021	50 000	-	22 365
Credit facility		NOK	Equipment Rental Solution Ltd.	Bank loan-SR-Bank	30.06.2021	338 457	-	338 448
Credit facility		NOK	ESG Group	Bank loan-SR-Bank	30.06.2021	50 000	-	37 716
Total interest-bearing liabilities						**1 410 810**	**183**	**1 311 288**

Non-current interest-bearing loans and borrowings	387 379
Overdraft facilities classified as current liabilities	505 864
Other current interest-bearing loans and borrowings	418 045
Total interest-bearing liabilities	**1 311 288**

a) Loans will be refinanced in 2021, see note 31 for additional information

Overview of interest-bearing liabilities at 31 December 2019

Facility	Currency	Borrower	Type (credit facility, term loan etc)	Maturity	Nominal amount	Remaining, unamortized financing fees	Net book value 31.12.2019
Term loan	EUR	Vryhof Anchors	Rabobank	30.06.2023	10 470	-	9 864
Credit facility	NOK	Global Maritime Group AS	Bank loan-DnB	27.09.2021	50 000	-	41 793
Credit facility	NOK	Equipment Rental Solution Ltd.	Bank loan-SR-Bank	30.06.2021	385 250	-	385 250
Credit facility	NOK	ESG Group	Bank loan-SR-Bank	30.06.2021	50 000	-	41 536
Total interest-bearing liabilities					**495 721**	**-**	**478 444**

Available credit lines	31.12.2020	31.12.2019
Total credit lines	583 457	47 104
Utilized	505 864	20 573
Available credit at end of period	**77 593**	**26 531**

The fair values of the interest-bearing liabilities listed above, are the same as the nominal amounts. The fair value is measured using significant observable inputs (level 2 in the fair value hierarchy).
See note 14 for details on lease liabilities.

Repayment schedule as per 31.12.20 (excl. remaining, unamortized financing fees)	Type (credit facility, term loan etc)	Overdraft/ Credit facility	2021	2022	2023-2024	2025 and later	Total amount
SEB term loan facility	More Holdco Alfa	-	37 500	174 500	-	-	212 000
SEB Senior Facility Agreement	More Holdco Apply	-	-	109 817	-	-	109 817
Bank loan	Leirvik	-	25	25	50	709	809
Bank loan	More Holdco Giba	-	33 333	44 444	22 222	-	100 000
Term Loan	Deepwell	-	93 931	-	-	-	93 931
Credit facility	Deepwell	25 532	-	-	-	-	25 532
Term Loan	Flux Group	-	67 500	-	-	-	67 500
Credit facility	Flux Group	8 247	-	-	-	-	8 247
Term Loan	More Asset	-	36 000	-	-	-	36 000
Credit facility	TekniskBureau	23 556	-	-	-	-	23 556
Term Loan	TB Holdco	-	10 000	13 333	16 667	-	40 000
Bank loan	D1-3 Eiendom	-	69 000	-	-	-	69 000
Term Loan	Ross Offshore	-	18 600	-	-	-	18 600
Credit facility	Ross Offshore	50 000	-	-	-	-	50 000
Term Loan	Suretank Group	-	47 116	-	-	-	47 116
Covid Support Loan	Suretank USA	-	1 340	-	-	-	1 340
Covid Support Loan	Prior Power	-	209	377	-	-	586
Term loan	Vryhof Anchors	-	3 490	5 235	-	-	8 725
Credit facility	Global Maritime Group AS	22 365	-	-	-	-	22 365
Credit facility	Equipment Rental Solution Ltd.	338 448	-	-	-	-	338 448
Credit facility	ESG Group	37 716	-	-	-	-	37 716
Sum		**505 864**	**418 045**	**347 732**	**38 939**	**709**	**1 311 288**

SEB Term loan facility (More Holdco Alfa AS as borrower)
The SEB facility held by More Holdco Alfa AS consists of a term loan facility of MNOK 212 and outstanding letter of credits of MNOK 201. An amended and restated agreement was signed on 16 October 2020. The loan will run for 18 months from signing and final termination date is 16 April 2022. A repayment schedule has been agreed with quarterly instalments during 2021 of total MNOK 37,5 and repayment of the remaining MNOK 174,5 on termination date. The loan has a floating interest based on NIBOR plus an agreed margin. The loan agreement has been secured with first priority pledges in shares in all material subsidiaries, prepayment accounts, operational assets, trade receivables and intra-group loans. Further, the loan agreement includes financial covenants such as level of capital expenditures, level of equity, level of EBITDA, liquidity, NIBD to EBITDA ratio and interest cover ratio. The financial covenants covers all major subsidiaries which is also a part of the loan agreements. The Group is in compliance with all loan covenants at the balance sheet date and at the date of these financial statements.

Each of More Holdco Apply AS, Apply AS and Agile Rig & Modules AS, More Holdco Leirvik AS, Leirvik AS, More Holdco Emtunga AS and Emtunga Solutions AS (each a Guarantor) has guaranteed for the full payment and performance of the Obligors' obligations to the facility.

SEB Senior Facility Agreement (More Holdco Apply AS as borrower)
The SEB facility held by More Holdco Apply AS consists of a term loan facility of MNOK 110 of which outstanding amount 31 December 2020 is MNOK 110. An amended at restated agreement was signed with SEB 16 October 2020. The new loan will run for 18 months from signing. The loan agreement will run without instalments in the period, but there is however a cash sweep arrangement in the loan agreements that under certain circumstances will require excess cash to be used as repayments on the loan. The loan agreement has been secured with first priority pledges in shares in all material subsidiaries, inventories, operational assets, trade receivables and intra-group loans. Further, the loan agreement includes financial covenants such as level of equity, level of EBITDA, liquidity, NIBD to EBITDA ratio and interest cover ratio. The financial covenants covers all major subsidiaries which is also a part of the loan agreements. The Group is in compliance with all loan covenants at the balance sheet date and at the date of these financial statements.

Each of More Holdco Alfa AS, Apply AS and Agile Rig & Modules AS, (each a Guarantor) has guaranteed for the full payment and performance of the Obligors' obligations to the facility limited to MNOK 110. Interest costs are paid on a quarterly basis and establishment fee is amortised.

SEB Term loan and credit facility (Leirvik AS as borrower)
Leirvik AS holds a credit facility amounting to MNOK 20. The credit facility was not used at the end of 2020. At 31 December 2019, a draw down of MNOK 10,3 was made. The loan shall be repaid by making three-monthly instalments, starting on the date falling three calendar months after the expiry of the availability period. Further, the loan shall be repaid in full on the final repayment date. The loan agreement has been secured by a second priority over accounts receivables, inventory and machinery and equipment. The company was also granted a liquidity loan (corona related) of MNOK 20 that was not used at the balance sheet date.

