Annual Report 2019

Eidesvik

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2019 – STILL CHALLENGING TIMES

The safety for all our employees has, as always, been given the highest priority. Still, we did experience one lost time incident. Not a serious one, but still one too many, and shows that we continuously will have to focus on the safety of ourselves and colleagues.
Our financial performance improved considerably in 2019, both compared to the previous year and to our expectations.

A milestone was reached when we entered into a frame agreement with AkerBP, under which Viking Lady, Viking Prince and Viking Athene are operating.

Our position as a spear-head for environment-friendly solutions was further strengthened during the year. An agreement was reached with Equinor for a 3 year extension of the contract for Viking Avant combined with the decision to install a hybrid system. We also decided to install a hybrid system on Viking Neptun in 2020.

In January 2020 we announced a substantial R&D project together with among others Equinor, the European Union, Wartsila and Prototec to install and test a fuel cell burning clean ammonia. As a part of this project, we entered into a 5 year contract with Equinor for Viking Energy from April 2020.

We strongly believe in increased demand for vessels with as low emissions as possible. Eidesvik will have 7 of its vessels with hybrid systems, 5 vessels are fueled with LNG, and Viking Energy will be the first of its kind with both a hybrid system and a zero-emissions fuel cell.

We should be in a strong position to benefit from this in the years to come!

However, entering 2020 it appeared that our industry was on its way out of the crisis we have experienced over the last years. Lately, the outbreak of the Covid-19 epidemic, combined with a sharp fall in the price for petroleum products, have created a totally new situation for all of us. It is extremely difficult to predict the outcome of this. Unfortunately, I am afraid that we once again will have very challenging times ahead of us.

I have been impressed and proud of the contribution from everyone in the organization during the difficult years we have been through. Even more so, the way you have all stood up over the last weeks ensuring our operations and deliveries to clients during the Covid-19 situation have exceeded my expectations. With this in mind, I am confident that together we will manage whatever challenges we will be facing in the coming months.

My sincere thank you to each and every one of you!

Jan Fredrik Meling
President & CEO

KEY FIGURES

(all figures in TNOK)	**2019**	2018	2017	2016	2015	2014	2013	2012	2011	2010
Operating income	**681 559**	489 229	754 716	784 106	1 238 936	984 749	993 745	980 494	999 557	1 054 705
EBITDA	**243 188**	96 919	385 291	415 284	770 286	492 173	551 242	558 876	465 735	490 166
EBITDA margin	**36 %**	20 %	51 %	53 %	62 %	50 %	55 %	57 %	47 %	46 %
Profit/loss for the year	**-690 273**	-316 625	147 368	-564 519	-239 892	-230 575	140 863	282 170	70 439	-55 970
Profit per share	**-9,64**	-4,83	5,15	-18,34	-6,53	-5,77	4,67	9,36	2,34	-1,86
Total assets	**3 360 275**	4 100 576	4 297 512	5 068 060	6 070 157	5 556 166	5 700 197	5 631 445	5 101 359	5 067 460
Equity	**729 474**	1 424 825	1 542 006	1 457 051	2 041 814	2 125 385	2 348 288	2 180 283	1 932 961	1 853 662
Equity ratio	**22 %**	35 %	36 %	29 %	34 %	38 %	41 %	39 %	38 %	37 %
Value-adjusted equity *)	**2 094 474**	2 291 825	2 434 806	2 701 029	3 676 354	4 190 385	4 476 288	4 228 283	3 866 961	3 597 662
Value-adjusted equity ratio	**44 %**	46 %	47 %	43 %	48 %	55 %	57 %	55 %	55 %	53 %
Market value at 31 December	**325 666**	284 647	244 215	186 629	289 139	738 675	1 040 175	994 950	892 440	1 145 700
Market value per share at 31 December	**5,24**	4,58	8,10	6,19	9,59	24,50	34,50	33,00	29,60	38,00
Dividend paid per share	**0,00**	0,00	0,00	0,00	0,00	1,00	1,00	1,00	1,00	0,50
Liquid funds incl. unused credit	**408 319**	515 605	557 440	549 738	702 276	549 556	782 773	454 988	411 552	229 914
Working capital incl. unused credit	**432 256**	477 152	264 646	395 827	420 631	-40 897	259 292	171 423	174 930	42 913
First year's repayment of long-term liabilities **)	**93 756**	93 232	304 836	322 187	335 039	391 243	324 073	319 054	270 469	259 022

*) Book equity plus added value of broker estimates per December 31, 2019, on vessels on the assumption that the vessels are contract-free.
**) Excluding IFRS 16.

THE BOARD OF DIRECTORS

KOLBEIN REGE (CHAIRMAN OF THE BOARD)
was general manager of Eidesvik Invest AS, which owns 60% of the shares in Eidesvik Offshore ASA, until June 2018. He is a lawyer by education, and has extensive experience in banking and as a lawyer in private practice. Rege is associated with the main shareholder in the Company.

BORGNY EIDESVIK (BOARD MEMBER)
is the owner and general manager of Bømmelfjord AS, which owns 55% of Eidesvik Invest AS. Eidesvik Invest AS owns 60% of Eidesvik Offshore ASA. Borgny Eidesvik is associated with the main shareholder in the Company.

LARS EIDESVIK (BOARD MEMBER)
is the owner and chairman of Evik AS, which owns 45% of Eidesvik Invest AS. Eidesvik Invest AS owns 60% of Eidesvik Offshore ASA. Lars Eidesvik is associated with the main shareholder in the Company.

JOHN STANGELAND (BOARD MEMBER)
is a mechanical engineer by education, and has a BBA in economics and management from University of Texas, Austin. He also has an Executive MBA from BI and Nanyang Technological University, Singapore from 2011. He was a shipbroker in Seabrokers AS, Stavanger from 1990 to 1997, and then a business developer in Eidesvik AS until 2003. Since 2004 he has been employed by the base company NorSea Group AS, and he has been CEO since 2012. Stangeland is independent of the main shareholder in the Company.

SYNNE SYRRIST (BOARD MEMBER)
graduated in civil engineering from NTH in 1996 and qualified as a financial analyst from NHH in 2004. She has extensive experience as a financial analyst and consultant. For the past 10 years she has been working as a professional director and has sat on a number of boards, where she has acquired considerable insight into the oil service industry. She is a member of the boards of companies such as Awilco Drilling Plc, Awilco LNG ASA, and others. Syrrist is independent of the main shareholder in the Company.

LAURITZ EIDESVIK (BOARD MEMBER)
is co-owner and chairman of Bømmelfjord AS, which owns 55% of the shares in Eidesvik Invest AS. Eidesvik Invest AS owns 60% of Eidesvik Offshore ASA. He has nautical training and experience as a ship's officer, as well as a BA in economics and administration from Stord/Haugesund University College from 2008. Since 2008 he has held various positions in Eidesvik AS within operations, technical, HSE, strategy and most recently as chartering manager, leaving in the summer of 2018 to join the family company Bømmelfjord AS. Lauritz Eidesvik is associated with the main shareholder of the Company.

KRISTINE SKEIE (BOARD MEMBER)
is general manager and co-owner of HK Shipping Group AS, which wholly or partly owns 24 bulk vessels. She has sat on several boards, including Gruppen for Nærskipsfart i Norges Rederiforbund and Reach Subsea ASA (from 2018), and has chaired the board of Karmsund Havn IKS since 2012. She was educated at Norges Varehandelshøgskole (now part of BI) and has further educations in board work, organisation and management, and tax law. Skeie is independent of the main shareholder in the Company.

PETTER LØNNING (EMPLOYEE ELECTED BOARD MEMBER)
is a chief engineer on Eidesvik's Viking Neptun and is an employee representative. He started his maritime career on fishing vessels, before he completed his engineering education while also working on vessels for local sand shipping companies. Lønning has been employed by Eidesvik since 2001, and has been involved in the construction of seven new vessels. Lønning is independent of the main shareholder in the Company.


Kolbein Rege


Borgny Eidesvik


Lars Eidesvik


John Stangeland


Synne Syrrist


Lauritz Eidesvik


Kristine Skeie


Petter Lønning

REPORT OF THE BOARD OF DIRECTORS 2019

Eidesvik Offshore ASA ("Eidesvik" or the "Company") aims to be a leading "Partner in Shipping" in offshore logistics, seismic surveys and subsea operations. We should exercise good seamanship and be a powerhouse for progressive shipping and operational solutions. Our main goal is to increase and secure the Company's long-term value creation, and thereby create the basis for further growth, secure jobs and increased shareholder value. We seek to achieve this by ensuring that our vessels have the highest possible degree of long-term employment.

The market for the Company's vessels experienced an improvement in 2019. But there has been, and still is, overcapacity in the segments where Eidesvik operates. A combination of increased activity and phasing out of older vessels will be necessary in order to improve profitability in the industry. The Company is making continuous cost-reducing efforts to address this challenging market.

In January 2018, the Company agreed with its banks to amend the repayment terms of its long-term loans – as further detailed in Note 20. The market assumptions for the terms which was agreed with the banks in 2018 have until early March 2020 proven to be fairly accurate compared to the actual market development during the same period. The recent market turmoil however, both due to the Covid-19 virus and the sharp decline in oil prices, has already had negative impacts on the Company's business and market outlook. Further, recent developments in the energy markets have increased uncertainty in all our market segments and it is currently too early to have a clear view on the longer term market development.

THE BUSINESS

Eidesvik Offshore ASA is the parent company of the Eidesvik Group. The Company's purpose, according to its Articles of Association, is to "operate a shipping company and all that relates to this, including owning shares in companies operating similar or related businesses". This objective has been realised through 2019 by operating 22 vessels, with 22 ships wholly or partly owned by the Eidesvik Group.

We aim to charter the vessels mainly on long-term contracts in the Supply, Seismic and Subsea/Wind segments. Because of the weak market, more vessels have been operating on short-term contracts in 2019 compared to previous years. The announcement of the 3-year contract for Viking Avant for Equinor in the summer 2019 was very welcome. At the year-end, the Company had two seismic vessels in layup, and three seismic vessels in layup in joint ventures.

In September 2019, Eidesvik, CGG Marine Resources Norge AS ("CGGN") and CGG agreed on a share purchase agreement whereby CGG agreed to acquire Eidesvik's 50% ownership share in Global Seismic Shipping AS ("GSS"). CGG, in turn, entered into agreements with Shearwater GeoServices Holding AS ("Shearwater") for transactions in which a sale of all shares in GSS from CGG to Shearwater was a part. The sale of GSS was completed on January 8, 2020, and Eidesvik thereby became a shareholder in Shearwater holding 3.75% of the outstanding shares in the company. In addition, Eidesvik received a put-option from CGG SA for its Shearwater-shares at MUSD 30, exercisable for up to 36 months after closing January 8, 2020.

Eidesvik's activities are managed from the headquarters in Langevåg at Bømlo. The shipping business is organised in accordance with the special tax rules for shipping companies. The vessels are owned by various ship-owning companies, and Eidesvik AS performs the general and business management functions for these companies.

The Group's part-owned seismic fleet was mainly operated through the operating company CGG Eidesvik Ship Management AS, located in Bergen. Eidesvik sold its shares (51%) to CGG on January 8, 2020, in relation with the transaction of GSS mentioned above. The wholly-owned seismic vessels are operated from Langevåg.

The Group's wholly-owned subsidiaries had 438 permanent employees at the end of the year. There were further 102 contracted workers. The Company believes that diversity is important if we are to achieve our goals as company and organisation. It is traditionally mainly men that choose the maritime education. Over time, however, the industry has encouraged women to seek a maritime education. The Company supports this, and we currently have several women in leading positions. As part of an international industry, the employees in the Group represent many nationalities. Our focus is to make all employees, regardless of nationality, gender and cultural background, comfortable in the Group, and we see nothing to suggest that this is not the case.

HEALTH, SAFETY AND THE ENVIRONMENT

In 2019, Company has focused on enhancing development of its work on health, safety and the environment. The quality and safety system "Eidesvik Management System" (EMS) is certified by DNV GL. EMS meets requirements of the ISM code, ISO standards: 9001-2015, 14001-2015, MLC 2006 and the ISPS Code.

The EMS project started in the 3rd quarter of 2014, focusing on simplification and usability for all employees in the Company. Among other things, this implies fewer words in procedures, combining procedures and switching to a more checklist-based system, similar to aviation industry. Throughout 2019, the EMS project has been running for "Simplified and improved safety management", and all of our operational vessels are using updated manuals for bridge, deck, engine, galley and crane operations as applicable, with very good feedback from employees. Some procedures for onshore office are outstanding. Revisions are continuously ongoing, where new procedures required are implemented once approved.

Management is continuously carrying out awareness work within HSEQ, with a particular focus on the exchange of experience. This process facilitates continuous improvement.

Absence due to illness in 2019 was 5.4 %. This is a 1.1pp increase from 2018 (4.3 %). The Company is maintaining the agreement with NAV on inclusive working life, which aims to follow up on absence due to illness.

The Company recorded one lost time incident in 2019, a fractured rib injury on one of our PSVs. The incident underlines the importance of a continued strong focus on HSE in all parts of the Company's operations.

To avoid and prevent injuries, main priorities in 2019 have been:

- Holding and following up on HSEQ meetings and safety inspection tours
- Compliance with the management tools throughout the organisation
- Familiarisation and training of staff
- Focus on the "Safety observation" form of reporting, particularly proactive reports
- "Time out for safety" meetings
- Increased understanding and execution of risk assessments
- "Tool box talks"
- "Stop the job" requirement for all on board
- Increased focus on safety representatives and safety and environmental work
- Work on board carried out according to company's "permit to work system"
- Management visits to all vessels.

External environment

Eidesvik has a targeted environmental focus in its operations. Eidesvik has continued its efforts to develop environmentally friendly and energy efficient vessels.

In January 2020, after 17 years of continuous service for Equinor, Eidesvik was awarded a contract for Viking Energy with five new years of service in the North Sea. In addition to providing important work, the contract is connected to a ground-breaking R&D project to test and verify zero-emissions technology on board the Viking Energy. Following the installation of an ammonia-driven fuel cell system in 2024, Viking Energy will become the world's first supply vessel to be able to sail long distances without emissions of greenhouse gases. Testing and verification will take place while the vessel is on contract for Equinor.

In the shipping industry, hydrogen and ammonia are considered the two main zero emission fuel candidates for future shipping. Today, many believe that ammonia represents the best option for longer voyages, such as the North Sea supply routes, where ships need to carry large amounts of fuel.

The other main partners in the five-year research project are Wärtsilä, supplying the power technology and systems for ammonia storage and distribution, Prototech, supplying the fuel cell system, and NCE Maritime CleanTech, coordinating the project towards the European Union. The ammonia research project on Viking Energy has a total budget of NOK 230 million, of which a significant part is financed with EU funding. The partners also have good dialogue with Innovation Norway and Enova, from which they expect further support.

Phase 3 of the Fellowship project has been completed on board the supply vessel Viking Lady. This project was a technology collaboration between Eidesvik, DNV GL and Wärtsila. The project met all the expectations for both fuel cell and battery technology.

Based on the results from Fellowship phase 3, we have designed solutions for battery installation on other vessels in the Company. From 2015 to 2019, battery packs were installed on 5 vessels (4 supply- and 1 subsea vessel), and shore power connection was installed on 4 vessels (3 supply- and 1 subsea vessels). Two of the vessels have DNVGL classification “Supply vessel battery (power)”. Both hybrid-solutions with batteries installed and shore power systems contribute to substantial reductions in emissions from our vessels. Our goal is to implement hybrid solutions on more vessels in the coming years.

Our operations at sea are operated in accordance with international and national laws and regulations. To reduce the risk of accidents, we focus on preventive maintenance, as well as manning the vessels with highly qualified personnel. Eidesvik is constantly working to reduce the total emission balance associated with operating our vessels.

The blue:E scheme, the Company’s programme for environmentally friendly operations, has continued with the same focus and resource usage in 2019. blue:E is important to the Company’s goal of running our business in the most environmentally friendly whilst cost-effective way. Awareness of energy efficiency and its impact on both the environment and costs is increasing, and this focus has become an important part of day-to-day operations.

All vessels in Eidesvik fleet are approved in relation to the new IMO requirements for energy efficiency. This is in line with the Company’s blue:E initiative.

The ESI (Environmental Ship Index) is recognised by the Norwegian Coastal Administration and many ports as the basis for environmental differentiation of fees/rates. 10 of our vessels are registered in ESI, all with a very favourable environmental profile. This has given us a lot of positive publicity, and shows that it is possible to reduce costs through environmentally responsible choices.

Eidesvik’s blue:E program also includes the Company’s land-based operations. Through this we achieve less pollution of the external environment.

A separate HSEQ report has been prepared, and is included in Eidesvik annual report.

SHAREHOLDERS, CORPORATE GOVERNANCE AND MANAGEMENT

At year-end, there were a total of 62,150,000 shares in the Company. At the end of the year there were 1,066 shareholders in the Company. Foreign investors had a 2.7% stake at the end of 2019. In 2019, the share was last traded at NOK 5.24.

The Board has been given authorisation to buy back own shares with a total nominal value of NOK 300,000, but in such a way that the nominal value does not exceed 10% of the registered share capital at any given time. The authorisation is valid until the Ordinary General Meeting in 2020. The authorisation has not been used. The Board will propose that the authorisation is renewed for one year by the Company’s General Meeting. As at December 31, 2019, the Company owned no own shares.

All information is provided in such a way that all shareholders are treated equally. The information is shared through stock exchange announcements, press releases and open presentations, and is also available on the Eidesvik website.

The "Norwegian code of practice for corporate governance" forms the basis for the discharge of these duties by the Board and management. Minor, company-specific changes and adaptations have been made to the code of practice. A separate explanation has been provided in the annual report and on the Eidesvik website.

PROFIT & LOSS, BALANCE SHEET AND FINANCIAL RISK

The consolidated accounts have been submitted in accordance with IFRS, as approved by the EU.
The Company accounts for the parent company Eidesvik Offshore ASA are submitted in accordance with the Norwegian Accounting Act and generally accepted accounting principles in Norway.

Profit & loss

Consolidated operating income for Eidesvik in 2019 is MNOK 681.6 (MNOK 489.2 in 2018), of which MNOK 38.6 is related to the terminated contract for Viking Vanquish, and MNOK 10.1 is related to a reversal of previous impairment on repayments received from Oceanic Seismic Vessels AS (MNOK 10.5).

Operating profit before depreciation and amortisation (EBITDA) for 2019 were MNOK 243.2 (MNOK 96.9 in 2018). Depreciation and amortisation totalled MNOK 798.0 in 2019 (MNOK 218.9). Profits from joint ventures were MNOK -10.5 (MNOK -54.4). These are mainly related to operation of the subsea vessel Seven Viking, and seismic vessels in the GSS group until May 31, 2019. This gives a total operating income of MNOK -565.3 in 2019 (MNOK -176.3).

Due to observed impairment indicators, the vessels' book values have been tested for impairment per December 31, 2019. Based on these tests, impairments of MNOK 569.7 related to ten vessels have been recorded to the accounts in 2019, compared to no impairments in 2018. This covered vessels in all three segments where the Company owns vessels.

The net financial result of MNOK -123.4 in 2019 (MNOK -140.6 in 2018) includes financial income of MNOK 17.1 (MNOK 24.9). Financial and interest expenses were MNOK -132.3 (MNOK -109.7), and the net gain/loss on currency and derivatives was MNOK -8.2 (MNOK 55.8).

Profit/loss after tax was MNOK -690.3 in 2019 (MNOK -316.6 in 2018) and total comprehensive income was MNOK -695.4 (MNOK -296.0).

The result reflects good underlying operations, but shows that the market for the Company's services continued to be challenging also in 2019.

For the parent company Eidesvik Offshore ASA, the profit/loss after tax was NOK -290.7 million (NOK -38.5 million).

Balance sheet

The consolidated book equity is MNOK 794.2 per December 31, 2019 (MNOK 1,424.8 per December 31, 2018). This is 23% (35%) of the Group's total capital. For the parent company, Eidesvik Offshore ASA, the equity is NOK 747.4 million (NOK 780.7 million).

Vessels account for MNOK 2,172.3, a reduction of MNOK 636.7. These items are reduced primarily due to depreciations and impairments. Current assets are reduced by MNOK 72.7. Total assets are MNOK 3,425.0 (MNOK 4,100.6), a reduction of MNOK 675.6.

Impairment tests are performed on individual cash generating entities (vessels) when indications of impairment are identified. At December 31, 2019, improvements in the leading indicators were observed, however indicators of impairment were still present and the Group's assessment of impairment was updated based on the information then available. Due to a further negative outlook into 2020 caused by the drop in oil price, the Covid-19 epidemic, the Company's assessment of the general market conditions and an updated analysis of the discount rate, the assessments have also been updated as of April 2020. The updated value in use calculations of the consolidated fleet concluded with a significant increase of impairment charges of MNOK 546.7 per December 31, 2019, to a total of MNOK 569.7 including the MNOK 23.0 impairment charge recorded in the preliminary 2019 accounts as reported February 25, 2020. Refer to note 12 for background and further information.

An average of fair value assessments conducted by two independent brokers, values the consolidated part of the fleet free of charters to NOK 3,473 million (NOK 3,676 million per December 31, 2018), which indicates an excess value before tax of MNOK 1,365 (MNOK 867) compared to the book value of the vessels. The Board is aware of the low turnover for the type of vessels Eidesvik owns, and that there is significant uncertainty regarding the vessels' actual market values in the current market.

The Group's long-term liabilities are MNOK 2,414.1 per December 31, 2019 (MNOK 2,431.3 per December 31, 2018). The implementation of IFRS 16 (lease liabilities), and some weakening of the NOK against the USD, resulted in only a small decrease in the accounting value of long-term liabilities. Short-term liabilities are MNOK 216.7 (MNOK 244.4 million).

The parent company's assets are MNOK 596.8 per December 31, 2019 (MNOK 917.9 per December 31, 2018). The company's assets consist mainly of investments in and loans to subsidiaries, as well as cash. The company has liabilities of MNOK 106.7 (MNOK 137.1). This consists of long-term liabilities of MNOK 105.7 (MNOK 136.6) and short-term liabilities of MNOK 1.0 (MNOK 0.5). The company's equity is MNOK 490.0 (MNOK 780.7), which gives an equity ratio of 82% (85%).

Cash flow

Cash and cash equivalents have decreased from MNOK 515.6 December 31, 2018, to MNOK 408.3 December 31, 2019, whereof MNOK 47.0 is restricted as security for a vessel related to an insurance settlement.

Net cash flow from operating activities for 2019 was MNOK 192.5 (MNOK 91.5).

