



**OCEANTEAM**

# Oceanteam ASA Half-year report 2020



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## 1. Key Events and Financial Performance

In this report Oceanteam ASA is further referred to as “Oceanteam” or “Company”. Oceanteam Group consists of Oceanteam ASA and its subsidiaries.

### KEY EVENTS in First Half Year 2020 (H1 2020)

#### Vessel activities:

- CSV Southern Ocean has performed under a time charter agreement with McDermott from December 2019 until May 2020 for projects off the coast of India. The total operational utilisation of CSV Southern Ocean in H1 2020 was 69 percent.
- CSV Bourbon Oceanteam 101 (CSV BO 101) has completed the charter agreement with Total Angola in April 2020. The vessel is now preparing for a maintenance programme in Europe to gear up for its next contract which is currently under negotiation. The total utilization of CSV BO101 in H1 2020 was 14 percent.

#### Solutions activities:

- In April 2020 the Solutions division secured a new contract with a major cable manufacturer to provide cable transportation capability using a 3rd party cable transportation barge outfitted by Oceanteam with Oceanteam’s equipment. The contract includes the provision of cable handling services. The engagement started in April 2020 with completion expected in the first quarter of 2021. The contract includes several options to extend the rental period.
- A long term (3Y) rental/service contract started in February 2020 for rental of one of Oceanteam’s 4.000T carousels with the ultimate client being Global Marine Group.
- In H1 2020, utilisation of the Solutions carousels and tensioners was 61% and 17% respectively. The carousels are much more valuable than the tensioners and earn significantly higher day rates.

#### Coronavirus (COVID-19):

- Coronavirus (COVID-19) disease has spread globally since 2019 resulting in the coronavirus pandemic. The Coronavirus has a disruptive effect on all economic activities all over the world. The impact on the oil & gas business is enormous as the major oil companies have ceased drilling activities for oil. The impact on our vessels is significant due to delays/changes in repair and dry-dock schedules, combined with the inability to bring specialists on board due to travel restrictions. Furthermore, crew changes have been delayed due to travel complications during the last months resulting in higher operational expenses. COVID-19 has had less impact on the Solutions business for ongoing contracts but the overall economic recession and the low energy prices impact all global business including cable activities.

#### Corporate events:

- In February 2020 Henk van den IJssel was appointed as Chief Executive Officer of Oceanteam ASA following the resignation of Leidus Bosman.
- Since 2018, pursuant to a decision by Bergen District Court, Oceanteam was subject to public investigation of certain related party transactions that occurred during the period from 1 January 2013 to 31 December 2017. Following a joint petition from the Company and the minority shareholder that requested the investigation, in October 2019, the Bergen District Court resolved to cease the ongoing investigation. In accordance with the Public Limited Liability Companies Act section 5-28 second paragraph an extraordinary general meeting took place in April 2020 to review the investigation report. Oceanteam is currently evaluating its legal position in relation thereto and is awaiting the verdict in the appeal case for the costs of the investigation report.

- In May 2020, Oceanteam obtained a flexible credit facility with Rabobank for up to EUR 800.000 to be used for general corporate purposes of the Group. The key purpose of this facility is to have internal project financing possibilities for the Solutions division to finance cable/carousel mobilisations/upgrades.
- In May 2020, the repayment date of the Stichting Value Partners Family Office loan and the Corinvest B.V loan were extended from April 2021 to April 2023.

## KEY FINANCIAL FIGURES OF THE OCEANTEAM GROUP

Amounts in US Dollar million	Unaudited	Unaudited	
From the comprehensive income	30-6-2020	30-6-2019	Variance
Operating income	6.6	10.5	(3.9)
Operating expenses	3.3	2.6	0.7
Personnel cost	0.9	1.0	(0.1)
General & administration	0.6	1.3	(0.7)
Depreciation	2.9	2.9	-
<b>Operating profit (loss) (EBIT)</b>	<b>(1.1)</b>	<b>2.8</b>	<b>(3.9)</b>
Net finance costs	(0.6)	(1.2)	0.6
<b>Net profit (loss) from continued operations</b>	<b>(1.7)</b>	<b>1.5</b>	<b>(3.2)</b>
Tax income (expenses)	(0.0)	(0.2)	0.2
Profit from discontinued operations	0.0	1.0	(1.0)
<b>Profit (loss) for the year</b>	<b>(1.7)</b>	<b>2.4</b>	<b>(4.1)</b>

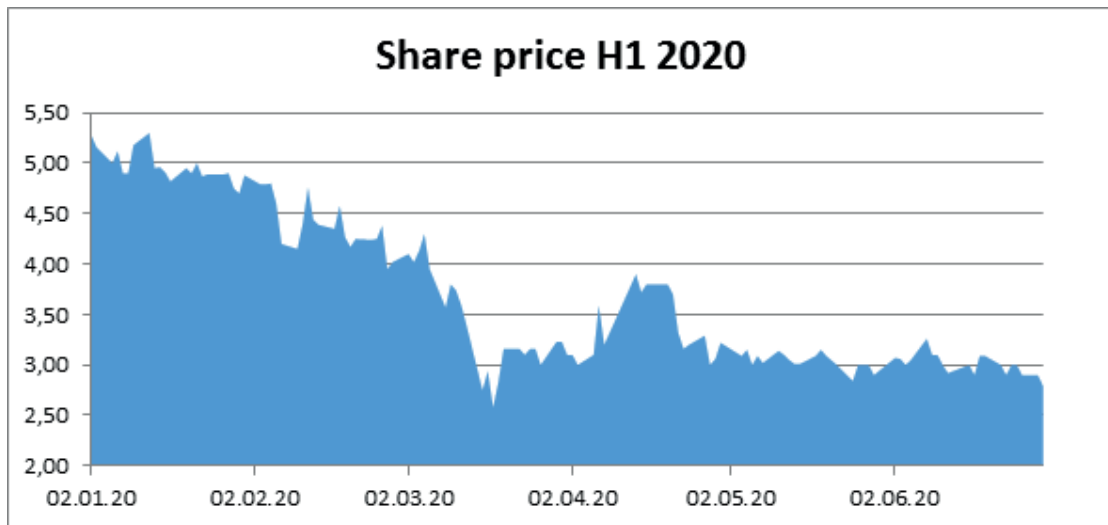
  

Amounts in US Dollar million	Unaudited	Audited	Unaudited
From the financial position	30-6-2020	31-12-2019	30-6-2019
Vessels, equipment and investments	106.3	110.8	109.7
Current assets	12.2	14.6	9.3
Cash	5.4	4.8	4.8
<b>Total assets</b>	<b>120.0</b>	<b>126.7</b>	<b>120.5</b>
Interest bearing debt	25.1	29.1	25.1
<b>Equity</b>	<b>87.7</b>	<b>91.2</b>	<b>89.4</b>

Key Figures	30-6-2020	30-6-2019	31-12-2019
EBITDA*	1.8	5.6	7.8
Current ratio*	0.42	0.41	0.3
Equity ratio*	73%	72%	74%
Capital Expenditures*	(0.6)	(0.3)	(1,0)
Operating margin*	27%	54%	43%

\*See note 9 – Alternative Performance Measures



## 2. Message from the CEO

During the first half of 2020 Oceanteam faced challenging market circumstances.

The financial performance of the Group is below budget. The Shipping segment underperformed due to the underperformance of CSV BO101 and the early termination of its contract in Q2 2020. The CSV Southern Ocean performed well on her contract offshore India, and upon exercise of the contractual extension options by the client, the contract continued until mid-May 2020. EBITDA of the Shipping segment decreased to USD 1.4 million. The shortfall in the Shipping segment compared to the first half year of 2019 and its effect on the Group results is partially compensated by the modest growth of EBITDA in the Solutions segment.

After the oil price crash at the end of Q1 2020, resulting from conflicts between oil producing countries, the market forecast was put under further pressure and new projects put under review by operators with significant delays expected. This impact was unforeseen, and contrary to earlier predictions that 2020 would bring signs of recovery from earlier downturns.

In addition to the market downturn due to energy prices, in mid-March COVID-19 virus changed the world overnight. The pandemic had and still has an enormous impact on the world economy. Many countries have fallen into recession which has led to a further significant reduction in oil & gas demand. Many oil majors have stopped or have slowed down production and exploration activities. Capex programs worldwide are put on hold and projects came to an abrupt stop. The overall impact of COVID-19 is still highly uncertain at the issue date of this report.

Both CSV BO101 and CSV Southern Ocean were scheduled to undergo maintenance works in 2020. The CSV BO101 is currently in a yard in Spain for performance of maintenance and repair works, which were delayed due to COVID-19 constraints and now rescheduled to be executed in Q3 2020. The CSV Southern Ocean was scheduled to undergo its five-yearly class renewal in Singapore this summer. This was also delayed by COVID-19 and is now planned to commence 2nd half August 2020.