SpareBank 1 SR-Bank ASA Term Loan and credit facilities (several group companies as borrowers)
Several of the Group companies holds term loans and credit facilities with SR-Bank. The loans had covenants and the companies assets were pledged as security. All of these loans are part of the refinancing process in 2021. The refinancing process was completed in June 2021. See note 31 Subsequent events for additional information.

Deepwell is sold in 2021 and debt derecognized in 2021. See note 31 for additional information.

DnB Bank ASA Term loan (D1-3 Eiendom AS as borrower)
The DnB Bank ASA facility held by D1-3 Eiendom AS consists of a term loan facility of MNOK 69 of which outstanding amount 31 December 2020 is MNOK 69. The loan is to be paid in equal quarterly instalments of TNOK 829, starting 3 months after signing (26 November 2020) and are to be paid in full by 31 December 2021. The loan agreement has been secured with first priority pledge in D1-3 Eiendom AS property (gnr 35, bnr 406) and shares in D1-3 Eiendom AS.

Nordea Term loan and credit facility (Ross Offshore AS as borrower)
The Nordea facility held by Ross Offshore AS consists of a term loan of MNOK 18.6 and a credit facility of MNOK 50 of which outstanding amount 31 December 2020 is MNOK 18.6 and MNOK 50, respectively. The loan is originally signed 13 July 2011, but were renegotiated in 2018 and again by the new owners (Moreld AS) in June 2020 and are now set to be paid in full by 30 June 2021. The loan agreement has been secured by Moreld AS (transferred from the previous owners), which guarantees for MNOK 27.5 in relation to the loan. Further, the loan agreement include financial covenants in terms of liquidity above zero at all times.

Ulster Bank Limited Term loan and Covid support loan (Suretank group as borrower)
The Ulster Bank Limited facility held by the Suretank group consists of a bank loan of MNOK 47.1 and a Covid support loan of MNOK 1.3 of which outstanding amount 31 December 2020 is MNOK 47.1 and MNOK 1.3, respectively. All loans in Ulster Bank Limited are set to be paid in full by 31 August 2021, as the bank are closing its operations in Ireland. The bank loan is secured by fixed and floating charges over undertakings and assets of the company and certain companies within the Suretank group.

Rabobank Rotterdam U.A. Term loan (Vryhof Anchors as borrower)
The Rabobank Rotterdam U.A. facility held by Vryhof Anchors consists of a term loan of MNOK 10.5 (MEUR 1), of which outstanding amount 31 December 2020 is MNOK 8.7. The loan is to be repaid through monthly instalments and are set to be paid in full by 30 June 2023. The loan agreement has been secured by pledge of equipment, inventories, receivables and claims, rights from trade debtors insurance, joint account and joint liability agreement of several companies in the Global Maritime group. In addition, the loan agreement include pledge of patent rights, debtor coverage ration of 90% and a minimum solvency ratio of 30% to be guaranteed by the company's shareholder. Further, the Vryhof sub-group also has to satisfy financial covenants.

DnB Bank ASA Credit facility (Global Maritime Group AS as borrower)
The agreement with DNB is a multicurrency borrowing facility of MNOK 50 in addition to a guarantee facility of 30 MNOK. As at 31 December 2020, the total borrowing limit was MNOK 50, of which MNOK 22.4 was drawn down. The overdraft facility has financial covenants relating to level of equity and a borrowing base pending of the level of accounts receivables. The credit facility is in nature short term and has been classified as such on the balance sheet date.

SpareBank 1 SR-Bank ASA Credit facility (ESG Group as borrower)
ESG sub-group, is party to a secured credit facility agreement with SpareBank 1 SR-Bank ASA which is comprised of: (a) a revolving credit facility (b) a multi-currency overdraft facility and (c) a guarantee facility for a total of MNOK 485 (2019: MNOK 510). The secured credit facility was further reduced to MNOK 460 on 1 January 2020. All of the companies within the ESG sub-group except from PT Deep Sea Mooring Indonesia are irrevocably and unconditionally guarantors for the credit facility and all of the shares in the sub-group are held as security for the credit facility. As at 31 December 2020, ESG Group obtained an extension for the payment of the facility from December 2020 to March 2021. The Group is in compliance with loan covenants.

Overview of other non-current liabilities at 31 December 2020

Facility	Note	Currency	Borrower	Type (credit facility, term loan etc)	Maturity	Nominal amount	Remaining, unamortized financing fees	Net book value 31.12.2020
Related party loan	29	NOK	Deepwell	Shareholder loan	31.12.2022	30 293	-	30 293
Sellers credit	29	NOK	Moseidveien 17 AS	C5 Eiendom Holding	31.03.2022	42 764	-	42 764
Prepayment from customer		USD	DSM UK	DODI - diamond offshore	-	30 806	-	30 804
Total interest-bearing liabilities						**103 863**	**-**	**103 861**

Other non-current liabilities
Other borrowings relate to amounts due to suppliers for equipment purchased on credit to be repayable over a period of more than twelve months.

The Group does not have any debt which matures later than 5 years from the reporting date.

Note 25 **Financial instruments - Financial risk and management objectives and policies**

The Group's principal financial liabilities comprise loans and borrowings, and trade and other payables. The main purpose of these financial liabilities is to finance the Group's operations. The Group's principal financial assets include trade receivables, cash and cash equivalents that derive directly from its operations.

The Group is exposed to market risk, interest rate risk and liquidity risk. The Group's Management oversees the management of these risks.

Market risk
Market risk is the risk that the future cash flows or fair value of a financial instrument will fluctuate because of changes in market prices. Market risk includes interest risk and currency risk. Financial instruments affected by market risk include loans and borrowings and deposits.

Interest rate risk
Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term debt with floating rates.

The following table demonstrates the sensitivity to a reasonable possible change in interest rate. With all other variables held constant, the Group's profit before tax is affected through the impact on interest bearing debt as follows:

	Changes in interest rate by basis points	Effect on profit before tax	Effect on equity through OCI
2020	+150	-27 576	-
	-100	18 384	-
2019	+150	-8 826	-
	-100	5 884	-

Liquidity risk
Liquidity risk represents the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's policy to managing liquidity is to ensure that it will always have sufficient liquidity reserves to meet its liabilities when due. Prudent liquidity risk management includes maintaining sufficient cash and the availability of funding from an adequate amount of committed credit facilities. The objective is to maintain a balance in the funding through the use of bank deposits, bank loans, financial leases and intragroup loans in addition to maintaining a sufficient and sound equity and closely monitor working capital.