Net cash flow from investment activities of MNOK -75.4 (MNOK -38.9) was mainly due to investments and periodic maintenance on existing vessels, payment of long-term receivables and insurance settlements received.

The Group has a negative cash flow from financing activities of MNOK -224.8 (MNOK -92.9). This is mainly related to paid instalments and interests. For 2018, an extraordinary instalment was paid, in addition to payment from the private and subsequent share offer.

The parent company has cash and cash equivalents of MNOK 62.7 (MNOK 110.5). This is a decrease of MNOK 47.8.

Profit allocation

The Board proposes that the loss for the year of MNOK -290.7 for Eidesvik Offshore ASA is transferred from other equity.

Going concern

The market for the Company's business has been very weak in recent years. In 2019, it appeared that the market had bottomed out in 2018. Further, the operational results from 2019 indicated a clear improvement from the previous years. Into 2020 however, the rate of improvement appeared to slow down. The recent World-wide outbreak of the Covid-19 virus, in combination with an unprecedented decline in demand for oil and thus dramatic drop in oil prices, have led oil companies to implement cost and capex saving measures that reduce demand for oil services. The Company has taken these events into consideration when forming its updated views on the market and outlook for the Company's business.

The Company's satisfactory liquidity position, its contract backlog, and forecast for the next 12 months, are in the opinion of the Board satisfactory to conclude that the conditions for a going concern are present, and the financial statements have been prepared based on this assumption. However, in light of the recent negative development of the market and outlook, the Company is considering to initiate processes in order to protect its liquidity and financial position both short term and longer term.

Financial risk

Currency risk

In 2019, Eidesvik had its revenues in NOK, USD, EUR and GBP. Operating costs are mainly in NOK. Eidesvik is therefore exposed to fluctuations in the exchange rates between NOK and the other currencies. In order to mitigate the risk, cash flow hedges have been established by having parts of the Group's long-term financing in USD. Forward contracts are also made where parts of the operational income in USD, EUR, and GBP are presold with settlement in NOK.

Credit risk

Eidesvik's customers are mainly solid companies with good solvency. The risk that the counterparties do not have the financial capacity to fulfil their obligations is considered low to moderate.

Liquidity risk

After the financial restructuring in 2018, the Company has no balloon payments before 2022. The liquidity situation and forecasts for the next 12 months are satisfactory.

FRAMEWORK CONDITIONS

Access to and development of highly qualified personnel are vital to ensuring good operation and delivery of an optimum product, helping our customers to a better overall result. In order to ensure that Norwegian maritime competence is also developed and utilised in the future, the industry is dependent on stable and predictable framework conditions. The availability of training positions is vital to building up expertise over time, even in a cyclical industry.

Eidesvik currently employs both Norwegian and international crew on board its vessels.

The entire petro maritime cluster, oil companies, shipping firms, shipyards and other oil service companies, will depend on building up maritime competence in the future.

Legislation on net pay schemes is a positive move on the part of the political authorities. However, Eidesvik believes that net pay schemes should be further reinforced.

Historically, the Company has been at the forefront of increasing the recruitment of Norwegian seamen. Considerable resources have been allocated to this work through initiatives to increase the incentives for young people to choose a maritime education. The Company cooperates in various forums to strengthen and enhance Norwegian maritime competence. At the same time, the industry is experiencing increasing international competition, not least when it comes to expertise and costs. It is important for further investment in Norwegian maritime competence in the future that the framework conditions should be organised in such a way as to make it attractive for the industry to build up Norwegian maritime competence over time.

CORPORATE SOCIAL RESPONSIBILITY 2019

The Company's core values and ethichal policy are set out in "Ethical guidelines and core values for Eidesvik Offshore ASA", and its social responsibility policy is covered by the "Human rights policy" and "Environmental policy". These state that the work of achieving the business goals must be carried out to high ethical standard and in a manner calculated to safeguard the environment and society. This means that we should act with respect and honesty towards customers, suppliers, employees, authorities, owners and society, and that the Company and the individual should comply with relevant legislation. The policy states that the Company and the individual employee should refrain from all forms of corruption, and sets out how the Company's employees should act if they are offered gifts or other benefits because of their employment.

It is further stated that the Company and all employees must comply with all recognised rules for human rights, including refraining from all forms of discrimination.

No breaches of the Company's ethical policies were recorded in 2019.

BUSINESS SEGMENTS AND OUTLOOK

Eidesvik owns and operates vessels in the three segments of Supply, Seismic and Subsea/Wind.

Supply

At year end 2019, Eidesvik operated 6 large supply vessels and one smaller supply vessel. Of these, 5 run on LNG, and 4 have batteries and hybrid solutions installed. In 2020, batteries and hybrid solutions will be installed on a fifth vessel, Viking Avant.

Eidesvik entered into a three year frame agreement with Aker BP for the provision of PSVs. At year end 2019, Eidesvik had Viking Prince, Viking Lady and Viking Athene on charter to Aker BP under the frame agreement.

Eidesvik was awarded a 3-year contract for Viking Avant from Equinor Energy AS ("Equinor"). This enable Eidesvik to install batteries and hybrid solutions for the vessel.

Viking Queen worked for Equinor for most of 2019, and is on contract with Equinor until end October 2020.

Viking Energy worked for Equinor entire 2019, as it has done since the vessel was delivered in 2003. In January 2020, Eidesvik was awarded a 5-year contract for the vessel commencing in direct continuation of the current contract ending April 2020.

In relation to the five year contract for Viking Energy, Eidesvik announced a zero emission shipping solution. Viking Energy will be part of a full scale research program using fuel cell technology in combination with ammonia aiming for a zero emission propulsion solution. Equinor and Eidesvik are the main pillars in the industry cooperation together with Wartsila Norway AS, Wartsila Gas Solutions AS, Prototech AS and NCE Maritime Clean Tech. The five year research project receives support from EU and aims to have 2MW fuel cell capacity installed onboard Viking Energy in 2024.

Viking Princess worked for Chevron for all of 2019, and the contract was extended in January 2020. Eidesvik received in March 2020 notice of early redelivery, and the vessel was redelivered in April 2020.

Viking Prince started 2019 operating in the spot market, before embarking on a well contract in the spring of 2019. In August 2019, Viking Prince commenced a 1-year contract for Aker BP.

From medio July 2019, when Viking Athene was taken out of layup for a contract for Aker BP, Eidesvik had all its PSVs on firm contracts throughout 2019.

During 2019 the PSV market experienced an increase year on year in both spot and term demand. This led to improved rates and utilization, in particular for the larger PSVs. The North Sea fleet of large PSVs experienced utilization levels above 90% for the first time in years during the last quarter of the year. The overall market remained challenging due to oversupply of vessels. At year end we were seeing noticeable signs of market improvement, with a fleet utilization above our expectations and ahead of the recovery curve.

2020 started with unforeseen and unprecedented challenges. The combination of COVID - 19 and a significant reduction in oil price have resulted in a sharp market decline. Operators reduce capex spending with cutbacks on drilling activity and an increased focus on opex reductions. This have already resulted in a number of rig cancellation in the North Sea with related negative impact on vessel utilization and day rate levels. This leads us to believe that there will be challenging times ahead yet again.

Seismic

Within this segment, Eidesvik owned 4 vessels 100% at year end, whereof two of these were in layup. In addition to these, 7 vessels in the JV Global Seismic Shipping AS ("GSS") with CGG (50/50) was classified at year end 2019 as "Held for sale".

In second quarter 2019, Eidesvik, CGG Marine Resources Norge AS ("CGGN") and CGG agreed on a term sheet for the transaction whereby CGG was contemplating to acquire Eidesvik's 50% ownership share in GSS. CGG entered, in turn, into a memorandum of understanding with Shearwater GeoServices Holding AS ("Shearwater") for transactions in which a sale of all shares in GSS from CGGN to Shearwater was a part. The sale of GSS was completed on January 8, 2020. As consideration for Eidesvik's shares in GSS, Eidesvik received shares in Shearwater GeoServices Holding AS (the "Consideration Shares"). As previously announced, CGG SA and Eidesvik have agreed on a put option for Eidesvik at US$ 30 million for the Consideration Shares exercisable in a period of up to 36 months after closing of the transaction. See Note 7 for more information.

Four of the JV seismic vessels was in 2019 operated by CGG Eidesvik Ship Management AS in Bergen.

Viking Vision, Geo Celtic, Oceanic Challenger and CGG Alize have been in layup throughout the year. Viking Vanquish was in layup on the charterer's account until the contract was terminated end of June 2019. The vessel remained in layup the rest of 2019, and continued to receive payment of the charter rate.

Eidesvik entered into a long-term Master Time Charter Agreement with Seabed Geosolutions for services of seismic source and node-handling vessels. At year end 2019, Vantage and Subsea Viking was on charter to Seabed Geosolutions under this agreement. Eidesvik received new contracts under this agreement for both vessels in February 2020. The contract for Vantage was cancelled in the start of April 2020, and by end of April 2020 the contract for Subsea Viking was amended to a stand-by period limited to April 2021 for the vessel, pending commencement of operations as planned for under the original contract.

Veritas Viking started 2019 on contract for a subsidiary of CGG. In the summer the vessel started working for Magseis Fairfield. From medio October the vessel has been in warm layup waiting for new jobs.

After three consecutive years of increased seismic spending and improved pricing, the main seismic operators were guiding for more marginal increases entering 2020. This was consistent with our own views for the seismic market for 2020.

The combination of COIVD-19 and the sharp decline in oil prices has led to operators postponing or cancelling several seismic projects that were both planned and very near commencement in 2020. Consequently, for 2020 we expect a challenging market. The longer term market effects are still too early to conclude on.

Subsea/Wind

Eidesvik currently has 4 vessels in the Subsea/Wind segment, of which one is owned in a JV with Subsea 7 (50/50).

Viking Neptun has operated throughout 2019 with high utilisation in a challenging market. The vessel was on a contract in the wind market until the summer of 2019. From July to October the vessel worked for Ocean Installer for some less than 3 months. Viking Neptun was in warm layup by year end, and will commence a contract for Ocean Installer for 5 months in second quarter 2020. The vessel has a firm contract for Ocean Installer for parts of 2021.

Acergy Viking has been contracted to Siemens Gamesa all year, which extended the fixed contract in 2019 from January 2021 to January 2022.

Subsea Viking has worked in tandem with Vantage for Seabed Geosolutions.

Seven Viking is on contract for Subsea 7 to 2025 with a 1-year option.

The subsea activity level was volatile throughout 2019. Vessel rates and utilization increased during the summer months, while the winter season experienced a decrease in same, compared to the previous year. A recovery in the subsea market was yet to materialize, however the fundamentals were present with 2019 being the year when the major subsea contractors started to build backlog again.

The combination of COVID-19 and the sharp drop in oil prices have put a strain on the recovery in the subsea market similar to other oil related segments. While we believe the majority of the backlog built by the major operators last year will eventually be realised, there may be delays impacting the activity level. Further, we expect a decline in backlog level in the year ahead compared to 2019.

Bømlo, April 29, 2020

Sign. Kolbein Rege Chairman of the Board	Sign. Borgny Eidesvik Board member	Sign. Lars Eidesvik Board member	Sign. John Stangeland Board member
Sign. Synne Syrrist Board member	Sign. Lauritz Eidesvik Board member	Sign. Kristine Elisabeth Skeie Board member	Sign. Petter Lønning Board member
Sign. Jan Fredrik Meling CEO			

CORPORATE GOVERNANCE

PRINCIPLES AND VALUES FOR CORPORATE GOVERNANCE IN EIDESVIK OFFSHORE ASA

The Board of Directors of Eidesvik Offshore ASA (the "Company") shall ensure that the Company comply with the "Norwegian Code of Practice for Corporate Governance" of October 17, 2018. The Group's compliance with, and any deviations from the code of practice must be commented by the Board in relation to every point in the Norwegian Code of Practice for Corporate Governance, and made available to the Company's stakeholders along with the annual report.

The purpose of the guidelines for corporate governance in Eidesvik Offshore ASA is to clarify the roles between shareholders, General Meeting, the Board and executive management exceeding what is evident by legislation.

The principles and core values for corporate governance in Eidesvik Offshore ASA are set out in the following documents (complete documents are available from the Company's website at www.eidesvik.no):

- The Board's annual report for the Company's corporate governance.
- Articles of Association of Eidesvik Offshore ASA of May 23, 2019.
- Instructions for the Board of Directors.
- Instructions for CEO.
- Guidelines for planning and budgeting.
- The Company's core values and ethical guidelines.
- The Company's guidelines for social responsibility.
- Guidelines for handling price-sensitive information and insider trading.
- Guidelines for determination salaries and other remuneration to management.
- Guidelines for use of the auditor as an advisor to the Company.
- Guidelines for information from the Company.

The Company shall be based on open interaction and coordination between the Company's shareholders, Board and management, as well as other stakeholders such as employees, customers, suppliers, creditors, public authorities and society in general.

The Company's core values and ethical policy are set out in "Ethical guidelines and core values for Eidesvik Offshore ASA", and its social responsibility policy is covered by the "Human rights policy" and "Environmental policy".

COMMENT: *No deviations from the Norwegian Code of Practice for Corporate Governance.*

Business

The Company's business is described in Article 3 of its Articles of Association. The Board determines the Group's overall goals, strategy and risk profile. The strategic plan is revised annually. The mission statement in the Articles of Association and the Company's goals and strategies are set out in the Annual Report, which is also published on the Company's website at www.eidesvik.no.

COMMENT: *No deviations from the Norwegian Code of Practice for Corporate Governance.*

Equity and dividends

The Board shall ensure that the Company holds equity commensurate with the risk from and scope of the Company's operations, cf. "Instructions for the Board of Directors".
The Board's authorisation to increase the share capital and to purchase own shares is restricted to defined purposes, and is normally not given for a longer period than until the next ordinary general meeting.
The Board determines the Company's dividend policy, and presents this with its proposed dividend to the Company's General Meeting.

COMMENT: *No deviations from the Norwegian Code of Practice for Corporate Governance.*

Equal treatment of shareholders and transactions with close associates

Eidesvik Offshore ASA has only one class of shares.
In the event of an increase in share capital, the principle of equal rights for all shareholders to buy shares applies.
Own shares are bought on the stock exchange at market value. For transactions between companies of the Group, there are guidelines in "Instructions for the Board of Directors".
For significant transactions between the Company and shareholders, board members, senior executives or persons related to them, an independent valuation must be obtained. This does not apply when the General Meeting is to discuss the matter according to the provisions of the Public Limited Liability Companies Act. The same applies to transactions between companies in the Group where there are minority shareholders.
The instructions for the Board, the instructions for the CEO, and the ethical guidelines have rules for impartiality.

COMMENT: *No deviations from the Norwegian Code of Practice for Corporate Governance.*

Shares and negotiability

The shares in the Company are listed and freely negotiable. The Articles of Association do not impose any form of restriction on negotiability.

COMMENT: *No deviations from the Norwegian Code of Practice for Corporate Governance.*

General Meetings

The notice of and procedure for the Company's General Meeting follow the regulations given by the Public Limited Liability Companies Act with regard to contents and deadlines. The registration deadline is set as close to the meeting as practicable. Shareholders who are unable to attend may vote by proxy.
Notice of the meeting, proposed resolutions, proxy forms, other case documents and information on shareholders' right to raise matters at the General Meeting are made available at the Company's website as soon as they are present.
The Board and the chair of the General Meeting must arrange for the general meeting to vote for each candidate nominated for election to corporate bodies.
The minutes of the General Meetings are made available on the Company's website as soon as possible.

COMMENT: *Deviates from the Norwegian Code of Practice for Corporate Governance in that the Chairman of the Board and the auditor attend the General Meeting, but not the entire Board. By overall assessment, it is not considered necessary for all Board members to attend the General Meeting. The General Meeting complies with the rules in the Public Limited Liability Companies Act, and the Board has not established separate procedures for chairing the General Meeting.*

Nomination committee

The Board has resolved to propose to the General Meeting that a nomination committee is established for the Company. The Nomination Committee shall make proposals for election of Board Members and members of the Nomination Committee to the General Meeting. The Nomination Committee shall consist of three to five members. The General Meeting may adopt guidelines for the Nomination Committee. Corresponding changes to the Company's bye-laws have been proposed.

COMMENT: *Currently the Company's practice deviates from the Norwegian Code of Practice for Corporate Governance in that Eidesvik Offshore ASA does not have a nomination committee. The reason is that a nomination committee has not been deemed useful with the current share structure where the main owner holds more than 50% of the shares. Should the General Meeting adopt the proposal to establish a nomination Committee, there will be no deviations from the Norwegian Code of Practice for Corporate Governance.*

Board of Directors: composition and independence

The composition of the Board of Directors of Eidesvik Offshore ASA is made to safeguard the interests of shareholders and the Company's need for competence, capacity and diversity. Every effort is made to ensure that the Board can function well as a collegial body.
The Board is composed in such a way that it can act independently of special interests.

The majority of the members elected by shareholders are independent of the Company's executive management and major business associates.
At least two of the members elected by shareholders are independent of the Company's main shareholders.
Representatives of the executive management are not members of the Board.
The Chairman is elected by the General Meeting, as the Company does not have a corporate assembly.
The Board members are elected for two years at a time. In the Annual Report, the Board provides details of the Board members' competence and capacity, as well as which Board members are considered to be independent.

The provisions of the Limited Liability Companies Act on employees' right to representation on the Board and the corporate assembly were changed in Norway in 2018 to include companies engaged in international shipping, if the employees request representation. In 2019 the Board of Directors of Eidesvik Offshore ASA was approached by employees seeking representation at the Company's Board. A change of the Company's Articles of Association was resolved by the Annual General Meeting in 2019. The Board was pleased that the Company's employees wanted to contribute to the work of the Board. The Company entered into an agreement with four groups of employees after the Annual General Meeting, which gave the employees the right to elect a Board member and a deputy member.
Board members are encouraged to own shares in the Company.

COMMENT: *Deviates from the Norwegian Code of Practice for Corporate Governance in that the Chairman is elected by the General Meeting. The reason is that the Company does not have a corporate assembly. There is also no mention in the annual report of attendance at Board meetings. This is not considered relevant as it is entirely exceptional that directors are not present either physically or by telephone.*

The work of the Board of Directors

A separate instruction for the Board of Directors of Eidesvik Offshore ASA has been prepared.

COMMENT: *No deviations from the Norwegian Code of Practice for Corporate Governance.*

Risk management and internal control

According to the instruction for the Board of Directors of Eidesvik Offshore ASA, the Board ensures that the Company has good internal control and appropriate systems for risk management. The Board receives monthly status reports on Company operations, including consolidated accounts with deviation analyses and liquidity forecasts.

COMMENT: *No deviations from the Norwegian Code of Practice for Corporate Governance.*

Remuneration of the Board of Directors

The remuneration of the Board is determined by the General Meeting and does not depend on results. Information on remuneration is given in the annual report.

COMMENT: *No deviations from the Norwegian Code of Practice for Corporate Governance.*

Remuneration of executive personnel

The Board has adopted guidelines for remuneration for executives stating the main principles of the Company's executive remuneration policy. This is submitted annually to the General Meeting.

COMMENT: *No deviations from the Norwegian Code of Practice for Corporate Governance.*

Information and communications

The Board has adopted guidelines for the Company's contact with shareholders outside the General Meeting. These are set out in the Board's annual report. The Company publishes a financial calendar each year, and all interim reports and results presentations are published on the Company's website and the Oslo Stock Exchange.

COMMENT: *No deviations from the Norwegian Code of Practice for Corporate Governance.*

Take-overs

The Board has not prepared guiding principles for how to act in the event of a takeover bid.

COMMENT: *Deviations from the Norwegian Code of Practice for Corporate Governance. This is because, with the current composition of shareholders, a takeover is not considered likely without the main owner working in close cooperation with the Board.*

Auditor

The Board has an annual plan for the audit and the auditor’s attendance at Board meetings. This is to give the Board a good insight into the auditor’s work, and to benefit from the auditor’s knowledge and competence in connection with the Board’s discussion of the annual accounts.

COMMENT: *No deviations from the Norwegian Code of Practice for Corporate Governance.*

HSEQ REPORT FOR 2019

INTRODUCTION

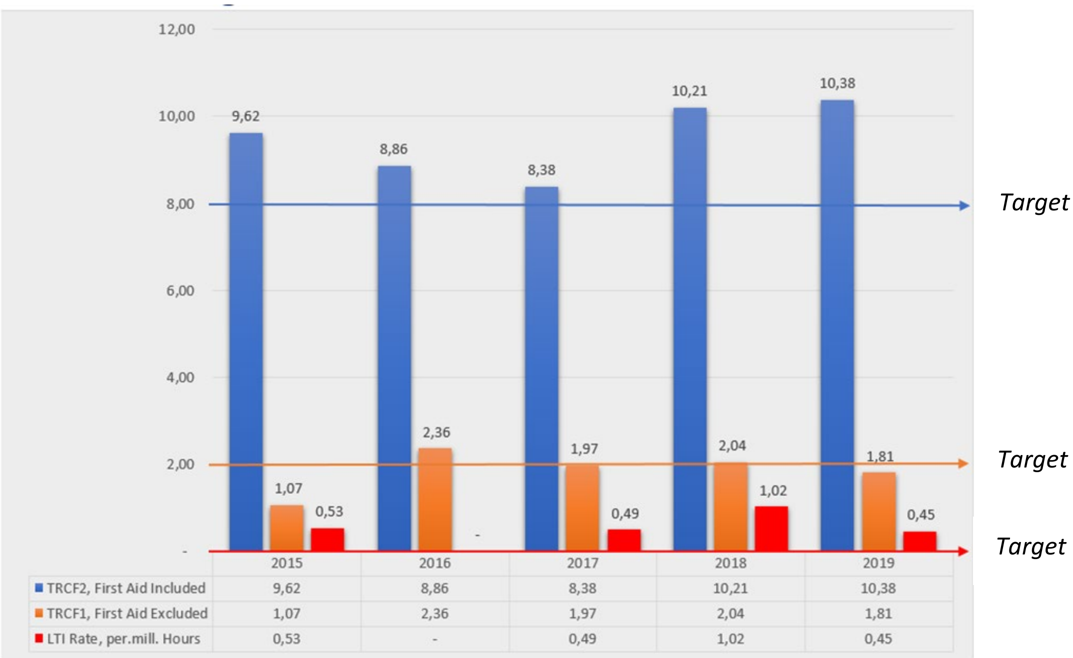
The quality and safety system “Eidesvik Management System” is certified by DNV GL to meet the requirements of the ISM Code, ISO 9001:2015, ISO 14001:2015, MLC 2006 and the ISPS Code.

