A2Sea A/S
Kongens Kvarter 51, 7000 Fredericia

ANNUAL REPORT 2018

1 January-31 December

19th accounting year

(Registration No. 25 49 03 39)

Approved at the ordinary Annual General Meeting on 28 May 2019
Chairman: Bart De Poorter

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Company Details

Company	A2Sea A/S Kongens Kvarter 51 DK-7000 Fredericia	
	Telephone E-mail Internet	+45 75 92 82 11 a2sea@deme-group.com www.a2sea.com
	Registration No. Registered office	25 49 03 39 Fredericia Municipality
Shareholders	100% of the shares are owned by GeoSea NV	
Board of Directors	Bart De Poorter (Chairman) Alain Bernard Els Verbraecken Luc Vandenbulcke Eric Tancré Olivier Maes	
Executive Board	Michael Glavind	
Auditors	PricewaterhouseCoopers, Statsautoriseret Revisionspartnerselskab	
Annual General Meeting	Approved at the ordinary Annual General Meeting on 28 May 2019	

Chairman

Bart De Poorter

Financial Highlights

DKK'000	2018	2017	2016	2015	2014
Income Statement					
Net turnover	825,518	525,562	650,697	785,567	1,050,230
EBITDA[1]	354,170	257,476	119,821	305,869	454,355
EBITDA margin (%)	42.90	*48.99*	18.41	*38.94*	*43.26*
EBIT[2]	214,440	100,245	-224,747	39,842	286,386
EBIT margin (profit margin) (%)	25.98	*19.07*	-34.54	*5.07*	*27.27*
Result of net financials	1,362	1,807	3,505	-134,710	13,989
Profit/loss before tax	215,802	102,053	-221,243	-94,868	300,374
Profit/loss for the year	**232,532**	**70,512**	**-85,563**	**-105,326**	**233,931**
Balance					
Investments in tangible fixed assets	16,431	17,671	60,723	47,271	434,838
Tangible fixed assets	1,558,149	1,680,202	1,849,367	2,258,891	2,477,601
Equity	2,300,265	2,067,737	1,997,338	2,083,237	2,363,834
Balance sheet total	2,388,290	2,175,808	2,149,347	2,647,376	2,810,996
Business related key figures					
Average number of employees	164	183	297	407	403

For definition of the financial ratios, please refer to 'Accounting Policies'.

[1] Earnings Before Interest, Tax, Depreciation and Amortisation
[2] Earnings Before Interest and Tax

Management's Review

Main activities
A2Sea A/S is part of the DEME Group as a direct subsidiary to GeoSea NV (Belgium) with DEME NV as the ultimate parent Company. For further information, please see the Annual Report of DEME NV.

A2Sea operates in the offshore wind industry providing transport and installation of offshore wind turbines and foundations as well as offshore wind maintenance activities.

Results and financial development in 2018

Profit for the year
In the year 2018, A2Sea realised a profit before tax of DKK 215.8m and DKK 232.5m after tax compared to a profit before tax of DKK 102.1m and DKK 70.5m after tax the year before.

The profit before tax for the year is the result of the usual course of business of the Company, i.e. the execution of offshore installation activities and services.

In 2018, A2Sea has re-calculated the tax of 2017 in accordance with the Danish Tonnage Tax Act. The effect of this is specified in note 7 and amounts to DKK 17.1m.

The management considers the result for the year satisfactory.

Investments
In 2018, A2Sea has invested in various minor improvements of the existing vessels. The total investments in tangible fixed assets amount to DKK 16.4m in 2018.

Capital Resources
A2Sea is firmly based. At year end, the solvency ratio was 96.3% (2017: 95.0%) equal to an equity of DKK 2,300.3m at 31 December 2018 (2017: DKK 2,067.7m).

The Company's financial resources amount to DKK 581.1m at the end of the financial year.

Expectations for 2019
A2Sea enters 2019 with a comfortable order book, which will secure a sound utilisation rate for the wind turbine installation vessels. A similar result is expected in 2019 compared to 2018.

Special risks

General risks
The Company's primary business risk is tied to the ability to remain strongly positioned in the most important markets, primarily in Northern Europe. Besides, it is important for the Company to remain constantly up to date with the technological development within new installation capacity.

Financial risks
Due to the Company's financial position and financial resources, the Company is only to a limited extent exposed to changes in the level of interest rates. However, in relation to the current operation, the Company is exposed to foreign exchange risks.