Management monitors weekly and monthly forecasts of the Group's liquidity reserves closely in order to identify liquidity requirements in future periods. Rolling long-term forecast based on budget is also prepared and monitored.

Fair value and fair value hierarchy
The carrying amount of cash and cash equivalents is approximately equal to fair value since these instruments have a short term to maturity. Similarly, the carrying amount of account receivables and other current receivables and payables is approximately equal to fair value since they are short term and entered into on "normal" terms and conditions. The carrying amount of bank loans are assessed to be approximately equal to fair value because the floating interest rate are adjusted to reflect current conditions and a large part of the debt was recently refinanced and/or close to maturity. There are no significant balances in the financial statements that have been measured at fair value, hence the fair value hierarchy has not been disclosed.

Note 26 **Trade and other current liabilities**

	31.12.2020	31.12.2019
Trade liabilities	611 037	185 755
Trade liabilities	**611 037**	**185 755**
Accrued holiday allowance	206 910	57 812
Accrued salaries (including bonus)	63 479	-
Received, not invoiced materials and services	95 721	-
Other taxes payables	253 860	18 179
Seller credit to C5 Eiendom Holding AS	34 418	-
Other payables	235 732	10 199
Other current liabilities	**890 120**	**86 190**
Trade and other current liabilities	**1 501 157**	**271 945**

Note 27 **Contingent liabilities and guarantees**

Contingent liabilities
A significant portion of the Group's business relates to construction contracts that are recognized over time. There is uncertainty associated with the estimates related to such contracts where the outcome of future events might impact the financial statements at the reporting date. The financial reporting as at the reporting date is based on Management assessments based on all available, relevant information at the time and reflect Managements best estimate.

Guarantees
Liabilities related to guarantee work for projects are valued at estimated cost for the services. Estimation of costs is based on past experience of the level of guarantee work. The guarantee period within existing maintenance and modification contracts are two years.

The following guarantees has bees issued at 31 December 2020	**Currency**	**Amount**
Guarantees under the SEB facilities		
Withholding tax	NOK'000	40 000
Contract work	NOK'000	131 613
Contract work	EUR'000	37
Contract work	USD'000	3 250
Customs credit	SEK'000	716
Guarantees issued under other bank facilities		
State guaranteed credit facility	NOK'000	7 500
Seller's credit C5 Eiendom Holding AS	NOK'000	42 600
Term loan revolving credit facility (Nordea)	NOK'000	77 000
Advance and performance guarantees in the amount held by the Singapore entities in the Group	NOK'000	7 000
Lease agreements	NOK'000	38 588
Withholding tax	NOK'000	15 500
Performance guarantees	NOK'000	91 854
Contract guarantees	NOK'000	33 448

Note 28 **Share capital, shareholder information and dividend**

	Number	Nominal amount (NOK)	Carrying value (NOK)
Share capital at 31 December 2020	30 000	1	30 000
Total	**30 000**		**30 000**

	Share capital	Share premium	Other paid in capital	Total
Balance as of 31 December 2019	**30**	**-**	949 100	**949 130**
Capital decrease	-30	-	-	-30
Capital increase registered in 2020	30	3 413 170	-	3 413 200
Part of capital increase related to GM Group Plc included as other paid in capital 31 December 2019	-	-	-949 100	-949 100
Dividend: Cash distribution to shareholder	-	-49 200	-	-49 200
Balance as of 31 December 2020	**30**	**3 363 970**	**-**	**3 364 000**

The balance as of 31 December 2019 includes share capital in Moreld AS and other paid in capital and reserves relating to GM Group Plc. The Moreld group was established in April 2020 following a contribution in kind of shares in all companies within the Group. The fair value of the total contribution in kind was NOK 3 413 200. As part of the business combination it was considered that GM Group Plc was the acquirer for accounting purposes. Total value of contribution in kind related to GM Group Plc was therefore as Other paid in capital in the comparative Balance Sheet as of 31 December 2019. This part has effectively been reclassified from Other paid in capital to Share capital as Moreld AS formally received also that part of the contribution in kind. See note 5 Business combinations for additional information.

As GM Group Plc was considered the acquirer for accounting purposes, the financial statement for GM Group Plc has been shown as comparatives in these financial statements.

Following the legal capital contribution in Moreld, the share capital of Moreld AS is the formal share capital for the Group.

Ownership structure

Shareholder as of 31 December 2020:	**Ordinary shares**	**Total**	**Ownership share**	**Voting share**
Moreld Invest AS	30 000	30 000	100 %	100 %
Total	**30 000**	**30 000**	**100 %**	**100 %**

Equity transactions	**2020**	**2019**
Dividend: Cash distribution to shareholder	49 200	
Dividend; Cash distribution to non controlling interests	10 005	-
Dividend; Distribution in kind to non controlling interests	1 016	-
Total	**60 221**	**-**

Note 29 **Related party transactions**

The group has the following debt to related parties:	Other non-current liabilities	Other current liabilities	Total 31.12.20
Loan to former shareholders of Deepwell AS	30 293	-	30 293
Sellers credit to C5 Eiendom Holding AS (an associate) following the acquisition of D1-3 Eiendom AS	42 764	34 418	77 182
Loan to GM Eiendom AS, an associate of the Group	-	1 329	1 329
Total	**73 057**	**35 747**	**108 804**

The Group did not hold any similar debt at 31 December 2019.

The Group has a lease contract with GM Eiendom AS for premises. Lease revenues in GM Eiendom AS amounted to MNOK 11,9 in 2020 (MNOK 11,4 in 2019).

Note 30 **Covid 19**

The outbreak of Covid-19 impacted the maintenance and modifications market immediately, particularly due to its close link to production activity on the NCS. Business activities related to larger projects where less impacted. Authorities took strong and immediate measures to reduce the spread of the virus. This combined with low oil price has resulted in reduced activity level 2020. The situation has been monitored carefully, and the Group has taken several cost-saving measures to maintain profitability. This includes use of temporary lay-offs, reorganization of the company and negotiations with suppliers and landlords. The Group will continue to have a strong focus on cost reductions going forward.