Due to the pessimistic market outlook for 2020 and 2021 the near future for the Group remains challenging, certainly for the Shipping segment. The periods during which the vessels are not under charter in 2020 have been prolonged due to the effects of COVID-19 as many subsea developments have been postponed and exploration activities have been cancelled. In addition, due to the general oversupply of construction support vessels, the price levels on potential projects are under pressure.

The dialogue of the Group with its lenders initiated in Q4 2019 was recently concluded with a deferral of the first three quarterly instalments for 2020 allowing to reserve cash for capex programmes of the vessels to enable them to compete for new contracts as of September 2020 onwards. Oceanteam is reviewing all possible scenarios for its fleet; from lay-up and employment on alternative markets to vessel sale.

After the capex programmes on both vessels, the resumption of quarterly payments under the current loan facility will become dependent on future cash income from new charter contracts. In the absence of such contracts been won in the coming months, a default situation can be avoided if the lenders decide to cooperate and agree further deferred instalments (for period with unemployed vessels) combined with amended repayment amounts 2021 onwards to reflect marginal market conditions.

In addition, further discussions are being planned with the lenders for a general review of the downturn in the offshore shipping market and the effect this has on the revenues of the Group and its ability to comply with its quarterly loan repayment obligations. Given the overall market forecast, the lack of long term contracts and the financial obligations of the Group, Oceanteam is reviewing all possible scenarios for its fleet: from lay-up and deployment on alternative markets to a vessel sale. Given the various uncertainties in the current market we will review all options during the second half of the year. Any financial impact will be incorporated in the 2020 annual report.

The Solutions segment has performed better than in the first half year of 2019 and has a positive outlook for the second half of 2020. The existing long term contracts of the Solutions division lay a solid foundation. It is not surprising that the outlook for the Solutions business is more promising with two large new rental contracts signed in the first quarter of 2020. One, which will have a firm three year term for cable lay projects and another rental and transport contract which is expected to be completed in Q2 2021.

The decrease in the Group's selling, general and administrative expenses (SG&A) has substantially contributed to lessening the negative result of the Group for the reporting period. The Company also remains critical of cost efficiency in its current operations in both the Shipping and Solutions segments.

In conclusion, whilst the outlook for the second half of 2020 remains challenging, Oceanteam considers that the activity in the offshore renewables industry offers opportunities to both Oceanteam segments individually, but also as a combination: Oceanteam Solutions' expertise in cable transport, storage and handling can be combined with the experience of one or both Oceanteam's vessels, which can be used for cable installation. The demand from cable manufacturers for larger carousels of 5000 - 7.000 tonnes offers opportunities for growth for the Solutions segment. Oceanteam trusts that it can contribute in these developments.

I would like to thank all stakeholders and employees for their positive contributions during the first half of the year and we hope that we can continue in the same manner the second half.

Henk van den IJssel  
CEO Oceanteam ASA



### **3. Corporate Identity, Vision and Mission**

Oceanteam is a Norwegian listed subsea and offshore services company, with a head office in Bærum, Norway and regional offices in Amsterdam and Velsen, the Netherlands. The Company is currently comprised of two operating segments, Oceanteam Shipping and Oceanteam Solutions.

Oceanteam Shipping currently owns 50 percent of two high-end versatile construction support vessels, the CSV Southern Ocean and CSV BO 101. The other 50 percent is owned by Oceanteam's joint venture partner Bourbon Offshore Norway AS. Oceanteam follows the international standards of efficient and environmentally friendly offshore shipping.

Oceanteam Solutions has been active in the transportation, storage and handling of electric power cables for the offshore wind industry since 2007. Oceanteam Solutions has equipment and project experience to manage projects that involve operational complexity both in the mature North Sea market as well as in new emerging offshore wind markets in North America and in the Far East. The company currently owns 6 carousels and ancillary equipment and has its deep-water port and offshore base in Velsen, the Netherlands. The Solutions division is generally performing the following activities: cable storage at its offshore base in Velsen, the rental of carousels and other ancillary equipment, and the execution of large electric power cable transport and logistics projects, using Oceanteam's own equipment and/or third-party owned equipment and transportation vessels.

At this stage of the energy transition we believe we must further focus on the globally growing offshore wind industry, while continue serving our clients in the subsea oil and gas segment of the offshore industry.

For more information about the Company: [www.oceanteam.nl](http://www.oceanteam.nl)

The Company ticker on the Oslo Stock Exchange is "OTS" ([www.ose.no](http://www.ose.no)).



## 4. Market Outlook

### **OIL DEMAND AND SUPPLY AND INDUSTRY DYNAMICS**

Around the world billions of people are affected by one of the worst health crises of the past century (source:www.ie.org/reports/oil-market-report-april-june-2020). The global economy is under pressure in ways not seen for decades; businesses are failing and unemployment is surging. Confinement measures are in place in more than 180 countries and territories, and although they vary in scope, activity in the transportation sector has fallen dramatically almost everywhere. Even assuming that travel restrictions are eased in the second half of the year, the expectation is that global demand in 2020 will fall by at least 9.3 million barrels a day versus 2019.

Against this bleak background, policy makers are responding with radical steps. Governments have announced massive fiscal plans to support workers and businesses. Central banks have embarked on huge monetary stimulus programmes. We have also seen measures to tackle the oil market crisis.

Effective 1 May, oil producers in the OPEC+ group agreed to cut output by an initial 9.7 million barrels a day. In the light of the unprecedented depth of the crisis, the IEA has urged major customers and producers to work together to mitigate the impact on market stability.

The measures announced by OPEC+ and the G20 countries won't rebalance the market immediately. However, by lowering the peak of the supply overhang and flattening the curve of the build-up stocks, they help a complex system absorb the worst of this crisis, whose consequences for the oil market remain very uncertain in the short term.

Global capital expenditure by exploration and production companies in 2020 is forecast to drop about 32% versus 2019 to USD 335 billion, the lowest level for 13 years. This reduction of financial resources also undermines the ability of the oil industry to develop some of the technologies needed for clean energy transitions around the world.

The recent modest recovery in oil prices suggests that the second half of 2020 has started on a more optimistic note. The gap in demand between 2020 and 2019 is largely explained by the dire situation of the aviation sector. Passenger traffic in 2020 will be 55% lower than in 2019. The industry will continue to be a drag on oil demand throughout 2021.

Global oil supply is set to tumble by a massive 7.2 million barrels a day on average in 2020. The recent improvement in oil prices close to US 40/bbl is not enough to allow a significant increase in US output (levels have fallen to 10.5 million barrels per day, down 2.4 million barrels per day from a record high seen in November 2019). For the coming months, high crude and product stocks will limit the scope for producers in many countries to sell more refiners. If recent trends in production are maintained and demand does recover, the market could be on a more stable footing by the end of the second half of the year. However, we should not underestimate the enormous uncertainties. Low oil prices might appear to be attractive to consumers however they are of little benefit to the approximately 4 billion people living under some form of Covid-19 lockdown.

### **OFFSHORE WIND**

The outlook for the offshore wind market for the years to come is promising as large windfarms are being developed in primarily North Sea countries (requiring larger and heavier cables) whilst other regions like the US and Asia are also developing their renewable energy footprint. The wind sector continues to be resilient, robust and set for continued growth.

The global offshore market has doubled its capacity every three years since 2009 from 2 GW to 27 GW in 2019, a 10-fold increase over the last decade. The North Sea countries will have 21.7GW installed by the end of 2020. The 2030 target is to install 70 GW meeting the renewable energy targets from which wind power will account for 52%. The challenge for Europe is to have an installed capacity of 450 GWE by 2050, divided in North Seas 380 GW and the Mediterranean 70 GW. 450 GW would meet 30% of Europe's electricity demand in 2050. Annual installation rates need to increase substantially towards 7 GW to 20 GW per year, coming from an average of 3.1 GW per year.

The costs of developing, building and exploiting offshore wind parks are forecasted at a very low LCOE of Euro 40 to 50/MWh by 2030. The Blauwind II consortium bid a record Dutch price of 54,5 Euro/MWh to win the Borssele 3&4 offshore wind tender. However, excluded zones in the North Sea could increase the costs towards Euro 80/MWh. Environmental (marine) impacts demand comprehensive data about offshore species, habitats and the cumulative environmental impact of offshore wind. Increased spatial demands and growing competition between users will increase the functionality of the sea.

The electricity grid infrastructure in Europe has started to anticipate the major growth in both offshore and onshore energy. The development of universal grid connections is the first initiative to combine the knowledge of cable manufacturers and wind farm operators. The complicated infrastructure will require next generation technology in order to facilitate system integration and efficient energy transportation.