Foreign exchange risks
Activities abroad imply that results, cash flow and equity are affected by the exchange rate movements and the interest rate development of a number of currencies. It is the policy of the Company to cover commercial currency exposure. The major part of the Company's turnover is, however, paid in EUR, which is not hedged due to this currency's close connection to the DKK.

Credit risks
The Company's credit risks are primarily tied to financial assets recognised in the balance sheet.

The Company does not have any significant risk relating to a single customer or cooperative partner. The Company's policy for undertaking credit risks includes current credit evaluation of all major customers and other cooperative partners.

Know-how capacity
A2Sea's business is based on delivery of a very essential business service to the wind industry in the form of transport, installation and servicing of offshore wind turbines. This service places heavy demands on employees with special knowledge and on business processes.

In order to be capable of delivering competitive solutions it is crucial that the Company is able to recruit and retain employees with the right competences.

It is our target that the Company should always retain employees with the right experience and knowledge in order to secure our leading position in the market.

Employees are offered training as a fundamental element of their employment, to stay ahead with the latest knowledge and technology and to ensure that staff is continuously competent and qualified.

Research and development activities
There has been continuous improvement of equipment, concept and competences. Development in 2018 has primarily been focused on design of new vessels and upgrades of existing vessels for handling the requirements of the future installations.

Report on Corporate Social Responsibility, cf. Section 99a of the Danish Financial Statement Act

A2Sea is highly aware of the company's role as a key player in society in a local, national and international context. Consequently, A2Sea remains attentive towards making targeted efforts to ensure that our core business area and activities are developed in a financially, environmentally and socially responsible manner, both by complying with statutory requirements and by taking corporate responsibility initiatives.

Environment and climate
A2Sea is committed to protecting the environment and to reduce the environmental impact of our activities. This is reflected in our focus on the environmental aspects of managing our business.

We aim to continuously reduce emissions and avoid harming the environment through the efficient use of resources. This by using materials that have minimal environmental impact and by enforcing responsible disposal practices. We will continuously assess the implementation of procedures and actions which can be used to further improve the efficiency of vessel operations and improve cost-effective utilisation of energy and natural resources.

To control the environmental issues, A2Sea has prepared an environmental policy. This policy is based on an environmentally compatible way of conducting business and executing projects. The policy is a natural part of A2Sea's operation and product quality targets.

To ensure that A2Sea's activities do not affect the environment negatively, specific working instructions have been prepared in order to eliminate or minimise the risk in connection with the execution of all considerable tasks both in the harbour, with transportation and performance of offshore lifting tasks.

A2Sea's corporate environmental, occupational health and quality management systems are certified by Lloyds Register according to ISO 9001:2015, ISO 14001:2015 and OHSAS 18001:2008.

All maritime standards including ISM (International Safety Management Code), ISPS (International Ship and Port Facility Security Code and MLC (Maritime Labour Convention) are certified by DNV/GL.

The ISO/OHSAS systems have latest been certified by an external auditor in October 2018, and the certificates are valid until November 2020.

A2Sea's DoC (Document of Compliance) has been verified under the ISM Code by DNV/GL for operation of jack up installation vessels.

Furthermore, our installation vessels hold a Clean Design environmental class notation from DNV-GL.

As a result of the necessary requirements to hold the certificates and voluntary initiatives, our negative impact on the environment is reduced.

Policies on social matters and staff matters
In A2Sea, the employees are a key resource. Our employees are very committed and the busy work days call for a lot of energy. Consequently, we have a health guideline were the keyword is energy. We see that energy is of high importance not only to achieve business goals, but also so the employee is able to live the life they want outside the job.

This is why our health guideline focuses on how to gain energy both mentally and physically. This is achieved by investing in both prevention and treatment needed for the individual employee. All of this to maintain a company characterised by commitment, satisfaction, presence, efficiency and good results.

At A2Sea, health is a joint investment and mutually binding. We strive to make the healthy choices easy. We encourage the employees to make good healthy choices, but always with the free will of the individual as an invariable precondition. There is no forced choices, only options and alternatives.

All of this is achieved by offering different options such as massage and reflexology to eliminate any physical struggles. It is also optional to use different tools to help the employee work in different working postures to avoid unnecessary discomfort. We encourage the employees to speak up if we can help create more energy and avoid lifestyle diseases.