Note 31 **Subsequent events**

In May 2021, GM Group Plc and Vryhof Cooperatief UA entered into an agreement with Delmar Systems Inc, to sell all the issued and outstanding shares of Vryhof Cooperatief. The purchase price of the transaction included a fixed element, and an earn out consideration based on the New Delmar Group's aggregate EBTIDA in future periods. The transaction was closed 21 May 2021. The group is expected to recognize a gain on the transaction in 2021. The revenue from Vryhof group in 2020 was MNOK 415, profit before tax was MNOK 7 and total assets as of 31.12.2020 were NOK 841.

In April 2021, the Moreld Group (through its wholly owned subsidiary More Holdco Giba AS) entered into an agreement with Archer to sell all shares in Deepwell AS and DW Quip AS. The consideration for the businesses were lower than the net book value in the Group, hence an impairment was made in the 2020 financial statements of MNOK 156. The agreement was completed on 3 June 2021. The revenue from DeepWell and DW Quip in 2020 was MNOK 276, loss before tax was MNOK -1 (before impairment) and total assets as of 31.12.2020 was MNOK 278 (after impairment).

In June 2021, one of Morelds wholly owned subsidiaries Moseidveien 17 AS sold all shares in the company D1-3 Eiendom AS. An impairment of MNOK 5 is recognized in Morelds 2020 financial statements due to the transaction.

Following the establishment of the Moreld Group, a process to refinance the debt in the group has been carried out. Several of the Group companies held credit facilities with different banking institutions. The loans had individual covenant regimes and the companies' assets were pledged as security. All company loans, bar Suretank Group, have been refinanced in 2021 following the refinancing of Moreld AS and relevant subsidiaries with SR-Bank. The refinancing process was completed 28 June 2021.

The Moreld Group established Moreld Ocean Wind in April 2021. The Moreld Group teamed up with Ocergy Inc. to offer EPCI-solutions to the floating offshore wind market.

In June 2021 Moreld announced the formation of an aquaculture business unit with in-house access to competitive technologies within offshore fish farm design, digital solutions (SCADA+) and hybrid battery modules. By establishing Moreld Aqua, Moreld will be able to offer turn-key solutions to support sustainable growth in the aquaculture industry.

Note 32 **Group structure - list of subsidiaries**

Detailed list of subsidiaries in the Moreld group as of 31 December 2020:

Company Name	Parent Company	Comment	Country	Direct ownership %	Group ownership % and voting %
More HoldCo Alfa AS	Moreld AS		Norway	100 %	100 %
Moseidveien 17 AS	Moreld AS		Norway	100 %	100 %
Minox Technology AS	Moreld AS		Norway	100 %	100 %
More HoldCo Giba AS	Moreld AS		Norway	100 %	100 %
More HoldCo Gamma AS	Moreld AS		Norway	100 %	100 %
RNS Holding II AS	Moreld AS	Liquidated in December 2020	Norway	92,5 %	92,5 %
Agility Group AS	Moreld AS		Norway	94,8 %	94,8 %
More Holdco Aza AS	Moreld AS		Norway	100 %	100 %
HV VI Invest Phi Ltd	Moreld AS		Ireland	100 %	100 %
GM Group Plc.	Moreld AS		Malta	92,3 %	92,3 %
Moreld Aqua AS	Moreld AS	Became a subsidiary in December 2020	Norway	100 %	100 %
More HoldCo Apply AS	More HoldCo Alfa AS		Norway	99,8 %	99,8 %
More HoldCo Emtunga AS	More HoldCo Alfa AS		Norway	99,8 %	99,8 %
More HoldCo Leirvik AS	More HoldCo Alfa AS		Norway	99,8 %	99,8 %
AO HoldCo AS	More HoldCo Alfa AS		Norway	99,8 %	99,8 %
Apply Aluminum Pte Ltd	AO Holdco AS		Singapore	100 %	55,0 %
Aluminium Structures Pte Ltd	Apply Aluminum Pte Ltd		Singapore	100 %	55,0 %
Aluminium Offshore Pte Ltd	Apply Aluminum Pte Ltd		Singapore	100 %	55,0 %
Aluminium Technologies Sdn Bhd.	Apply Aluminum Pte Ltd		Brunei	97,0 %	53,4 %
Apply AS	More HoldCo Apply AS		Norway	100 %	99,8 %
Agile Rig & Modules AS	More HoldCo Apply AS		Norway	100 %	99,8 %
Apply Poland Sp.z.o.o.	Apply AS		Poland	100 %	99,8 %
Apply Capnor AS	Apply AS		Norway	67,0 %	66,9 %
Apply Capnor Poland Sp.z.o.o.	Apply Capnor AS		Poland	100 %	66,9 %
Leirvik AS	More HoldCo Leirvik AS		Norway	100 %	99,8 %
Apply Leirvik Canada Ltd	Leirvik AS		Canada	100 %	99,8 %
Leirvik Industripark AS	More HoldCo Leirvik AS		Norway	100 %	99,8 %
D1-3 Eiendom AS	Moseidveien 17 AS	Became a subsidiary in November 2020	Norway	100 %	100 %
Minox Technology Inc	Minox Technology AS		United States	100 %	100 %
Nord Well AS	More HoldCo Giba AS		Norway	100 %	100 %
DW Quip AS	More HoldCo Giba AS		Norway	100 %	100 %
More HoldCo TB AS	More HoldCo Giba AS		Norway	100 %	100 %
More HoldCo NPG AS	More HoldCo Giba AS	Liquidated in December 2020	Norway	100 %	100 %
Flux Group AS	More HoldCo Giba AS	Became a subsidiary in June 2020	Norway	100 %	100 %
Norwegian Piping Holding AS (Formerly More Holdco Piping AS)	More HoldCo Giba AS	Became a subsidiary in September 2020, Liquidated in 2020	Norway	100 %	100 %
More Asset AS	More HoldCo Giba AS	Became a subsidiary in September 2020	Norway	100 %	100 %
Deepwell AS	Nord Well AS		Norway	100 %	100 %
Teknisk Buerau AS	More HoldCo TB AS		Norway	99,8 %	99,8 %
TB Poland Spolka z.o.o	Teknisk Buerau AS		Poland	99,0 %	98,8 %
NP Group AS	More HoldCo NPG AS	Filed bankruptcy proceedings during 2020	Norway	69,3 %	69,3 %
NPG1 AS	NP Group AS	Filed bankruptcy proceedings during 2020	Norway	100 %	69,3 %
Analyse & Måling AS	NP Group AS	Filed bankruptcy proceedings during 2020	Norway	100 %	69,3 %
Distribusjon Hoses AS	NP Group AS	Filed bankruptcy proceedings during 2020	Norway	100 %	69,3 %
Active Service AS	Flux Group AS	Became a subsidiary in June 2020	Norway	100 %	100 %
Analytic AS	Flux Group AS	Became a subsidiary in June 2020	Norway	100 %	100 %
Valvision II AS	Flux Group AS	Became a subsidiary in October 2020. Changed name to Valvision AS after merger in December 2020.	Norway	100 %	100 %
Valvision AS	Valvision II AS	Merged into Valvision II in December 2020	Norway	100 %	100 %
Norwegian Piping AS	Norwegian Piping Holding AS	Sold in December 2020	Norway	100 %	100 %
Ross Offshore AS	More HoldCo Gamma AS		Norway	89,4 %	89,4 %
Ross Offshore Well Management AS	Ross Offshore AS		Norway	100 %	89,4 %
Ross Offshore Consultants AS	Ross Offshore Well Management AS		Norway	100 %	89,4 %
InformatiQ AS	RNS Holding II AS	Sold in September 2020	Norway	58,8 %	54,4 %
Agility Subsea Fabrication AS	Agility Group AS		Norway	100 %	94,8 %
More Holdco KM AS	More Holdco Aza AS		Norway	98,4 %	98,4 %
Karsten Moholt AS	More Holdco KM AS		Norway	100 %	98,4 %
Teknor AS	Karsten Moholt AS		Norway	100 %	98,4 %
Aquamarine AS	Karsten Moholt AS		Norway	100 %	98,4 %
Suretank Group Ltd.	HV VI Invest Phi Ltd		Ireland	67,7 %	67,7 %
Suretank USA, L.L.C (prev. Amgulf Fabricati.)	Suretank Group Ltd.		United States	78,0 %	52,8 %
Suretank Latin America S.A.	Suretank Group Ltd.		Brazil	100 %	67,7 %
Suretank Export Limited	Suretank Group Ltd.		Ireland	100 %	67,7 %
Suretank Ltd	Suretank Group Ltd.		Ireland	100 %	67,7 %
Suretank Polska Sp.Zoo.	Suretank Group Ltd.		Poland	100 %	67,7 %
Suretank UK Ltd	Suretank Group Ltd.		United Kingdom	100 %	67,7 %
Gapton Partners Limited	Suretank UK Ltd		United Kingdom	100 %	67,7 %
Prior Power Solutions Ltd (Prev. Prior Diesel Ltd)	Gapton Partners Limited		United Kingdom	100 %	67,7 %
Vryhof Coop	GM Group Plc.		Netherlands	100 %	92,3 %
Global Maritime Group AS	GM Group Plc.		Norway	100 %	92,3 %
Vryhof Group B. V.	Vryhof Coop		Netherlands	100 %	92,3 %
Moorlink Solutions AB	Vryhof Group B. V.		Sweden	100 %	92,3 %
Vryhof Engineering Ltd.	Vryhof Group B. V.		Isle of Man	100 %	92,3 %
Mooring Holding B. V.	Vryhof Group B. V.		Netherlands	100 %	92,3 %
Stevlos B. V.	Mooring Holding B. V.		Netherlands	100 %	92,3 %
Stevtrack B. V.	Mooring Holding B. V.		Netherlands	100 %	92,3 %
Vryhof Anchors B. V.	Mooring Holding B. V.		Netherlands	100 %	92,3 %
Moorwest Inc.	Mooring Holding B. V.		United States	100 %	92,3 %
Vryhof Anchors Brasil E. P. A. Ltda	Mooring Holding B. V.		Brazil	80,0 %	73,8 %
Equipment Solution Group Ltd.	Vryhof Coop		Malta	100 %	92,3 %
Equipment Rental Solution Ltd.	Equipment Solution Group Ltd.		Malta	100 %	92,3 %
Deep Sea Mooring AS	Equipment Solution Group Ltd.		Norway	100 %	92,3 %
Deep Sea Inspection AS	Deep Sea Mooring AS	Liquidated December 2020	Norway	100 %	92,3 %
Deep Sea Mooring UK Ltd.	Equipment Solution Group Ltd.		United Kingdom	100 %	92,3 %
Deep Sea Mooring Australia Pty Ltd. (Australia)	Equipment Solution Group Ltd.		Australia	100 %	92,3 %
Deep Sea Mooring Singapore Pte. Ltd	Equipment Solution Group Ltd.		Singapore	100 %	92,3 %
PT Deep Sea Mooring	Equipment Solution Group Ltd.		Indonesia	99,6 %	92,3 %

Note 32 continued:

Company Name	Parent Company	Comment	Country	Direct ownership %	Group ownership % and voting %
Global Maritime AS	Global Maritime Group AS		Norway	100 %	92,3 %
Global Maritime Shanghai Co Ltd.	Global Maritime AS		China	100 %	92,3 %
Global Maritime Middle East	Global Maritime Group AS		Qatar	100 %	92,3 %
Global Maritime Servicos Ltda	Global Maritime Group AS		Brazil	100 %	92,3 %
Global Maritime Sp. Z. o. o.	Global Maritime Group AS		Poland	100 %	92,3 %
Marine Contracting AS	Global Maritime Group AS	Merged with Global Maritime AS December 2020	Norway	100 %	92,3 %
Marine Contracting LLC	Global Maritime AS		United States	100 %	92,3 %
GMCM Consultancy Lda	Global Maritime Group AS		Angola	100 %	92,3 %
Global Maritime Holding Ltd.	Global Maritime Group AS		United Kingdom	100 %	92,3 %
Canadian Global Maritime Ltd.	Global Maritime Holding Ltd.		Canada	100 %	92,3 %
Global Maritime Deutschland GmbH	Global Maritime Holding Ltd.		Germany	100 %	92,3 %
Eagle Lyon Pope Ltd	Global Maritime Holding Ltd.		United Kingdom	100 %	92,3 %
Global Maritime Scotland Ltd.	Global Maritime Holding Ltd.		Scotland	100 %	92,3 %
American Global Maritime, Inc.	Global Maritime Holding Ltd.		United States	100 %	92,3 %
Global Maritime Consultancy Ltd.	Global Maritime Holding Ltd.		United Kingdom	100 %	92,3 %
Global Maritime Consultancy Egypt	Global Maritime Consultancy Ltd.		Egypt	100 %	92,3 %
Global Maritime Consultancy Ltd.	Global Maritime Consultancy Ltd.		Abu Dhabi	100 %	92,3 %
Global Maritime Consultancy Pte. Ltd.	Global Maritime Holding Ltd.		Singapore	100 %	92,3 %
PT Global Maritime	Global Maritime Consultancy Pte. Ltd.		Indonesia	100 %	92,3 %
GM Consultancy Sdn. Bhd.	Global Maritime Consultancy Pte. Ltd.		Malaysia	100 %	92,3 %