Key suppliers who achieve competitively priced offshore wind capacity are: wind turbine suppliers, installation contractors, vessel suppliers and construction ports. To enable timely investments, project developers need to know that key suppliers are investing in expected volumes to meet shorter development times. Ensuring that grid connections are in place to supply their power to customers are critical to ensure that project developers know that project revenues will provide returns at low enough risk to enable progress, often with significant debt funding.

In the field of cable handling, logistics, storage and transportation, the market is growing as fast as the rest of the offshore wind industry. The business is also changing from pure rental of carousels and ancillary equipment, cable storage and one-off cable transport contracts, to more service oriented integrated solutions. Demand for more efficient cable laying equipment and vessels towards 2022 will increase as the average distance to shore is increasing meaning customers will demand more tailored and integrated solutions on a global basis.

Oceanteam targets owners, contractors and suppliers in the offshore wind industry and develops and offers a range of services, starting from a simple rental of equipment to a complex tailored logistics service package including rental of equipment, cable transportation, cable storage and handling services with the aim to participate in the market growth and position itself as the preferred offshore wind subcontractor.

## 5. Board of Directors and Management Team

### Board of Directors

Keesjan Cordia, Chairman of the Board of Oceanteam ASA since April 2018

Karin Govaert, Member of the Board of Oceanteam ASA since April 2018

Jan-Hein Jesse, Member of the Board of Oceanteam ASA from July 2018 to 14 August 2020

### Management Team

Henk van den IJssel, CEO of Oceanteam ASA

Henk Hazenoot, Interim CFO of Oceanteam ASA

## 6. Report of the Board of Directors

### a. CORPORATE STRUCTURE

Oceanteam ASA is the parent company of a group of companies (together the “Oceanteam Group”). These subsidiary companies are grouped under two operating segments: Oceanteam Shipping and Oceanteam Solutions.

Oceanteam Shipping comprises Oceanteam’s deep-water construction support vessel companies jointly owned by Oceanteam and its joint venture partner Bourbon.

Oceanteam Solutions comprises of Oceanteam companies active as a service provider to the renewables and oil and gas industry with the supply of rental equipment for the transportation, storage and handling of subsea cables.

The majority of the subsidiary companies are incorporated in Norway and in the Netherlands.

### b. BUSINESS ACTIVITY

The Group delivers high specification assets and unique services to the renewables and oil and gas industry. Through its Oceanteam Shipping division, Oceanteam owns, charters and manages two high-end deep water offshore construction support vessels (CSVs). Through its Oceanteam Solutions division, Oceanteam provides a complete set of high quality rental equipment (demountable carousels, tensioners and other cable handling equipment) and tailored solutions for the transportation, storage and handling of subsea cables.

Currently, Oceanteam is active in the subsea oil and gas business as well as in the renewable energy business.

### c. OCEANTEAM SHIPPING

Oceanteam Shipping currently owns 50 percent of two high-end versatile construction support vessels, the CSV Southern Ocean and CSV BO 101. The other 50 percent is owned by Oceanteam’s joint venture partner Bourbon Offshore Norway AS. Bourbon Offshore Norway AS is a subsidiary of the Bourbon group of companies. The larger of the two vessels, the CSV Southern Ocean, is controlled by Oceanteam, having 3 of the 5 board seats of the ship owning company. This company is fully consolidated. The other vessel, the CSV BO 101, is controlled by Bourbon, which appoints 3 of the 5 board seats, and hence is accounted for in the Group accounts according to the equity method for associates. Day-to-day ship management, crewing and technical operations are outsourced to Bourbon, while all commercial charter activities are jointly conducted. Accounting is performed by Oceanteam.

During the course of 2020, CSV BO 101 continued a multi-year charter contract in Angola for Sonasurf and TOTAL E&P Angola. The contract, which commenced in 2016, had a firm duration of three years and two one-year options but was terminated in April 2020.

The CSV Southern Ocean completed her charter contract with McDermott in India in May 2020.

Both vessels can be utilised in the offshore oil & gas industry and the offshore wind renewables industry using carousels owned by Oceanteam. Since the vessels became operational in 2007 and 2010 respectively, the CSV BO 101 has been chartered by oil companies for their Angolan deep-water oil & gas activities, and the CSV Southern Ocean has been chartered by main contractors for their offshore oil & gas projects in Australasia.

The Oceanteam- Bourbon JV companies were not affected by the reorganisation proceedings of Bourbon Corporation. In January 2020 ownership of the assets of Bourbon Corporation was transferred to Societe Phocenne de Participations, whose shareholders are several French banks.

With respect to charter parties, 2020 appears much more challenging compared to 2019. Due to COVID-19 and the impact this has had on oil prices, the oil & gas majors have temporarily suspended their offshore activities, leaving few contract opportunities in the market. The uncertainty of the market development results in contracts being postponed towards the fourth quarter 2020 and later. Oceanteam's management and staff have increased their business development activities in order to secure further deployment for the vessels for the period following their respective maintenance and repair campaigns.

#### **d. OCEANTEAM SOLUTIONS**

Oceanteam Solutions focuses on providing a complete set of high quality equipment and services suitable for offshore cable laying, on and offshore cable storage and cable transport in close collaboration with Oceanteam's other business unit. The division has a long track record as a service provider to the renewables and oil and gas industries. It has a pool of experienced staff that, combined with Oceanteam's owned equipment and vessels, has the ability to provide a complete range of Lloyd's ISO certified solutions to its customers. Multiple cable storage projects, cable transportation and handling activities and rental of equipment were ongoing and the Company's main assets remained under contract in the first half of 2020 and beyond.

#### **e. BACKLOG**

As per the publishing date of this report, a short term charter party has been confirmed for CSV Southern Ocean commencing in Q4 2020. CSV BO 101 is currently in yard for performance of repair and maintenance works whilst negotiations for its redeployment are continuing.

Due to COVID-19 the dry-docking has become a challenge as major ports are still closed for work. Changing international crews is difficult as travel to all major ports is not always possible. The difficulty in making reliable estimates of when maintenance works will be completed makes the predictability of picking up market opportunities challenging.

Oceanteam Solutions has 3 long term rental agreements for its carousels and a cable transportation agreement that is expected to be finalised in the second quarter of 2021.

## **f. COMMENTS RELATED TO THE FINANCIAL STATEMENTS**

### **INCOME STATEMENT**

EBITDA decreased by USD 3.8 million from USD 5.6 million for the H1 2019 to USD 1.8 million for the H1 2020.

Total operating income of the Oceanteam Group decreased to USD 6.6 million in H1 2020 compared to USD 10.5 million in H1 2019.

The revenue from the shipping company Oceanteam Bourbon 4 AS decreased from USD 8.0 million in H1 2019 to USD 5.1 million in H1 2020. Although CSV Southern Ocean had less operational days, the charter hire rate for part of the charter period was higher. The operational expenses for the reporting period were lower than anticipated despite the COVID-19 limitations.

The total operating income includes the net loss from associates/joint ventures of USD 1.2 million in H1 2020, which represents 50% net income from the JV company Oceanteam Bourbon 101 AS (H1 2019: profit of USD 1.1 million). The lower net income from the JV is the result of the contract ending April 2020 in combination with ongoing shipping costs and the COVID-19 effects, for the reporting period.

The revenue from Oceanteam's Solutions business for H1 2020 is USD 2.5 million compared to USD 1.4 million for H1 2019. During H1 2020 Oceanteam's Solutions business continued to service its existing long term contracts. During H1 2020 the revenue consists of equipment rental, cable storage income and handling services. In H1 2020 Oceanteam successfully finalised a project for a client in Northern Europe, which commenced in Q4 2019.

The operational expenses of the Solutions division for the reporting period are higher compared to the same period in 2019 due to higher operational costs for crew and mobilisation, whereas the fixed costs related to the overall equipment base remained unaltered.

Combined group operating expenses include operating costs, personnel costs, general & administration expenses, depreciation & amortisation, and write-offs/impairment. Total group operating expenses for H1 2020 as well as H1 2019 amounted to USD 7.7 million.

Although the operating costs for H1 2020 are USD 0.7 million higher than the same reporting period for 2019, the G&A costs have decreased by USD 0.8 million. The main reason for the increase in operating costs is higher mobilisation and demobilisation costs for two cable projects, representing USD 1 million. This increase is partially offset by the lower operating costs for the vessel of USD 0.3 million. The G&A costs have decreased due to lower personnel costs, consultancy costs, professional fees, auditor's fee and costs for the public investigation. Depreciation in combination with write-offs / impairments is on the same level as H1 2019.

The above factors resulted in a major decrease of operating profit before discontinued operations in H1 2020 from USD 2.8 million in H1 2019 compared to a negative USD 1.1 million in H1 2020.

The Group made a net loss after taxes and discontinued operations of USD 1.7 million in H1 2020 compared to a profit of USD 2.4 million in H1 2019. When excluding the discontinued operations of H1 2019, the Company actually made a profit of USD 1.5 million in H1 2019 compared to a loss of USD 1.7 million in H1 2020.