As an integrated part of our health guideline we have a guideline for a no-stress culture. In order for the high demands towards our employees, when it comes to performance, flexibility and readiness for change, not having a negative effect on the stress level of the employees, we want a secure culture where we act responsibly and take proper action to prevent stress. We will secure that we have the right attitude, tools and support to be alert, call attention to and get into dialogue about issues that can lead to stress in due time.

In addition, A2Sea is offering a senior scheme. This is to give a good alternative to early or normal retirement to sustain valuable knowledge in the Company.

In addition to the physical and mental health, we believe in the positive effect on the overall well-being coming from good social relations. We believe in creating good relations based on common interests across departments. This to help create a framework for a culture of innovation. In the staff social club, we offer a wide range of different activities throughout the year. In this way, we encourage the employees to make relations outside the office and work areas.

To ensure the development of A2Sea's organisation, the systems and competences regarding the ability to provide extraordinarily safety and quality in all aspects of our business is a priority. The Company is continuously working with personnel training and improvement of documentation within safety and quality. In addition, throughout 2018, all incidents and near-misses have been reported, and preventive and corrective actions taken. We actively promote a culture of safety and environmental excellence at all levels in the organisation in order to achieve incident-free operation and improve our processes and performance. In this way, we continuously get better at doing our job in a safe way. We aim to not have any serious injuries or loss of life as well as keeping small incidents to a minimum. We encourage anyone who observes a safety risk to speak up so we can prevent any incidents.

People & human rights
A2Sea considers diversity an important asset and remains committed to ensuring equal opportunities and rights for employees. Consequently, A2Sea does not tolerate discrimination or harassment based on religion, race, ethnicity, gender, age, sexuality, political stance or other status. A2Sea also actively promotes a fair and just culture in order to ensure open and timely communication throughout the organisation and with all stakeholders. Employee satisfaction surveys are being conducted regularly and latest results have been satisfying.

A2Sea does not tolerate child labour from any of our business partners. We also expect our business partners to protect any young workers from any work with higher risk for health, safety and moral. This is stated in our Code of Conduct and we have not detected any non-compliance with our business partners in the reporting year.

Anti-corruption and anti-bribery policies
The description of bribery is offering, promising, giving, receiving or soliciting anything of value in order to influence how someone carries out a public, commercial or legal duty. We avoid participating in or knowingly benefitting from any kind of corruption, extortion or bribery and we expect the same of our business partners.

Consequently, all our employees and business partners are obliged to follow this policy; and all policies, including this on anti-corruption and anti-bribery, form part of the introduction material that all new employees and business partners receive and are obligated to read and follow.

This is also stated in our Code of Conduct and we have not detected any non-compliance internally or with our business partners in the reporting year.

Report on the Gender Distribution in Management, cf. Section 99b of the Danish Financial Statements Act

It is A2Sea's primary objective that candidates proposed for the Company's board of directors or management positions are selected considering their suitability based on professional and personal skills and competences. Currently, the board consists of six members, one female and five males. In this respect, A2Sea has reached our initial target of having one female member of the Board of Directors at the end of 2018.

Additionally, A2Sea has a policy regarding the distribution of gender in the management of the Company. When choosing between equally qualified candidates, the general diversity among the employees shall be taken into consideration. In connection with internal or external recruitment, it should be ensured, where possible, that the candidates considered for positions, including managerial positions, include both men and women.

At year end 2018, the Company's managerial positions below top-management level were occupied by both men and women. However, in 2018, there has been a reduction in the number of females in managerial positions mainly due to organisational restructuring after becoming part of the DEME NV Group, which has resulted in different geographic placement of some of the managerial positions. We have focus on filling our vacant managerial positions by both genders. In the future, we aim to fill more managerial positions by females to ensure diversity; the goal for managerial and top-level positions is a distribution of 40%/60% by 2021.

Management's Statement

The Board of Directors and the Executive Board have today considered and adopted the Annual Report of A2Sea for the financial year 1 January-31 December 2018.

The Annual Report is prepared in accordance with the Danish Financial Statements Act.

In our opinion, the Financial Statements give a true and fair view of the financial position at 31 December 2018 of the Company and of the results of the Company's operations for 2018.

Further, in our opinion, Management's Review includes a true and fair account of the conditions dealt with.

We recommend that the Annual Report be adopted at the Annual General Meeting.