Moreld AS
Statement of profit and loss
for the period ended 31 December 2020

TNOK	Note	18.10.2019 - 31.12.2020
Revenue - intercompany		19 996
Revenue and income		**19 996**
Salaries and personnel expenses	2	17 146
Depreciation	3	24
Amortisation of intangible assets	3	7
Other operating expenses	2	9 650
Operating expenses		**26 827**
Operating income		**-6 832**
Other financial income (-)		-3
Interest expense from group companies		98
Impairment of other financial assets	5	438 051
Other financial expenses		4
Gain from sale of subsidiary (-)	5	-926
Net financial expense		**437 224**
Net loss before tax expense		**-444 056**
Income tax expense	4	-1 525
Net loss for the period		**-442 531**
Allocation of loss for the period		
Share premium reserves	7	-442 531
		-442 531

Moreld AS
Statement of financial position
as at 31 December 2020

TNOK

	Note	31 Dec 2020
ASSETS		
Non-current assets		
Property, plant and equipment	3	159
Intangible assets	3	79
Investments in subsidiaries	5	2 766 831
Investments in associates and joint ventures	5	81 000
Non-current assets intercompany	5, 9	76 000
Total non-current assets		**2 924 070**
Current assets		
Trade and other receivables	9	3 208
Other current assets	9	14 859
Cash and short term deposits		3 052
Total current assets		**21 119**
Total assets		**2 945 189**

Moreld AS
Statement of financial position
as at 31 December 2020

TNOK

	Note	31 Dec 2020
EQUITY AND LIABILITIES		
Equity		
Share capital	7	30
Share premium reserves	7	2 921 422
Total equity		**2 921 452**
Non-current liabilities		
Other non-current liabilities intercompany	9	2 898
Deferred tax	4	9
Total non-current liabilities		**2 907**
Current liabilities		
Trade and other payables	9	6 985
Social security, VAT and similar public debt		2 855
Other current liabilities	6, 9	10 990
Total current liabilities		**20 830**
Total liabilities		**23 737**
Total equity and liabilities		**2 945 189**

Stavanger, 31 December 2020
30 June 2021

DocuSigned by:
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Helge Aasen
Chairman of the board

DocuSigned by:
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Atle Sveinung Eide
Board member

DocuSigned by:
4AA514534BED430...
Ola Sætre
Board member

DocuSigned by:
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Marit Grimsbo
Board member

DocuSigned by:
0323AE586EBA415...
Morten Grongstad
Board member

DocuSigned by:
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Lise Matre Wulff
Board member

DocuSigned by:
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Geir Austigard
Chief Executive Officer

Moreld AS
Statement of cash flows
for the period ended 31 December 2020

TNOK	Note	18.10.2019 - 31.12.2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss before tax		-444 056
Adjustments for:		
Depreciation, amortisation and impairment losses	3	31
Impairment of financial assets	5	438 051
(Gain)/loss on disposal of financial assets	5	-926
Working capital adjustments:		
Change in trade and other receivables	9	-4 459
Change in trade and other payables	6, 9	9 883
Change in other current liabilities	6, 9	4 601
Net cash flows from operating activities		**3 125**
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment (including finance leases)	3	-183
Purchase of intangible assets	3	-86
Dividend received from subsidiary	5	49 396
Net cash flows from investing activities		**49 127**
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid to equity holders of the company	7	-49 200
Net cash flows from financing activities		**-49 200**
Net change in cash and cash equivalents		3 052
Cash and cash equivalents at beginning of the period		-
Cash and cash equivalents at end of the period		**3 052**

Moreld AS
Notes to the financial statement 2020

Note 1 Accounting Principles

The financial statements have been prepared in accordance with the Norwegian Accounting Act and generally accepted accounting principles in Norway.

Moreld AS was established 18 October 2019. This is the first financial statement for the company and covers the period from 18 October 2019 until 31 December 2020.

Use of estimates

The management has used estimates and assumptions that have affected assets, liabilities, incomes, expenses and information on potential liabilities in accordance with generally accepted accounting principles in Norway.

Revenue recognition

Revenues relates to management fee charged to subsidiaries and are recognized in the income statement once delivery has taken place and most of the risk and return has been transferred.

Income tax

The tax expense consists of the tax payable and changes to deferred tax. Deferred tax/tax assets are calculated on all differences between the book value and tax value of assets and liabilities. Deferred tax is calculated as 22 percent of temporary differences and the tax effect of tax losses carried forward. Deferred tax assets are recorded in the balance sheet when it is more likely than not that the tax assets will be utilized. Taxes payable and deferred taxes are recognized directly in equity to the extent that they relate to equity transactions.

Balance sheet classification

Current assets and liabilities consist of receivables and payables due within one year, and items related to the inventory cycle. Other balance sheet items are classified as fixed assets/non-current liabilities.

Current assets are valued at the lower of cost and fair value. Fixed assets are valued at cost, less depreciation and impairment losses. Current and non-current liabilities are recognized at nominal value.

Property, plant and equipment

Property, plant and equipment is capitalized and depreciated linearly over the estimated useful life. Significant fixed assets which consist of substantial components with dissimilar economic life have been unbundled; depreciation of each component is based on the economic life of the component. Costs for maintenance are expensed as incurred, whereas costs for improving and upgrading property plant and equipment are added to the acquisition cost and depreciated with the related asset. If carrying value of a non-current asset exceeds the estimated recoverable amount, the asset is written down to the recoverable amount. The recoverable amount is the greater of the net realizable value and value in use. In assessing value in use, the discounted estimated future cash flows from the asset are discounted are used.

Subsidiaries and investment in associates

Subsidiaries and investments in associates are valued at cost in the company accounts. The investment is valued as cost of the shares in the subsidiary, less any impairment losses. An impairment loss is recognized if the impairment is not considered temporary, in accordance with generally accepted accounting principles. Impairment losses are reversed if the reason for the impairment loss disappears in a lather period.

Dividends, group contributions and other distributions from subsidiaries are recognized in the same year as they are recognized in the financial statement of the provider. If dividends/group contribution exceeds withheld profits after the acquisition date, the excess amount represents repayment of

invested capital, and the distribution will be deducted from the recorded value of the acquisition in the balance sheet for the parent company.

