ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2019 - GENERELL INFORMASJON

Enheten

Organisasjonsnummer:	990 362 688
Organisasjonsform:	Aksjeselskap
Foretaksnavn:	MARLINK AS
Forretningsadresse:	Lysaker torg 45 1366 LYSAKER

Regnskapsår

Årsregnskapets periode:	01.01.2019 - 31.12.2019

Konsern

Morselskap i konsern:	Ja
Konsernregnskap lagt ved:	Nei

Regnskapsregler

Regler for små foretak benyttet:	Nei
Benyttet ved utarbeidelsen av årsregnskapet til selskapet:	Forenklet IFRS

Årsregnskapet fastsatt av kompetent organ

Bekreftet av representant for selskapet:	Stein Anderssen
Dato for fastsettelse av årsregnskapet:	03.07.2020

Grunnlag for avgivelse

År 2019: Årsregnskapet er elektronisk innlevert

År 2018: Tall er hentet fra elektronisk innlevert årsregnskap fra 2019

Det er ikke krav til at årsregnskapet m.v. som sendes til Regnskapsregisteret er undertegnet. Kontrollen på at dette er utført ligger hos revisor/enhetens øverste organ. Sikkerheten ivaretas ved at innsender har rolle/rettighet for innsending av årsregnskapet via Altinn, og ved at det bekreftes at årsregnskapet er fastsatt av kompetent organ.

Brønnøysundregistrene, 11.04.2023

Resultatregnskap

Beløp i: NOK	Note	2019	2018
RESULTATREGNSKAP			
Inntekter			
Salgsinntekt	4	**3 067 715 000**	**2 767 711 000**
Kostnad solgte varer		1 508 258 000	1 495 641 000
Brutto resultat		**1 559 457 000**	**1 272 070 000**
Kostnader			
Distribusjonskosnader	7.1, 7.2	**637 274 000**	**544 679 000**
Administrative kostnader	7.3, 7.4	**659 227 000**	**612 759 000**
Driftsresultat		**262 956 000**	**114 632 000**
Finansposter			
Inntekt på investering i datterselskap og tilknyttet selskap	7.6	1 839 000	117 961 000
Renteinntekt fra foretak i samme konsern	7.6	0	41 050 000
Rentekostnad til foretak i samme konsern	7.7	0	38 277 000
Annen finansinntekt	7.6, 7.8	94 234 000	34 801 000
Annen finanskostnad	7.7, 7.9	226 428 000	42 233 000
Netto finans		**-130 355 000**	**113 302 000**
Ordinært resultat før skattekostand		**132 601 000**	**227 934 000**
Skattekostand på ordinært resultat	9	0	0
Ordinært resultat etter skattekostnad		**132 601 000**	**227 934 000**
Årsresultat		**132 601 000**	**227 934 000**
Andre resultatkomponenter for IFRS-foretak		22 000	-7 462 000
Totalresultat		**132 623 000**	**220 472 000**
Overføringer og disponeringer			
Sum overføringer og disponeringer		**0**	**0**

Balanse

Beløp i: NOK	Note	2019	2018
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Konsesjoner, patenter, lisenser, varemerker og lignende rettigheter	11	124 533 000	106 628 000
Utsatt skattefordel	11		
Goodwill		603 563 000	603 563 000
Sum immaterielle eiendeler		**728 096 000**	**710 191 000**
Varige driftsmidler			
Tomter, bygninger og annen fast eiendom	20	11 685 000	
Maskiner og anlegg	10, 20	979 222 000	821 964 000
Sum varige driftsmidler		**990 907 000**	**821 964 000**
Finansielle anleggsmidler			
Investeringer i datterselskap	6	2 395 175 000	913 911 000
Lån til foretak i samme konsern	12.1	108 024 000	402 086 000
Sum finansielle anleggsmidler		**2 503 199 000**	**1 315 997 000**
Sum anleggsmidler		**4 222 202 000**	**2 848 152 000**
Omløpsmidler			
Varer			
Fordringer			
Kundefordringer	12.1	552 250 000	696 636 000
Andre fordringer	12.1	26 156 000	28 185 000
Konsernfordringer	12.1	635 561 000	613 123 000
Sum fordringer		**1 213 967 000**	**1 337 944 000**
Investeringer			
Andre finansielle instrumenter	12.1	19 348 000	
Sum investeringer		**19 348 000**	
Bankinnskudd, kontanter og lignende			
Bankinnskudd, kontanter og lignende	14	27 157 000	22 533 000