## BALANCE SHEET AND CAPITAL STRUCTURE

Total assets at the end of the reporting period amounted to USD 120 million, compared to USD 120.5 million as at 31 December 2019. Equity as a percentage of total assets was 73 percent per 30 June 2020, compared to 74 percent per 31 December 2019.

Oceanteam has diversified capital sources consisting of equity, bank loans and shareholders' loans. The equity (share capital of the Company) is divided into 34,338,833 shares with a nominal value of NOK 5.75 each.

The shipping division charters and manages two deep water construction support vessels, owned by two vessel owning companies, of which 50 percent of the shares are owned by Oceanteam. The shipping company, Oceanteam Bourbon 4 AS, which owns the CSV Southern Ocean, has been fully consolidated. The shipping company, Oceanteam Bourbon 101 AS, which owns the CSV BO 101, is consolidated according to the equity method. Together with the Oceanteam Solutions' equipment, non-current assets, property, plant and equipment was USD 106.3 million on 30 June 2020 (31 December 2019 USD 109.6 million).

There is a credit and guarantee facility with the joint venture entities Oceanteam Bourbon 4 AS and Oceanteam Bourbon 101 AS as borrowers and SpareBank1 SMN, DVB Bank SE Nordic Branch and NIBC Bank N.V. as lenders (**"The Oceanteam Bourbon 4 and Oceanteam Bourbon 101 Facility"**). The Oceanteam Bourbon 4 and Oceanteam Bourbon 101 Facility is only partly consolidated into the Group accounts, as Oceanteam Bourbon 4 AS is classified as a subsidiary (consolidated) whilst Oceanteam Bourbon 101 AS is classified as an associated company (not consolidated). As of 30 June 2020, the balance of the Oceanteam Bourbon 4 and Oceanteam Bourbon 101 Facility which is consolidated in the Group's Financial Statements was USD 22.3 million.

## VESSELS AND EQUIPMENT, INVESTMENT IN ASSOCIATES AND JOINT VENTURES

The net book value of vessels and equipment was USD 90.4 million on 30 June 2020 (31 December 2019: USD 92.7 million). This represents the CSV Southern Ocean and Solutions equipment. The historical cost of CSV Southern Ocean, which is fully consolidated on the balance sheet, was USD 171.7 million on 30 June 2020. The carrying amount of the vessel (net book value after depreciation and impairment) was USD 75.7 million (31 December 2019: 77.5 million). The historical cost of Equipment and fast support vessels was USD 50.4 million on 30 June 2020. The carrying amount as per that date was USD 14.7 million, only representing the Solutions equipment.

The Investment in associates and joint ventures was USD 15.8 million on 30 June 2020 (31 December 2019: USD 17.0 million). This is the investment in Oceanteam Bourbon 101 AS, the company being consolidated according to the equity method. The net book value of the CSV BO 101 was USD 45.9 million on 30 June 2020.

The Total Non-current assets of USD 107.8 million represents 90 percent of the total assets (31 December 2019 92.3%). In aggregate the net book value of CSV Southern Ocean and CSV BO 101 was (on a 100 percent basis for both vessels) USD 121.6 million. For clarity, only the CSV Southern Ocean is accounted for as fixed asset on the statement of financial position.

The latest fair market value for the CSV Southern Ocean has been estimated by two independent brokers in the second quarter of 2020. The average value is USD 82.35 million. For the CSV BO 101 the estimate is USD 58.2 million.

## **g. GOING CONCERN**

In accordance with the Accounting Act § 3-3a Oceanteam ASA confirms that the financial statements have been prepared under the assumption of going concern. This assumption is based on income forecasts for the years 2020 – 2021 and the Group’s long-term strategic forecasts. The market has been experiencing a downturn which has had a direct impact on the performance and liquidity of the Group. Liquidity forecasts going forward are for modest but positive cash flows. The Directors have considered all available information about the future when concluding whether the Company is a going concern at the date they approve the financial statements. The review covers a period of at least twelve months from the date of approval of the interim report.

Detailed disclosure note on future cash flows period of 12 months (from 1 July 2020 until 30 June 2021) with underlying key assumptions are available in the 2019 annual report within Financial Statement disclosure Note 3. There is inherent risk in cash flow estimates for the Company’s ability to secure new contracts within its business segments. However, the Company has plans to mitigate this constraint through various actions. Reference is made to the detailed disclosure information regarding various risks in the 2019 annual report and how the Company is mitigating these.

Revenue streams from contracts within the Shipping segment are expected to start running as of October 2020 for the Southern Ocean, however, a new assignment for CSV BO 101 remains uncertain as per the publishing date of this report. The main risk within the Shipping segment relate to securing contract coverage for the CSV BO 101 following her repair and maintenance programme.

The Solutions segment has a good forward contract position and can focus on utilisation. The spot offshore wind market offers opportunities where service and handling is more important than price. Within this segment the maritime asset rental business is doing better based upon an asset cost base which is written off. An uptick in interest/demand will improve cash yield of this service in the course of 2020.

## **h. EVENTS AFTER THE BALANCE SHEET DATE**

- As indicated during the annual general meeting of Oceanteam ASA, Jan-Hein Jesse was not available for re-appointment and has resigned from the board of directors per 14 August 2020.
- CSV Southern Ocean has been awarded a charter in Q4 2020 offshore Australia for approx. 30 days.
- Oceanteam and its joint venture partner Bourbon have agreed with the financiers of the jointly owned CSV Southern Ocean and CSV BO 101 to defer the Q1, Q2 and Q3 instalments for 2020 under the Vessels’ facility agreement until its expiry in 2022 to allow for flexibility to perform planned capex activities on both vessels this summer and to cater for the reduced utilisation of the vessels.



## 7. Confirmation from the Board of Directors and CEO

We confirm to the best of our knowledge that the condensed set of financial statements for the period 1 January 2020 to 30 June 2020 have been prepared in accordance with IAS 34 Interim Financial Reporting as adopted by EU, and additional requirements found in the Norwegian Securities Trading Act, and give a true and fair view of Oceanteam ASA's consolidated assets, liabilities, financial position and result for the period. We also confirm to the best of our knowledge that the financial review includes a fair review of important events which have occurred during the first six months of the financial year and their impact on the financial statements, any major related party transactions, and a description of the principal risks and uncertainties.

Bærum, Norway, 27 August 2020

### The Board of Directors and CEO of Oceanteam ASA

Keesjan Cordia



Chairman

Karin Govaert



Director

Henk van den IJssel



CEO

## Consolidated statement of profit or loss and other comprehensive income (UNAUDITED FOR THE SIX MONTHS ENDED 30-6-2020)

**GROUP**

USD '000

	<b>Notes</b>	<b>(Unaudited)</b> 30-6-2020	<b>(Unaudited)</b> 30-6-2019
Revenue		7.720	9.388
Net income from associates / joint ventures		(1.152)	1.131
<b>Total operating income</b>	<b>3</b>	<b>6.568</b>	<b>10.519</b>
Operating costs	3	(3.274)	(2.557)
Personnel costs		(947)	(999)
General & administration		(570)	(1.322)
Depreciation and amortisation	4	(2.880)	(2.856)
Write off / Impairment		-	-
<b>Total operating expenses</b>		<b>(7.671)</b>	<b>(7.735)</b>
<b>Operating profit / (loss)</b>		<b>(1.103)</b>	<b>2.784</b>
Financial income		-	-
Financial expense	6	(824)	(1.101)
Foreign exchange gain / (loss)		183	(71)
<b>Net finance</b>		<b>(641)</b>	<b>(1.172)</b>
<b>Ordinary profit / (loss) before taxes</b>		<b>(1.744)</b>	<b>1.612</b>
Tax expense		-	(159)
<b>Profit / (loss) from continuing operations</b>		<b>(1.744)</b>	<b>1.453</b>
Profit from discontinued operation	7	-	950
<b>Profit / (loss) for the period</b>		<b>(1.744)</b>	<b>2.402</b>
Other comprehensive income / cost		-	-
<b>Total comprehensive income for the period</b>		<b>(1.744)</b>	<b>2.402</b>

## Consolidated statement of profit or loss and other comprehensive income (UNAUDITED FOR THE SIX MONTHS ENDED 30-6-2020)

**GROUP**

USD '000

	(Unaudited) 30-6-2020	(Unaudited) 30-6-2019
<b>Profit (loss) attributable to:</b>		
Owners of the company	(1.735)	1.293
Non controlling interests	(10)	1.110
<b>Profit (loss)</b>	<b>(1.744)</b>	<b>2.402</b>
<b>Total comprehensive income attributable to:</b>		
Owners of the company	(1.735)	1.293
Non controlling interests	(10)	1.110
<b>Total comprehensive income for the period</b>	<b>(1.744)</b>	<b>2.402</b>
<b>Earnings per share (in USD)</b>		
Basic earnings per share (in USD)	(0,05)	0,00
Dilutive earning per share (in USD)	(0,05)	0,00
Weighted average of shares during the period ('000)	34.211	786.859
Basic earnings per share (in NOK)	(0,50)	0,01
Dilutive earning per share (in NOK)	(0,50)	0,01
Weighted average of shares during the period ('000)	34.211	786.859

On 4 December 2019 the reversed share split in the ratio 23:1 was registered with the Norwegian Register of Business Enterprises in accordance with the resolution of the EGM whereas 23 old shares have been consolidated into one new share with a nominal value of NOK 5,75. Following the reversed share split the share capital of the Company is NOK 197,448,289.75 divided into 34,338,833 shares with a nominal value of NOK 5,75 each. Treasury shares consist a number of 127.573 shares after the reversed split.