Fredericia, 28 May 2019

Executive Board:

Michael Glavind
CEO

Board of Directors:

Bart De Poorter
Chairman

Alain Bernard

Els Verbraecken

Luc Vandenbulcke

Eric Tancré

Olivier Maes

Independent Auditor's Report

To the Shareholders of A2Sea A/S

Opinion
In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 December 2018, and of the results of the Company's operations for the financial year 1 January-31 December 2018 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of A2Sea A/S for the financial year 1 January-31 December 2018, which comprise income statement, balance sheet, statements of changes in equity and notes, including a summary of significant accounting policies ("financial statements").

Basis for Opinion
We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements 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 in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Statement on Management's Review
Management is responsible for Management's Review.

Our opinion on the financial statements does not cover Management's Review, 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 Management's Review and, in doing so, consider whether Management's Review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether Management's Review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, in our view, Management's Review is in accordance with the Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement in Management's Review.

Management's Responsibilities for the Financial Statements
Management is responsible for the preparation of Financial Statements that give a true and fair view in accordance with the Danish Financial Statements Act, 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 in preparing the financial statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark 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 conducted in accordance with ISAs and the additional requirements applicable in Denmark, 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 in preparing the financial statements 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 contents of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

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.

Trekantområdet, 28 May 2019
PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR-no. 33 77 12 31

Rasmus Friis Jørgensen	Lasse Berg
State Authorised Public Accountant	State Authorised Public Accountant
mne28705	mne35811

Income Statement 1 January-31 December

DKK'000	Note	**2018**	**2017**
Net turnover	1	825,518	525,562
Project and vessel costs		-334,311	-127,472
Other operating income	2	125	5,513
Other external expenses		-24,181	-18,110
Staff expenses	3	-112,981	-128,017
Earnings before Interest, Tax, Depreciation and Amortisation (EBITDA)		**354,170**	**257,476**
Depreciation and amortisation		-139,730	-138,053
Other operating expenses	4	0	-19,178
Operating profit (EBIT)		**214,440**	**100,245**
Income from investments in subsidiaries after tax		237	179
Financial income	5	1,545	2,572
Financial expenses	6	-420	-944
Profit/loss before tax		**215,802**	**102,052**
Tax on the profit/loss for the year	7	16,730	-31,540
Profit/loss for the year		**232,532**	**70,512**

Balance Sheet at 31 December

DKK'000	Note	2018	2017
Assets			
Rights			0
Software		157	1,542
Intangible fixed assets	8	**157**	**1,542**
Vessels and related equipment		1,525,338	1,644,785
Other plants and equipment		32,811	35,417
Tangible fixed assets	9	**1,558,149**	**1,680,202**
Investments in subsidiaries		3,120	2,888
Deposit		1,778	1,752
Financial fixed assets	10	**4,898**	**4,640**
Total fixed assets		**1,563,204**	**1,686,384**
Trade receivables		71,232	33,971
Receivables from group enterprises		698,196	440,934
Receivable corporation tax		1,199	0
Work in progress		51,960	5,621
Prepayments	11	228	623
Other receivables		2,253	8,221
Receivables	12	**825,068**	**489,370**
Cash at bank and in hand		**18**	**54**
Total current assets		**825,086**	**489,424**
Total assets		**2,388,290**	**2,175,808**

Balance Sheet at 31 December (continued)

DKK'000	Note	2018	2017
Liabilities			
Share capital	13	429,363	429,363
Retained earnings		1,274,902	1,638,374
Proposed dividend for the year		596,000	0
Total equity	14	**2,300,265**	**2,067,737**
Provision for deferred tax	15	0	0
Provision for losses	16	7,682	0
Provisions		**7,682**	**0**
Trade payables		30,934	16,560
Payables to group enterprises		15,750	3,296
Corporation tax		0	48,694
Other debt		28,933	36,064
Deferred income		4,726	3,457
Short-term debt		**80,343**	**108,071**
Total liabilities		**80,343**	**108,071**
Liabilities		**2,388,290**	**2,175,808**
Contractual obligations	17		
Fees for auditor(s) appointed by the Annual General Meeting	18		
Related party transactions	19		
Events after 31 December 2018	20		
Accounting policies	21		

Statement of Changes in Equity 1 January-31 December

DKK'000	Share capital	Retained earnings	Proposed dividend for the year	Total
Equity at 1 January 2017	**429,363**	**1,567,975**	**0**	**1,997,338**
Exchange rate adjustments of investments		-113		-113
Loss for the year		70,512		70,512
Equity at 31 December 2017	**429,363**	**1,638,374**	**0**	**2,067,737**
Equity at 1 January 2018	**429,363**	**1,638,374**	**0**	**2,067,737**
Exchange rate adjustments of investments		-4		-4
Profit for the year		232,532		232,532
Proposed dividend for the year		-596,000	596,000	0
Equity at 31 December 2018	**429,363**	**1,274,902**	**596,000**	**2,300,265**

Notes

Note 1 Net turnover

In compliance with section 96 of the Danish Financial Statements Act, information regarding turnover on geographical markets and activities has been left out for competitive reasons.