Balanse

Beløp i: NOK	Note	2019	2018
Sum Bankinnskudd, kontanter og lignende		**27 157 000**	**22 533 000**
Sum omløpsmidler		**1 260 472 000**	**1 360 477 000**
SUM EIENDELER		**5 482 674 000**	**4 208 629 000**
BALANSE - EGENKAPITAL OG GJELD			
Egenkapital			
Innskutt egenkapital			
Selskapskapital	15	18 572 000	17 246 000
Overkurs	15	2 505 009 000	1 615 915 000
Sum innskutt egenkapital		**2 523 581 000**	**1 633 161 000**
Opptjent egenkapital			
Annen egenkapital		872 817 000	773 293 000
Sum opptjent egenkapital		**872 817 000**	**773 293 000**
Sum egenkapital		**3 396 398 000**	**2 406 454 000**
Gjeld			
Langsiktig gjeld			
Pensjonsforpliktelser	21	837 000	4 272 000
Andre avsetninger for forpliktelser	17	1 002 000	3 854 000
Sum avsetninger for forpliktelser		**1 839 000**	**8 126 000**
Annen langsiktig gjeld			
Gjeld til kredittinstitusjoner	12.2	882 963 000	554 186 000
Øvrig langsiktig gjeld	12.2, 12.3	75 808 000	15 249 000
Sum annen langsiktig gjeld		**958 771 000**	**569 435 000**
Sum langsiktig gjeld		**960 610 000**	**577 561 000**
Kortsiktig gjeld			
Leverandørgjeld	12.3	521 256 000	562 921 000
Annen kortsiktig gjeld	12.3, 20	604 409 000	661 695 000
Sum kortsiktig gjeld		**1 125 665 000**	**1 224 616 000**

Balanse

Beløp i: NOK	Note	2019	2018
Sum gjeld		**2 086 275 000**	**1 802 177 000**
SUM EGENKAPITAL OG GJELD		**5 482 673 000**	**4 208 631 000**

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MARLINK AS

REPORT AND FINANCIAL STATEMENTS

Year ended 31 December 2019

Company registration n° 990362688

MARLINK

CONTENT

MARLINK

BOARD OF DIRECTORS REPORT

BUSINESS OPERATIONS

Marlink AS offers sales, services and installations of satellite enabled communication solutions and related value-added services to the maritime sector, as well as to land based enterprises, humanitarian organisations/NGOs, and inter-governmental organisations (IGOs), both directly to end customers and through a network of distributors and resellers. The products and services span from simple handheld solutions, to Inmarsat MSS services, and to more sophisticated VSAT solutions. The company offers true global coverage through a mixture of fully owned and third-party teleports. The head-office is located at Lysaker close to Oslo (Norway), and the main activities are located at Lysaker and at Eik teleport located south of the city of Stavanger (Norway).

On August 31st, 2019, and effective retroactively from January 1st, 2019, the merger of the fully owned subsidiary Palantir AS (reg.no. 982526450) with Marlink AS (Marlink AS being the surviving entity) was registered as formally completed.

During the financial year of 2019 the company has not had significant activities related to research and development.

GOING CONCERN

The annual accounts have been prepared on the going concern assumption, and the board confirms that this condition is present.

PROFIT AND LOSS

KNOK = 1000 NOK. In 2019, Marlink AS' operating income was KNOK 3.067.715 and the result after tax was a profit of KNOK 132.601. Comparable numbers for 2018 were operating income of KNOK 2.767.711 and a profit after tax of KNOK 227.933.

As per end of 2019 total assets amounted to KNOK 5.482.672 and total equity was KNOK 3.396.397, i.e. an equity to total assets ratio of 62%.

The cash flow from the operational activities in 2019 was positive with KNOK 417.738.