## Consolidated statement of financial position (UNAUDITED FOR THE SIX MONTHS ENDED 30-6-2020)

**GROUP**

USD '000

	<b>Notes</b>	<b>(Unaudited)</b> 30-6-2020	<b>(Audited)</b> 31-12-2019
<b>Assets</b>			
<b>Non-current Assets - Property, plant and equipment</b>			
Investment in associates and joint ventures	7	15.820	16.971
Vessels and equipment	4	90.443	92.677
<b>Total</b>		<b>106.263</b>	<b>109.649</b>
<b>Non-current Assets - Other</b>			
Deferred tax assets		1.000	1.000
Right of use assets		536	591
<b>Total</b>		<b>1.536</b>	<b>1.591</b>
<b>Total non current assets</b>		<b>107.799</b>	<b>111.240</b>
<b>Current Assets</b>			
Trade receivables		4.920	2.272
Other receivables		1.868	2.202
<b>Total receivables</b>		<b>6.788</b>	<b>4.474</b>
<b>Cash and cash equivalents</b>		<b>5.414</b>	<b>4.827</b>
Assets held for sale		-	-
<b>Total current assets</b>		<b>12.203</b>	<b>9.301</b>
<b>Total assets</b>		<b>120.002</b>	<b>120.541</b>

## Consolidated statement of financial position (UNAUDITED FOR THE SIX MONTHS ENDED 30-6-2020)

**GROUP**

USD '000

	Notes	(Unaudited) 30-6-2020	(Audited) 31-12-2019
<b>Equity and liabilities</b>			
Share capital		25.403	25.403
Treasury shares		(128)	(128)
Share premium		1.304	1.304
Other equity		31.635	33.370
<b>Equity attributable to owners of the Company</b>		<b>58.215</b>	<b>59.949</b>
Non-controlling interests	5	29.483	29.492
<b>Total non-controlling interests</b>		<b>29.483</b>	<b>29.492</b>
<b>Total equity</b>		<b>87.697</b>	<b>89.442</b>
Loans and borrowings	6	3.000	-
Lease liabilities		458	511
<b>Total non current liabilities</b>		<b>3.458</b>	<b>511</b>
Loans and borrowings	6	22.152	25.105
Lease liabilities		103	99
Trade payables		2.230	1.140
Tax payable		-	2
Public charges		217	65
Liabilities for sale		-	-
Provisions		543	543
Other current liabilities		3.602	3.635
<b>Total current liabilities</b>		<b>28.847</b>	<b>30.588</b>
<b>Total liabilities</b>		<b>32.305</b>	<b>31.099</b>
<b>Total equity and liabilities</b>		<b>120.002</b>	<b>120.541</b>

## Consolidated Condensed Interim Cash Flow Statement

(UNAUDITED FOR THE SIX MONTHS ENDED 30-6-2020)

**GROUP**

USD '000		(Unaudited)	(Unaudited)
	Notes	30-6-2020	30-6-2019
<b>Ordinary profit / (loss) before taxes</b>		<b>(1.744)</b>	<b>1.612</b>
Net finance costs		641	1.172
Interest received		0	0
Interest paid		(702)	(985)
Depreciation and amortization of tangible assets	3, 4	2.880	2.856
Tax paid		(2)	(2)
Net income of associates	7	1.152	(1.131)
Write off assets			
Change in trade receivables		(2.648)	(6.278)
Change in other receivables		334	2.269
Change in trade payables		1.090	722
Change in other accruals		36	210
Others		62	(23)
<b>Net cash flow from operating activities</b>		<b>1.098</b>	<b>423</b>
Proceeds of sale assets*	7		950
Cash out due to investments		(591)	(266)
Cash in due to disposals			
Cash in due to disinvestments			
<b>Net cash flow from investing activities</b>		<b>(591)</b>	<b>684</b>
Increase / (decrease) in overdraft facility	6	130	
Repayment of debt			(4.050)
Repayment of lease liability principle		(49)	
<b>Net cash flow from financing activities</b>		<b>80</b>	<b>(4.050)</b>
<b>Net change in cash and equivalents</b>		<b>587</b>	<b>(2.943)</b>
<b>Cash and equivalents at start of period</b>		<b>4.827</b>	<b>7.729</b>
<b>Cash and equivalents at end of period**</b>		<b>5.414</b>	<b>4.786</b>

\* Related to the sale of the DOT companies

\*\* restricted cash as at 30 June 2020 is USD 4.9 million. In addition to the cash and cash equivalents per 30 June 2020, the Group holds treasury shares of approximately USD 0.04 million in current market value.

## Consolidated statement of changes in equity (UNAUDITED FOR THE SIX MONTHS ENDED 30-6-2020)

**GROUP**

USD '000	(Unaudited)	(Audited)
	30-6-2020	30-6-2019
<b>Equity at period opening balance (Number of shares: 34,338,833)</b>	<b>89.442</b>	<b>88.755</b>
Profit / (loss) after tax	(1.744)	2.402
<b>Equity at period end (Number of shares: 34,338,833)</b>	<b>87.697</b>	<b>91.157</b>

**Consolidated statement of changes in equity**

	Share capital	Treasury shares	Share premium	Other equity	Non controlling interests	Total equity
Equity at 1 January 2020	25.403	(128)	1.304	33.371	29.492	89.442
Profit / (loss)				(1.735)	(10)	(1.744)
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1.735)</b>	<b>(10)</b>	<b>(1.744)</b>
<b>Equity per 30 June 2020</b>	<b>25.403</b>	<b>(128)</b>	<b>1.304</b>	<b>31.635</b>	<b>29.483</b>	<b>87.697</b>

**Consolidated statement of changes in equity**

	Share capital	Treasury shares	Share premium	Other equity	Non controlling interests	Total equity
Equity at 1 January 2019	50.807	(256)	1.304	7.960	28.940	88.755
Profit / (loss)				135	552	687
<b>Total comprehensive income</b>				<b>135</b>	<b>552</b>	<b>687</b>
Reduction of share capital *	(25.403)	128		25.276		-
<b>Equity per 31 December 2019</b>	<b>25.403</b>	<b>(128)</b>	<b>1.304</b>	<b>33.371</b>	<b>29.492</b>	<b>89.442</b>

\* In November 2019, share capital was reduced from NOK 395 million (USD 50,8 million) to NOK 197,5 million (USD 25,4 million) by reducing the nominal value of the shares from NOK 0,50 per share to NOK 0,25 per share.



## **Note 1. Basis of preparation**

The interim condensed consolidated financial statements for the six months ended 30 June 2020 have been prepared in accordance with IAS 34 Interim Financial Reporting. The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at 31 December 2019.

## **Note 2. New standards, interpretations and amendments adopted by the Group**

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2019. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

## Note 3. Operating Segments

The Group has two segments, Oceanteam Shipping and Oceanteam Solutions. Oceanteam Solutions consist of rental equipment and tailored solutions for installation, transportation, storage and handling of subsea cables. Oceanteam Shipping consists of owning and chartering Construction Support Vessels. The current segments are the Group's strategic divisions.

There is no difference between the accounting policies of the reportable segments or between the reporting segments and the group. Intersegment revenues and costs relate to management fees charged between Oceanteam group companies. These are based on a cost plus margin basis.