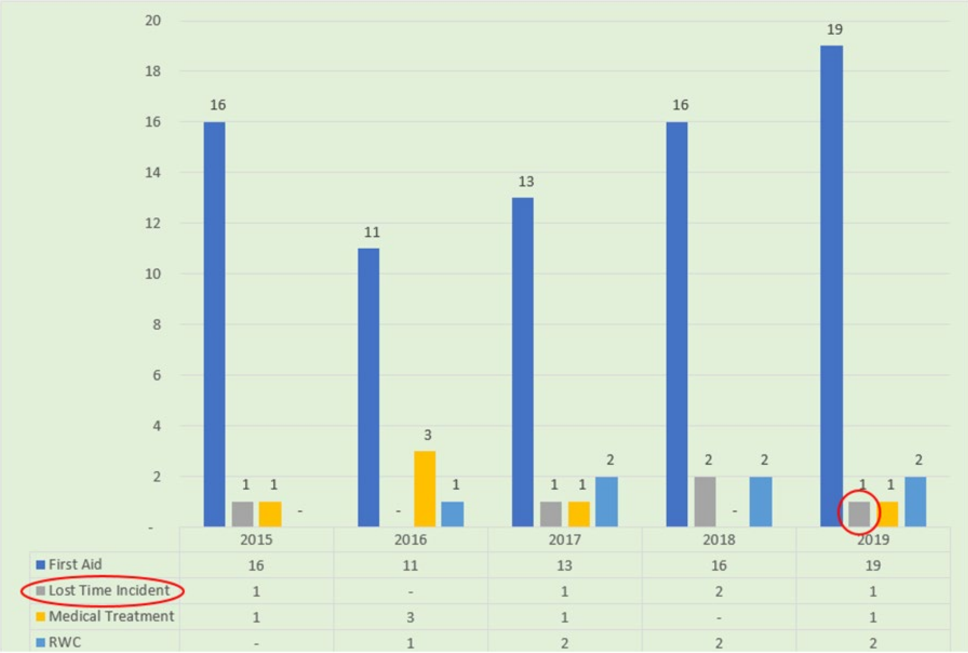
Eidesvik’s activities are guided by a main goal of zero injuries to personnel and no damages to the environment and assets. The priority tasks to achieve this goal are to maintain a constant focus on compliance with and awareness of the “Eidesvik Management System” (“EMS”), including “basic safety rules”. Good working environments are established at all vessels, with focus on awareness and monitoring of environmental aspects identified by Eidesvik. Throughout 2019, the EMS project has been running for “Simplified and improved safety management”, and all of our operational vessels are using updated manuals for bridge, deck, engine, galley and crane operations as applicable, with very good feedback from employees. Some procedures for onshore office are outstanding. Revisions are continuously ongoing, where new procedures required are implemented once approved.

Eidesvik has prepared an annual HSEQ program that specifically addresses future focus areas, including “Key Performance Indicators” (“KPIs”). The KPIs are communicated to all vessels and departments. Eidesvik focuses on a strong commitment to the HSEQ program in order to achieve the goals within the various areas. The guiding documents are continuously evaluated in order to ensure optimal and functioning operating procedures for the employees both offshore and onshore.

Eidesvik had one lost time incident in 2019. The injured person returned to duty at the next service period.

The statistic below illustrates the number of personal injuries per million working hours over the last 5 years.





Emphasising the analysis of causal relations and underlying causes are important as a basis for transferring experiences to other vessels within Eidesvik. Focusing on operations and compliance with the EMS are important accompanying measures. In addition to preventing injuries, we also focus on the following actions:

- Focus on “safety observations” reporting method, especially proactive reports. This has contributed to an increase in reporting. Reports are reviewed at safety meetings on board. In 2019, 4,417 “safety observations” were reported; whereof 42% was proactive. This constitutes a large percentage of the total number of reports in the HSEQ field.
- Extensive use of risk analysis. All vessels and office are analysing tasks/jobs to avoid accidents/ injuries, and any hazards are highlighted and actions are implemented to reduce and/or remove the hazards. In 2019, 668 new and/or revised risk analysis were done.
- By holding “Tool Box Talk” meetings (“TBT”), this help us to avoid accidents and injuries. The people executing the jobs are also doing the planning and receive information on potential hazards in connection with the job. Total number of TBT in 2019 was 12,587.
- Work on board is performed according to a “Permit to Work” system (“PTW”). This help us to avoid accidents and injuries. Everyone needs to obtain permission from the vessel’s management before performing jobs that could cause a risk to personnel, environment and vessel.

Incident reporting

In 2019, 781 incident reports in all categories were logged. In addition, 513 experience transfer reports were submitted from vessels. The office issued 99 experience feedback report to vessels. The incident, transfer of experience and experience feedback reports are a positive foundation for learning and implementing specific actions with regard to incidents and suggestions for improvements. A good and healthy culture for reporting enables the administration to identify developments and trends within specific operations or tasks. This is used to improve areas in order to prevent incidents from recurring. Reporting of incidents has a preventive effect, and the company has a strong focus on this.

Quality

Our goal is to provide services of a quality that exceeds the customer’s expectations, and we follow up on surveys of customer satisfaction from every vessel and crew. Quality is to do the job right first time.

WORK ENVIRONMENT ACTIONS

In 2019, Eidesvik continued the work regarding follow up on absence due to illness, as well as developing Eidesvik as an “Inclusive Working Life” (“IWL”) organisation. Eidesvik extended the agreement as an IWL organisation in 2019. The feedback on these actions has proven to be very positive. Various actions have been implemented, focusing on both the physical and the psycho-social working environment.

The Company’s occupational health service has performed internal health inspections on board several vessels and the office. Eidesvik is the only shipping company in Norway with its own occupational health service, which is free of cost to all employees and their families.

All the vessels and the office are equipped with defibrillators.

SICK LEAVE

Absence due to illness in 2019 was 5.4 %. This is a 1.1pp increase from 2018 (4.3 %).
Eidesvik has high focus on preventive actions and closer follow-up from company and management in order to increase attendance at work. Employees have also been enabled to subscribe to private health services, as well as cover for physiotherapy. Eidesvik’s occupational health service is an important support in these efforts.

EXTERNAL ENVIRONMENT

The overview below shows an extract from our environmental accounts for 2019 related to the vessels' consumption and emissions by categories:

TYPE OF RAW MATERIAL	AMOUNT CONSUMED	ENVIRONMENTAL IMPACT
Marine diesel	31,126 tonnes	CO2, NOX, and SO2
Natural gas	5,000 tonnes	CO2, NOX
Lubricating oil	309,660 litres	CO2, NOX, and SO2
Coolant	754 kg	Small
Bilge water separated	2,300,000 litres	None
Bilge water delivered onshore	79,000 litres	None
Food waste	44,129 kg	None
EMISSIONS TO THE AIR		
CO2	107,832 tonnes	Greenhouse gas
NOX	1,576,096 kg	Particle pollution
SOX	51,769 kg	Greenhouse gas

TYPE	AMOUNT DELIVERED ONSHORE	PROCESSING/EFFECT
Paper and cardboard	15,167 kg	Recycled
Wood	7,765 kg	Recycled
Metal	16,373 kg	Recycled
Plastic	13,590 kg	Recycled
Glass	3,584 kg	Recycled
Sludge	388 M3	Recycled
Batteries	4,489 kg	Recycled
Oil barrel/drum	6,645 pcs	Recycled
Special waste	96 kg	Special processing
Incinerator ash	2,391 kg	Special processing
Paint	575 kg	Special processing
First aid equipment/medication	17 kg	Special processing
Cooking oil	3,060 kg	Recycled
Electrical waste	5,077 kg	Recycled

Minor spills reported:

Hydraulic oil	80 litres	Negligible environmental impact

The most important actions to reduce emission to the external environment:

TYPE	ENVIRONMENTAL IMPACT	ACTIONS
Exhaust gas	Air pollution	Install gas machines Install exhaust catalyst Rebuild machines Latest generation of equipment, bilge Adaptive autopilot Polishing of propellers Logistics optimization Optimise use of engines Optimise trimming of vessels Improve maintenance Install battery technology Installing shore power connection
Incinerator	Air pollution	Increase delivery to shore Improve maintenance Improve design
Boiler	Air pollution	Improve maintenance Upgrades
Oil and chemicals	Pollution of the sea	Improve maintenance/routines Practices in cleaning oil spills
Ballast water	Pollution of the sea	Install cleaning system for ballast water in new vessels according to future IMO requirements

The focus on eco-friendly emissions continues on the Group's new vessels and on existing vessels in collaboration with the charterers.

The Company continues the program for optimizing operations in order to reduce the consumption of fuel and energy. The programme is called EEEP (Eidesvik Energy Efficiency Programme)/blue:E.

DECLARATION BY THE BOARD OF DIRECTORS AND CEO

The Board and the CEO have today reviewed and approved the annual report and the consolidated annual accounts and notes for Eidesvik Offshore ASA as at December 31, 2019, and for the year 2019, including consolidated comparative figures as at December 31, 2018, and for the year 2018.

The annual accounts are submitted in accordance with the requirements of IFRS as adopted by the EU and additional Norwegian requirements in the Securities Trading Act

The Board's and CEO believe that the annual accounts for 2019 have been prepared in accordance with applicable accounting standards, and that the information in the accounts gives a true picture of the Group's assets, liabilities, financial position and overall performance as at December 31, 2019, and December 31, 2018. To the best of the Board's and CEO's knowledge, the director's report gives a true view of important events during the accounting period and their influence on the annual accounts. To the best of the Board's and CEO's knowledge, the description of the most important risk and uncertainty factors the business is facing in the next accounting period, as well as the description of significant transactions with related parties, gives a true account.

Bømlo, April 29, 2020

Sign. Kolbein Rege Chairman of the Board	Sign. Borgny Eidesvik Board member	Sign. Lars Eidesvik Board member	Sign. John Stangeland Board member
Sign. Synne Syrrist Board member	Sign. Lauritz Eidesvik Board member	Sign. Kristine Elisabeth Skeie Board member	Sign. Petter Lønning Board member
Sign. Jan Fredrik Meling CEO			

CONSOLIDATED STATEMENT OF PROFIT AND LOSS
(NOK 1,000)

	Note	2019 1.1-31.12	2018 1.1-31.12
Charter income		632,862	478,725
Other income	5	48,697	10,504
Total operating income	4	681,559	489,229
Payroll expenses	11	310,409	265,254
Other operating expenses	6	127,962	127,057
Total operating expenses		438,371	392,310
Operating profit before depreciation and impairment		243,188	96,919
Depreciation	12	228,267	218,883
Impairment of tangible fixed assets	12	569,700	0
Operating profit before profit from joint ventures		-554,778	-121,965
Profit from joint ventures	7	-10,510	-54,358
Operating profit		-565,289	-176,323
Financial income	8	17,089	24,860
Financial expenses	8	-132,306	-109,711
Net currency gain/loss	8	-8,204	-55,798
Net financial items		-123,421	-140,649
Profit/loss before taxes		-688,710	-316,972
Tax income (expense)	9	-1,563	347
Profit/loss for the year		-690,273	-316,625
Attributable to:			
The parent company's shareholders		-598,923	-283,244
Non-controlling interests	7	-91,350	-33,381
Profit/loss for the year		-690,273	-316,625
Earnings per share	10	-9.64	-4.83
Diluted earnings per share	10	-9.64	-4.83

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
(NOK 1,000)

	Note	2019 1.1-31.12	2018 1.1-31.12
Statement of comprehensive income			
Profit/loss for the year		**-690,273**	**-316,625**
Items that will not be reclassified via profit/loss in later periods			
Actuarial gains/losses		**1,042**	**5,494**
Items that will be reclassified via profit/loss in later periods			
Translation differences joint ventures	7	**-6,120**	**15,083**
Total comprehensive income for the year		**-695,352**	**-296,048**
Attributable to:			
The parent company's shareholders		**-604,002**	**-262,667**
Non-controlling interests		**-91,350**	**-33,381**
Total comprehensive income for the year		**-695,352**	**-296,048**

CONSOLIDATED STATEMENT OF BALANCE SHEET
(NOK 1,000)

	Note	31.12.2019	31.12.2018
Assets			
Non-current assets			
Vessels	12	**2,107,637**	**2,809,019**
Buildings, land and other operating assets	12	**20,277**	**21,125**
Financial derivatives	23	**538**	**0**
Right-of-use asset	22	**59,963**	**0**
Investments in joint ventures	7	**159,520**	**440,999**
Shares	21	**1,720**	**1,720**
Other non-current receivables	13	**96,857**	**106,121**
Total non-current assets		**2,446,513**	**3,378,984**
Current assets			
Accounts receivable	14	**155,559**	**160,100**
Derivatives	23	**724**	**0**
Other current assets	15	**84,312**	**45,887**
Cash and cash equivalents	16	**408,319**	**515,605**
Total current assets		**648,914**	**721,592**
Assets held for sale	7, 27	**264,848**	0
Total assets		**3,360,275**	**4,100,576**

CONSOLIDATED STATEMENT OF BALANCE SHEET
(NOK 1,000)

	Note	31.12.2019	31.12.2018
EQUITY AND LIABILITIES			
Equity			
Equity attributable to the Company's shareholders:			
Share capital	17	**3,108**	**3,108**
Share premium fund		**177,275**	**177,275**
Other paid-in equity		**629**	**629**
Other reserves		**-29,034**	**-30,076**
Translation differences		**106,712**	**112,832**
Other equity		**563,064**	**1,161,987**
Total equity majority shareholders		**821,753**	**1,425,755**
Non-controlling interests		**-92,280**	**-930**
Total equity		**729,474**	**1,424,825**
Liabilities			
Non-current liabilities			
Interest-bearing debt	20	**2,341,326**	**2,416,515**
Lease liabilities	22	**57,923**	**0**
Derivatives	23	**8,062**	**2,147**
Pension liabilities	18	**6,833**	**12,648**
Total non-current liabilities		**2,414,143**	**2,431,310**
Current liabilities			
Interest-bearing debt	20	**105,314**	**105,656**
Derivatives	23	**4,150**	**1,074**
Lease liabilities	22	**3,256**	**0**
Accounts payable		**20,716**	**32,436**
Tax payable	9	**790**	**704**
Other current liabilities	19	**82,433**	**104,571**
Total current liabilities		**216,658**	**244,440**
Total liabilities		**2,630,801**	**2,675,751**
Total equity and liabilities		**3,360,275**	**4,100,576**

Bømlo, April 29, 2020

Sign.
Kolbein Rege
Chairman of the Board

Sign.
Borgny Eidesvik
Board member

Sign.
Lars Eidesvik
Board member

Sign.
John Stangeland
Board member

Sign.
Synne Syrrist
Board member

Sign.
Lauritz Eidesvik
Board member

Sign.
Kristine Elisabeth Skeie
Board member

Sign.
Petter Lønning
Board member

Sign.
Jan Fredrik Meling
CEO

CONSOLIDATED STATEMENT OF CASH FLOW

(NOK 1,000)

	Note	2019 1.1-31.12	2018 1.1-31.12
Cash flow from operations			
Payments from customers		651,110	452,955
Payment to suppliers, employees and others		-532,246	-410,540
Payments from reimbursement scheme, Norwegian seamen		45,267	51,816
Interest received/paid		3,748	-2,414
Net paid and refunded taxes		-236	-276
Net cash flow from operating activities		167,642	91,541
Cash flow from investment activities			
Insurance settlements received		3,714	2,825
Received long-term receivables	13	37,590	18,355
Purchase of tangible fixed assets	12	-95,737	-60,124
Net cash flow from investment activities		-54,433	-38,944
Cash flow from financing activities			
Issuance of share capital	17	0	148,875
Repayment of debt to JV		-21,000	0
Instalment financial lease	22	-3,256	0
Repayment of debt	20	-93,742	-134,711
Paid interest	20	-106,832	-107,092
Net cash flow from financing activities		-224,831	-92,927
Currency gain/loss on cash and cash equivalents		4,336	-1,504
Net increase (decrease) in cash and cash equivalents		-107,285	-41,835
Cash and cash equivalents at start of period	16	515,605	557,440
Cash and cash equivalents at end of period	16	408,319	515,605

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
(NOK 1,000)

	Majority share							Minority share	Total equity
Note	Share capital	Premium fund	Other reserves	Other paid-in equity.	Transl. diffs.	Other equity	Total		
Equity at 01.01.2018:	1,508		-37,982	629	97,750	1,447,650	1,509,554	32,452	1,542,006
Profit/loss for the year	0	0	0	0	0	-283,244	-283,244	-33,381	-316,625
Share issue *	1,600	177,275	0	0	0	0	178,875	0	178,875
Liquidation of defined-benefit pension scheme in Eidesvik AS (posted via OCI in 2016 and 2017) **	0	0	2,413	0	0	-2,413	0	0	0
Currency translation differences	0	0	0	0	15,083	0	15,083	0	15,083
Actuarial gain/loss	0	0	5,494	0	0	0	5,494	0	5,494
Total comprehensive income 2018	1,600	177,275	7,907	0	15,083	-285,657	-83,792	-33,381	-117,173
Equity at 31.12.2018	3,108	177,275	-30,076	629	112,832	1,161,987	1,425,755	-930	1,424,825
Profit/loss for the year	0	0	0	0	0	-598,923	-598,923	-91,350	-690,273
Share issue *	0	0	0	0	0	0	0	0	0
Liquidation of defined-benefit pension scheme in Eidesvik AS (posted via OCI in 2016 and 2017) **	0	0	0	0	0	0	0	0	0
Currency translation differences	0	0	0	0	-6,120	0	-6,120	0	-6,120
Actuarial gain/loss	0	0	1,042	0	0	0	1,042	0	1,042
Total comprehensive income 2019	**0**	**0**	**1,042**	**0**	**-6,120**	**-598,923**	**-604,001**	**-91,350**	**-695,352**
Equity at 31.12.2019	**3,108**	**177,275**	**-29,034**	**629**	**106,712**	**563,065**	**821,753**	**-92,280**	**729,474**

* A private placement was completed in Q1 2018, with conversion of shareholder loans and a subsequent offer. See Note 20 for further information.
** The defined-benefit pension scheme was discontinued for most of onshore employees in December 2015 (Eidesvik AS). This was replaced with a defined-contribution scheme from December 31, 2015. As of December 31, 2019, there are no employees in Eidesvik AS on the defined-benefit scheme.

NOTES TO THE CONSOLIDATED ACCOUNTS

Note 1

Eidesvik Offshore ASA (the Company) and its subsidiaries (collectively the Group) offer services within the maritime sector. The Group operates in several segments where the main segments are seismic, subsea and platform supply vessel services. The Group's vessels are located across large parts of the world.

Eidesvik Offshore ASA is a public limited company registered in Norway and headquartered at Langevåg in Bømlo municipality. Eidesvik Offshore ASA is listed at the Oslo Stock Exchange, and is subject to the provisions of the Public Limited Liability Companies Act with regards to limitations in shareholders' liability to the Company's creditors. The annual accounts were submitted by the Board on April 29, 2020 and approved for publication. The General Meeting approves the final annual accounts and is authorised to require changes to the accounts before it is approved. All amounts are presented in Norwegian kroner (NOK), and are rounded to the nearest thousand unless otherwise specified.

Information on the ultimate parent company is presented in Note 24.

Overview of Group relations:

Company	*Reg. office*	*Owner share*
Eidesvik Shipping AS	Bømlo	100%
Eidesvik AS	Bømlo	100%
Eidesvik MPSV AS	Bømlo	100%
Eidesvik Shipping International AS	Bømlo	100%
Eidesvik Subsea Vessels AS	Bømlo	100%
Eidesvik Management AS	Bømlo	100%
Eidesvik Maritime AS	Bømlo	100%
Eidesvik Neptun AS	Bømlo	74.75%
Eidesvik Neptun II AS	Bømlo	74.75%
Eidesvik Supply AS	Bømlo	80.11%
Hordaland Maritime Miljøselskap AS	Bømlo	91%
Norsk Rederihelsetjeneste AS	Bømlo	100%
Eidesvik Shipping II AS	Bømlo	100%
Eidesvik UK LTD	UK	100%
Eidesvik Shipping Mexico	Mexico	PE

Joint Ventures:

Global Seismic Shipping AS*	Bømlo	50%
CGG Eidesvik Ship Management AS*	Bergen	51%
Eidesvik Seven AS	Bømlo	50%
Eidesvik Seven Chartering AS	Bømlo	50%

Please refer to Note 7 for further information.
* The shares in Global Seismic Shipping AS and CGG Eidesvik Ship Management AS have been classified as Assets held-for-sale. The transfer to new owner was completed 8th January 2020.

In addition, the Group owns the following shares:

Simsea Holding AS	Haugesund	10.4%
Bleivik Eiendom AS	Haugesund	22.6%
Eidesvik Ghana Ltd.	Ghana	49%

The total book value of these amounts to MNOK 1.7 and is not considered material. Please refer to Note 21 for further information.

Note 2 - Accounting principles

The most important accounting principles used in the preparation of the consolidated accounts are described below. These principles are applied in the same way in all periods presented, unless otherwise stated in the description.

2.1 Main principles

The consolidated accounts of the Eidesvik Offshore Group have been prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and interpretations adopted by the International Accounting Standards Board (IASB).

The consolidated accounts have been prepared on the basis of the historical cost principle, however, it has been modified for the following: financial derivatives and financial assets classified as “fair value through the profit and loss account”, which have been valuated at fair value.

An asset is presented as short-term if it is expected to be realised within twelve months of the balance sheet date as part of ordinary operations, if it is an asset owned with purchase and sale as its main purpose, or if it is cash or cash equivalents.

Debt is presented as short-term if there is no unconditional right to postpone payment at least twelve months from the balance sheet date, or it is a debt with purchase and sale as its main purpose. Long-term debt is reclassified as short-term debt when there are 12 months left to maturity. The same applies to the first year’s repayment on long-term debt maturing within twelve months from the balance sheet date.

The accounts are prepared in accordance with IFRS. This means that the management has used estimates and assumptions that have affected assets, debt, income, expenses, and information on potential liabilities.

Cash flow statements are prepared according to the direct method.

2.2 Principles of consolidation

The consolidated accounts include parent company Eidesvik Offshore ASA and companies controlled by Eidesvik Offshore ASA. Control is obtained when the Group is exposed to, or is entitled to, variable return resulting from the Group’s involvement, and the Group is able to influence the return through its influence in the Company.

a) Subsidiaries

Subsidiaries are all entities where the Group has controlling influence on the entity’s financial and operational strategy, normally through owning more than half the voting capital. When determining whether there is controlling influence, one includes the effect of potential voting rights which can be exercised or converted on the balance sheet date. Subsidiaries are consolidated from the time control is transferred to the Group, and are excluded from consolidation when control ceases. Stocks and shares in subsidiaries are recorded at cost, and eliminated against the equity of the subsidiary at the time of takeover or establishment.

b) Joint ventures

A joint arrangement is either a joint operation or a joint venture. Companies where the Group has joint control with another party, are defined as joint ventures, as it has rights to the net assets of the arrangement. Joint ventures exist if there is 50/50 ownership, or if it is otherwise regulated so that the parties have joint control. Investments in joint ventures are recognised in accordance with the equity method.