In the view of the board, the accounts presented for the financial year of 2019 and corresponding notes provide an accurate account of the company's position and the enterprise's result. The board proposes that the accounts presented be adopted as the company's statement of profit or loss and the statement of financial position.

Beyond what appears in the annual accounts, the board has no knowledge of other issues regarding the market or the development in prices which are crucial to assessment of the company. No events have occurred after the end of the financial year that have not been taken into consideration in the annual accounts or issues that are considered important in order to assess the company's result and position.

MARLINK

FUTURE DEVELOPMENTS

In accordance with the general trend of increasing globalization and internationalization, growth is expected in the demand for services within the areas operated by Marlink AS, although the very recent COVID-19 crisis is expected to have short term negative effects within certain segments, especially the cruise and ferry segment for 2020.

ENVIRONMENT

The company does not contribute to pollution of the external environment.

WORKING ENVIRONMENT

The company had 189 employees at the end of the financial year. The working environment at the company is considered good, and no special measures were therefore taken in this area in 2019. The company did not record any accidents resulting in personal injury in 2019. The company's sick leave in 2019 was 2,19%.

GENDER EQUALITY

The company operates in a technological industry where the professions that have been recruited (Masters of Science, engineers, technicians) are traditionally male-dominated. Even though this has gradually changed, this is still reflected in the organizational structure – not least at the executive level. 19 per cent of the company's employees as at 31.12.2019 were women, and 81 per cent were men. There are four women in the company's management group. The average annual salary for women at the company is lower than for the men, which is due to the share of women in leading positions being lower than the share of men. The arrangements at the company regarding working hours depend on the employee's position, and are independent of gender.

DISCRIMINATION

The purpose of the Anti-discrimination Act is to promote equality, ensure equal opportunities and rights and to prevent discrimination based on ethnicity, national origin, descent, skin colour, language, religion or belief. The company works actively, in a goal-oriented and planned manner, to promote the purpose of the Act at our business. The activities include recruitment, salary and working conditions, promotions, development options, and protection against harassment.

The company's goal is to be a workplace where there is no discrimination due to a disability. The company works actively and in a goal-oriented manner to design and prepare the physical conditions so that the business' different functions can be used by as many people as possible. Workplaces and tasks are adapted individually to disabled employees or job-seekers.

ALLOCATION OF PROFIT FOR THE YEAR

The board proposes that the year's profit of KNOK 132.601 to be transferred to other equity.

Lysaker, July 3rd, 2020

The board of Marlink AS

DocuSigned by: Stein Anderssen 45D52515633849C...	DocuSigned by: 679F1E06EB374BD...
Stein Anderssen	Erik Ceuppens
Chairman of the Board	Board member
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Hervé Nays	Tore Morten Olsen
Board member	CEO

MARLINK

STATEMENT OF PROFIT AND LOSS

For the year ended 31 December 2019

		Notes	2019	2018
			NOK000	NOK000
Revenue from contracts with customers		4	3 067 715	2 767 711
Revenue			**3 067 715**	**2 767 711**
Cost of sales			(1 508 258)	(1 495 641)
Gross profit			**1 559 456**	**1 272 070**
Other operating income	*	7.1	16 762	33 417
Marketing, selling and distribution expenses	*	7.2	(654 036)	(578 096)
Administrative expenses	*	7.3	(645 519)	(574 472)
Other operating expenses	*	7.4	(13 708)	(38 287)
Operating profit			**262 955**	**114 632**
Finance income	*	7.6	84 379	174 101
Finance costs	*	7.7	(183 394)	(63 634)
Other finance income	*	7.8	11 694	19 711
Other finance costs	*	7.9	(43 033)	(16 876)
Profit before tax			**132 601**	**227 933**
Income tax expense		9	-	
Profit for the year			**132 601**	**227 933**