The following summary describes the operations in each of the Group's reportable segments:

USD '000	Oceanteam Shipping		Oceanteam Solutions		TOTAL	
	30-6-2020	30-6-2019	30-6-2020	30-6-2019	30-6-2020	30-6-2019
Revenue	5.270	8.021	2.450	1.367	7.720	9.388
Net income from associates/joint ventures	(1.152)	1.131	-	-	(1.152)	1.131
Operating cost	(1.874)	(2.199)	(1.399)	(359)	(3.274)	(2.557)
Personnel costs	(420)	(415)	(527)	(584)	(947)	(999)
General & administration	(394)	(974)	(177)	(348)	(570)	(1.322)
<b>EBITDA</b>	<b>1.430</b>	<b>5.564</b>	<b>347</b>	<b>76</b>	<b>1.777</b>	<b>5.640</b>
Intersegment revenue	-	-	68	158	68	158
Intersegment cost	(68)	(158)	-	-	(68)	(158)
Depreciation and Amortisation	(2.344)	(2.260)	(536)	(596)	(2.880)	(2.856)
Write off / Reversal of impairment	-	(0)	-	-	-	(0)
<b>Reportable segment operating profit / (loss)</b>	<b>(982)</b>	<b>3.146</b>	<b>(121)</b>	<b>(363)</b>	<b>(1.103)</b>	<b>2.784</b>
Financial income	0	-	-	0	0	0
Financial expense	(818)	(1.098)	(6)	(3)	(824)	(1.101)
Foreign exchange effects	189	(53)	(6)	(18)	183	(71)
<b>Net finance</b>	<b>(629)</b>	<b>(1.151)</b>	<b>(12)</b>	<b>(21)</b>	<b>(641)</b>	<b>(1.172)</b>
<b>Pre-tax profit / (loss)</b>	<b>(1.612)</b>	<b>1.995</b>	<b>(133)</b>	<b>(384)</b>	<b>(1.744)</b>	<b>1.611</b>
Income tax	-	(159)	-	-	-	(159)
<b>Net result from continuing operations</b>	<b>(1.612)</b>	<b>1.836</b>	<b>(133)</b>	<b>(384)</b>	<b>(1.744)</b>	<b>1.452</b>
<b>Net result from discontinuing operations</b>	<b>-</b>	<b>950</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>950</b>
<b>Net result for the period</b>	<b>(1.612)</b>	<b>2.786</b>	<b>(133)</b>	<b>(384)</b>	<b>(1.744)</b>	<b>2.402</b>

Information on the reportable assets and liabilities is not reviewed by the Group's CEO (the chief operating decision maker). On this basis and given this disclosure information is not considered material, this information has not been disclosed.

The Shipping segment consist of two operating CSV vessels. The two vessels worked outside Europe in the first half of 2020. One of the CSV vessels is consolidated according to equity method, while the other CSV vessel, CSV Southern Ocean, is fully consolidated. Administration expenses in Oceanteam ASA are allocated to Shipping segment since material resources from Oceanteam ASA are allocated to Shipping segment. The Oceanteam Solutions segment consist of equipment business from RentOcean, an equipment department organized under Oceanteam ASA. Administration expenses in Oceanteam Shipping BV are allocated to equipment business due to RentOcean.

## Note 4. Tangible assets

USD '000

Carrying values	Fast Support Vessels	Southern	Machinery	Total
		Ocean	& other	
Carrying values per 1 January 2020	-	77.510	15.168	92.678
Additions		524	67	591
Disposals			-	-
Disposals depreciation			-	-
Depreciation tangible asset		(2.313)	(512)	(2.825)
Impairment/reversals				-
<b>Carrying values per 30 June 2020</b>	<b>-</b>	<b>75.721</b>	<b>14.723</b>	<b>90.443</b>

Vessel and Equipment	Fast Support Vessels	Southern	Machinery	Total
		Ocean	& other	
Historical Cost 1 January 2020	8.725	171.134	41.652	221.511
Additions		524	67	591
Disposals			-	-
<b>Historical Cost 30 June 2020</b>	<b>8.725</b>	<b>171.658</b>	<b>41.719</b>	<b>222.102</b>
Accumulated depreciation 1 January 2020	(8.725)	(27.049)	(14.057)	(49.831)
Depreciation		(2.313)	(512)	(2.825)
Disposals depreciation			-	-
<b>Accumulated depreciation 30 June 2020</b>	<b>(8.725)</b>	<b>(29.362)</b>	<b>(14.570)</b>	<b>(52.657)</b>
Accumulated impairments 1 January 2020		(66.576)	(12.426)	(79.002)
Impairments/reversals				-
<b>Accumulated impairments 30 June 2020</b>	<b>-</b>	<b>(66.576)</b>	<b>(12.426)</b>	<b>(79.002)</b>
<b>Total carrying amount per 30 June 2020</b>	<b>-</b>	<b>75.721</b>	<b>14.723</b>	<b>90.443</b>

Vessel and Equipment	Fast Support Vessels	Southern	Machinery	Total
		Ocean	& other	
Historical Cost 1 January 2019	8.725	170.877	42.278	221.880
Additions		257	737	994
Disposals		-	(1.363)	(1.363)
<b>Historical Cost 31 December 2019</b>	<b>8.725</b>	<b>171.134</b>	<b>41.652</b>	<b>221.511</b>
Accumulated depreciation 1 January 2019	(8.725)	(22.566)	(14.226)	(45.517)
Depreciation		(4.483)	(1.195)	(5.678)
Disposals depreciation		-	1.363	1.363
<b>Accumulated depreciation 31 December 2019</b>	<b>(8.725)</b>	<b>(27.049)</b>	<b>(14.057)</b>	<b>(49.832)</b>
Accumulated impairments 1 January 2019		(66.576)	(12.426)	(79.002)
Impairments/reversals				-
<b>Accumulated impairments 31 December 2019</b>	<b>-</b>	<b>(66.576)</b>	<b>(12.426)</b>	<b>(79.002)</b>
<b>Total carrying amount per 31 December 2019</b>	<b>-</b>	<b>77.510</b>	<b>15.168</b>	<b>92.677</b>

Depreciation rates	5-10 years	5-25 years	3-25 years
Depreciation method	linear	linear	linear

When internal resources are used to engineer and construct a fixed asset, the relevant costs are added to the historical cost. All construction financing costs are capitalized. There have not been costs related to own development and borrowing cost in the first half of 2020. The Construction Support Vessels (CSV's) and the Fast Support Vessels (FSV's) are financed and held for security, see note 6 loans and borrowings.

An impairment test has been performed for Southern Ocean as at 30 June 2020, comparing the carrying amount with the recoverable amount (higher of CSV's fair value less costs of disposal and its value in use). This impairment test concluded that no further impairment is necessary.

## Note 5. Investments in Subsidiaries and other consolidated entities

USD '000

Oceanteam Bourbon 4 AS

Operating segment	Shipping
Principal place of business	Baerum, Norway
Ownership interest held by non-controlling interests	50%
Voting rights held by non-controlling interests*	40%

The following is summarised financial information for Oceanteam Bourbon 4 AS based on the company's financial statements prepared according to Norwegian GAAP. The information is before intercompany eliminations with other companies in the Group.

USD '000	Oceanteam Bourbon 4 AS	
	30-6-2020	30-6-2019
Operating income	5.110	7.989
Operating expenses	(4.389)	(4.608)
Net finance costs	(627)	(962)
Tax on ordinary result	-	(159)
<b>Net profit / (loss) for the year</b>	<b>93</b>	<b>2.260</b>
Adjustments made at group level:	(113)	(45)
<b>Net profit / (loss) for the year</b>	<b>(20)</b>	<b>2.215</b>
Other comprehensive income	-	-
<b>Total comprehensive income</b>	<b>(20)</b>	<b>2.215</b>
<b>Profit / (loss) attributable to non-controlling interests</b>	<b>(10)</b>	<b>1.108</b>
Current assets	9.235	11.114
Non-current assets	59.815	63.680
Current liabilities	(25.967)	(30.743)
Non-current liabilities	-	-
<b>Net assets</b>	<b>43.084</b>	<b>44.051</b>
Adjustment made at group level:	15.905	16.073
<b>Net assets</b>	<b>58.989</b>	<b>60.125</b>
<b>Net assets attributable to non-controlling interests</b>	<b>29.495</b>	<b>30.062</b>

The consolidated group's total cash consists of USD 5.4 million out of which USD 4.9 million belongs to Oceanteam Bourbon 4 AS.

Oceanteam Bourbon 4 AS operates the vessel CSV Southern Ocean.

## Note 6. Loans and Borrowings

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual cash flows including interests representing nominal value at payment date. There are no net-settled derivative financial liabilities.