The Group does not capitalise its share of deficits if this means that the capitalised value of the investment will be negative (including unhedged receivables on the entity), unless the Group has assumed liabilities or provided guarantees for the joint venture’s liabilities.

c) Non-controlling interests

Non-controlling interests’ (minority interests) share of the equity is shown on a separate line in the Group’s equity. Non-controlling interests include the minority share of the capitalised value of subsidiaries, including the share of identifiable added value at the time of acquisition of a subsidiary.

2.3 Segment Information

Segments are reported in the same way as for reporting to the Company’s supreme decision maker. The Board is defined as the Company’s supreme decision maker, and is responsible for allocating resources and assessment of earnings in the various segments. The Group’s reporting format is associated with business areas, secondary information associated with geographical areas is not used, as this does not make sense strategically. The three primary operating segments are divided into Supply vessels (PSV), Subsea/Wind, and Seismic. In addition to this, other activities, which includes, among other things, vessels under construction, is placed in a separate segment.

As the joint ventures are significant with regard to the core activities, gross figures from underlying companies are included in segment information.

2.4 Conversion of foreign currencies

a) Functional currency and presentation currency

The accounts of the individual entities in the Group are measured in the currency mainly used in the economic area there the entity operates (functional currency). The consolidated accounts are presented in Norwegian kroner (NOK), which is both the functional currency and the presentation currency of the parent company. In order to calculate the share of profit from joint ventures, balance sheet figures in a different currency are translated at the exchange rate of the balance sheet date, while profit and loss items are translated at the quarterly average exchange rate. Translation differences are recognised as other income or costs directly in the equity.

b) Transactions and balance sheet items

Transactions in foreign currencies are translated to the functional currency using the transaction exchange rate. Currency gain and loss occurring when paying such transactions, and when translating monetary items (assets and liabilities) in foreign currencies at year end on

the balance sheet date, are recognised. Monetary items and liabilities in other currencies are translated at the exchange rate of the balance sheet date.
Currency gains and losses are included in the income statement as “net currency gain/loss”.

2.5 Vessels, depreciation and other fixed assets
Vessels and other fixed assets are recognised at historical cost minus accumulated depreciation and write-downs.
Each part of the asset that has material share of the total cost is depreciated separately and linearly over the useful life of the asset. Components with the same useful life are depreciated as one component. The depreciation period and method are evaluated at each balance sheet date to ensure that the method and the period used correspond with the financial realities for the asset. The same applies to scrap value, which is subject to an annual assessment.

Estimated useful life:

Vessels	15-30 years
Property/fixtures	5-20 years
Equipment	3-5 years
Periodic maintenance	30-60 months
Port facilities	N/A

At the time of delivery for new vessels, an amount corresponding to the expected cost at the first ordinary classification/periodic maintenance is separated. This amount is depreciated over the period until the next docking date. Costs associated with subsequent periodic maintenance are capitalised and depreciated until the next periodic maintenance, generally over 30–60 months. Costs of ongoing maintenance and minor repairs and maintenance are expensed as they incur.

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, as follows:

Buildings	2.5-33 years
Vehicles	8-17 months

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

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 insubstance 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. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

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 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 a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of lowvalue 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. Contingent rents are recognised as revenue in the period in which they are earned.

2.6 Impairment of fixed assets
The book value of tangible fixed assets is assessed for impairment when events or changes in circumstances indicate that book value cannot be recovered. If such indications are discovered, and the book value exceeds the recoverable amount, the asset is written down to the recoverable amount, which for tangible fixed assets is the higher of expected net sales price and value in use. Value in use is calculated as the present value of future cash flows. If the reason for the impairment lapses at a later time, and the lapse can be tied to an event taking place after the impairment is recognised, the previous impairment is reversed.

2.7 Sale of vessels
Profit or loss on the sale of vessels is recorded on the line of other income.

2.8 New builds
Vessels under construction are capitalised as instalments are paid, along with costs directly associated with the construction, such as supervision, other construction costs and interest on external financing during the construction period. The capitalised value is reclassified to vessels when the vessel is delivered from the shipyard and is ready for use. Depreciation of vessels starts on the same date.

2.9 Financial assets
Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss. Fair value through other comprehensive income (OCI) is not relevant for the Group.

The Group uses derivatives such as currency contracts and interest swaps to reduce the risk associated with currency and interest rate fluctuations. The derivatives are presented as an asset with a positive value or a liability with a negative value.

a) Financial assets at fair value through profit and loss
A financial asset is classified in this category if it is acquired primarily to make a profit from short-term price fluctuations, or if the management chooses to classify it in this category. Derivatives are also classified as ‘held for trading’. Assets in this category are classified as current assets if they are held for trading or if they are expected to be realised within 12 months after the balance sheet date.

Profit or loss from changes in fair value of assets classified as “financial assets at fair value through profit and loss”, including interest income and dividends, is included in the income statement under “change in value, derivatives” in the period where they occur.

b) Financial assets at amortised cost
In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are “solely payments of principal and interest” (“SPPI”) on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model. Loans and receivables are non-derivative financial assets with fixed payments that are not traded on an active market. They are classified as current assets, unless they mature more than 12 months after the balance sheet date. In such cases, they are classified as non-current assets. Loans and receivables are classified as accounts receivable and other receivables on the balance sheet.

Ordinary acquisitions and sales of investments are recognised at the date of the transaction. All financial assets that are not recognised at fair value through profit and loss are initially recorded at fair value plus transaction costs. The exception is accounts receivable, which are recognised for the first time at the transaction price in accordance with IFRS 15, ref. IFRS 9.1.5.3. Financial assets recognised at fair value through profit and loss are recognised on acquisition at fair value and transaction costs are posted to expenses. Investments are removed from the balance sheet when the entitlement to cash flows from the investments cease, or when such entitlement is transferred and the Group has basically transferred all risk and all potential profit from ownership. Financial assets available for sale and financial assets at fair value through the profit and loss account are valuated at fair value after the first recognition. Loans and receivables are recognised at amortised cost using the effective interest method.

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.

2.10 Derivatives and hedging
The Group does not use accounting hedging, and none of the Group’s derivatives are designated hedging instruments. The Group recognises derivatives at fair value with value changes through profit/loss. The purpose of the derivatives is to secure the Group’s cash flow against fluctuations in interest and exchange rates. Refer to Note 23 for an overview of the Group’s derivatives at 31.12.2019.

2.11 Accounts receivable
Accounts receivable are measured the first time at the transaction price in accordance with IFRS 15. For subsequent measurements, accounts receivable is assessed at amortised cost determined by using the effective interest method, less provision for expected loss. The Group has chosen to apply the practical simplification approach to calculate losses on accounts receivable. The group has established a provision model that is based on historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. The group has historical had minor losses on trade receivables. See Notes 3 and 14.

2.12 Cash and cash equivalents
Cash and cash equivalents consist of cash, bank deposits, other short-term and easily negotiable investments with a maximum of three months' original maturity and overdraft facilities. In the balance sheet, overdraft facilities are included in loans under short-term liabilities.

2.13 Share capital
Ordinary shares are classified as share capital.
Expenses directly associated with issuing new shares or options with tax deductions, are recorded as reduction in received consideration in equity (premium on shares).

2.14 Accounts payable
Payables are measured at fair value at the first recognition. For subsequent measurements, payables are assessed at amortised cost determined by using the effective interest method.

2.15 Loans
Loans are recognised at the accrued amount when the loan is disbursed, less transaction costs. In subsequent periods, loans are recognised at amortised cost using the effective interest method. The difference between the disbursed loan amount (minus transaction costs) and the redemption value is recognised over the term of the loan.

When loans are renegotiated, a view is taken as to whether the renegotiated loan should be treated as a continuation of the old loan or as a new loan (IFRS 9.3.3.1-9.3.3.3). The main rule of IFRS 9.3.3.1 is that a financial liability should only be derecognised in cases where the liabilities specified in the contract have been discharged, cancelled or expired. When a company has its debts renegotiated without a change of lender, however, the old loan is derecognised and a new loan recognised if the renegotiation involves significant changes in the conditions related to the debt. If there are no significant changes, the difference between the present value of the modified cash flow and the original amortised cost is recognised through profit/loss (see Note 8).

2.16 Pension liabilities, bonus schemes and other compensation schemes for employees
a) Pension liabilities
The companies in the Group have different pension schemes. Pension schemes are mainly financed through payments to insurance companies or pension funds. The Group's pension schemes are a defined contribution scheme and defined benefit plans. A defined benefit plan is typically a pension scheme which defines a pension payment an employee will receive on retirement. Pension payments normally depend on several factors, such as age, number of years in the company, and salary.

The recognised liability associated with defined benefit plans is the present value of the defined benefits on the balance sheet date minus the fair value of the pension funds (in cases where the scheme is hedged). The pension liability is calculated annually by an independent actuary using a linear accrual method. The present value of the defined benefits is determined by discounting estimated future disbursements based on the interest on corporate bonds with high credit rating using OMF interest rates.

Changes in benefits from the pension plan are recorded as income or charged to expenses on an ongoing basis, unless the rights under the new pension scheme are conditional on the employee remaining in service for a specified period in the vesting period. In this case the cost associated with the changed benefit is amortised on a linear basis over the vesting period.

b) Bonus agreements and severance pay
In some cases, employment agreements are made which give the right to bonus in relation to fulfilment of defined financial and nonfinancial criteria, as well as agreements which give the right to severance pay if the employer terminates the employment. The Group raises provisions in cases where there is a formal obligation to make disbursements.

2.17 Provisions
The Group raises provisions for environmental improvements and legal requirements when: There is a statutory or self-imposed obligation arising from previous events, there is a strong likelihood that the obligation will have to be met in the form of a transfer of financial resources, and the size of the obligation can be estimated with a sufficient degree of reliability.

In cases where there is more than one obligation of the same nature, the probability of the obligation having to be met will be determined by assessing the group as a whole. Provisions for the Group are raised even though the probability of settlement with regard to the individual elements in the group is low.

Provisions are measured at present value of expected disbursements to fulfil the obligation. A discount rate before tax is used which reflects the current market situation and risk specific to the obligation. The increase in the obligation due to changes in time value is recorded as interest expenses.

2.18 Income and expense recognition principles
Income from the sale of goods and services is measured at fair value, net of commission, rebates and discounts. Intragroup sales are eliminated. Income is recognised as follows:

a) Sale of services
Except for the seismic fleet, most of the Group's vessels have been contracted on time charters (TC) throughout the year. This means that the charter is agreed as a lease of a vessel with crew. The charterer decides (within agreed limitations) how the vessel is to be used. The time charter lapses in periods when the vessel is not operational (is "off hire"), e.g. during repairs. The shipping company pays for the crew, supplies, insurance, repairs, administration, etc., while the charterer pays the "voyage-dependent" expenses such as bunkers, port fees and expenses for loading and unloading.

In addition to leasing the vessel, there may be agreements for additional services in the form of hiring extra crew, sale of provisions and coverage of other operating expenses.

Lease income for leasing vessels is recognised on a linear basis through the lease period. The lease period starts from the date when the vessel is at the lessee's disposal, and ends with its agreed return.

Lease of crew and payments to cover other operating expenses are recognised on a linear basis through the contract period

When a contract is cancelled, the remaining contract is recorded as income when the vessel is returned.

b) Interest income
Interest income is recognised proportionally over time in accordance with the effective interest method. When receivables are written down, the capitalised value is reduced to the recoverable amount. The recoverable amount is the estimated future cash flow discounted at the original effective interest rate. After impairment, the interest income is recognised on the basis of the original effective interest rate.

c) Dividend income
Dividend income is recognised when this has been determined by the General Meeting.

2.19 Public subsidies
Subsidies from the net pay scheme and the reimbursement scheme for seamen are recorded as a cost reduction (under "payroll expenses").

2.20 Dividends
Disbursements of dividends to the Company's shareholders are classified as debt from the date when the dividend is determined by the General Meeting.

2.21 Events after the balance sheet date
New information after the balance sheet date on the Company's financial position on that date has been considered in the annual accounts. Subsequent events that do not affect the Company's financial position on the balance sheet date, but will affect it in the future, are reported if they are significant.

2.22 Earnings per share accruing to the parent company's shareholders
The calculation of earnings per share is based on the majority share of net profit, using the weighted average outstanding number of shares through the year. The diluted earnings per share are based on the majority share of the net profit using the average outstanding number of shares and outstanding options.

2.23 Taxes
Taxes are expensed as they are incurred. The tax costs consist of tax payable and the change in deferred taxes. Deferred tax/deferred tax assets are calculated by the liability method. Deferred tax/deferred tax assets are calculated based on tax rates and tax legislation which has been adopted (or adopted for all practical purposes) on the balance sheet date, and which is assumed to be used when the deferred tax is settled. Deferred tax/deferred tax assets are calculated per tax area and is presented gross in the balance sheet.

Deferred tax assets are recognised to the extent that it is likely that there will be taxable income in the future, and that the temporary differences can be deducted from this income.

The parent company and some other companies in the Group are subject to ordinary taxation. Several companies in the Group are subject to tonnage tax, classified as an operating expense and not in accordance with IAS 12

Taxes abroad are recorded in the periods in which they are incurred. To the extent that tax is calculated on the basis of income, this is classified as an income reduction and presented together with operating income. Taxes abroad calculated on the basis of net profit are classified as tax costs.

2.24 Discontinued operations – assets and liabilities held for sale
Non-current assets (or disposal groups) are classified as 'held for sale' when the capitalised amount is mainly realised through a sales transaction, and a sale is considered highly likely. They are measured at the lower of capitalised value and fair value minus sales costs.

2.25 Changes in accounting policies
The accounting principles applied are consistent with the principles used in previous periods, except for the changes to IFRS which have been implemented by the Group in the current period.

In 2019, IFRS 16 "Leases" were implemented. The effect is described below. Apart from these, there are new standards that currently only affect the notes.

• IFRS 16 Leases
IFRS 16 Leases replaces the existing IFRS standard for leases, IAS 17 Leases. IFRS 16 lays down principles for recognition, measurement, presentation and information on leases for both parties to a lease, i.e. the customer (lessee) and the provider (lessor). The new standard requires the lessee to recognise assets and liabilities for most leases, which is a significant change from the current principles. For the lessor, IFRS 16 basically retains the same principles as IAS 17. In line with this, a lessor has to continue to classify its leases as operational or financial leases, and record these two types of leases differently. IFRS 16 is effective for accounting years starting on 1 January 2019 or later. The Group will apply the new standard from that date. The Group has chosen not to use the standard on leases with a duration of 12 months or less, and leases with low value.

Refer to Note 22 for the effect of the new standard on the balance sheet and income statement in 2019.

2.26 Significant accounting estimates and matters associated with uncertainty in estimates
Preparing accounts in accordance with applicable standards and practice requires the management to prepare estimates and make assessments that affect recorded assets and liabilities as well as information on contingent assets and latent obligations on the reporting date, including income and expenses for the reported period. The final outcomes may differ from the estimates. Some amounts included in or affecting the accounts and associated notes require estimates, which in turn mean that the Group has to make assessments with regard to values and matters which are not known at the time of preparing the accounts. A significant "accounting estimate" could be defined as an estimate which is important to giving a true picture of the Group's financial position, but is also the result of difficult, subjective and complex assessments made by the management. Such estimates are often uncertain by nature. The management reviews such estimates on an ongoing basis, based on both history and experience, but also from consultations with experts, trend analyses, and other methods which are considered relevant for each estimate. Estimates and assessments that could have a significant effect on the accounts are described below.

a) Vessels
- Economic life/useful life
The level of depreciation depends on the estimated economic life of the vessels. The estimate is based on history and experience related to the vessels which are included in the Group. The Group's main strategy is to keep the vessels until they are scrapped. However, there are ongoing evaluations where the main strategy can be deviated from when financial conditions dictate. The estimate is reviewed each year. A change in the estimate will affect depreciation in future periods.

- Residual value at the end of economic life
The level of depreciation depends on the estimated residual value on the balance sheet date. Expected residual value is based on the knowledge of scrap values for vessels. The scrap value is dependent on steel prices. The estimate of scrap value is subject to annual review.

- Impairment
On the balance sheet date, the Group has made an assessment of whether there are indications that vessels may need to be impaired. When such indications exist, the recoverable amount for the vessel is estimated, and the value of the vessel is written down to the recoverable amount.

Refer to Note 12 for more details on the principles that have been applied.

b) Leases
Recognition of leases and income
For contracts where the Group acts as a lessor, it classifies each of its leases as either an operating lease or a finance lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset. The group as a lessor does not have any finance leases.

Operating leases
For operating leases, the Group recognises lease payments as other income, mainly on a straight-line basis, unless another systematic basis is more representative of the pattern in which benefit from the use of the underlying asset is diminished. The Group recognises costs incurred in earning the lease income in other operating expenses. The Group adds initial direct costs incurred in obtaining an operating lease to the carrying amount of the underlying asset and recognises those costs as an expense over the lease term on the same basis as the rental income.

c) Pension liabilities
Determination of the liabilities under defined benefit plans is a complex area because it requires estimates for both actuarial and financial assumptions. The liabilities are also measured on the basis of present value because the benefit will be paid many years in the future. The Group's assumptions are based on recommended assumptions from the Norwegian Accounting Foundation for the Norwegian schemes. The calculation of the pension liabilities is mainly influenced by the assumed discount rate.

d) Acquisition of assets
When several assets are acquired together, their individual cost must be determined. The Group uses valuation methods and assessments from third parties to determine the fair value of each identified asset, and allocates the total cost in relation to the individual values.

e) Joint ventures
The Company has the following joint ventures:

Eidesvik Seven AS	Bømlo	50%
Eidesvik Seven Chartering AS	Bømlo	50%

These are recorded by the equity method. In

The shares in Global Seismic Shipping AS and CGG Eidesvik Ship Management AS was classified as assets held for sale on 4th June 2019 after an agreement on a term sheet for a transaction whereas CGG was contemplating to acquire Eidesvik's 50% ownership.

f) Long-term receivables
Under other non-current receivables, EIOF recorded in 2017 a receivable of MUSD 27.5 (total MNOK 235). The 2017 accounts assumed that the receivables from Global Seismic Shipping AS had a value of 45% of par. Consquently, in the accounts as at December 31, 2017, these receivables were written down by 55%. No changes have been made to this as at December 31, 2019.

If the reason for the impairment lapses at a later time, and the lapse can be tied to an event taking place after the impairment is recognised, the previous impairment is reversed. This evaluation has to be made each quarter based on an overall assessment. Refer to Note 7 for a more detailed description/analysis.

As the repayments are repaid, the impaired part of the payment will be recorded as income. Any reversal will be recorded as other financial income.

Note 3 - Financial risk management

Financial risk
The Group is exposed to a variety of financial market risk factors through its activities. Financial market risk is the risk that fluctuations in exchange rates, interest rates and charter rates will affect the value of the Group's assets, liabilities and future cash flows.

The Group's overall risk management plan focuses on the unpredictability of the capital markets and seeks to minimize the potential adverse effects on the Group's financial performance. Elements included in the management of financial risk are the contract length on charters, use of currency and interest-bearing instruments, and debt in the same currency as expected payments of charter income. The main focus for the management of currency and interest rate risk is to hedge future cash flows. The hedge positions for the cash flows are recorded at fair value with value changes through profit/loss. This exposes the accounts to fluctuations in the value of the hedging instruments for the cash flow. In Eidesvik Offshore ASA, risk management of the revenues reported in the accounts is subordinate to risk management of the cash flows.

The Group's risk management is handled by management according to guidelines from the Board.

a) Market risk
(i) Currency risk (see also Note 23)
The Group operates internationally and is exposed to fluctuations in exchange rates for several currencies. Currency risk arises from future transactions, and relates to booked assets and liabilities.

To manage the currency risk from future commercial transactions and booked assets and liabilities, the Group uses currency derivatives. The Group also, to a certain extent, have loans in the same currency as expected future income.

The Group is particularly exposed to fluctuations in USD, as it has considerable charter income but low operating costs in this currency. It seeks to reduce fluctuations with loans and currency forward contracts in the same currency. At December 31, 2019, the Group's long-term liabilities were divided between 44% NOK and 56% USD. At December 31, 2018 it was 45% NOK and 55% USD.

The Company's exposure to USD on the balance sheet date is shown in table below. The table below shows estimated change in net profit before tax in million NOK if the USD rate against NOK had been 50 øre higher/lower at December 31, 2019. The table does not reflect potential effects on impairment regarding value in use for vessels with income in USD.

	+50 øre	-50 øre
Operating profit before profit from associates and joint ventures	0,0	0,0
Profit from joint ventures	0,0	0,0
Net financial income excluding agio/disagio on long-term debt	-1,9	1,9
Agio/disagio on long-term debt	-51,0	51,0
Profit/loss for the year	-52,8	52,8
Translation difference, shares	15,0	-15,0
Total comprehensive income	-37,8	37,8

(ii) Interest rate risk (see also Note 23)
The Group's interest rate risk is related to long-term loans and deposits of surplus liquidity. Loans with floating interest rates involve a risk for the Group's cash flow. Fixed rate loans exposes the Group to fair value interest rate risk. The interest rate risk is managed by use of interest derivatives (swaps and options) within guidelines from the Board.

The effect of a change in interest rates is simulated in order to support decisions on fixed rate contracts. The simulation illustrates the cash effect of a change in interest rate based on the size of the loan and the level of current interest rate hedging. An increase of 1 percentage point in the interest rate, all else being equal, would reduce net profit before tax by MNOK 19. The Group's loans are recorded at amortised cost, and thus no change in value will occur from interest rate fluctuations.

(b) Credit risk
The Group has a concentration risk as charter contracts are signed with relatively few customers. Eidesvik's customers are mainly solid companies with good solvency. The risk of counterparties not having the financial capacity to fulfil their obligations is considered relatively low. Overdue receivables are followed up monthly. The Group has chosen to apply the practical simplification rule to calculate losses on accounts receivable. Loss provisions are raised based on historical data, adjusted for forward-looking factors specific to the debtors and the economic environment.