* Prior figures have been adjusted for comparison reasons

MARLINK

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2019

	Notes	2019	2018
		NOK000	**NOK000**
Profit for the year		**132 601**	**227 933**
Other comprehensive income			
Other comprehensive income that may be reclassified to profit and loss in subsequent periods:			
Gain/(loss) on cash flow hedges		3 822	(6 812)
Other comprehensive income/(loss) that may be reclassified to profit and loss in subsequent periods		**3 822**	**(6 812)**
Other comprehensive income that will not be reclassified to profit and loss in subsequent periods:			
Remeasurement gain on defined benefits plans	21	1 976	(650)
Adjustement from deferred tax assets from Palantir AS	5	(5 776)	-
Other comprehensive loss that will not be reclassified to profit or loss in subsequent periods		**(3 800)**	**(650)**
Other comprehensive gain/(loss) for the year		**22**	**(7 462)**
Total comprehensive income for the year		**132 624**	**220 472**

STATEMENT OF FINANCIAL POSITION

As at 31 December 2019

	Notes	2019	2018
		NOK000	NOK000
Assets			
Non-current assets			
Property, plant and equipment	10	851 674	821 964
Intangible assets	11	728 096	710 191
Right-of-use assets	20	139 233	-
Investment in a subsidiary	6	2 395 175	913 911
Non-current financial assets	12.1	108 024	402 086
Deferred tax asset	9	-	-
		4 222 201	2 848 153
Current assets			
Trade receivables	12.1	552 250	696 636
Contract assets	12.1	4 173	-
Other receivables	12.1	636 090	641 308
Prepayments	12.1	21 454	-
Other current financial assets	12.1	19 348	-
Cash and short-term deposits	14	27 157	22 533
		1 260 471	1 360 477
Total assets		**5 482 672**	**4 208 630**

MARLINK

		Notes	2019	2018
			NOK000	NOK000
Equity and liabilities				
Equity				
Issued capital		15	18 572	17 246
Share premium		15	2 505 009	1 615 915
Retained earnings			874 280	778 579
Cah flow hedge reserve			(1 463)	(5 286)
Total equity			**3 396 397**	**2 406 453**
Non-current liabilities				
Interest-bearing loans and borrowings	*	12.2	882 963	554 186
Other non-current financial liabilities	*	12.3	3 902	15 249
Provisions		17	1 002	3 854
Lease contract liabilities		12.2	71 906	-
Net employee defined benefit liabilities		21	837	4 272
			960 611	577 561
Current liabilities				
Trade and other payables		12.3	1 052 510	1 219 572
Lease contract liabilities		20	70 813	-
Other current financial liabilities	*	12.3	2 343	5 044
			1 125 666	1 224 616
Total liabilities			**2 086 276**	**1 802 177**
Total equity and liabilities			**5 482 672**	**4 208 630**

Lysaker, July 3rd, 2020

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Stein Anderssen
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Stein Anderssen
Chairman of the Board

DocuSigned by:
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Erik Ceuppens
Board member

DocuSigned by:
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Hervé Nays
Board member

DocuSigned by:
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Tore Morten Olsen
CEO

* Prior figures have been adjusted for comparison reasons

MARLINK

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2019

	Issued capital (Note 15)	Share premium (Note 15)	Retained earnings	Cash flow hedge reserve	Total
	NOK000	NOK000	NOK000	NOK000	NOK000
As at 1 January 2019	**17 246**	**1 615 915**	**778 579**	**(5 286)**	**2 406 453**
Effect of adoption of IFRS 16 *Leases* (Note 2)	-	-	(1 867)	-	(1 867)
Effect of merger with Palantir AS	-	-	(31 233)	-	(31 233)
As at 1 January 2019 (adjusted)	**17 246**	**1 615 915**	**745 478**	**(5 286)**	**2 373 353**
Profit of the period	-	-	132 601	-	132 601
Dividends paid (Note 16)	-	(630 798)	-	-	(630 798)
Issue of share capital (Note 15)	1 327	1 519 892	-	-	1 521 218
Remeasurement gain on defined benefits plans (Note 21)	-	-	1 976	-	1 976
Cancellation of deferred tax assets (Note 9)	-	-	(5 776)	-	(5 776)
Gain on cash flow hedges	-	-	-	3 822	3 822
At 31 December 2019	**18 572**	**2 505 009**	**874 280**	**(1 463)**	**3 396 397**