Note 2 Other operating income

DKK'000	**2018**	**2017**
Gain on sale of fixed assets	125	5,513
Other operating income	**125**	**5,513**

Note 3 Staff expenses

DKK'000	**2018**	**2017**
Wages and salaries	94,689	108,448
Pensions	7,985	8,660
Other staff costs, incl. social security costs, etc.	10,307	10,909
Staff expenses	**112,981**	**128,017**
Average number of full time employees	164	183

In compliance with section 98 b (3) of the Danish Financial Statements Act, no information is given for 2018. Remuneration for the Executive Board and Board of directors for 2017 is DKK'000 6,594.

Note 4 Other operating expenses

DKK'000	**2018**	**2017**
Loss on disposal of fixed assets	0	19,178
Other operating expenses	**0**	**19,178**

Note 5 Financial income

DKK'000	**2018**	**2017**
Interest income from group enterprises	0	2,549
Other financial income	1,545	23
Financial income	**1,545**	**2,572**

Note 6 Financial expenses

DKK'000	2018	2017
Interest expenses to group enterprises	124	32
Other financial expenses	296	912
Financial expenses	**420**	**944**

Note 7 Tax on the profit/loss for the year

DKK'000	2018	2017
Breakdown of the tax for the year:		
Tax on the profit for the year	-16,730	31,540
Tax on the profit for the year	**-16,730**	**31,540**
Explanation of the tax on the profit for the year:		
Current tax	397	17,684
Adjustments for previous years (current tax)	-17,127	13,856
Adjustments for previous years (deferred tax)	0	0
Tax on the profit for the year	**-16,730**	**31,540**

Note 8 Intangible fixed assets

DKK'000	Software	Rights	Total
Cost at 1 January 2018	9,245	327	9,572
Additions for the year	146	0	146
Disposals for the year	0	0	0
Cost at 31 December 2018	**9,391**	**327**	**9,718**
Amortisation, depreciation and write-downs at 1 January 2018	7,703	327	8,030
Depreciation and amortisation for the year	1,531	0	1,531
Reversed depreciation on assets disposed of	0	0	0
Amortisation, depreciation and write-downs at 31 December 2018	**9,234**	**327**	**9,561**
Book value at 31 December 2018	**157**	**0**	**157**
Amortised over a period of	3-5 years	5 years	-

Note 9 Tangible fixed assets

DKK'000	Vessels and related equipment	Other plants and equipment	Total
Cost at 1 January 2018	2,135,999	66,578	2,202,577
Additions for the year	6,581	9,850	16,431
Disposals for the year	0	-823	-823
Cost at 31 December 2018	**2,142,580**	**75,605**	**2,218,185**
Depreciation and write-downs at 1 January 2018	491,214	31,160	522,374
Depreciation for the year	126,028	12,170	138,198
Reversed depreciation on assets disposed of		-536	-536
Depreciation and write-downs at 31 December 2018	**617,242**	**42,794**	**660,036**
Book value at 31 December 2018	**1,525,338**	**32,811**	**1,558,149**
Depreciation period	5-20 years	2-5 years	-

Note 10 Financial fixed assets

DKK'000	Investments in subsidiaries	Deposit	Total
Cost at 1 January 2018	13,983	1,752	15,735
Additions during the year	0	26	26
Disposals for the year	0	0	0
Cost at 31 December 2018	**13,983**	**1,778**	**15,761**
Value adjustments at 1 January 2018	-11,096	0	-11,096
Profit for the year	237	0	237
Changes in equity	-4	0	-4
Depreciations and amortisations at 31 December 2018	**-10,863**	**0**	**-10,863**
Book value at 31 December 2018	**3,120**	**1,778**	**4,898**

Breakdown of investment in subsidiaries:

	Registered office	Ownership
A2Sea Deutschland GmbH	Germany	100%
A2Sea Ltd.	UK	100%

Note 11 Prepayments

Prepayments comprise prepaid costs relating to other external costs.

Note 12 Receivables

All receivables are due for payment within one year after the end of the financial year.