The following table categorises the Group's receivables according to the risk of non-recovery of outstanding amounts:

Accounts receivable	2019	2018
Group 1	**91 105**	153 273
Group 2	**16 107**	1 099
Group 3	**48 348**	5 728
Total	**155 559**	160 100

Group 1: Established customer relationship, good solvency/willingness
Group 2: New customers, possibly slow recovery
Group 3: Established customer relationship, weaker solvency/willingness

The Group has significant long-term receivables from a company classified as "Assets held for sale" per December 31, 2019. These receivables are posted in the accounts at a signficantly lower value due to provisions for counterparty risk from the company's charterer. The recorded value of the receivables was measured for revenue recognition in 2017 at less than the nominal value. This was in accordance with observable sales of securities issued by the same counterparty. The credit risk on the receivables is considered to be lower, and indications of changes in the valuation of these are assessed continuously. In 2019 and 2018 the impairment of the long-term receivables was reversed to reflect the repayments received. See Notes 5 and 13 for further information.

Maximum risk exposure is represented by the capitalised value of the financial assets, including derivatives, on the balance sheet. As the counterparties in derivatives trading are large well-known banks, the credit risk associated with derivatives is considered low.

(c) Liquidity risk
The Group aims to manage the cash flow from operations by focusing on long-term charters with little price volatility. Surplus liquidity is mainly placed in ordinary bank deposits.

The Group monitors the risk of a lack of available capital through liquidity budgets for subsequent years, as well as monthly 24-month liquidity forecasts. Longer term liquidity forecasts for up to 5 years are prepared several times per year.

See also Note 20 for information on amortisation profiles/refinancing needs for long-term liabilities.

The following table sums up the maturity profile for the Group's liabilities at December 31, 2019, based on contractual, non-discounted cash flows. Estimated interest is based on current interest and exchange rates at December 31, 2019.

Maturity statement for capitalised liabilities

	2020	2021	2022	2023	2024	Later
Loans	93 761	203 997	1 884 367	94 249	79 874	90 830
Accrued interest	11 558	0	0	0	0	0
Derivatives	3 426	3 493	4 031	0	0	0
Tax payable	790	0	0	0	0	0
Accounts payable	20 716	0	0	0	0	0
Other current liabilities	82 433	0	0	0	0	0
Pension liabilities (assumed maturity)	0	0	0	0	0	6 833
Subtotal debt items excl. market value derivatives	212 683	207 490	1 888 398	94 249	79 874	97 663
Estimated interest						
Interest payments on existing loans	101 225	96 347	84 073	8 163	4 219	3 982
Adjustment incurred 31.12.2019	-11 558	0	0	0	0	0
Subtotal assumed interest	89 667	96 347	84 073	8 163	4 219	3 982
Leases						
Leases (Note 22)	6 374	6 227	6 177	6 160	6 160	55 445
Total contractual commitments falling due	308 724	310 064	1 978 648	108 572	90 253	157 090

Risk management of capital
A primary goal for the Group is to secure long-term financing of its assets. In light of the challenging market, actions were implemented in 2017 and 2018 to strengthen the Group's liquidity and capital through the sale of vessels, repurchasing a bond loan at a discount, negotiations with creditors for reduced instalments, and raising new equity. This was implemented in order to secure the Group through a period with an expected weaker market and corresponding lower revenues. Refer to Note 20 where covenants are discussed.

Assessment of fair value
IFRS 7 requires financial instruments measured at fair value on the balance sheet date to be presented by level, with the following level classification for measuring fair value:

1) Quoted price in an active market for an identical asset or liability (level 1)
2) Valuation based on other observable factors, either directly (price) or indirectly (derived from prices) other than the quoted price (used in level 1) for the asset or liability (level 2)
3) Valuation based on factors not taken from observable markets (non-observable assumptions) (level 3)

The following balance sheet items represent financial instruments at fair value:

Balance sheet item:	Level
Derivatives	2
Cash and cash equivalents	1

Derivatives are recognised on the basis of valuations from the counterparty (mark to market).

Debts to credit institutions with floating interest rates are recognised at amortised cost, and are valued at approximate fair value. Fixed-rate loans (CIRR) are recorded at amortised cost, and the estimated value is described in Note 23. The fair value of fixed-rate loans is calculated by discounting the difference between the fixed rate and the market rate at December 31, 2019, with a duration equal to the term of the loan.

Cost is considered equivalent to fair value for the equity investments discussed in Note 21.

Note 4 - Segment information

The Group's activities are divided into strategic operating segments according to the nature of the vessels' activities. The various operating segments offer different shipping services, address partially different customer groups, and have different risk profiles. The Group is divided into the following operating segments:

a. Seismic
b. Subsea/Offshore Wind
c. Platform Supply
d. Other

The Seismic segment delivers shipping services to customers who produce seismic data, and the market has traditionally been characterised by relatively long contracts. Over the last few years this has changed to shorter term contracts for specific projects. The vessels belonging to this segment are not bound to particular geographical areas, but operate all over the world according to the customers' needs.

The Subsea segment delivers shipping services for subsea work for the oil industry. The vessels are specially adapted to tasks such as subsea inspection, maintenance, repairs and construction. Several of the Company's subsea vessels meet the requirements in the Offshore Wind market, and one vessel is currently chartered in this market.

The Supply segment delivers services to the offshore oil industry. The vessels deliver supplies to rigs, and function as part of the rig's emergency preparedness.

Transactions between segments are eliminated. These are mainly administration costs that are charged to each segment.

Long-term financial items in the Group are not allocated, as the Group's liabilities are mainly included in fleet facilities.

Short-term liabilities are allocated to the segments where possible. Items that do not belong to any of the segments is recorded under "Other".

Segment performance is assessed on the basis of operating profit, and is consistently measured against operating profit in the consolidated financial accounts.

The effect of applying IFRS 15 to the Group's revenues from contracts with customers is described in Note 2.

Operating segments

(NOK thousands)	Seismic		Subsea		Supply		Other		Consolidated	
Operating segments	**2019**	2018	**2019**	2018	**2019**	2018	**2019**	2018	**2019**	2018
Segment result										
Operating income (IFRS 15)	**66,637**	31,634	**126,807**	129,265	**181,849**	134,829	**21,200**	17,019	**396,493**	312,747
Bareboat income (IFRS 16)	**120,109**	54,083	**83,290**	77,040	**81,668**	45,359	**0**	0	**285,067**	176,482
Operating income from JV * (IFRS 15)	**0**	0	**31,258**	30,728	**0**	0	**0**	0	**31,258**	30,728
Bareboat income from JV * (IFRS 16)	**65,781**	139,649	**39,855**	46,450	**0**	0	**0**	0	**105,637**	186,099
Total operating income	**252,527**	225,366	**281,211**	283,483	**263,517**	180,188	**21,200**	17,019	**818,455**	706,056
Operating expenses	**72,796**	51,120	**134,791**	138,787	**195,087**	164,956	**35,698**	37,448	**438,372**	392,311
Operating expenses share from JV *	**4,493**	7,946	**30,838**	31,130	**0**	0	**0**	0	**35,331**	39,076
Total operating expenses	**77,289**	59,066	**165,629**	169,917	**195,087**	164,956	**35,698**	37,448	**473,703**	431,387
Depreciation	**53,339**	50,613	**88,166**	91,470	**81,449**	75,599	**5,313**	1,201	**228,267**	218,883
Depreciations share from JV *	**50,908**	131,121	**19,126**	19,227	**0**	0	**0**	0	**70,034**	150,348
Impairment on assets	**178,300**	0	**240,200**	0	**151,200**	0	**0**	0	**569,700**	0
Impairment on assets share from JV *	**0**	0	**0**	0	**0**	0	**0**	0	**0**	0
Total depreciation	**282,547**	181,734	**347,492**	110,697	**232,649**	75,599	**5,313**	1,201	**868,001**	369,231
Operating profit incl. share of the JVs *	**-107,308**	-15,434	**-231,911**	2,869	**-164,219**	-60,367	**-19,811**	-21,630	**-523,249**	-94,562
Net finance items and tax in JV *	**-30,727**	-72,444	**-9,079**	-9,317	**0**	0	**0**	0	**-39,807**	-81,761
Impairment JV **	**-2,234**	0	**0**	0	**0**	0	**0**	0	**-2,234**	0
Operating profit	**-140,269**	-87,878	**-240,990**	-6,448	**-164,219**	-60,367	**-19,811**	-21,630	**-565,289**	-176,324
Net financial items									**-123,421**	-140,649
Tax costs									**-1,563**	347
Profit/loss for the year									**-690,273**	-316,626

In 2019, the Seismic segment had an impairment of MNOK 178.3, the Subsea segment MNOK 240.2 and the Supply segment NOK 151.2. No impairments on vessels in 2018.

*) For shares in joint ventures, the figures in the table are included with the share corresponding to the Group's ownership interest. The result of the joint venture Global Seismic Shipping AS includes the Group`s share until May 31, 2019. Refer to Note 7 and 27.
**) Impairment of the shares in Global Seismic Shipping AS in 2019 with MNOK 2.2 to the agreed put option value on MUSD 30. Refer to Note 7 and 27.

(NOK thousands)	Seismic		Subsea		Supply		Other		Consolidated	
Operating segments	**2019**	2018	**2019**	2018	**2019**	2018	**2019**	2018	**2019**	2018
Segment assets	**326 029**	527 162	**1 193 863**	1 515 878	**766 218**	811 477	**241 478**	289 454	**2 527 587**	3 143 972
Proportion of assets in JV *	**0**	1 811 475	**416 936**	390 917	**0**	0	**0**	0	**416 936**	2 202 392
Unallocated assets (cash)	**0**	0	**0**	0	**0**	0	**0**	0	**408 319**	515 605
Assets held for sale	**264 848**	0	**0**	0	**0**	0	**0**	0	**264 848**	0
Total consolidated assets	**590 877**	527 162	**1 193 863**	1 515 878	**766 218**	811 477	**241 478**	289 454	**3 200 755**	3 659 577
Assets incl. share of JV *	**590 877**	2 338 638	**1 610 799**	1 906 795	**766 218**	811 477	**241 478**	289 454	**3 617 691**	5 861 969
Segment current liabilities (excl. mortgage de	**-18 969**	-16 088	**-6 090**	-13 571	**-1 151**	-4 295	**-96 693**	-117 254	**-122 903**	-151 208
Proportion of debts from JV *	**0**	-1 517 926	**-257 416**	-243 467	**0**	0	**0**	0	**-257 416**	-1 761 394
Segment mortgage debt and other long-term liabilities	**-466 362**	-490 182	**-1 113 472**	-1 131 218	**-854 260**	-887 393	**-73 805**	-15 749	**-2 507 898**	-2 524 543
Total liabilities incl. share of JV *	**-485 331**	-2 024 196	**-1 376 978**	-1 388 256	**-855 411**	-891 688	**-170 497**	-133 004	**-2 888 217**	-4 437 144
Investments in non-current assets (excl. periodic maintenance)	**26 355**	687	**13 388**	1 370	**4 019**	5 683	**753**	1 233	**44 515**	8 972
Gross sales of non-current assets	**0**	0	**0**	0	**0**	0	**0**	0	**0**	0

*) For shares in joint ventures, the amounts in the table are included in proportions equal to the Group's ownership interest.

Information on large customers
The majority of the Group's income is earned from a small number of large customers. The table below shows the total operating income from all customers representing more than 10% of the Group's operating income. The amounts are distributed by segments. Shares from joint ventures are included, and the group Global Seismic Shipping AS is represented with figures per May 31, 2019.

Operating segments	Seismic		Subsea/Offshore Wind		Supply	
	2019	**2018**	**2019**	**2018**	**2019**	**2018**
Customer 1			**82 755**	82 616		
Customer 2					**130 960**	67 151
Customer 3	**91 756**	63 672	**71 026**	59 262		
Customer 4			**71 114**	77 178		
Customer 5			**68 676**	55 466		
Customer 6	**43 793**	132 975				
Customer 7					**78 770**	0
Total operating income large customers	**135 550**	196 647	**293 571**	274 522	**209 731**	67 151

Secondary segments are not reported. The Seismic, Subsea/Offshore Wind and Supply business segments are the only groups reported internally. Although the vessels in the Seismic and Subsea segments operate in various parts of the world, this is mainly a consequence of the customer's preferred areas of operation, not necessarily a decision on a geographical focus area. Presenting geographical areas for these segments is considered misleading. For the Supply segment, all operations in 2018 and 2019 are in just one geographical area defined as Europe. Secondary segmentations is therefore omitted.

The performance obligations for time charter income is satisfied over time, hence the group have not any contract assets or contract liabilities, as of December 31, 2019.

Note 5 - Other income

(NOK thousands)	**2019**	2018
Termination fee Viking Vanquish	**38 554**	0
Reversal of previous write-downs on repayments related received related to receivables from JVs	**10 143**	10 504
Other income	**48 697**	10 504

In June 2019, Eidesvik and CGG agreed to terminate the bareboat contract for the seismic vessel Viking Vanquish, which would expire in November 2020, with immediate effect. As a consequence, the remaining revenue under the bareboat contract was recorded in the period by MNOK 38.6. Termination fees from CGG were mainly agreed to follow the original bareboat contract.

Other income of MNOK 10.1 (10.5) is related to the reversal of previous impairments on repayments received against the claim against Oceanic Seismic Vessels AS; see first paragraph.

Note 6 - Other operating expenses

(NOK thousands)	**2019**	2018
Technical operation of vessels	**89 720**	80 853
Insurance	**10 936**	10 228
Communication costs	**8 340**	9 427
Administrative costs	**18 965**	26 519
Other expenses	**0**	30
Other operating expenses	**127 962**	127 057

Technical operation includes regular operating expenses and maintenance of the Group's vessels. Classification costs are capitalised and depreciated until the next classification, and are thus not shown as other operating expenses.

Administrative expenses consist mainly of travel, consultancy, legal, audit, leasing and other office expenses.

Auditor:

(NOK thousands)	**2019**	2018
Statutory audit	**1 837**	1 454
Other financial audit	**410**	131
Tax advice	**265**	197
Financial advice	**28**	12
Total audit	**2 540**	1 794

The auditor's fees are presented excluding VAT.

Note 7 - Investments in joint ventures and associated companies with minority interests

(NOK thousands)

The Eidesvik Offshore ASA Group has the following investments in joint ventures:

Entity	Country	Industry	Ownership/ voting share	Book value 31.12.2018	Share of profit 2019	Translation differences	Dividends	Addition / disposal	Assets held for sale (*)	Book value 31.12.2019
Global Seismic Shipping AS (consolidated)	Norway	Shipping	50,0 %	292 110	-22 580	-6 120	0	0	-263 409	**0**
CGG Eidesvik Ship Management AS	Norway	Ship manager	51,0 %	1 439	0	0	0	0	-1 439	**0**
Eidesvik Seven AS	Norway	Shipping	50,0 %	135 144	10 895	0	0	0	0	**146 039**
Eidesvik Seven Chartering AS	Norway	Shipping	50,0 %	12 306	1 175	0	0	0	0	**13 481**
Total				**440 998**	**-10 510**	**-6 120**	**0**	**0**	**-264 848**	**159 520**

Entity	Country	Industry	Ownership/voting share	Book value 31.12.2017	Share of profit 2018	Translation differences	Dividends	Addition / disposal	Asset held for sale	Book value 31.12.2018
Global Seismic Shipping AS (consolidated)	Norway	Shipping	50,0 %	348 888	-71 862	15 083	0	0	0	292 110
CGG Eidesvik Ship Management AS	Norway	Ship manager	51,0 %	1 439	0	0	0	0	0	1 439
Eidesvik Seven AS	Norway	Shipping	50,0 %	114 700	20 444	0	0	0	0	135 144
Eidesvik Seven Chartering AS	Norway	Shipping	50,0 %	15 254	-2 948	0	0	0	0	12 306
Total				**480 281**	**-54 366**	**15 083**	**0**	**0**	**0**	**440 998**

(*) Assets held for sale

In June 2019, Eidesvik Offshore ASA and CGG Marine Resources Norge AS and CGG agreed on a term sheet for a transaction whereby CGG was contemplating to acquire Eidesvik's 50% ownership share in Global Seismic Shipping AS ("GSS"). The sale of GSS from the Group to CGG, and thereafter from CGG to Shearwater GeoServices Holding AS ("Shearwater") was completed January 8, 2020. As consideration for Eidesvik's shares in GSS, Eidesvik received shares in Shearwater representing 3.75% of the outstanding shares, and a put-option issued by CGG, exercisable in a period of up to 36 months after closing of the transaction, to sell the shares for MUSD 30. For further information, refer to announcements made to the Oslo Stock Exchange June 4, 2019 and January 8, 2020.

On the date of the term sheet, June 4, 2019, the shares was classified as "Assets held for sale". The 51% share Eidesvik had in CGG Eidesvik Ship Management AS was also classified as "Assets held for sale".

Eidesvik Seven AS and Eidesvik Seven Chartering AS are classified as joint ventures, as Subsea 7 Norge AS and Eidesvik each own 50% of the shares in the Company.

Summary of financial information for the joint ventures:

2019

Entity	Assets	Non-current assets	Current assets	Of this bank	Equity	Liabilities	Long-term	Short-term
Global Seismic Shipping AS (*)	3 480 890	3 249 245	231 645	203 627	599 760	2 881 130	2 711 671	169 458
CGG Eidesvik Ship Management AS	72 922	87	72 835	34 601	2 822	70 100	0	70 100
Eidesvik Seven AS	712 845	623 667	89 178	9 178	292 039	420 806	417 407	3 399
Eidesvik Seven Chartering AS	120 985	0	120 985	87 671	26 959	94 026	0	94 026

Entity	Revenue	EBITDA	Depr. / impairment	Financial income	Financial expenses	Net financial items	Taxes	Profit/loss for the year	Group share
Global Seismic Shipping AS (**)	131 563	122 577	101 816	56	61 511	-61 455	0	-40 694	**-22 580**
CGG Eidesvik Ship Management AS	20 992	-485	0	532	47	485	0	0	**0**
Eidesvik Seven AS	79 711	78 666	38 251	306	18 930	-18 624	0	21 791	**10 895**
Eidesvik Seven Chartering AS	142 227	1 884	0	476	11	466	0	2 350	**1 175**
									-10 510

2018

Entity	Assets	Non-current assets	Current assets	Of this bank	Equity	Liabilities	Long-term	Short-term
Global Seismic Shipping AS	3 833 620	3 608 152	225 468	201 420	844 051	2 989 569	2 836 191	153 378
CGG Eidesvik Ship Management AS	48 198	146	48 053	27 242	2 822	45 377	0	45 377
Eidesvik Seven AS	738 780	661 919	76 861	67 155	270 288	468 492	417 407	51 084
Eidesvik Seven Chartering AS	43 054	0	43 054	242	24 612	18 443	0	18 443

Entity	Revenue	EBITDA	Depr. / impairment	Financial income	Financial expenses	Net financial items	Taxes	Profit/loss for the year	Group share
Global Seismic Shipping AS	279 298	338 429	262 242	759	145 648	-144 888	0	-143 724	-71 862
CGG Eidesvik Ship Management AS	27 035	1 093	0	0	1 093	-1 093	0	0	0
Eidesvik Seven AS	92 900	91 897	38 455	192	18 841	-18 649	0	34 793	17 397
Eidesvik Seven Chartering AS	154 356	199	0	66	51	14	0	214	107
									-54 358

(**) The result of the joint venture includes the Group's share of the results until May 31, 2019, and an impairment of the shares in Q4 with MNOK 2.2 to the agreed put option value on MUS$ 30.
The Group had a consolidated profit per December 31, 2019, of MNOK -90.8. The profit portion not booked in the Group's accounts per December 31, 2019, was MNOK 25.0.

Subsidiaries with substantial minority interests

The Group has two subsidiaries where there are substantial minority interests. Of companies with minority interests, only the companies below are considered material.

2019

Entity	Country	Minority interests (%)	Minority share of profit/loss
Eidesvik Supply AS	Norway	19,89 %	-8 673
Eidesvik Neptun AS	Norway	25,25 %	-80 634
Eidesvik Neptun II AS	Norway	25,25 %	-2 042
			-91 350

2018

Entity	Country	Minority interests (%)	Minority share of profit/loss
Eidesvik Supply AS	Norway	19,89 %	-5 246
Eidesvik Neptun AS	Norway	25,25 %	-28 729
Eidesvik Neptun II AS	Norway	25,25 %	596
			-33 381

Summary of financial information for subsidiaries with substantial minority interests:

2019

Entity	Assets	Non-current assets	Current assets	Of which bank	Equity	Liabilities	Long-term	Short-term
Eidesvik Supply AS	184 816	169 375	15 442	3 064	-150 333	335 149	163 156	171 993
Eidesvik Neptun AS	811 631	778 635	32 996	2 753	-148 366	959 997	842 705	117 292
Eidesvik Neptun II AS	18 170	508	17 662	9 996	-14 013	32 183	0	32 183

Entity	Revenue	EBITDA	Depr. / impairment	Financial income	Financial expenses	Net financial items	Taxes	Profit/loss for the year
Eidesvik Supply AS	38 054	18 614	45 812	31	16 438	-16 407	0	-43 606
Eidesvik Neptun AS	36 066	29 633	290 810	21	58 156	-58 136	0	-319 313
Eidesvik Neptun II AS	72 603	-7 725	0	46	310	-264	-98	-8 087

2018

Entity	Assets	Non-current assets	Current assets	Of which bank	Equity	Liabilities	Long-term	Short-term
Eidesvik Supply AS	222 215	208 729	13 487	2 021	-106 728	328 943	171 063	157 881
Eidesvik Neptun AS	1 086 454	1 050 665	35 789	1 457	170 946	915 508	852 156	63 352
Eidesvik Neptun II AS	44 085	0	44 085	7 883	-5 926	50 011	0	50 011

Entity	Revenue	EBITDA	Depr. / impairment	Financial income	Financial expenses	Net financial items	Taxes	Profit/loss for the year
Eidesvik Supply AS	31 161	2 829	13 467	12	15 747	-15 736	0	-26 374
Eidesvik Neptun AS	31 841	24 643	50 658	3 715	91 479	-87 764	0	-113 779
Eidesvik Neptun II AS	83 819	2 268	0	304	29	275	-180	2 362

Note 8 - Net financial items

(NOK thousands)	2019	2018
Interest income	**17 089**	16 362
Gain from bond buyback	**0**	0
Other financial income	**0**	0
Other financial income	**0**	8 498
Total financial income	**17 089**	24 860
Interest expense on loans	**-120 318**	-112 859
Other interest expenses	**-11 591**	-407
Interest cost - lease liabilities	**-3 142**	0
Reversal of previous write-downs of receivables	**3 410**	4 174
Other financial expenses	**-665**	-619
Total financial expenses	**-132 306**	-109 711
Realised currency gains (losses)	**-4 711**	2 222
Unrealised currency gains (losses) - related to other	**-5 865**	-59 802
Value change on currency futures recognised at fair value via profit/loss	**2 372**	1 782
Total currency gains	**-8 204**	-55 798
Net financial items	**-123 421**	-140 649

Other financial income in 2018 consists of amortisation of long-term loans totalling MNOK 8.5.