	Issued capital	Share premium	Retained earnings	Cash flow hedge reserve	Total
	NOK000	NOK000	NOK000	NOK000	NOK000
As at 1 January 2018	**17 246**	**1 615 915**	**552 187**	**1 526**	**2 186 873**
Effect of adoption of IFRS 9 *Financial Instruments*	-	-	(11 919)	-	(11 919)
Effect of merger with Marlink Enterprise AS	-	-	11 028	-	11 028
As at 1 January 2018 (adjusted)	**17 246**	**1 615 915**	**551 296**	**1 526**	**2 185 982**
Profit of the period	-	-	227 934	-	227 934
Remeasurement loss on defined benefits plans (Note 21)	-	-	(650)	-	(650)
Loss on cash flow hedges	-	-	-	(6 812)	(6 812)
At 31 December 2018	**17 246**	**1 615 915**	**778 580**	**(5 286)**	**2 406 454**

STATEMENT OF CASH FLOWS

For the year ended 31 December 2019

	2019	2018
	NOK0000	NOK0000
Operating activities		
Profit before tax	132 601	227 933
Adjustment to reconcile profit before tax to net cash flows:		
Depreciation and impairment of property, plant and equipment	225 458	243 766
Amortisation and impairment of intangible assets	19 325	18 580
Depreciation and impairment of financial assets	2 507	
Gain on disposal of property, plant and equipment	(1 225)	
Gain on disposal of subsidiary		(91 313)
Net finance loss	103 129	(13 807)
Movement in provisions and pension	(4 791)	(2 622)
Working capital adjustments:		
Change in inventory		3 393
Change in trade and other receivables	(55 627)	(244 287)
Change in trade and other payables	(3 641)	(42 221)
Net cash flows from operating activities	**417 738**	**99 422**
Investing activities		
Proceeds from sale of property, plant and equipment	3 402	
Purchase of property, plant and equipment	(257 427)	(334 724)
Purchase of intangibles assets	(37 230)	
Proceeds from sale of financial instruments		2 086
Purchase of financial instruments	(9 878)	
Proceed from sale of subsidiary		253 035
Acquisition of a subsidiary		(3 006)
Dividends received	1 839	26 852
Net cash flows used in investing activities	**(299 294)**	**(55 757)**
Financing activities		
Dividend paid	(630 798)	
Interest costs	(176 383)	(63 072)
Interest income	82 540	50 027
Deposit to vendor	(353)	
Deposit from customer	233	
Change in lendings	18 870	(284 040)
Repayment from Marlink SpA €	*18 870*	
Change in borrowings	594 256	201 768
Proceeds from DNB NOK	*2 795*	
Proceeds from JPMorgan €	*639 741*	
Repayment of DNB $	*(192 964)*	
Proceeds from JPMorgan $	*188 835*	
Repayment of OmniAcces $	*(44 152)*	
Net cash flows used in financing activities	**(111 634)**	**(95 317)**
Net increase/(decrease) in cash and cash equivalents	**6 810**	**(51 652)**
Cash and cash equivalents as at 1 January	22 501	53 613
Cash and cash equivalents from company merged	(2 153)	20 540
Cash and cash equivalents as at 31 December	**27 157**	**22 501**

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INDEX TO NOTES TO THE FINANCIAL STATEMENTS

MARLINK

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

Marlink AS is a fully owned subsidiary of Toruk AS. Toruk AS is fully owned by Makto SARL, Luxemburg. Makto SARL is a holding company owned by Apax Partners, France.

The principal activity of the Company is that, it specializes in the delivery and satellite-based communication services, mainly to the Maritime industry.

These annual accounts were approved by the Board on July 3rd, 2020 for a decision to be made by the General Meeting.

Information on other related party relationships of the Company is provided in Note 23.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

Pursuant to the provision regarding exemptions in section 3-7 of the Norwegian Accounting Act, no separate consolidated accounts have been prepared for Marlink AS. The annual accounts for 2019 have been prepared pursuant to the Regulations regarding Simplified Application of International Accounting Standards (FOR-2008-01-21-57), pursuant to section 3-9(5) of the Accounting Act, with comparison figures for 2014. Deviation from measuring and recognition rules pursuant to section 3-1 of Regulations FOR-2008-01-21-57 has been applied in relation to points 1, 2 and 4. Both the functional and presentation currency are Norwegian kroner.