Note 13 Share capital

DKK'000	2018	2017	2016	2015	2014
Share capital at 1 January	429,363	429,363	429,363	429,363	429,363
Capital increase	0	0	0	0	0
Share capital at 31 December	**429,363**	**429,363**	**429,363**	**429,363**	**429,363**

Ownership:
100% of the share capital is owned by GeoSea NV.

Note 14 Proposed distribution of profit

DKK'000	2018	2017
Proposed dividend for the year	596,000	0
Retained earnings for the year	-363,468	70,512
	232,532	70,512

Note 15 Deferred tax

DKK'000	2018	2017
Deferred tax at 1 January	0	0
Adjustment, beginning of year	0	0
Deferred tax at 31 December	**0**	**0**

Deferred tax on transitional balance and equalisation balance relating to vessels amounts to DKK'000 147,316.

Note 16 Provision for losses

Provision made for losses is due to an expected loss on a project being finalised in 2019.

Note 17 Contractual obligations

A2Sea A/S has assumed liabilities for a total of DKK'000 8,258 in the form of property leases and leased operating equipment. Breakdown of the future lease obligations:

DKK'000	2018	2017
0-1 year	3,275	3,148
1-5 years	4,983	158
> 5 years	0	0
	8,258	**3,306**

Note 18 Fees for auditor(s) appointed by the Annual General Meeting

DKK'000	2018	2017
Auditor fee for PwC	280	221
Other reviews	0	0
Tax advisory	141	18
Other services	105	40
	526	**279**

Note 19 Related parties

The Company is directly owned by GeoSea NV, Scheldedijk 30, 2070 Zwijndrecht, Belgium and ultimately owned by Ackermans & van Haaren N.V, Begijnenvest 113, 2000 Antwerp, Belgium.

Other related parties with a significant influence comprise the Company's Board of Directors, the Executive Board and executives and the close family of these individuals. Related parties also include companies in which the before-mentioned individuals hold a considerable interest. In addition, related parties also include group enterprises to A2Sea A/S. For a complete list of subsidiaries, please refer to note 10 'Financial fixed assets'.

A2Sea A/S is included in the immediate Consolidated Financial Statements of DEME NV, Scheldedijk 30, 2070 Zwijndrecht, Belgium and ultimate Consolidated Financial Statements of Ackermans & van Haaren NV, Begijnenvest 113, 2000 Antwerp, Belgium. The Consolidated Financial Statements may be obtained upon request by contacting DEME NV and Ackermans & van Haaren NV.

With reference to section 98 C(7) of the Danish Financial Statements Act, related party transactions details are not disclosed.

Note 20 Events after 31 December 2018

No events have occurred after the closing of this financial year that would influence the financial position of the Company.

Note 21 Accounting policies

GENERAL

The Annual Report of A2Sea A/S has been prepared in accordance with the provisions of the Danish Financial Statements Act for enterprises of accounting class C (large enterprises).

In accordance with the Danish Financial Statements Act section 112(1), no consolidated annual accounts have been made. The annual accounts for A2Sea A/S and subsidiaries are part of the consolidated annual accounts for DEME NV, Haven 1025, Scheldedijk 30, 2070 Zwijndrecht, Belgium, registration number 0400.473.705.

In accordance with the Danish Financial Statements Act section 86(4) the Company has omitted the cash flow statement from this Annual Report as A2Sea A/S is included in the cash flow statement of the DEME NV.

Recognition and measurement

Assets are recognised in the balance sheet when it is probable that future economic benefits will flow to the Company and the value of the asset can be reliably measured.

Liabilities are recognised in the balance sheet when they are probable and can be reliably measured.

On initial recognition, assets and liabilities are measured at cost. Subsequently, assets and liabilities are measured as described below for each individual item.

Certain financial assets and liabilities are measured at amortised cost implying the recognition of a constant effective interest rate to maturity. Amortised cost is calculated as initial cost minus any principal repayments and plus or minus the cumulative amortisation of any difference between cost and nominal amount.

On recognition or measurement predictable losses and risks appearing before the presentation of the Annual Report that are confirming or invalidating conditions already existing on the balance sheet date will be taken into account.

Income is recognised in the income statement as earned, including value adjustments of financial assets and liabilities, measured at fair value or amortised cost. Equally, costs incurred to achieve the earnings for the year, including depreciation, amortisation and provisions made and reversals resulting from changes in accounting estimates of amounts previously included in the income statement are recognised in the income statement.