Trade and other receivables

Trade and other current receivables are recorded in the balance sheet at nominal value less provisions for doubtful accounts. Provisions for doubtful accounts are based on an individual assessment of the different receivables. For the remaining receivables, a general provision is estimated based on expected loss.

Cash flow statement

The cash flow statement is presented using the indirect method. Cash and cash equivalents include cash, bank deposits and other short term, highly liquid investments with maturities of three months or less.

Note 2 **Employee benefits expense**

	2020
Salaries and wages (excl. bonuses)	14 497
Social security tax	1 934
Pension costs	360
Other benefits	355
Total salaries and personnel expenses	**17 146**

Full-time employees at the end of the year	6

Key management personnel compensation 2020	Board remuneration	Salary	Pension cost	Other benefits	Total
Management					
Chief Executive Officer		1 875	37	6	1 919
Board of Directors					
Chairman	83				83
Board members	1 230				1 230
Total remuneration	**1 313**	**1 875**	**37**	**6**	**3 232**

Contribution plans
The Company is required to have an occupational pension scheme in accordance with the Norwegian law on required occupational pension ("lov om obligatorisk tjenestepensjon") for all employees. The Company's pension arrangements fulfil the requirements of the law.

Remuneration to independent auditor (ex VAT):	2020
Audit fee	478
Other non-audit related assistance	122
Total	**600**

Note 3 **Intangible assets and property, plant and equipment**

Acquisition cost	Website	Office equipment	Total
Acquisition cost as at 18 October 2019	-	-	-
Additions in the period	86	183	269
Acquisition cost as at 31 December 2020	**86**	**183**	**269**
Accumulated amortisation and depreciation			
Acquisition cost as at 18 October 2019	-	-	-
Amortisation and depreciation expense	7	24	31
Accumulated amortisation and depreciation as at 31 December 2020	**7**	**24**	**31**
Net carrying amount as at 31 December 2020	**79**	**159**	**238**

Estimated useful life	5 years	3 years
Depreciation method	Linear	Linear

Note 4 **Income tax expense**

Specification of income tax expense

Specification of income tax expense	2020
Income tax payable	-
Changes in deferred tax and tax loss carry forward	-1 525
Income tax expense	**-1 525**

Calculation of current year tax	2020
Net loss before tax expense	-444 056
Permanent differences (impairment of shares and gain on sale of shares)	437 125
Changes in temporary differences	-41
Tax basis for the year before group contribution	-6 972
Group contribution received	6 972
Tax basis for the year/ tax loss carry forward	**-**

Effective Tax Rate
The table below reconciles the reported income tax expense to the expected income tax expense

	2020
Corporate tax rate	22 %
Loss before tax expense	-444 056
Expected income tax applying nominal tax rate	-97 692
Tax effect of the following items:	
Permanent differences	96 168
Income tax expense/income recognised in profit or loss	**-1 525**
Effective tax rate	0,3 %

Specification of the tax effect of temporary differences and losses carried forward:	31.12.2020
Property, plant and equipment and intangible assets	41
Tax losses carried forward	-
Total	41
Tax rate	22 %
Deferred tax	**9**

Note 5 **Investments in subsidiaries and joint ventures**

Shares in subsidiaries	Date of acquisition	Registered office	Acquisition cost	Book value 31.12.2020	Ownership share	Voting share
More HoldCo Giba AS	03.04.2020	Stavanger	632 532	546 781	100 %	100 %
More HoldCo Alfa AS	03.04.2020	Stavanger	921 700	921 700	100 %	100 %
More HoldCo Gamma AS	03.04.2020	Stavanger	68 265	66 865	100 %	100 %
GM Group Plc	03.04.2020	Malta	949 100	672 900	92,3 %	92,3 %
More HoldCo Aza AS	03.04.2020	Stavanger	296 300	269 000	100 %	100 %
Agility Group AS	03.04.2020	Stavanger	310 704	274 604	94,8 %	94,8 %
HV VI Invest Phi Ltd	03.04.2020	Ireland	0	0	100 %	100 %
Moseidveien 17 AS	Nov. 2020	Stavanger	2 051	2 051	100 %	100 %
Minox Technology AS	Nov. 2020	Notodden	12 800	12 800	100 %	100 %
Moreld Aqua AS	Dec. 2020	Stavanger	130	130	100 %	100 %
Total			**3 193 582**	**2 766 831**		

Moreld AS acquired the shares in subsidiaries and associates through a contribution in kind on 3 April 2020. In addition to the subsidiaries listed above Moreld AS also held shares in RNS Holding AS following the contribution in kind. The shares was sold during the period resulting in a gain of TNOK 926.

Further Moreld AS acquired the subsidiaries TB Holdco AS and Nord Well AS through the contribution in kind. The shares in these subsidiaries were later transferred to More Holdco Giba AS through capital increases (contribution in kind).

The investment in HV VI Invest Phi Ltd consist of shares and long term receivables. The net book value of the shares are NOK 1. Nominal value of the long term receivable is TEUR 17,755 and net book value is TNOK 76 000.

Shares in subsidiaries have been impaired with TNOK 433 551 during the period. The Company received cash dividends of TNOK 49 396 from Agility Group AS during the period. The dividend was accounted for as a reduction to the acquisition cost of the shares.

Moreld AS received group contribution with tax effect amounting to TNOK 6 303 net of tax from Moseidveien 17 AS. Moreld AS distributed group contribution to Moseidveien 17 AS without tax effect amounting to TNOK 8 081. Further Moreld distributed group contribution without tax effect amounting to TNOK 100 to Moreld Aqua AS and group contribution with tax effect amounting to TNOK 865 net of tax to More Holdco Gamma AS. The group contributions have been recognized against the cost price of the shares.

Investments in associated companies	Date of acquisition	Registered office	Acquisition cost	Book value 31.12.2020	Ownership share	Voting share
Teresoft AS	03.04.2020	Stavanger	46 700	46 700	97,40 %	49,30 %
C5 Eiendom Holding AS	30.11.2020	Stavanger	38 800	34 300	42,40 %	42,40 %
Total			**85 500**	**81 000**		

Through the contribution in kind on 3 April 2020, Moreld AS acquired a 50% interest in Aa Holdco AS and a 58,5% interest in Eureka Group AS in addition to the interests in Teresoft AS. The shares in Aa Holdco AS and Eureka Group AS was later transferred to More Holdco Giba AS through capital increases (contribution in kind).