In accordance with IFRS requirements, management has performed assessments and made assumptions that affect the reported assets and debt, and reporting of contingent assets and liabilities on the accounting date and reported income and costs for the reporting period. The actual results may deviate from these estimates.

The company's financial statements are based on the principles of historical cost accounting.

2.2 Summary of significant accounting policies

2.2.1 Business combinations and goodwill

On September 1rst, 2019 the company merged with its wholly owned subsidiary Palantir AS, with retroactive effect as of 01.01.2019. The merger was accounted based on continuity for accounting and tax purposes. The merger was without the use of consideration and was implemented as a parent-/subsidiary merger in accordance with the Norwegian Private Limited Liability Companies Act Section 13-23, cf section 13-1 et seq.

As a consequence, the income statement for the year 2019 includes the consolidated transactions of both companies, while the income statement for the year 2018 only includes the transactions of Marlink AS «pre-merger». The proforma sales income for 2018, is TNOK 2,768,006 (An addition of TNOK 47,600). The comparable balance sheet, year-end 2018, shows the financial position of Marlink AS only

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised over the net identifiable assets acquired and liabilities assumed. After initial recognition, goodwill is measured at cost less any accumulated impairment losses.

MARLINK

2. **Significant accounting policies *Continued***

For the purpose of impairment testing, goodwill is allocated to the company's cash flow-generating units where synergies are expected from the acquisition. A cash flow-generating unit to which goodwill has been allocated is assessed on an annual basis for impairment or when there are indications that a cash flow-generating unit's value may be impaired. If the recoverable amount from a cash flow-generating unit is lower than the book value, the value reduction will first be recorded to the unit's share of goodwill, and then be recorded on a pro rata basis to the unit's other assets. Impairment of goodwill will not be reversed in subsequent periods.

2.2.2 Investments in subsidiaries

The investments in shares in subsidiaries are recognized at fair value.

2.2.3 Current versus non-current classification

The Company presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is:

- • Expected to be realised or intended to be sold or consumed in the normal operating cycle
- • Held primarily for the purpose of trading
- • Expected to be realised within twelve months after the reporting period, or
- • Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- • It is expected to be settled in the normal operating cycle
- • It is held primarily for the purpose of trading
- • It is due to be settled within twelve months after the reporting period, or
- • There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The terms of the liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

The Company classifies all other liabilities as non-current.

2.3 Fair value measurement

The Company measures financial instruments such as non-financial assets at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- • In the principal market for the asset or liability, or
- • In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

MARLINK

2. Significant accounting policies *Continued*

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

2.3.1 Revenue from contracts with customers

Operating income primarily consists of sale and rental of satellite equipment, operation and maintenance of the equipment, and sale of satellite capacity. Under IFRS 15, the revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The Company derives revenue principally from the sale of satellite communications services typically pursuant to on-demand agreements or fixed-term contracts. The Company provides its customers with primarily two types of satellite telecommunications services: usage-based services, determined on a metered basis, such as minutes/capacity used, and satellite communications services based on fixed contracts. The usage-based services are primarily related to the Mobile Satellite Services (MSS) segment. The services provided under fixed contracts are primarily related to the corporate network and fixed maritime services reported as part of the VSAT (Very Small Aperture Terminal; dishes used to benefit from fixed satellite services) segment. The Company also sells equipment and provides operational and maintenance services.

Revenue arrangements with multiple deliverables are divided into separate units of accounting if the delivered item has value to the customer on a standalone basis and there is objective and reliable evidence of the fair value of the undelivered items. Arrangement consideration is allocated based on their relative fair values, with the amount allocated to the delivered item being limited to the amount that is not contingent on the delivery of additional items or other specified performance criteria, which most often is the amount received in cash at the time of sale. In most instances the delivered element is equipment, and the equipment is recorded with low revenue, potentially including a connection fee, due to discounts provided. The subsequent services are recorded at the normal selling price or at a discounted value, depending on the facts and circumstances.