USD '000

At 30 June 2020	0 to 1 years	1 to 2 years	2 to 5 years	over 5 years	Total
Total outstanding on loans	22,022		3,000		25,022
Overdraft facility	130				130
<b>Total loans and borrowings</b>	<b>22.152</b>	-	<b>3.000</b>	-	<b>25.152</b>

At 31 December 2019	0 to 1 years	1 to 2 years	2 to 5 years	over 5 years	Total
Total outstanding on loans	25,105				25,105
<b>Total outstanding on loans</b>	<b>25.105</b>	-	-	-	<b>25.105</b>

Loans/ Currency of loans	True rate of interest	Description	30.06.2020	31.12.2019
Oceanteam ASA (USD) Secured***	Interest 7%	Stichting Value Partners Family Office	1,500	-
Oceanteam ASA (USD) Secured***	Interest 7%	Corinvest B.V.	1,500	-
<b>**Total long-term debt</b>			<b>3.000</b>	-
Oceanteam ASA (USD) Secured***	Interest 7%	Stichting Value Partners Family Office	-	1,572
Oceanteam ASA (USD) Secured***	Interest 7%	Corinvest B.V.	-	1,570
CSV Southern Ocean (USD) Secured****	LIBOR + margin	SpareBank 1 SMN Bank USD 81 million*	22,275	22,275
Oceanteam Shipping BV (USD) Secured*****	EURIBOR + margin	Overdraft facility with Rabobank	130	-
**Borrowing costs			(253)	(314)
<b>**Total short-term debt</b>			<b>22.152</b>	<b>25.105</b>

\*The loan is classified as a short-term debt as the loan is in a cross-default position.

\*\*Borrowing costs related to the refinancing of the SpareBank 1 SMN loan have been capitalised and classified as a reduction of debt.

\*\*\*On 25 May 2020 a non-possessory pledge on one carousel each was provided to Stichting Value Partners Family Office and Corinvest B.V. One of the carousels is owned by RentOcean B.V. The other is owned by Oceanteam Shipping B.V. The total carrying value of the two carousels, as at 30 June 2020, was USD 6 million.

\*\*\*\*The CSV vessels and various equipment are collateral for the SpareBank 1 SMN Bank loan. The carrying amount of CSV Southern Ocean is USD 75,7 million per 30 June 2020.

\*\*\*\*\*The Oceanteam Shipping B.V overdraft facility with Rabobank may be drawn at any time with the total facility available being EUR 0.8m. The facility may be terminated by Rabobank by providing 3 months notice with the amounts borrowed being repayable immediately after the notice period has expired. All of Oceanteam Shipping B.V's and Oceanteam Solutions B.V's equipment, cash and receivables, subject to the carousel pledged by Stichting Value Partners Family Office, are collateral. The carrying value of these assets per 30 June 2020 is USD 10.4 million.

Financial costs	30 June 2020	30 June 2019
CSV Southern Ocean (USD)	659	955
Other loans (USD)	104	104
Lease liabilities interest expense	21	-
Other	39	42
<b>Total interest costs</b>	<b>824</b>	<b>1.101</b>

#### **Total loan facilities**

As per 30 June 2020 the total interest bearing debt of the Group is USD 25.2 million. The Group had free cash of USD 0.5 million. The equity ratio was 73.1 percent per balance sheet date.

#### **Loans in consolidated group companies**

##### **SpareBank 1 SMN Bank, DVB Bank SE Nordic Branch and NIBC Bank N.V – USD 81.000.000 - CSV Southern Ocean**

All amounts below are presented on 100 percent basis. 100% is included in the group accounts since this is a consolidated subsidiary.

Oceanteam Bourbon 4 AS (borrower) has entered into a credit and guarantee facility agreement in the amount of USD 81 million with Sparebank 1 SMN Bank, DVB Bank SE Nordic and NIBC Bank N.V as lenders and Sparebank 1 SMN as facility agent. The balance of the loan per 30 June 2020 is USD 22.3 million. The current interest is 3 month LIBOR + 3,75 % margin p.a. The loan is normally repaid in quarterly instalments of USD 2.025 million.

Pursuant to a letter dated April 2020, the lenders under the facility have, subject to certain conditions, accepted deferral of three quarterly instalments starting January 2020 with instalments resuming in October 2020.

The loan has a final maturity date of 17 July 2022. As it is expected that three instalments due in 2020 will be deferred, it is expected that a balloon payment equivalent to four instalments will need to be made on 17 July 2022.

Key loan covenants for the borrower include:

- > Free cash of minimum USD 500.000
- > Working capital to be positive at all times. First year instalments are deducted from short term liabilities.
- > Market value adjusted Equity of minimum 25%
- > Vessel Value / Loan balance, minimum 135%

Other key loan covenants include:

- > Market value adjusted Equity of minimum 25% of total value adjusted assets (OTS Group, reporting quarterly)
- > Market value adjusted Equity of minimum 25% of total value adjusted assets (BON, reporting semi-annually)



This loan has been placed under CSV Southern Ocean in the table above.

As of the balance sheet date and the reporting date, the Group is in full compliance of the agreement, but cross default.

The loan has been classified as due within one year due to the fact that an event of default gives the bank the right to demand immediate repayment of the loan in full. The loan has been in cross default for several years. The bank has allowed, and is expect to continue to allow, the repayment of the loan as if no event of default has occurred.

#### **Stichting Value Partners Family Office - USD 1.500.000 - Oceanteam ASA**

Oceanteam ASA entered into a loan agreement on 23 April 2018 with Stichting Value Partners Family Office for the amount of USD 1.5 million. The loan is secured and attracts interest of 7% per annum. In May 2020 the repayment date was extended from April 2021 to April 2023.

#### **Corinvest B.V. - USD 1.500.000 - Oceanteam ASA**

Oceanteam ASA entered into a loan agreement on 21 December 2018 with Corinvest B.V. for the amount of USD 1.5 million. The loan is secured and attracts interest of 7% per annum. In May 2020 the repayment date was extended from April 2021 to April 2023.

#### **Loans in associated group companies**

#### **Sparebank 1 SMN Bank, DVB Bank SE Nordic Branch and NIBC Bank N.V - USD 66.000.000 - CSV Bourbon Oceanteam 101**

All amounts below are presented on 100 percent basis. This loan is not included in the group accounts since the Group's interest in

Oceanteam Bourbon 101 AS is classified as associate. As at 31 December 2019, the company was in breach related to the minimum build up of 1/3 of next instalment/interest on monthly basis to serve next quarterly debt service. This is technically an event of default and no waiver has been requested or provided. An event of default gives the bank the right to demand immediate repayment of the loan in full. The loan has been in cross default for several years. The bank has allowed, and is expect to continue to allow, the repayment of the loan as if no event of default has occurred.

Pursuant to a letter dated April 2020, the lenders under the facility have, subject to certain conditions, accepted deferral of three quarterly instalments starting January 2020 with instalments resuming in October 2020. Discussions are currently ongoing and a formalised agreement not yet reached.

## Note 7. Investment in joint ventures and associates

USD '000

Investments in joint ventures and associates	Investment in Oceanteam Bourbon 101 AS	Investment in Oceanteam Bourbon Investments AS	Total
<b>Type of investment</b>	<b>Associate</b>	<b>Joint venture</b>	
Carrying amount of investment per 31 December 2019	16.971		16.971
Net result from investment in 2020	(1.152)		(1.152)
<b>Total carrying amounts 30 June 2020</b>	<b>15.820</b>	-	<b>15.820</b>

The table above summarises the investments in the Group. The following sections in this note describe the different categories of investments more thoroughly.

Oceanteam Bourbon Investments AS is equity accounted for with nil value in the Oceanteam Group figures.

### Associates

Oceanteam Bourbon 101 AS is an unlisted company in which the Group has 50 percent ownership interest. This company was founded in June 2009 by Oceanteam ASA and Bourbon Offshore Norway AS. The Group has classified its interest in Oceanteam Bourbon 101 AS as an associate, which is equity accounted for.

	Oceanteam Bourbon 101 AS
Nature of relationship with the Group	Vessel CSV Bourbon Oceanteam 101
Principal place of business	Baerum, Norway
Ownership interest	50%
Voting rights held in board of directors	40%*

The following is summarised financial information for Oceanteam Bourbon 101 AS based on USD as the functional currency modified for any differences in the Group's accounting policies.

<b>In USD '000</b>	Oceanteam Bourbon 101 AS	
	30-6-2020	30-6-2019
Revenue	1.413	7.249
Profit before tax	(2.303)	2.262
Tax	-	-
<b>Net result</b>	<b>(2.303)</b>	<b>2.262</b>
Current assets	4.952	8.017
Non current assets	45.890	48.993
Current liabilities	(19.202)	(25.018)
Non-current liabilities	-	-
<b>Net assets</b>	<b>31.639</b>	<b>31.992</b>

<b>In USD '000</b>	Oceanteam Bourbon 101 AS	
	30-6-2020	2019
Group's interest in net assets of investee at beginning of year	16.971	14.865
Conversion of debt to equity		
Total profit / loss attributable to the Group	(1.152)	2.106
Total other comprehensive income attributable to the Group		
Dividends received during the year		
<b>Carrying amount of interest in investee at the end of the period</b>	<b>15.820</b>	<b>16.971</b>

## Note 8. Related party transactions

### Marstrat B.V.

Marstrat B.V. provided key management personnel services in 2018 through former CEO, Meindert Van Genderen and former director / former interim CEO Diederik Legger.