Foreign currency translation

Transactions denominated in foreign currencies are translated at the exchange rate prevailing at the date of the transaction. Foreign exchange differences arising between the exchange rates at the transaction date and at the date of payment are recognised in the income statement as an item under financial income and expenses.

Fixed assets purchased in foreign currencies are measured at the exchange rate prevailing at the date of the transaction.

Receivables and payables and other monetary items denominated in foreign currencies are translated at the exchange rates at the balance sheet date. The difference between the exchange rates at the balance sheet date and at the date at which the receivable or payable arose or was recognised in the latest financial statements is recognised in the income statement under financial income and expenses.

Derivative financial instruments

Derivative financial instruments are initially recognised in the balance sheet at cost and are subsequently measured at fair value. Positive and negative fair values of derivative financial instruments are included in other receivables and payables, respectively.

Changes in the fair value of derivative financial instruments designated as and qualifying for recognition as a hedge of the fair value of a recognised asset or liability are recognised in the income statement together with changes in the value of the hedged asset or liability.

Changes in the fair value of derivative financial instruments designated as and qualifying for recognition as a hedge of future assets or liabilities are recognised as receivables or payables and in capital and reserves. If the future transaction results in recognition of assets or liabilities, the amount previously recognised under equity will be transferred to the cost of the asset or liability, respectively. If the future transaction results in income or expenses, the amount, deferred under equity or together with a recognised asset in the balance sheet will be transferred to the income statement for the period in which the hedged item affects the income statement.

For derivative financial instruments that do not qualify for hedge accounting, changes in fair value are recognised in the income statement when they occur.

INCOME STATEMENT

Net turnover
Net turnover is recognised in the income statement when delivery and passing of risk to buyer have taken place before the year end and if the income can be reliably measured and is expected received before year-end.

Net turnover is measured at fair value of the agreed contract sum exclusive of VAT charged on behalf of a third party. All types of allowed discounts are recognised in the net turnover.

Contracts relating to offshore wind turbine projects are included in the net turnover concurrently with the execution of the work, based on the degree of completion of the individual contracts.

Project and vessel costs
Project and vessel costs comprising expenses related to project execution and costs for the operation of the Company’s fleet.

Vessel costs are recognised in the income statement when incurred.

Costs related to offshore wind turbine projects are included in the project costs concurrently with the execution of the work, based on the degree of completion of the individual contracts.

Other external expenses
Other external expenses comprise indirect production costs and costs related to premises, sales and offices, etc.

Staff expenses
Staff expenses comprise wages and salaries as well as payroll expenses other than project wages.

Other operating income and expenses
Other operating income and expenses comprise items that are secondary compared to the Company’s principal activities, including profit and loss on current sale and renewal of intangible assets and tangible fixed assets. Profits and losses on sale of intangible assets and tangible fixed assets are calculated as the sales price with deduction of selling costs and the book value at the time of sale.

Income from investments in subsidiaries
The item “Income from investments in subsidiaries” in the income statement includes the proportionate share of the profit for the year.

Financial income and expenses
Financial income and expenses comprise interest income and expenses, capital gains and losses and losses concerning debt and transactions in foreign currencies and amortisation of financial assets and liabilities.

Tax on profit for the year
Tax for the year consists of current tax for the year and adjustment of deferred tax for the year. The tax attributable to the profit for the year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity.

The Company's current tax is computed according to the provisions of the Danish Tonnage Tax Act. On the basis of the Group's planned shipowning activities, the Tonnage Tax Scheme does not imply recapture of depreciation, and therefore deferred tax for these companies is only disclosed in the note "Deferred tax".

BALANCE SHEET

Intangible fixed assets

Rights
Rights include patents. These are measured at cost less accumulated amortisation and impairment losses. Patents are amortised over 5 years.

Software
Software is measured at cost less accumulated amortisation. Amortisation is made on a straight-line basis, i.e. the cost related to software is divided over the expected useful life – normally 3-5 years.

Residual value of intangible fixed assets is reassessed every year.

Tangible fixed assets
Tangible fixed assets are measured at cost less accumulated depreciation and impairment losses.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date when the asset is available for use. The cost of self-constructed assets comprises costs of materials, components, sub-suppliers, direct cost of labour and indirect production cost.

The cost of a combined asset is separated into individual items for which depreciation is made individually if the useful life of the individual items differs.