The 42,4% interest in C5 Eiendom Holding AS was acquired from More Holdco Alfa AS (subsidiary) in November 2020. The company held 100% of the shares in D1-3 Eiendom AS at the time of the acquisition. Following the acquisition the shares in D1-3 Eiendom AS was sold to Moseidveien 17 AS. The sale was partly settled through sellers credits. The shares in C5 Eiendom Holding AS has been impaired with TNOK 4 500 in 2020. C5 Eiendom Holding AS was liquidated in 2021 and the remaining sellers credits were distributed as liquidation dividend.

Note 6 **Other current liabilities**

	31.12.2020
Accrued holiday allowance	1 266
Accrued salaries (including bonus)	67
Group contributions (see note 9)	9 289
Other payables	367
Other current liabilities	**10 990**

Note 7 **Equity**

	Share capital	Share premium reserves	Other Equity	Total equity
At 18 October 2019 (date of establishment)	30	-	-17	13
Capital decrease 3 April 2020	-30	-	-	-30
Capital increase 3 April 2020 (contribution in kind)	30	3 413 170	-	3 413 200
Loss for the period	-	-	-442 531	-442 531
Allocation of accumulated losses to share premium reserves	-	-442 548	442 548	-
Dividend: Cash distribution to shareholder	-	-49 200	-	-49 200
As of 31 December 2020	**30**	**2 921 422**	**-**	**2 921 452**

Shareholders information

The share capital in Moreld AS as of 31 December 2020 consists of the following share classes:	Total shares	Face value (NOK)	Share capital
Ordinary shares	30 000	1	30
Total	**30 000**		**30**

Shareholders as of 31 December 2020:	Ordinary shares	Total shares	Ownership/ Voting share
Moreld Invest AS	30 000	30 000	100 %
Total	**30 000**	**30 000**	**100 %**

Note 8 **Guarantees**

The Company serves as guarantor for its subsidiaries as follows:

Facility name	Bank agent	Type of facility	Borrower	Maturity	Currency	Facility limit
State guaranteed credit facility	SR Bank	Term Loan	More HoldCo Giba	30.06.2023	NOK	7 500
Seller's credit from C5 Eiendom Holding AS	C5 Eiendom Holding AS	Seller's credit	D1-3 Eiendom AS	31.03.2022	NOK	42 600
Term loan and revolving credit facility	Nordea	Term Loan and RCF	Ross Offshore AS	30.06.2021	NOK	77 000
Total						**127 100**

Note 9 **Transactions with related parties**

Related party	Trade and other receivables	Other non-current assets - related parties	Total
Parent company	2	-	2
Subsidiaries	330	76 000	76 330
Associated companies	6	-	6
Total	**338**	**76 000**	**76 338**

Related party	Other non-current liabilities	Trade and other payables	Total
Subsidiaries	2 898	323	3 222
Total	**2 898**	**323**	**3 222**

Group contributions	Other current assets	Other current liabilities	Net rec./(debt)
Moseidveien 17 AS (group contribution received with tax effect)	8 081	-	8 081
Moseidveien 17 AS (group contribution given without tax effect)	-	8 081	-8 081
More Holdco Gamma AS (group contribution given with tax effect)	-	1 109	-1 109
Moreld Aqua AS (group contribution given without tax effect)	-	100	-100
Total/(net debt)	**8 081**	**9 289**	**-1 209**

Note 10 **Covid 19**

The outbreak of Covid-19 impacted Company's subsidiaries activity within the maintenance and modifications market immediately, particularly due to its close link to production activity on the NCS. Business activities related to larger projects where less impacted. Authorities took strong and immediate measures to reduce the spread of the virus. This combined with low oil price has resulted in reduced activity level 2020. The situation has been monitored carefully, and Moreld AS, as the parent of the Moreld Group, has taken several cost-saving measures to maintain profitability. This includes use of temporary lay-offs, reorganization of companies within the group and negotiations with suppliers and landlords. The company will continue to have a strong focus on cost reductions going forward.

Note 11 **Subsequent events**

In April 2021, Moreld AS established Moreld Ocean Wind. Teaming up with Ocergy Inc., Moreld will be able to offer EPCI-solutions to the floating offshore wind market. The Company has an ownership of 28,5% in the new venture.

In June 2021 Moreld announced the formation of an aquaculture business unit with in-house access to competitive technologies within offshore fish farm design, digital solutions (SCADA+) and hybrid battery modules. By establishing Moreld Aqua, Moreld will be able to offer turn-key solutions to support sustainable growth in the aquaculture industry.

Following the establishment of the Moreld Group, a process to refinance the debt in the group has been carried out. Several of the Group companies held credit facilities with different banking institutions. The loans had individual covenant regimes and the companies' assets were pledged as security. All company loans, bar Suretank Group, have been refinanced in 2021 following the refinancing of Moreld AS and relevant subsidiaries with SR-Bank. The refinancing process was completed 28 June 2021.

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To the General Meeting of Moreld AS

INDEPENDENT AUDITOR'S REPORT

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Moreld AS, which comprise:

- The financial statements of the parent company Moreld AS (the Company), which comprise the balance sheet as at 31 December 2020, 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, and
- The consolidated financial statements of Moreld AS and its subsidiaries (the Group), which comprise the balance sheet as at 31 December 2020, the income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion:

- The financial statements are prepared in accordance with the law and regulations.
- The accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2020, 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.
- The accompanying consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2020, and its financial performance and its cash flows for the year then ended in accordance with simplified application of international accounting standards according to section 3-9 of the Norwegian Accounting Act.

Basis for Opinion

We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company and the Group as required by laws and regulations, 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

Management is responsible for the other information. The other information comprises information in the annual report, except the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and the Managing Director for the Financial Statements
The Board of Directors and the Managing Director (Management) are responsible for the preparation in accordance with law and regulations, including a true and fair view of the financial statements of the Company in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and for the preparation and true and fair view of the consolidated financial statements of the Group in accordance with simplified application of international accounting standards according to the Norwegian Accounting Act section 3-9, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's and the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern. The financial statements of the Company use the going concern basis of accounting insofar as it is not likely that the enterprise will cease operations. The consolidated financial statements of the Group use the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including 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 laws, regulations, and auditing standards and practices generally accepted in Norway, including ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error. 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 or the Group'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 and the Group'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 and the Group to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible

for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

Report on Other Legal and Regulatory Requirements

Opinion on the Board of Directors' report

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

Opinion on Registration and Documentation

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

Stavanger, 9 July 2021
Deloitte AS

Ommund Skailand
State Authorised Public Accountant (Norway)

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