Note 9 – Tax

(NOK thousands)	2019	2018
Tax payable Norway and abroad	**1 563**	-347
Tax costs	**1 563**	-347
Fixed asset reserve	**36 510**	33 130
Profit and loss account	**-38 110**	-47 100
Pension liabilities	**14 934**	7 004
Loss carried forward	**-408 398**	-559 776
*** Total temporary differences**	**-395 064**	-566 742
Recognised deferred tax assets	**0**	0
Applied tax rate	**22 %**	22 %

Deferred tax assets are not recognised in the balance sheet due to uncertainty as to when such assets may be realised.

Tax payable		
Tax payable for the year subject to the tonnage tax regime	**0**	0
Other corporation tax payable, Norway and abroad	**790**	704
Total tax payable	**790**	704
Explanation of taxes in the income statement:		
Profit/loss before taxes	**-688 710**	-316 972
Calculated 22%/23% tax	**-151 516**	-72 904
Tax effect of:		
Permanent differences/ results subject to the tonnage tax/ difference tax rate abroad	**153 079**	72 557
Calculated tax for the year	**1 563**	-347
The Group's effective tax rate	**0 %**	0 %

* Temporary differences are estimated based on preliminary tax assessments.

Note 10 - Earnings per share

(NOK thousands)	2019	2018
Profit/loss for the year attributable to the parent	**-598 923**	-283 244
Average weighted number of outstanding shares		
Average weighted number of issued ordinary shares	**62 150**	58 682
Average weighted number of outstanding shares	**62 150**	58 682
Earnings per share	**-9,64**	-4,83
Diluted earnings per share	**-9,64**	-4,83

Average outstanding shares are weighted on the basis of the number of days. See Note 17 for changes in the number of shares.

No dividends were paid in 2019, and the Board has not proposed any payment of dividends in 2020. This is in line with the dividend restrictions in the existing covenants under the financial restructuring completed in 2018. For further information, refer to Note 20.

Note 11 - Payroll expenses and number of employees

(NOK thousands)	2019	2018
Payroll after net pay refund	**191 226**	167 065
Social security costs *	**44 085**	39 704
Defined benefit pension (see Note 18)	**8 600**	8 600
Hired personnel	**35 992**	22 205
Other personnel costs	**30 506**	27 680
Total personnel costs	**310 409**	265 254

* Including pension costs related to defined contribution scheme

Salaries and payroll tax are shown after deduction for the reimbursement scheme for seafarers.

The average number of full-time equivalents was:	**412**	372
Number of employees at end of year:	**514**	378

In 2019, MNOK 45.3 (MNOK 51.8 in 2018) was received in connection with the reimbursement scheme for Norwegian seafarers.
In 2019, MNOK 2.2 (MNOK 1.8 in 2018) was received from Stiftelsen Norsk Maritim Kompetanse.

All received refunds are presented as a reduction of payroll expenses.

Note 12 - Tangible fixed assets

2019

(NOK thousands)	Property	Port facilities	Operating equipment	Total other fixed assets	Vessels	Periodic maintenance	Total vessels	New build contracts	Total
Acquisition cost									
1 January 2019	38 161	3 717	39 487	81 366	5 900 032	212 672	6 112 704	0	6 194 070
Addition	0	0	753	753	43 762	47 510	91 272	0	92 025
Disposal	-747	0	-12	-759	0	0	0	0	-759
31 December 2019	**37 414**	**3 717**	**40 228**	**81 359**	**5 943 794**	**260 182**	**6 203 976**	**0**	**6 285 335**
Accumulated depreciation and									
1 January 2019	18 947	3 494	37 800	60 241	3 145 352	158 333	3 303 685	0	3 363 926
Depreciation in the year	148	0	693	842	182 494	40 460	222 953	0	223 795
Impairment / reversal impairment (-) for the year	0	0	0	0	569 700	0	569 700	0	569 700
31 December 2019	**19 095**	**3 494**	**38 493**	**61 082**	**3 897 545**	**198 793**	**4 096 338**	**0**	**4 157 421**
Book value	**18 319**	**223**	**1 735**	**20 277**	**2 046 248**	**61 389**	**2 107 637**	**0**	**2 127 914**

2018

(NOK thousands)	Property	Port facilities	Operating equipment	Total other fixed assets	Vessels	Periodic maintenance	Total vessels	New build contracts	Total
Acquisition cost									
1 January 2018	38 161	3 717	38 254	80 133	5 892 292	161 521	6 053 813	0	6 133 945
Addition	0	0	1 233	1 233	7 740	51 152	58 891	0	60 124
Disposal		0	0	0	0	0	0	0	0
31 December 2018	38 161	3 717	39 487	81 366	5 900 032	212 672	6 112 704	0	6 194 070
Accumulated depreciation and									
1 January 2018	18 799	3 494	36 747	59 040	2 964 538	121 464	3 086 002	0	3 145 042
Depreciation in the year	148	0	1 053	1 201	180 813	36 869	217 683	0	218 883
31 December 2018	18 947	3 494	37 800	60 241	3 145 352	158 333	3 303 685	0	3 363 926
Book value	19 214	223	1 688	21 125	2 754 680	54 339	2 809 019	0	2 830 144

Please refer to Note 20 for information on mortgaged assets.

Refer to Note 2, point 2.5, for details of depreciation periods for vessels and lumping together of components.

Refer to note 22 for depreciations regards to IFRS 16 Lease.

Property/port facilities include plots/land valued at MNOK 17.1 (MNOK 18.3) which are not depreciated.

Impairment tests are performed on individual cash generating entities (vessels) when indications of impairment are identified. At December 31, 2019, improvements in the leading indicators were observed, however indicators of impairment were still present and the Group’s assessment of impairment was updated based on the information then available. Due to a further negative outlook into 2020 caused by the drop in oil price, the Covid-19 epidemic, the Company’s assessment of the general market conditions and an updated analysis of the discount rate, the assessments have also been updated as of April 2020 resulting in an impairment of MNOK 569.7. The Group monitors the presence of impairment indicators during the periodical financial reporting, and thus may update its assessments of impairments to reflect further changes in the underlying market assumptions.

Broker estimates are not used as an approximate sales value on the balance sheet date as there are few observed sales of the type of vessels the Company owns. In the assessment of value in use, expected future cash flows are used, discounted to net present value using a discount rate after taxes reflecting the market-based time value of money, as well as risk specific to the asset. The discount rate is derived from a weighted average cost of capital (WACC) for market players. The WACC used in the calculation as of April 29, 2019 is in the range of 7.9% to 8.1%, depending on currency and contract characteristics for each vessel, with a weighted average of 8.0%. This takes into account that the Group’s business is mainly within the tonnage tax system, and the calculated WACC is assumed to apply both before and after tax. Future cash flows are estimated on the basis of estimated remaining useful life, which may exceed 5 years. The cash flows used in the impairment tests for 2019 are based on and reconciled against the financial forecasts which the Group uses for internal planning purposes as well as present to its lenders. The capital structure used in the weighted average cost of capital is based on an assumed capital structure in comparable companies with similar assets in a normal situation. Equity cost is based on the expected required rate of return for the Company’s investors. Debt costs are based on the terms of the Group’s loan agreements, which is marginally above the Company’s weighted average for all interest-bearing liabilities. The beta factors are evaluated annually on the basis of publicly available market data for identified comparable companies and the main index on the Oslo Stock Exchange. Other important elements in estimated cash flows are the long-term inflation rate, the contract situation (order reserve), the utilisation rate, ordinary operating expenses, periodic maintenance (docking), charter rates, and exchange rates. In the impairment tests concluding on the impairments in the annual accounts for 2019, an additional liquidity premium of 3 percentage points has been included in the WACC-calculation stated above in order to reflect an increased liquidity and risk premium currently associated with the Group’s business and market.

In 2019, the Seismic segment had an impairment charge of MNOK 178.9 (recoverable amount MNOK 277.5), the Subsea segment MNOK 240.2 (MNOK 1,138.1) and the Supply segment MNOK 150.6 (MNOK 692.3. No impairments of vessels was charged in 2018.

There is significant uncertainty associated with the assumptions for the value in use calculations. The calculation is based on market prospects which are weak in all three segments in the short and medium term. On a general view, it is considered that the seismic survey market will see a few years after the balance sheet date where layups or reduced rates must be expected for the vessels that are not on fixed contracts. The same considerations apply to the subsea and supply markets.

The expected future earnings used in the calculations are implicitly adjusted for utilisation rate adapted to this general market view. Therefore, sensitivity calculations have also been performed for the value in use calculations and the impaired amounts, in order to highlight the uncertainty in the calculations.

If the earnings or utilisation rate for the entire fleet are assumed to be reduced by 5%, the amount written down would increase by MNOK 234.1 and cover nine vessels. If the WACC assumed had increased to 9.0%, the impairment charge would have increased by MNOK 119.9 and included ten vessels.

Note 13 - Other long-term receivables

(NOK thousands)	**31.12.2019**	31.12.2018
Deposits on apartments	**0**	27
Loan for onboard supplies	**313**	179
Long-term receivables, customers	**508**	0
Long-term receivables, OSEV	**96 036**	105 915
Total other long-term receivables	**96 857**	106 121

Long-term receivables from OSEV are related to the company Oceanic Seismic Vessels AS (Eidesvik Seismic Vessels AS and Oceanic Seismic Vessels AS merged with effect from January 1, 2018) regarding the reorganisation of shares in the companies, as well as the receipt of receivables against the same companies from CGG as part-settlement for the amendment in the contract for Viking Vanquish in 2017. The nominal value as at December 31, 2019, was MUSD 22.8 (MUSD 25.6), but the value recognised in the accounts is substantially lower due to provisions for counterparty risk with the company's charterer. In 2019 repayments were paid in accordance with the agreed plan, and write-downs on the payments received were reversed (see Note 5 and Note 8).

Note 14 - Accounts receivable

(NOK thousands)	**31.12.2019**	31.12.2018
Accounts receivable	**137 157**	140 346
Accounts receivable related parties/join ventures	**19 985**	21 336
Provision for losses	**-1 582**	-1 582
Total accounts receivable	**155 559**	160 100

Of overdue accounts receivable related to other than related parties, the distribution before provisions for loss is:

0-3 months	**27 010**	29 905
3-6 months	**1 666**	1 145
6 months <	**8 253**	8 085
Total overdue accounts receivable	**36 929**	39 135

Of overdue accounts receivable related to other than related parties, the expected loss rate is as follows:

0-3 months	**0 %**	0 %
3-6 months	**0 %**	0 %
6 months <	**19 %**	20 %

Recorded value of the Group's accounts receivable per currency:

EUR	**20 759**	42 587
USD	**42 169**	43 492
GBP	**10 789**	6 032
NOK	**81 843**	67 989
Total accounts receivable	**155 559**	160 100

Net change in provisions for impairment of accounts receivable:

	2019	2018
At January 1	**1 582**	1 400
Provision for impairment of receivables	**0**	182
Accounts receivable recorded as loss during the year	**0**	0
At December 31	**1 582**	1 582

Accrued losses on customer receivables of NOK 182,000 in 2018 are related to the vessel Vantage on a contract in 2017.

Note 15 - Other current assets

(NOK thousands)	31.12.2019	31.12.2018
Inventories (bunkers and lube oil)	**14 293**	5 666
Other shares	**34**	34
VAT receivable	**6 780**	5 497
Insurance settlement receivable	**953**	3 076
Accrued unbilled income	**25 769**	7 380
Net payroll	**15 513**	7 167
Prepaid expenses	**20 969**	17 066
Total other current assets	**84 312**	45 887

Prepaid expenses include expenses for pre-paid insurance, provisions for refund for crew costs and other grants, unbilled expenses for expenses and loan to employees (see Note 24).

Accrued unbilled income is mainly related to the termination of the contract for Viking Vanquish in 2nd quarter 2019. The charterer continues to pay hire until the original end of the contract, November 2, 2020.

Note 16 - Cash and cash equivalents

Of total cash and cash equivalents at December 31, 2019 of MNOK 408.3 (MNOK 515.6 at December 31, 2018), restricted tax funds represented MNOK 6.7 (MNOK 6.2). Restricted cash amounted to MNOK 47.0 (MNOK 45.7) related to the insurance settlement for Viking Vision set aside as security for the related loan. There are no other restricted funds.

Note 17 - Share capital and premium

Changes in paid share capital:

(NOK thousands)	Number of shares		Share capital	
	2019	2018	**2019**	2018
Ordinary shares				
Opening balance	**62 150**	30 150	**3 108**	1 508
Share issue	**0**	32 000	**0**	1 600
At December 31	**62 150**	62 150	**3 108**	3 108

* A private placement was conducted in Q1 2018, with conversion of shareholder loans and a subsequent offer. See Note 20 for further information.

Nominal value per share in Eidesvik Offshore ASA is NOK 0.05 (5 øre).

The Board is authorised to buy back up to 6,000,000 own shares, but not more than 10% of the total outstanding shares.

The Company has not exercised the authorisation, and it has no own shares as at December 31, 2019.

The 20 largest shareholders in Eidesvik Offshore ASA as at December 31, 2019:

Shareholder	Country	Number of shares	Ownership share
EIDESVIK INVEST AS	NORWAY	37 200 000	59,86 %
PARETO AKSJE NORGE VERDIPAPIRFOND	NORWAY	3 120 995	5,02 %
JAKOB HATTELAND HOLDING AS	NORWAY	3 061 741	4,93 %
VINGTOR INVEST AS	NORWAY	1 434 719	2,31 %
STANGELAND HOLDING II AS	NORWAY	1 096 401	1,76 %
BERGTOR INVESTERING AS	NORWAY	1 096 401	1,76 %
HJELTEFJORDEN AS	NORWAY	1 010 000	1,63 %
AGASØSTER INVEST AS	NORWAY	949 887	1,53 %
TVEITÅ, EINAR KRISTIAN	NORWAY	761 000	1,22 %
SKANDINAVISKA ENSKILDA BANKEN AB	SWEDEN	508 922	0,82 %
HELLAND AS	NORWAY	474 585	0,76 %
CALIFORNIA INVEST AS	NORWAY	455 000	0,73 %
TVEITÅ, OLAV MAGNE	NORWAY	441 700	0,71 %
PARETO INVEST AS	NORWAY	400 000	0,64 %
RICHARD INVESTERINGSSELSKAP AS	NORWAY	400 000	0,64 %
COLORADO EIENDOM AS	NORWAY	390 000	0,63 %
SKANDINAVISKA ENSKILDA BANKEN AB	SWEDEN	362 386	0,58 %
MELING, JAN FREDRIK	NORWAY	335 244	0,54 %
CAIANO SHIP AS	NORWAY	272 575	0,44 %
DUNVOLD INVEST AS	NORWAY	266 000	0,43 %
Others		8 112 444	13,05 %
Total		62 150 000	100,00 %

The Company had 1,066 shareholders as at December 31, 2019. Foreign share owners held 2.7% of the shares.

See also Note 24.

Note 18 - Pensions and other long-term employee benefits

The Company is required to have an occupational pension scheme under the Mandatory Occupational Pensions Act. The Company's pension schemes satisfy the requirements of this Act.

Defined benefit pension

The estimated payment into the defined benefit scheme in 2020 is TNOK 399.

The liability is calculated by linear accrual. Estimate deviations due to changes in actuarial assumptions are included in other income and expenses (OCI) in the period in which they arise.

Capitalised liability is determined as follows:

(NOK thousands)	2019	2018
Net present value of accrued defined benefit pension liabilities in fund based schemes	**100 392**	101 582
Fair value of pension funds	**-93 558**	-88 934
Net capitalised pension liability/fund December 31	**6 834**	12 648

Changes in defined benefit pension liability during the year:

	2019	2018
Pension liability January 1	**101 581**	104 008
Net present value of pension contribution of the year	**7 072**	7 933
Interest expenses	**2 581**	2 456
Transfer/acquisition/moving members/new contracts	**0**	0
Payroll tax on employer's contribution	**-1 530**	-902
Actuarial loss/(gain)	**-2 702**	-5 848
Benefits paid	**-6 612**	-6 066
Pension liability December 31	**100 390**	101 581

Change in fair value of pension funds:

	2019	2018
Pension funds January 1	**88 934**	87 167
Expected return on pension funds	**2 046**	1 789
Transfer/acquisition/moving members/new contracts	**0**	0
Actuarial (gains)/losses	**-1 660**	-355
Payroll tax on employer's contribution	**-1 530**	-902
Employer's contribution	**12 381**	7 300
Benefits paid	**-6 612**	-6 065
Pension funds December 31	**93 558**	88 934

Total cost included in net profit:

	2019	2018
Cost of pension contribution for the period	**6 041**	6 789
Net changes in plan, scaling down, settlement	**0**	0
Interest expenses	**157**	163
Expected return on pension funds	**151**	281
Administrative costs	**362**	346
Payroll tax on pension costs	**874**	980
Total, included in payroll expenses (Note 11)	**7 586**	8 560

Estimate deviations due to changes in actuarial assumptions included in other income and costs (OCI):

	2019	2018
Changes in the discount rate	**1 609**	-2 629
Changes in other financial assumptions DBO	**-1 251**	-3
Changes in other DBO	**-4 310**	-3 219
Changes in other - pension funds	**2 364**	-173
Funds and interest guarantees	**547**	531
Estimate deviation losses/(gains) against OCI	**-1 042**	-5 494

The pension funds are placed in various investments through external insurance companies. They manage all transactions for the pension schemes. Breakdown into investment categories:

	2019	2018
Shares	**13 %**	13 %
Bonds	**45 %**	43 %
Real estate	**11 %**	9 %
Money market	**17 %**	10 %
Other	**14 %**	25 %

To calculate pension costs and net pension liabilities, the following assumptions are used:

	2019	2018
Discount rate	**2,30 %**	2,60 %
Return on pension assets	**2,30 %**	2,60 %
Wage growth	**2,25 %**	2,75 %
Pension adjustment	**0,50 %**	0,80 %
G adjustment	**2,00 %**	2,50 %

The discount rate is based on interest on covered bonds (OMF), whereas this was previously based on the government bond rate.

Mortality table K2013 BE is used as a basis for mortality.

Sensitivity of the calculation of pension liability to changes in the assumptions:
The table below shows an estimate of potential effects of a change in certain assumptions for defined benefit pension schemes in Norway. As part of the new law for pension plan for sea farers entry into force as of January 01,2020 the current defined contribution scheme has been terminated and a new defined-contribution pension scheme will replace the old pension scheme. As a result of this, the remaining liability of MNOK 7.0 will be presented as other comprehensive income Q1 2020. Based on this the sensitivity table below only contains data for the remaining defined-contribution pension scheme for the company CEO.
The estimates are based on facts and conditions as at December 31, 2019. Actual results may deviate significantly from these estimates.

Change in amount	Discount rate		Annual wage growth	
	1,00 %	-1,00 %	1,00 %	-1,00 %
Total				
Pension liability PBO	2 413	3 411	2 861	2 861
Pension cost for period SCC	201	266	230	230
Active members				
Pension liability PBO	2 413	3 411	2 861	2 861
Pension cost for period SCC	201	266	230	230
Pensioners				
Pension liability PBO	-	-	-	-

Risk assessment
Through the defined benefit schemes, the Group is affected by a number of risks arising from uncertainty in assumptions and future developments.
The key risks are described here:

Life expectancy
The Group has undertaken to pay pensions to the employees for the remainder of their lives. So an increase in life expectancy among the members will lead to an increase in the liability for the Company.

Return risk
The Group is affected by a reduction in the actual return on the pension funds. This will lead to an increase in the liability for the Company, as the return on the funds will not be sufficient to meet the obligation.

Inflation and wage increase risk
The Group's pension liability carries risk associated with both inflation and wage growth, although wage development is closely linked to inflation. Higher inflation and wage growth than assumed in the pension estimates will lead to a larger liability for the Group

Note 19 - Other current liabilities

(NOK thousands)	**31.12.2019**	31.12.2018
Public taxes and charges	**28 411**	27 609
Salaries and holiday pay	**29 508**	27 853
Accrued expenses	**24 514**	28 109
Debt to joint ventures	**0**	21 000
Total other current liabilities	**82 433**	104 571

Accrued expenses are mainly related to provisions for accrued operating costs and docking/average adjustment.

Note 20 - Long-term liabilities

			Book value	
(NOK thousands)		Maturity	31.12.2019	31.12.2018
Mortgage (NOK)	CIRR loan	Mar. 2024	**171 063**	178 969
Mortgage (NOK)	NIBOR loan	Dec. 2022	**69 421**	70 246
Mortgage (NOK)	CIRR loan	Sep. 2024	**188 125**	196 146
Mortgage (NOK)	NIBOR loan	Dec. 2022	**98 530**	104 965
Mortgage (NOK)	NIBOR loan	Dec. 2022	**159 594**	164 497
Mortgage (NOK)	NIBOR loan	Dec. 2022	**47 829**	49 514
Mortgage (NOK)	NIBOR loan	Dec. 2022	**118 427**	121 414
Mortgage (NOK)	NIBOR loan	Dec. 2022	**116 765**	119 983
Mortgage (NOK)	NIBOR loan	Dec. 2022	**114 265**	121 965
Mortgage (USD)	LIBOR loan	Dec. 2022	**543 162**	547 370
Mortgage (USD)	LIBOR loan	Feb. 2027	**325 170**	331 657
Mortgage (USD)	LIBOR loan	Dec. 2022	**247 581**	262 642
Mortgage (USD)	LIBOR loan	Dec. 2022	**43 985**	47 133
Mortgage (USD)	LIBOR loan	Dec. 2022	**127 398**	129 674
Mortgage (USD)	LIBOR loan	Dec. 2022	**47 398**	50 734
Mortgage (USD)	LIBOR loan	Dec. 2022	**28 365**	29 157
Other loan			**987**	954
Capitalised establishment costs			**-12 984**	-17 271
Total interest-bearing long-term liabilities			**2 435 081**	2 509 747
Total long-term liabilities			**2 435 081**	2 509 747
Short-term portion of long-term liabilities			**-93 756**	-93 232
Total long-term liabilities excl. first year's repayment			**2 341 326**	2 416 515
Short-term loans				
First year's repayment of long-			**93 756**	93 232
Accrued interest			**11 558**	12 423
Total			**105 314**	105 656
Book value of liabilities in currency				
NOK			**1 072 022**	1 101 351
USD			**1 363 059**	1 408 396
Total			**2 435 081**	2 509 747

Amortisation profile on long-term liabilities at December 31, 2019:

2020	93 761
2021	203 997
2022	1 884 367
2023	94 249
2024	79 874
Later	90 830
Total repayments	2 447 077

Of total long-term liabilities, MNOK 2,418.7 are secured against mortgages in vessels recorded at MNOK 2,107.6.