Subsequent costs, e.g. related to replacement of parts of a tangible fixed asset, are recognised in the book value of the asset in question when it is likely that the incurrence will imply a future financial benefit to the Company. The replaced parts cease being recognised in the balance sheet when the book value of these is transferred to the income statement. All other costs related to ordinary repair and maintenance are recognised in the income statement when incurred.

Depreciation based on cost reduced by any residual value is calculated on a straight-line basis over the estimated useful lives of the assets.

Vessels and related equipment	5-20 years
Other plant and equipment	2-5 years
Plant under construction	No depreciation

Depreciation period and residual value of tangible fixed assets is reassessed every year.

Gains and losses on the disposal of tangible fixed assets are determined as the difference between the selling price less disposal costs and the carrying amount at the date of disposal. The gains or losses are recognised in the income statement as other operating income/expenses.

Impairment of assets
The book value of the Company's fixed assets is estimated on a yearly basis to determine whether there might be indications of impairment beyond the planned depreciation.

If there are any indications of impairment, an impairment test is carried out for each individual asset or group of assets, respectively. Write-down to recoverable amount is made if this turns out to be lower than the book value. The recoverable amount is determined as the higher of net selling price and value in use. The value in use is calculated as the present value of the expected net cash flow from the use of the asset or group of assets and expected net cash flow from sale of the asset or group of assets after expired useful life.

Investments in subsidiaries
Investments in subsidiaries are measured under the equity method in the Parent Company's balance sheet.

Investments in subsidiaries are measured in the balance sheet at the proportionate share of the enterprises' net assets calculated in conformity with the according policies adopted by the Parent Company less or plus unrealised inter-Company profit/loss and plus or less remaining value of positive or negative goodwill calculated in accordance with the acquisition method.

Net revaluation of investments in subsidiaries is transferred under equity to net revaluation reserve according to the equity method to the extent that the book value exceeds the acquisition cost. The acquisition method is applied in connection with acquisition of subsidiaries as described above under Consolidated Financial Statements.

Subsidiaries with negative net asset values are measured at DKK 0 (nil), and any amounts owed by such enterprises are written down by the Parent Company's share of the negative net asset value if the amount owed is considered irrecoverable. Where the negative net asset value exceeds the amount owed, the remaining amount is recognised under provisions if the Parent Company has a legal or constructive obligation to cover the enterprise's deficit.

Deposit
Other receivables comprise deposit measured at fair value.

Receivables
Receivables are measured at amortised cost.

Provisions for bad debts are made when it is estimated on the basis of an objective indication that the value of a receivable is impaired.

Prepayments
Prepayments recognised as receivable consists of prepayments of costs relating to the coming financial years.

Equity

Proposed dividends
Dividend distribution proposed by Management for the year is disclosed as a separate equity item.

Current tax and deferred tax
Current tax liabilities and receivables are recognised in the balance sheet as the expected taxable income for the year adjusted for tax on taxable incomes for prior years and tax paid on account. Extra payments and repayment under the on-account taxation scheme are recognised in the income statement in financial income and expenses.

Deferred tax is measured under the balance-sheet liability method on all temporary differences between book value and tax base of assets and liabilities. In the cases where statement of the tax base can be made on the basis of different taxation rules, the deferred tax is measured on the basis of the management's planned use of the asset or settlement of the liability, respectively.

Deferred tax assets, including tax base of tax loss carry-forwards, are measured at the value at which the assets are expected realised either by elimination in tax on future earnings or by offsetting against deferred tax liabilities or within the same legal tax entity.

Debt
Financial debt comprises mortgage debt, credit institutions, trade payables and other liabilities to the public authorities, etc.

Payables to credit institutions are recognised initially at the proceeds received net of transaction expenses incurred. In subsequent periods, the financial debt is measured at amortised cost according to 'the effective interest method', so that the difference between the proceeds and the nominal value is recognised in the income statement under financial expenses during the term of the loan.

Other debt is measured at net realisable value.

Deferred income

Deferred income includes prepayments and accrual of contribution margin relating to time charter contracts. If the deferred income is an asset, it is recorded as work in progress, if a liability, it is recorded as deferred income.

FINANCIAL RATIOS

The financial ratios mentioned in the Financial Highlights are calculated as follows:

EBITDA margin	$\frac{\text{Earnings before Interest, Tax, Depreciation and Amortisation}}{\text{Net turnover}}$
EBIT margin	$\frac{\text{Operating profit or loss (EBIT)}}{\text{Net turnover}}$