### DTN Noordwijk B.V.

DTN Noordwijk B.V. is controlled by Hendrik Hazenoot, Interim CFO of Oceanteam ASA. Transactions include invoicing of management fees and recharges for travel expenses.

### Maas Technical Management B.V.

Maas Technical Management B.V. is controlled by Hendrik ten Hoeve, Managing Director of Oceanteam Solutions. Transactions include invoicing of management fees and recharges for travel expenses. The agreement has been terminated per 31 May 2020.

### Oliley B.V.

Oliley B.V. is controlled by Karin Antoinette Yvonne Govaert, director of Oceanteam ASA. Transactions consists mainly of invoicing recharges for travel expenses.

### Josco Strategisch Advies

Josco Strategic Advies is controlled by Hendrik Johannes Jesse, director of Oceanteam ASA. Transactions consist mainly of invoicing for strategic advisory services.

### J. Hofland B.V.

Former interim CEO, Diederik Legger, provided advisory services to the board of directors of Oceanteam through J. Hofland B.V. Transactions include invoicing advisory fees. The agreement has been terminated per 10 February 2020.

### Workshops Contractors B.V.

Workshops Contractors B.V. is for 50% controlled by Kornelis Jan Willem Cordia, chairman of the board. Transactions consist capex docking budget control for both vessels.

USD '000 Company	Income/recharged expense		Cost		Type of transaction
	30.6.2020	2019 Year	30.6.2020	2019 Year	
Marstrat B.V (Diederik Legger)	-	-	-	(3)	see above
DTN Noordwijk B.V.	-	-	(66)	(118)	see above
Invaco Management B.V.	-	-	-	-	see above
Maas Technical Management B.V.	-	-	(52)	(165)	see above
Oliley B.V.	-	-	-	(10)	see above
Josco Strategisch Advies	-	-	(7)	(58)	see above
J. Hofland B.V (Diederik Legger)	-	-	(26)	(45)	see above
Workshops Contractors B.V.	-	-	(7)	(22)	see above

USD '000 Company	Amounts receivable		Vendor & accrued balance	
	30.6.2020	31.12.2019	30.6.2020	31.12.2019
DTN Noordwijk B.V.	-	-	(10)	(10)
Maas Technical Management B.V.(Hendrik ten Hoeve)	-	-	(76)	(100)
Oliley B.V.	-	-	-	(2)
Josco Strategisch Advies	-	-	-	(59)
J. Hofland B.V. (Diederik Legger)	-	-	-	(17)
Workshops Contractors B.V.	-	-	-	(1)

## Transactions with Group companies

USD '000

Company	Crane Hire expense		Interest Income		Management fee income	
	30.6.2020	2019	30.6.2020	2019	30.6.2020	2019
Oceanteam Bourbon 101 AS					228	350
Oceanteam Bourbon Investments AS*	(42)	(84)		(3)	15	30

Only transactions with non-consolidated companies are disclosed above.

\*The equity accounted associate, Oceanteam Bourbon Investments AS, has charged the fully consolidated subsidiary, Oceanteam Bourbon 4 AS amounts in respect of crane hire.

## Stichting Value Partners Family Office

Stichting Value Partners Family Office is controlled by Mr Hendrik Marius van Heijst. During 2019, Mr Hendrik Marius van Heijst has held a shareholding in Oceanteam ASA of greater than 20% and is therefore considered to have significant influence. In April 2018 a loan was issued by Stichting Value Partners Family Office.

## Corinvest B.V.

Corinvest B.V. is controlled by Kornelis Jan Willem Cordia, chairman of the board. In December 2018 a loan for USD 1.5 million was issued by Corinvest B.V.

Company	Loans		Accrued interest on loans	
	30.6.2020	2019	30.6.2020	2019
Stichting Value Partners Family Office	1.500	1.500	125	72
Corinvest B.V.	1.500	1.500	123	70

## Note 9- Alternative Performance Measures

Oceanteam's Group financial statements are prepared in accordance with international financial reporting standards (IFRS). Oceanteam discloses various alternative performance measures as a supplement to the financial statements. The alternative performance measures are used to provide additional insight into the operating performance, financing and prospects of the Group. Such measures are often used by various interested parties.

Definitions of these measures are as follows:

**EBIT** 'Earnings before interest and tax' is the same as 'Operating profit (loss)'

**EBITDA** 'Earnings before interest, tax, depreciation and amortisation' is 'Operating profit (loss)' less 'Depreciation and amortisation' and 'Write off / Impairment'

<b>USD '000</b>	<b>30-6-2020</b>	<b>30-6-2019</b>	<b>2019</b>
Operating profit / (loss)	(1.103)	2.784	2.020
Depreciation and amortisation	2.880	2.856	5.772
Write off / Impairment			10
<b>EBITDA</b>	<b>1.777</b>	<b>5.640</b>	<b>7.803</b>

**SG&A** 'Selling, general & administration' is the sum of 'Personnel costs' and 'General & administration'

<b>USD '000</b>	<b>30-6-2020</b>	<b>30-6-2019</b>	<b>2019</b>
Personnel costs	(947)	(999)	(2.123)
General & administration	(570)	(1.322)	(2.194)
<b>SG&amp;A</b>	<b>(1.517)</b>	<b>(2.321)</b>	<b>(4.317)</b>

**Equity ratio** 'Total equity' divided by 'Total assets'

<b>USD '000</b>	<b>30-6-2020</b>	<b>USD '000</b>	<b>30-6-2019</b>
Total equity	87.697	Total equity	91.157
Total assets	120.100	Total assets	126.651
	= 73%		= 72%

<b>USD '000</b>	<b>2019</b>
Total equity	89.442
Total assets	120.541
	= 74%

**Operating margin** 'EBITDA' divided by 'Total operating income'

<b>USD '000</b>	<b>30-6-2020</b>	<b>USD '000</b>	<b>30-6-2019</b>
EBITDA	1.777	EBITDA	5.640
Total operating income	6.568	Total operating income	10.519
	= 27%		= 54%

<b>USD '000</b>	<b>2019</b>
EBITDA	7.803
Total operating income	17.985
	= 43%

**Current ratio** 'Total current assets' divided by 'Total current liabilities'

<b>USD '000</b>		<b>30-6-2020</b>	
Total current assets	12.203	=	42%
Total current liabilities	28.847		

<b>USD '000</b>		<b>30-6-2019</b>	
Total current assets	14.634	=	0,41
Total current liabilities	35.494		

<b>USD '000</b>		<b>2019</b>	
Total current assets	9.301	=	0,30
Total current liabilities	38.346		

**Utilisation (Vessels)** Proportionally, the number of days in a calendar year in which the vessel is on contract with a customer and earning the full on-hire day rate. Days in which the vessels earn a reduced performance day rate are counted as a fraction of a full day of utilisation.

**Utilisation (Equipment)** The average utilisation of Oceanteam Solutions' equipment. For each item of equipment, this is calculated as proportionally the number of days in a calendar year in which the item of equipment is on contract with a customer and earning the operating day rate.

**Contracted** The period for which a customer has committed to hire out one of Oceanteam's assets. This does not include options which have not yet been exercised.

**Interest bearing debt** Amounts shown under 'Loans and borrowings' all which attract interest.

**Capital Expenditures** Purchased fixed assets shown as 'Additions' in note 4.

## **Note 10 - Contingent assets**

### **Oceanteam Bourbon 4 AS**

The fully consolidated subsidiary, Oceanteam Bourbon 4 AS, filed an insurance claim due to loss of hire in 2019. A prepayment was paid by the insurance company in 2019 which was recognised as income in 2019 due to the fact that it is considered virtually certain that Oceanteam will receive this part of the insurance payment.

The final total settlement amount is yet to be decided upon by the insurance company. Management consider it probable that the final settlement amount will be in excess of the prepaid amount however this is dependant on the outcome of the insurance claim investigation. No other amounts were recognised as income in 2019 other than the prepayment amount. No further income has been recognised in respect of this claim in the first half of 2020.

### **Oceanteam Bourbon 101 AS**

In the first half of 2020, the equity accounted associate, Oceanteam Bourbon 101 AS, filed an insurance claim due to loss of hire. Part of the claim falls within the period January 2020 - June 2020 and part of the claim falls within the second half of 2020. The part of the claim falling within the period January 2020 - June 2020 is estimated to total USD 2.1 million

Of the USD 2.1 million, it is considered virtually certain that USD 1.1 million will be received. USD 1.1 million has been recognised as income in Oceanteam Bourbon 101 AS in the period January 2020 - June 2020. The remaining USD 1 million (the contingent asset) has not been recognised as income as it is considered probable, not virtually certain, that this income will materialise. Applying the 'Expected Value Method' to the contingent asset of USD 1 million arrives at an estimated value of USD 0.3 million.

The final total settlement amount is yet to be decided upon by the insurance company. A prepayment of USD 0.4 million was received in July 2020.