For an assessment of the fair value of long-term liabilities, see Notes 3 and 23.

Change in liabilities	Interest expenses	Interest-bearing short-term debt	Current lease liabilities	Interest-bearing long-term debt	Non-current lease liabilities	Total
At January 1, 2019		105 656	3 256	2 416 515	61 179	2 586 606
Repayment of debt		-93 742	-3 256	0	0	-96 998
Interest paid	-94 409	-12 423	0	0	0	-106 832
Cash flow from financing	-94 409	-106 165	-3 256	0	0	-203 831
Exchange rate effects		-19	0	14 775	0	14 755
Capitalisation costs		0	0	4 287	0	4 287
Interest accrued but not paid		11 558		0	0	11 558
Other changes		94 285	3 256	-94 251	-3 256	34
At December 31, 2019		**105 314**	**3 256**	**2 341 326**	**57 923**	**2 507 819**

Covenants
The majority of the Company's fleet is financed with mortgage loans, mainly fleet loans. After restructuring, the most important financial covenants are:
- Free liquidity of MNOK 125.

- Positive working capital, adjusted for 50% of first year's repayment of long-term debt.
- Minimum clauses are suspended to December 31, 2021, and then reinstated at 100%.
- Limitations on investments and dividends.

There are also change of control clauses concerning the Eidesvik families.

No companies in the Eidesvik Offshore Group were in breach of any covenants at December 31, 2019, or during 2019.

At December 31, 2019, free liquidity was MNOK 325, and working capital was MNOK 455.

Financial restructuring

In the 1st Quarter of 2018, the Group agreed on an amendment to its loan agreements with its lenders to reduce amortisation of its secured loans to facilitate for a runway through 2022. A condition for the financial restructuring was, amongst others, that the Group obtained at least MNOK 120 in new equity and that the Group's MNOK 30 shareholder loan was converted to equity. In addition, a subsequent offer of MNOK 30 was completed in 1st Quarter 2018.

Summary of the restructuring

Amortization:

- 72.5% reduction in amortizations until June 30, 2021 (compared to original amortization schedule)
- Certain repayments up-front: 75% of the proceeds from sale of tradeable CGG bonds was applied to reduce secured debt (remaining 25% to be applied for instalments in 2018-2020)
- Cash sweep:
  - Cash in the cash sweep calculations exceeding the following thresholds will be swept:
    - MNOK 490 per year-end 2018
    - MNOK 350 per year-end 2019
    - MNOK 245 at 30 June 2021 and 30 June 2022

Interest rates:

- No amendments

Financial covenants:

- Minimum free liquidity of MNOK 125
- Positive working capital (current assets less current liabilities and 50% of short-term portion of long-term liabilities, excluding balloons)
- Loan to value:
  - Suspended through 2021
  - Thereafter (2022) maximum 100% per vessel

Other covenants:

- Change of control: If Eidesvik Invest AS or the Eidesvik family controls less than 33.4% of the shares and votes in the Group, or
- Someone other than Eidesvik Invest AS gains negative control in the Group

Private and subsequent placement, debt conversion

The conditions required for completion of the Group's refinancing was fulfilled and that the refinancing was completed January 31, 2018. Consequently, and in accordance with the resolutions made by the EGM 29.01.2018, the Group registered the private placement of 24,000,000 new shares in the Group (the «Private Placement») and the conversion of a MNOK 30 shareholder loan resulting in the issue of another 2,000,000 new shares in the Group (the «Debt Conversion»), with the Norwegian Register of Business Enterprises.

At the EGM January 29, 2018, it was resolved to issue a subsequent offer for consideration of equal treatment of the shareholders. The subsequent offer was not a condition in the agreement with the lenders. The offer was set up to 6 000 000 shares, each share with par value of NOK 0,05 (the same par value as for the private placement). The subscription period ended in medio March 2018, and was fully subscribed and completed. The proceeds were MNOK 30. The proceeds from the subsequent offer are free to use for investments, and are not subject to the cash sweep.

Consequently, the Group's share capital was increased by NOK 1,600,000 through the issue of 32,000,000 new shares, each share with a par value of NOK 0.05. The new registered share capital in the Group is NOK 3,107,500 divided into 62,150,000 shares, each share with a par value of NOK 0.05 and representing one vote at the Group's general meetings.

Consequences of the financial restructuring

The Group, through the amended agreements with its lenders, reduced the planned annual instalments with approx. MNOK 220 towards July 2021. At the same time, the liquidity position in the Group was strengthened with a total of MNOK 150 in the private and subsequent placement, and converted the shareholder loan of MNOK 30 to equity. An extraordinary instalment on MNOK 54 was paid as part of the new agreement with the lenders. The revised debt maturity plan and strengthened liquidity position provided the Group with ability to withstand a weaker market for a prolonged period, and the financial covenants are structured in a manner which has lower risk of not being in compliance with them.

In light of the recent negative development of the market and outlook, the Company is considering to initiate processes to protect its liquidity and financial position both short term and longer term. For further information, refer to Note 27.

Note 21 - Other shares

(NOK thousands)

The Eidesvik Offshore ASA Group has the following investments in other companies:

Entity	Country	Industry	Ownership/voting share	Book value 31.12.2019	Book value 31.12.2018
Simsea Holding AS	Norway	Training	10.4 %	**0**	0
Bleivik Eiendom AS	Norway	Real estate	22.6 %	**655**	655
Eidesvik Ghana Ltd.	Ghana	Shipping	49.0 %	**1,065**	1,065
Total				**1,720**	1,720

Simsea is a simulation centre for training nautical personnel. Bleivik Eiendom AS leases out properties to companies conducting safety training for maritime personnel.

Simsea Holding AS was written down to NOK 0 because of the bankruptcy of Simsea AS in the winter of 2017. Eidesvik Ghana Ltd has been written down to its share of book equity.

The investments are valued by the equity method

Note 22 - Leases

(NOK thousands)

Right-of-use assets

IFRS 16 “Leases” sets out the principles for the recognition, measurement and disclosure requirements for both parties to a lease contract. IFRS 16 is effective for reporting periods beginning on or after January 1, 2019. The Group adopted IFRS 16 on the effective date using a modified retrospective approach and will not restate comparative information.

The Group is both a lessor, as it charters vessels to customers, and a lessee. The new requirements result in significant changes to the accounting model applied by lessees and will primarily affect the Group’s accounting for the operating leases as a lessee. The accounting for lessors will not significantly change.

To determine whether a contract contains a lease, it is considered whether the contract conveys the right to control the use of an identified asset. This is for the Group considered to only be the case for office leases and vehicles. The Group has long term lease agreements on office premises and vehicles that will be affected by implementation of IFRS 16. For the Group, these lease commitments will result in the recognition of an asset (right-of-use) and a lease liability. The rental period is calculated based on the duration of the agreement plus any option periods if these with reasonable certainty will be exercised. Joint expenses etc. are not recognised in the lease liability for the rental contracts.

As permitted by IFRS 16, the Group chose to measure the right-of-use asset equal to the amount of the liability at the implementation date. The future payments under each lease arrangement have been discounted using the incremental borrowing rate applicable to the leased assets in order to calculate the lease liability recognized on the date of adoption.

The Group has used the following practical expedients when applying IFRS 16 to leases previously classified as operating leases under IAS 17:

- Applied the exemption not to recognise right-of-use assets and liabilities for leases with less than 12 months of lease term
- Excluded initial direct costs from measuring the right-of-use assets at the date of initial application

The liabilities were measured at the present value of the remaining lease payments, discounted using the lessee’s incremental borrowing rate as of 1 January 2019. The weighted average lessee’s incremental borrowing rate applied to the lease liabilities on January 1, 2019 was 5.0%. As of January 1, 2019, the implementation effects were as following:

- Right-of-use assets in the statement of financial position increased by MNOK 64.4
- Lease liability in the statement of financial position increased by MNOK 64.4
- Effect on equity amounted to 0

There will be some changes to the Group’s profit by reclassification from operational expenses to depreciation and financial expenses and the cash flow statement for leases will be affected with lease payments being presented as financing activities as opposed to operating activities. Some of the Groups commitments relates to arrangements that will not qualify as leases under IFRS 16.

Right-of-use assets	Buildings	Vehicles	Total
Acquisition cost January 1, 2019	**64,048**	**386**	**64,434**
Addition of right-of-use assets			0
Disposals			0
Transfers and reclassifications			0
Acquisition cost December 31, 2019	**64,048**	**386**	**64,434**
Accumuladted depreciation and impairment January 1, 2019			
Depreciation	4,293	179	4,472
Impairment losses in the period			0
Disposals			0
Transfers and reclassifications			0
Accumulated depreciation and impairment December 31, 2019	**4,293**	**179**	**4,472**
Carrying amount of right-of-use assets December 31, 2019	**59,755**	**207**	**59,962**
Lower of remaining lease term or economic life	2,5 - 33 years	8-17 months	

Lease liabilities

Undiscounted liease liabilities and matureity of cash outflows	Buildings	Vehicles	Total
Less than 1 year	6,194	180	6,374
1-2 years	6,194	33	6,227
2-3 years	6,177	0	6,177
3-4 years	6,160	0	6,160
4-5 years	6,160	0	6,160
More than 5 years	55,445	0	55,445
Total undiscounted lease liabilities at December 31, 2019	**86,330**	**213**	**86,543**

Summary of the lease liabilities	Buildings	Vehicles	Total
At initial application 01.01.2019	64,048	386	64,434
New lease liabilities recognised in the year			0
Cash payments for the principal protion of the lease liability	-3,066	-189	-3,256
Cash payments for the interes protion of the lease liability	-3,128	-15	-3,143
Interest expens on lease liabilities	3,128	15	3,143
Total lease liabilities at December 31, 2019	**60,982**	**197**	**61,178**
Current lease liabilities	**3,066**	**189**	**3,256**
Non-current lease liabilities	**57,916**	**8**	**57,923**
Total cash flow for leases			**6,398**

Effect on the profit and loss statement	2019
Other operationg expenses	6,398
Depresiations - Right-of-use assets	-4,471
Interest cost - lease liabilities	-3,142
Net effect profit and loss statement	-1,215

The Group as lessor

The Group's main activity is leasing of offshore tonnage. See overview as of April 24, 2020, below.

Vessels, consolidated	Contract type	Customer	Contract expiry, fixed		Contract expiry, charterer's option
Viking Lady	Time charter	Aker BP	September	2020	
Viking Queen	Time charter	Equinor	November	2020	July 2021
Viking Athene	Time charter	Aker BP	April	2020	
Viking Avant	Time charter	Equinor	December	2022	
Viking Energy	Time charter	Equinor	April	2025	
Viking Prince	Time charter	Aker BP	August	2020	
Viking Princess	Time charter	Ithaca Oil and Gas	April	2020	
Acergy Viking	Time charter	Siemens Gamesa	January	2022	April 2022
Subsea Viking	Time charter / stand-by	Seabed Geosolutions	April	2021	
Viking Neptun*	Time charter	Ocean Installer	September	2020	November 2020
Viking Vanquish	Layup				
Viking Vision	Layup				
Veritas Viking	Layup				
Vantage	Time charter	Seabed Geosolutions	April	2020	

* Viking Neptun has a firm contract for a longer period in 2021 for Ocean Installer.

Vesssels in joint ventures	Contract type	Customer	Contract expiry, fixed		Contract expiry, charterer's option
Seven Viking	Time charter	Subsea 7	January	2026	January 2027

Future minimum lease terms as at April 24, 2020, for consolidated vessels on firm contracts have the following maturity:

Next 1 year	413 000
1 to 5 years	475 000
After 5 years	16 000
Future minimum lease	**904 000**

The Group has operating lease contract on its vessels representing income. The leases have terms of between 4 and 64 months. As payments from the lessee to the Group is determined based on the fixed day rate agreed in the contract, no portion of the payments varies other than the passage of time.

Note 23 - Financial instruments

(NOK thousands)

Capitalised financial assets and liabilities

Capitalised value equals fair value, except for loans. For details of fair value loans, see the section on "Interest" below. The Group does not practise hedge accounting, financial derivatives held for financial hedging which are recorded at fair value.

	31.12.2019	31.12.2018
Assets		
Market-based shares for trading	**9**	9
Currency derivatives	**1 262**	0
Other shares (Note 21)	**1 720**	1 720
Accounts receivable (Note 14)	**155 559**	160 100
Cash and cash equivalents (Note 16)	**408 319**	515 605
Total	**566 869**	677 435
Liabilities		
Currency derivatives	**0**	1 110
Interest rate derivatives	**12 211**	2 111
Loans (Note 20)	**2 447 077**	2 526 064
Total	**2 459 289**	2 529 285

Currency

The Group has entered into currency derivative contracts as part of the management of the Group's currency exposure. The contract terms are as follows:

At December 31, 2019	**Currency sold**	**Amount**	**Maturity**	**Exchange rate (average)**	**Fair value (MTM)**
Currency derivatives					
Currency futures for the sale of current cash flow	EUR	10 960	2021	10,1223	**621**
Currency futures for the sale of current cash flow	USD	3 700	2020	8,6066	**-658**
Currency futures for the sale of current cash flow	GBP	5 665	2021	11,9051	**1 299**
		20 325			**1 262**

At December 31, 2018	Currency sold	Amount	Maturity	Exchange rate (average)	Fair value (MTM)
Currency derivatives					
Currency futures for the sale of current cash flow	EUR	12 000	2020	10,0173	**-1 110**
		12 000			-1 110

All currency futures are recorded at fair value.

Interest
The Group has the following fixed rate agreements:

At December 31, 2019

Type	Currency	Floor	Cap/Swap	Maturity	NOK principal	Fair value (excl. accrued interest)	Annual downscaling before maturity (average)
Fixed rate loan	NOK		3,36 %	27.03.2024	171 063		28 750
Fixed rate loan	NOK		3,41 %	13.09.2024	188 125		29 166
Swap	USD		2,92 %	23.12.2021	223 898	-5 588	None
Swap	USD		2,36 %	21.11.2022	175 606	-3 704	None
Swap	USD		2,27 %	12.12.2022	175 606	-2 919	None
Unhedged					1 512 780		
Total liabilities, hedged and unhedged					**2 447 077**	-12 211	

At December 31, 2018

Type	Currency	Floor	Cap/Swap	Maturity	NOK principal	Fair value (excl. accrued interest)	Annual downscaling before maturity (average)
Fixed rate loan	NOK		3,36 %	27.03.2024	178 969		28 750
Fixed rate loan	NOK		3,41 %	13.09.2024	196 146		29 166
Swap	USD		2,92 %	23.12.2021	221 557	-2 111	None
Unhedged					1 929 393		
Total liabilities, hedged and unhedged					2 526 061	-2 111	

At December 31, 2019, 38% (24%) of the Group's loans were at fixed interest.

The Group has two fixed-interest loans in NOK with a maturity of 12 years originally (CIRR), which are recorded at amortised cost in the balance sheet. If these loans were to be refinanced today with a new margin and money market rate, and retained the same repayment profile, the net present value of the difference between the current interest payments and the refinanced interest payments would be MNOK 7.2 (level 2, see Note 3). If these loans were recorded at fair value, they would have been reported correspondingly higher.

See Note 20 for information on long-term loans.

Other information
No financial assets have been reclassified such that the valuation method has been changed from amortised cost to fair value, or vice versa.

For assessment of fair value (MTM), see Note 3.

Note 24 - Transactions with related parties

(NOK thousands)

The Group has some transactions with related parties, concerning crew hire, management services for vessel operations, business and accounting services and leasing of offices. All transactions are based on the arm's length principle.

	2019	2018
Sale of crew and management services to Viking Dynamic AS	**76**	5 642
Sale of crew and management services to Viking Fighter AS	**0**	1 759
Lease of vessel to Maritime Logistic Services AS	**-1 519**	17 760
Lease of offices from AS Langevåg Senter	**-7 925**	-7 040
Lease of offices services to Langevåg Senter AS	**135**	0
Lease of offices to Evik AS	**784**	558
Lease of offices to Bømmelfjord AS	**840**	621
Lease of offices and other services to Eidesvik Invest AS	**1 005**	788
Lease of stockroom and other services from Eidesvik Invest AS	**-476**	-446
Sale of crew and management services to Eidesvik Seven Chartering AS	**69 891**	67 918
Sale of management services to Eidesvik Seven AS	**108**	13 587
Sale of management services to Eidesvik Seismic Vessels AS	**0**	106
Sale of management services to Oceanic Seismic Vessels AS	**319**	105
Sale of crew and office services to CGG Eidesvik Ship Management AS	**14 484**	24 071
Sale of crew and office services to CGG Eidesvik Crewing I AS	**83**	43
Lease of apartment to Bømlo Skipservice AS	**5**	35
Purchase of technical and layup services from Bømlo Skipservice AS	**-5 954**	-5 188
Sale of management services to Geo Vessels AS	**6 051**	738
Sale of management services to Global Seismic Vessels AS	**227**	236

The balance sheet includes the following amounts resulting from transactions with related parties:

	31.12.2019	31.12.2018
Accounts receivable	**19 985**	14 704
Other current assets (see also note 15)	**0**	0
Accounts payable	**-806**	-637
Total	**19 179**	14 067

Shares owned/controlled by Board members/senior executives:

	2019	2018
Eidesvik Invest AS (1)	**37 200 000**	37 180 000
Kolbein Rege	**136 450**	136 450
John Egil Stangeland	**30 000**	30 000
Synne Syrrist	**0**	0
Jan Fredrik Meling	**335 244**	335 244
Jan Lodden	**3 242**	3 242

(1) 55%-controlled by Borgny Eidesvik, Board member, via 20% holding in Bømmelfjord AS ("A" shares). The remaining 45% is owned by Lars Eidesvik, Board member, through 100% ownership in Evik AS.

The Eidesvik Offshore ASA Group is a subsidiary of Eidesvik Invest AS, which is a subsidiary of the ultimate parent company Bømmelfjord AS.

A private placement was completed in 2018, with conversion of shareholder loans and a subsequent offer. See Note 20 for further information.

Remuneration to senior executives:

2019	Salary	Benefits in kind	Pension costs
CEO	2 494	130	289
COO	2 000	16	113
CFO	1 383	16	105
Total 2019	**5 877**	**162**	**508**

2018	Salary	Benefits in kind	Pension costs
CEO	2 351	131	296
COO	1 574	16	109
CFO	1 073	132	85
Total 2018	4 998	279	490

The CEO has a bonus scheme on given terms up to MNOK 0.5, which is subject to an overall assessment. The entire executive team except the CEO have a mutual notice period of 3 months. The CEO has a mutual notice period of 6 months and is entitled to 18 months of severance pay on certain terms.

Remuneration of the Board	2019	2018
Kolbein Rege	**502**	480
Borgny Eidesvik	**272**	260
Lars Eidesvik	**230**	220
Synne Syrrist	**272**	360
John Egil Stangeland	**230**	320
Lauritz Eidesvik	**115**	0
Kristine Elisabeth Skeie	**115**	0
	1 736	1 640

Kristine Elisabeth Skeie and Lauritz Eidesvik were elected as Board members in 2018 and did not receive any remuneration in 2018.

Note 25 - Liabilities and unexpected events

The company has signed a framework agreement with Reach Subsea AS for delivery of ROV services for the vessel Viking Neptun. The agreement is MNOK 13.2 over 2 years, MNOK 5.9 in 2020 and MNOK 7.3 in 2021.

Note 26 - Exchange rates

	Average exchange rate 2019	**Exchange rate 31.12.2019**	Average exchange rate 2018	Exchange rate 31.12.2018
Euro	**9,8527**	**9,8638**	9,5962	9,9483
UK pound	**11,2307**	**11,5936**	10,8463	11,1213
US dollar	**8,8037**	**8,7803**	8,1338	8,6885

Exchange rates from the Norwegian Central Bank’s website.

Note 27 – Subsequent events and other information

Sale of Global Seismic Shipping AS

The sale of Global Seismic Shipping AS ("GSS") was completed on January 8, 2020. As consideration for Eidesvik’s shares in GSS, Eidesvik received shares in Shearwater GeoServices Holding AS ("Shearwater", the "Consideration Shares"), and holds 3.75% of the outstanding shares in Shearwater. As previously announced, CGG SA and Eidesvik have agreed on a put option for Eidesvik at MUSD 30 for the Consideration Shares exercisable in a period of up to 36 months after closing of the transaction.

According to IFRS 5.15, assets that are classified as held for sale are measured at the lower of the carrying amount and the fair value less costs to sell. Eidesvik’s best esimtate of the fair value of the shares is considered to be the put option value for Eidesvik at MUSD 30, as described above. As a consequence, the shares in GSS have been impaired correspondingly by MNOK 2.2 in as of December 31, 2019.

In Q1 2020, the sum of Translation differences recognized in Equity that are related to the shares in GSS as of December 31, 2019, will have to be recognized as Financial income and, with reverse effect, in Comprehensive Income. No effect on Total equity.

New contracts

Equinor Energy AS ("Equinor") awarded Eidesvik a five year contract for Viking Energy, plus options for extensions in Equinor’s favor. The new contract will commence in direct continuation of the current contract ending April 2020.

In relation to the five year contract for Viking Energy, Eidesvik announced a zero emission shipping solution. Viking Energy will be part of a full scale research program using fuel cell technology in combination with ammonia aiming for a zero emission propulsion solution. Equinor and Eidesvik are the main pillars in the industry cooperation together with Wartsila Norway AS, Wartsila Gas Solutions AS, Prototech AS and NCE Maritime Clean Tech. The five year research project receives support from EU and aims to have 2MW fuel cell capacity installed onboard Viking Energy in 2024.

Eidesvik was awarded a new contract by Equinor for the PSV Viking Queen. The new contract will commence in direct continuation of the existing contract expiring end February 2020. The firm period of the new contract is 8 months, with options for further extensions.

Eidesvik was awarded new contracts under the Master Time Charter Agreement with Seabed Geosolutions ("SBGS") for the seismic source vessel Vantage and the node-handling vessel Subsea Viking. The new contracts will commence in direct continuation of the existing contracts, and both vessels are then booked until ultimo July 2020.

Aker BP awarded Eidesvik Offshore ASA a contract for Viking Lady under the framework agreement between the parties. The firm period is six months and commenced in direct continuation of the existing contract.

Eidesvik received notice of early redelivery from Ithaca Oil and Gas Limited for Viking Princess. The Viking Princess will be redelivered to Eidesvik end April due to the current market situation.

Eidesvik received notice of early redelivery from SBGS for Vantage. Consequently, the contract described above for the vessel was cancelled.

Eidesvik and SBGS agreed in April 2020 to amend the contract for Subsea Viking described above. The vessel will be stand- by for pending commencement of operations as planned for under the original contract. The stand-by period commenced March 27, 2020, and is limited to April 1, 2021. Operations may commence prior to the expiry of the stand-by period.

Global development/ other

At December 31, 2019, improvements in the leading indicators were observed, however indicators of impairment were still present and the Group’s assessment of impairment was updated based on the information then available. Due to a further negative outlook into 2020 caused by the drop in oil price, the Covid-19 epidemic, the Company’s assessment of the general market conditions and an updated analysis of the discount rate, the assessments have also been updated as of April 2020 resulting in an impairment of MNOK 569.7.
The Group monitors the presence of impairment indicators during the periodical financial reporting, and thus may update its assessments of impairments to reflect further changes in the underlying market assumptions.

Recent developments in the energy markets have increased uncertainty in all our market segments and it is currently too early to have a clear view on the longer term market development. Due to this increased uncertainty, the Company is considering to initiate processes in order to protect its liquidity and financial position both short term and longer term.

ANNUAL ACCOUNTS – PARENT COMPANY

STATEMENT OF PROFIT AND LOSS – PARENT COMPANY
(NOK 1,000)

	Note	1.1.-31.12. 2019	1.1.-31.12. 2018
Payroll etc.	8.9	**5,274**	4,968
Depreciation	3	**105**	101
Other operating expenses	8.11	**6,018**	10,475
Total operating expenses		**11,398**	15,544
Operating profit		**-11,398**	-15,544
Interest income from companies in the same group	6	**10,196**	16,357
Other interest income		**756**	352
Other financial income	10	**0**	0
Impairment of financial assets	2	**-286,088**	-37,467
Interest expenses to companies in the same group	6	**-4,133**	-2,039
Other interest expenses	10	**0**	0
Other financial expenses	10	**-34**	-142
Net financial items		**-279,303**	-22,939
Profit/loss before taxes		**-290,701**	-38,483
Tax costs	4	**0**	0
Profit/loss for the year		**-290,701**	-38,483
Allocation (coverage) of profit/loss for the year			
Transferred to/from other equity		**-290,701**	-38,483
Total allocated (covered)		**-290,701**	-38,483

STATEMENT OF BALANCE SHEET – PARENT COMPANY
(NOK 1,000)

	Note	**31.12.2019**	31.12.2018
Assets			
Tangible fixed assets			
Buildings and land		**8,921**	8,921
Operating equipment		**498**	604
Total tangible fixed assets	**3**	**9,419**	9,525
Financial assets			
Investments in subsidiaries	2	**242,517**	459,896
Loans to Group companies	6	**16,686**	45,372
Other financial assets	2	**263,465**	292,214
Pension funds	9	**127**	19
Total financial assets		**522,795**	797,501
Total non-current assets		**532,215**	807,026
Current assets			
Receivables			
Other receivables		**1,820**	321
Total receivables		**1,820**	321
Bank deposits, cash etc.	1	**62,729**	110,530
Total current assets		**64,549**	110,851
TOTAL ASSETS		**596,763**	917,877

STATEMENT OF BALANCE SHEET – PARENT COMPANY
(NOK 1,000)

	Note	31.12.2019	31.12.2018
EQUITY AND LIABILITIES			
Paid-in equity			
Share capital	7	**3,108**	3,108
Share premium	5	**177,275**	177,275
Other paid-in equity	5	**549**	549
Total paid-in equity		**180,932**	180,932
Retained earnings			
Other equity		**309,107**	599,808
Total retained earnings		**309,107**	599,808
Total equity	5	**490,039**	780,740
LIABILITIES			
Other non-current liabilities			
Liabilities to Group companies	6	**105,739**	136,644
Total other non-current liabilities		**105,739**	136,644
Current liabilities			
Accounts payable		**481**	21
Public duties payable		**242**	236
Debt to related parties	12	**0**	0
Other current liabilities		**262**	237
Total current liabilities		**985**	494
Total liabilities		**106,724**	137,137
TOTAL EQUITY AND LIABILITIES		**596,763**	917,877

Bømlo, April 29, 2020

Sign.
Kolbein Rege
Chairman of the Board

Sign.
Borgny Eidesvik
Board member

Sign.
Lars Eidesvik
Board member

Sign.
John Stangeland
Board member

Sign.
Synne Syrrist
Board member

Sign.
Lauritz Eidesvik
Board member

Sign.
Kristine Elisabeth Skeie
Board member

Sign.
Petter Lønning
Board member

Sign.
Jan Fredrik Meling
CEO

STATEMENT OF CASH FLOWS – PARENT COMPANY
(NOK 1,000)

	Note	**1.1-31.12 2019**	1.1-31.12 2018
Cash flow from operations			
Payments to suppliers and employees	8.11	**-12,442**	-13,819
Interest received/paid		**756**	352
Net cash flows from operations		**-11,686**	-13,467
Cash flow from investment activities			
Purchase of tangible fixed assets		**0**	-407
Acquisition of shares		**0**	-509,538
Acquisition of other financial assets		**0**	-16
Net cash flow from investment activities		**0**	-509,961
Cash flow from financing activities			
Issuance of share capital	7	**0**	178,875
Paid interest	10	**6,063**	0
Repayment of debt to subsidiaries/joint ventures	6	**-42,179**	454,178
Net cash flow from financing activities		**-36,116**	633,053
Net increase (decrease) in cash and cash equivalents	1	**-47,802**	109,626
Cash and cash equivalents at start of period	1	**110,530**	904
Cash and cash equivalents at end of period		**62,729**	110,530

NOTES TO THE ANNUAL ACCOUNTS – PARENT COMPANY

Accounting principles
The financial statements have been prepared in accordance with the Norwegian Accounting Act of 1998 and generally accepted accounting principles.

Classification and valuation of balance sheet items
Current assets and short-term liabilities include items maturing within one year after the balance sheet date. Other items are classified as fixed assets/long-term liabilities.

Current assets are valuated at the lower of acquisition cost and fair value. Short-term liabilities are capitalised at nominal value at the time of establishment.

Non-current assets are valued at acquisition cost, but depreciated to fair value if the impairment in value is not expected to be transient. Long-term liabilities are capitalised at nominal value at the time of establishment.

Accounts receivable
Accounts receivable and other receivables are listed in the balance sheet at fair value after deduction of provisions for expected loss. Provisions for loss are made on the basis of individual assessments of individual receivables. An unspecified provision is also made for other accounts receivable in order to cover presumed loss.

Currency
Monetary items in foreign currency are valued according to the exchange rate at the end of the accounting year.

Subsidiaries/associated companies
Subsidiaries and associated companies are valued according to the cost method in the company accounts. The investment is valued at acquisition cost for the shares, unless write-downs have been necessary. Group contributions to subsidiaries, with taxes deducted, are listed as increased cost for shares. Dividends/group contributions are recorded in the same year as the provision is made in the subsidiary/associated company. When a dividend/group contribution substantially exceeds the share of retained profits after the acquisition, the excess amount is treated as a repayment of invested capital, and is deducted from the value of the investment in the balance sheet.

For loans to subsidiaries, refer to Note 6.

Tangible fixed assets
Tangible fixed assets are capitalised and depreciated over the useful life of the asset. Maintenance of fixed assets is expensed on an ongoing basis under operating costs, while upgrades or improvements are added to the cost of the asset and depreciated in step with the asset. The distinction between maintenance and upgrades is calculated in relation to the condition of the asset when it was acquired.

Tax
The tax costs in the income statement include both tax payable for the period and the change in deferred taxes. Deferred tax assets are calculated at 22% on the basis of the temporary differences that exist between accounting and tax values, and losses carried forward for tax purposes at the end of the accounting year. Temporary differences that increase and decrease taxes and that reverse or may reverse during the same period are offset and netted off.

Pension liabilities
The Company finances its pension liabilities to the employees through a group pension scheme. Accounting is done in line with the NRS 6 accounting standard for pension costs. Pension liabilities are calculated as the present value of future pension benefits considered to be incurred on the balance sheet date, based on the fact that employees acquire their pension rights evenly throughout their working lives. Pension funds are valued at fair value and are netted against the pension liabilities for each pension scheme. Net pension funds are presented as long-term receivables under financial assets. The net pension cost for the period is included in payroll and social security costs, and consists of the pension entitlements for the period, interest costs on the calculated pension liabilities, expected returns on the pension funds, recorded effects of changes in estimates and pension plans, recorded effects of discrepancies between actual and expected returns, and accrued payroll tax.
The effects of changes in pension plans are expensed in the period in which they occur.

Cash flow statement
The cash flow statement has been prepared according to the direct method. Cash and cash equivalents include cash, bank deposits, other short-term liquid placements which can be converted to known cash amounts immediately and without significant risk of bankruptcy and which mature in less than three months from the date of acquisition.

Note 1 – Bank deposits

Of the MNOK 62.7 (MNOK 110.5) in bank deposits, restricted tax funds represent MNOK 0.1 (MNOK 0.1).

Note 2 - Investments in subsidiaries and associated companies

Subsidiary

Company	Share capital	Owner share / voting share	Number	Nominal	Book value	Equity at 31.12.2019 (*)	Profit 2019 (*)
Eidesvik Shipping AS	170,749	100%	291,380	586	164,038	589,090	-244,226
Eidesvik AS	11,000	100%	11,000	1,000	76,720	138,777	-298
Eidesvik Shipping Int. AS	100	100%	100	1,000	104	10,415	3,320
Eidesvik Subsea Vessels AS	100	100%	1,000	100	112	44,263	-294
Hordaland Maritime Miljøs. AS	4483	91%	39,933	100	563	541	-38
Eidesvik Management AS	100	100%	1,000	100	9	-1,699	-95
Norsk Rederihelsetjeneste AS	100	100%	100	1,000	784	722	128
Eidesvik Maritime AS	100	100%	1,000	100	112	8,974	2,802
Eidesvik Neptun II AS	88	74.75%	747,474	0.10	75	-14,013	-8,087
Eidesvik Shipping II AS	100	100%	1	1,000	1	-89,678	-5,358
Eidesvik UK Ltd.	0	100%	1	1	0	768	-87
Eidesvik Neptun AS	792	74.75%	594	0.1	0	-148,366	-319,313
Total					**242,517**		

Impairments in 2019 related to write-downs of shares in Eidesvik Neptun AS of MNOK 217.38 .

Associated companes

Company	Share capital	Owner share / voting share	Number	Nominal	Book value	Equity at 31.12.2019 (*)	Profit 2019 (*)
Global Seismic Shipping AS	1,019	50%	50,000	0.01	263,409	838,935	-90,955
Eidesvik Seven Chartering AS	100	50%	5000	10	56	26,958	2,350
Total					263,465		

Impairments in 2019 relate to write-downs of shares in GSS of MNOK 28.75 (MNOK 37.47).

(*) Based on preliminary accounts.

Note 3 - Summary of tangible fixed assets

	Residential property	Transport equipment	Inventory and equipment	Non-depreciable assets	Total
Acquisition cost 1 January	8,921	526	1,248	156	10,851
Addition	0		0	0	0
Disposal	0		0	0	0
Acquisition cost 31 December	8,921	526	1,248	156	10,851
Accumulated depreciation 1 January	0	79	1,248	0	1,327
Depreciation in the year	0	105	-	0	105
Reduction in depreciation	0	0	0	0	0
Accumulated depreciation 31 December	0	184	1,248	0	1,432
Booked value 31 December	**8,921**	**342**	**0**	**156**	**9,419**
Depreciation rates	0%	20%	10%	0	
Depreciation method		Linear	Linear		

Note 4 - Taxes

Tax expense for the year

	2019	2018
Recognised tax on ordinary profit:		
Tax payable	-	-
Change in deferred tax assets	-	-
Tax expense on ordinary profit	**-**	-
Taxable income:		
Ordinary profit before tax	-290,701	-38,483
Permanent differences	286,088	37,467
Changes in temporary differences	-112	-52
Group contributions made	-	-
Use of loss carry-forward	-	-
Taxable Income	**-4,725**	-1,068
Tax payable in the balance sheet:		
Tax payable on profit for the year	-	-
Tax payable on group contributions made	-	-
Total tax payable in the balance sheet	**-**	-

No group contributions were issued or received in 2019.

Tax effect of temporary differences and loss carry-forwards which have given rise to deferred tax and deferred tax assets, broken down by categories of temporary differences:

	2019	**2018**	**Change**
Tangible fixed assets	-97	-102	-5
Pension funds	127	19	-108
Total	**30**	**-82**	**-112**
Accumulated loss carry-forward	-5,752	-1,068	4,684
Basis for calculating deferred tax	**-5,722**	**-1,150**	**4,572**
Deferred tax assets (22%)	**-1,259**	**-253**	**1,006**
Effect of change of tax rate	13	3	-

Note 5 - Equity

	Share capital	**Share premium**	**Other paid-in equity**	**Other equity**	**Total**
Equity 31.12.18	3 108	177 275	549	599 808	780 740
Profit/loss for the year				-290 701	-290 701
Equity 31.12.19	**3 108**	**177 275**	**549**	**309 107**	**490 039**

Note 6 - long-term receivables from and loans to subsidiaries

Receivables	**2019**	2018
Eidesvik Shipping AS	**0**	0
Eidesvik Management AS	**3 151**	3 074
Eidesvik Supply AS	**11 657**	6 769
Eidesvik Neptun AS	**0**	34 651
Eidesvik Neptun II AS	**37**	0
Eidesvik Shipping International AS	**66**	0
Eidesvik MPSV AS	**1 775**	877
Total	**16 686**	45 371

Liabilities	**2019**	2018
Eidesvik AS	**52 068**	52 141
Eidesvik Shipping AS	**53 672**	84 502
Total	**105 739**	136 643

The interest on the intercompany balances is calculated quarterly using 3-month NIBOR + 1% margin.
The Company has provided guarantees for loans in subsidiaries. A guarantee commission of 0.25-1.00% has been charged for this depending on the net outstanding amount covered by the guarantee.
Impairments in 2019 relate to write-downs of long-term receivables Eidesvik Neptun AS of MNOK 39.96 (MNOK 0.00).

Note 7 - Share capital and shareholder information

The Company's share capital consists of 62,150,000 shares at NOK 0.05 each.
All shares have equal voting rights.

For the 20 largest shareholders in Eidesvik Offshore ASA as at 31.12.2019, see Note 17 to the consolidated accounts.

Shares owned/controlled by Board members and the CEO:

	2019	2018
Eidesvik Invest AS (1)	37 200 000	37 180 000
Kolbein Rege	136 450	136 450
John Egil Stangeland	30 000	30 000
Jan Fredrik Meling	335 244	335 244

(1) 55%-controlled by Borgny Eidesvik, Board member, via 20% holding in Bømmelfjord AS ('A' shares). The remaining 45% is owned by Lars Eidesvik, Board member, through 100% ownership in Evik AS.

Note 8 - Payroll costs, number of employees, remuneration, loans to employees

Payroll costs	2019	2018
Salaries	2 494	2 351
Payroll tax	665	637
Pension costs	248	296
Board remuneration	1 736	1 640
Other remuneration	131	44
Total	5 274	4 968

The Company had 1 employee at the end of the year.
The Company has established an occupational pension scheme.

Remuneration to the CEO:	2019	2018
Salary	2 494	2 351
Pension costs	248	296
Other remuneration	130	131
Total	2 872	2 778

The CEO has a bonus scheme on given terms up to MNOK 0.5, which is subject to an overall assessment.
The CEO has a mutual notice period of 6 months. He is also entitled to 18 months of severance pay on certain terms.

Remuneration to the Board:	2019	2018
Kolbein Rege	502	480
Borgny Eidesvik	272	260
Lars Eidesvik	230	220
Synne Syrrist	272	360
John Egil Stangeland	230	320
Lauritz Eidesvik	115	0
Kristine Elisabeth Skeie	115	0
	1 736	1 640

* Board remuneration is decided by the General Meeting. Disbursements for 2019 are for the period up until the next General Meeting.

Auditor	2019	2018
Expenses to auditor are distributed as follows:		
Statutory audit	801	657
Financial advice	28	0
Tax advice	4	198
Other certification services	410	67
Total expenses to the auditor excl. VAT	1 243	922

Note 9 - Pension costs and liabilities

The Company's pension schemes meet the requirements of the Mandatory Occupational Pensions Act.

The Company has pension schemes which cover its only employee. The schemes give rights to future benefits. These depend mainly on the number of qualifying years, salary level at retirement and the amount of the benefits from national insurance. The liabilities are covered through an insurance company.

	2019	2018
Estimated liability	**2 861**	2 609
Value of pension funds	**2 988**	2 629
Under/over-funded	**127**	19

Reconciliation of this year's pension cost	2019	2018
Present value of this year's pension contribution	**221**	208
Interest expense on the pension liability	**5**	4
Expected return on pension funds	**0**	0
Administrative costs	**27**	27
Changes in this year's pension contribution incl. interest and payroll tax	**-5**	-4
Net changes in plans, scaling down, settlement and payroll tax	**0**	0
Net pension cost	**248**	235

The following economic and actuarial assumptions form the basis of the calculation:

	2019	2018
Discount rate	**2,30 %**	2,60 %
Return on pension assets	**2,30 %**	2,60 %
Wage growth	**2,25 %**	2,75 %
Pension adjustment	**0,50 %**	0,80 %
G adjustment	**2,00 %**	2,50 %

Note 10 - Long-term liabilities

	2019	2018
Long-term debt - bond loan	**0**	0
Capitalised establishment costs on long-term debt	**0**	0
Total long-term liabilities	**0**	0

Financial market risk
The Company has provided guarantees for all ship mortgage debt in the consolidated subsidiaries. The guarantees involve substantial risk. The Company has no currency risk. For more details, see the discussion of financial risk management in Note 3 to the consolidated accounts.

Note 11 - Other operating expenses

	2019	2018
Management and accounting	**5 000**	5 000
Investor relations costs	**517**	730
Financial advice	**608**	3 453
Statutory audit	**801**	691
Consultant/legal advice	**165**	1 654
Office lease	**505**	412
Margin reinvoice office lease	**-2 454**	-1 779
Other reinvoices	**-876**	-415
Other expenses	**1 752**	729
Total other operating expenses	**6 018**	10 475

Of which, from related parties:
Management and accounting services, MNOK 5.0 (MNOK 5.0) provided by the subsidiary Eidesvik AS.
The offices are leased from Langevåg Senter AS, a wholly-owned subsidiary of Eidesvik Invest AS, the Company's largest shareholder.
The lease on the office runs to 2033, with 6 x 5-year options thereafter. The gross lease cost is MNOK 6.3 (MNOK 5.1).
The offices are subleased, 23% to companies related to the principal shareholder, and 69% to the subsidiary Eidesvik AS.
8% of the premises are used by the lessor itself. The item "Office lease" represents this share

Note 12 - Loan from principal shareholder

In 2018, the loan was converted to shares in connection with the share issue directed to all shareholders.

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INDEPENDENT AUDITOR'S REPORT

To the Annual Shareholders' Meeting of Eidesvik Offshore ASA

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Eidesvik Offshore ASA comprising the financial statements of the parent company and the Group. The financial statements of the parent company comprise the balance sheet as at 31 December 2019, profit and loss, statements of cash flows and changes in equity for the year then ended and notes to the financial statements, including a summary of significant accounting policies. The consolidated financial statements comprise the balance sheet as at 31 December 2019, profit and loss, statements of comprehensive income, cash flows and changes in equity 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 financial statements present fairly, in all material respects, the financial position of the parent company as at 31 December 2019, and of 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 consolidated financial statements present fairly, in all material respects the financial position of the Group as at 31 December 2019 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU

Basis for opinion

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

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for 2019. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the financial statements.

Impairment of vessels

The carrying amount of vessels as per December 31, 2019 represents 63 % of the Group's total assets. Due to persistently weak market conditions, the Group's management has identified impairment indicators for the Group's vessels. The impairment assessments for 2019 have estimated a recoverable amount of the vessels, being the highest of fair value less the cost of disposal and value in use, resulting in an impairment of vessels of MNOK 570.

Management uses assumptions for future market conditions and financial conditions when the recoverable amount is estimated. Significant estimates include future day rates, utilization rate, operating costs, capital expenditures and discount rate.

Impairment assessment for the Groups vessels have been assessed to be a key audit matter due to the extent of discretionary assessments in the calculations, uncertainty in estimates and future market conditions, and assumptions used in management's models for value in use.

Our audit procedures included assessment of cash flows estimated by management, including utilization rates, by comparing the assumptions with data from comparable companies, terms in the Group's current contracts, and independent market reports. We have compared estimated operating costs to actual historical data for the vessels and assessed estimated revenue and operating expenses to board approved budgets. Further, we have assessed the required rate of return by comparing external data for risk-free interest rate based on government bonds, beta, and market risk premiums for the industry, and assessed adjustments for company-specific factors. In addition, we assessed the level of precision in management's assumptions used in previous years impairment assessment by comparing to subsequent actual results and ensured consistency in the use of valuation method. We have recalculated the valuation models and compared management's calculations of value in use with external valuation reports obtained by the company. We have also conducted a sensitivity analysis of the most important assumptions.

We refer to note 2.26 for information on uncertainty in the estimations and note 12 for vessels, impairment, valuation model, and the sensitivities of significant assumptions.

Other information

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

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

Responsibilities of management for the financial statements

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

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

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Auditor's responsibilities for the audit of the financial statements

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

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

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

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

Opinion on the Board of Directors' report and on the statements on corporate governance and corporate social responsibility

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 and in the statements on corporate governance and corporate social responsibility concerning the financial statements, the going concern assumption and proposal for the allocation of the result is consistent with the financial statements and complies with the law and regulations.

Opinion on registration and documentation

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

Oslo, 29 April 2020
ERNST & YOUNG AS

The auditor's report is signed electronically

Asbjørn Rødal
State Authorised Public Accountant (Norway)

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Asbjørn Rødal
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Tradition for innovation

Eidesvik is a Powerhouse for future oriented shipping and operational solutions

2003 Viking Energy:
– *First LNG fuelled PSV in the World*

2004 Viking Avant:
– *New PSV design*

2009 Viking Lady:
– *First vessel with fuel cell installed*

2012 Viking Prince og Viking Princess
– *Two new vessel fuelled with LNG*

2013 Viking Lady:
– *Integrated hybrid solution with battery*

2013 Seven Viking
– Ship of the Year

2015 Viking Neptun

2016 Viking Energy
– First vessel with battery notation

2018 Seven Viking
– Battery power and shore power

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