Sale of products

Sales of products are recognised at the point in time when the Company satisfies its performance obligation by transferring control over the promised products to the customer, which is usually when the products are delivered to the customer, risk of obsolescence and loss have been transferred to the customer and the customer has accepted the products.

Rendering of services

The Company derives revenue principally from the sale of satellite communications services typically pursuant to on-demand agreements or fixed-term contracts. The Company provides its customers with primarily two types of satellite telecommunications services: usage-based services, determined on a metered basis. such as minutes/capacity used, and satellite communications services based on fixed contracts. The usage-based services are primarily related to the Mobile Satellite Services (MSS) segment. The services provided under fixed contracts are primarily related to the corporate network and fixed maritime services reported as part of the VSAT (Very Small Aperture Terminal; dishes used to benefit from fixed satellite services) segment.

Interest income

Interest income is recognized on a time-proportion basis using the effective interest method.

MARLINK

2. Significant accounting policies *Continued*

Dividend income

Dividend income is recognized when the right to receive payment is established.

Trade receivables

A receivable is recognised if an amount of consideration that is unconditional is due from the customer (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets in section 2.3.10 *Financial instruments – initial recognition and subsequent measurement*.

2.3.2 Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

When the Company receives grants of non-monetary assets, the asset and the grant are recorded at nominal amounts and released to profit or loss over the expected useful life of the asset, based on the pattern of consumption of the benefits of the underlying asset by equal annual instalments.

2.3.3 Taxes

Current and deferred income tax

Tax accrued will be recorded to the accounts at the amount that is expected to be paid or received. Assets and liabilities associated with deferred tax are calculated according to the liability method, with full allocation of all temporary differences between the recorded and tax value of assets and liabilities, including losses carried forward.

Marlink AS will record the effect of uncertain tax positions when it is probable that the tax position will be accepted by the tax authorities. The company will perform provisions for departure from the tax assessment or legal disputes pending a final decision. Deferred tax assets will be recognised to the extent it is probable that the tax assets will be utilised in future periods. The tax rates adopted on the date of the statement of financial position and the undiscounted amounts will be used.

Sales tax

Expenses and assets are recognised net of the amount of sales tax, except:

- • When the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable
- • When receivables and payables are stated with the amount of sales tax included

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

2. Significant accounting policies *Continued*

2.3.4 Foreign currencies

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in profit or loss.

Functional and presentation currency

Items included in the Company's financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Norwegian Kroner (NOK), which is the Company's functional and presentation currency.

2.3.5 Dividends

Dividends on ordinary shares are recognized as a liability and deducted from equity in the Company's financial statements in the year in which they are approved by the Company's shareholders. Interim dividends are deducted from equity when they are declared and approved by the Company's directors.

2.3.6 Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and any accumulated impairment losses

Depreciation is calculated on the straight-line method so as to write off the cost of each asset to its residual value over its estimated useful life. Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets, as follows:

Buildings and land	3 - 10 years
Satellite equipment	3 - 10 years
Machine and equipment	3 - 5 years
IT equipment	3 - 5 years

The assets residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

Where the carrying amount of an asset is greater than its estimated recoverable amount, the asset is written down immediately to its recoverable amount.

Expenditure for repairs and maintenance of property, plant and equipment is charged to profit or loss of the year in which it is incurred. The cost of major renovations and other subsequent expenditure are included in the carrying amount of the asset when it is probable that future economic benefits in excess of the originally assessed standard of performance of the existing asset will flow to the Company. Major renovations are depreciated over the remaining useful life of the related asset.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

MARLINK

2. Significant accounting policies *Continued*

2.3.7 Leases

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

Company as a lessee

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

i) Right-of-use assets

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

Real estate	6 years
Motor Vehicles	3 to 4 years
Leased Lines	2 to 7 years
Purchase of satellite capacity	3 to 4 years

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

ii) Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

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

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

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

MARLINK

2. Significant accounting policies *Continued*

Company as a lessor

Marlink AS presents assets it has leased to others as receivables equal to the net investments in the leases. Financial income will be set so a constant return is achieved on outstanding receivables during the life of the contract. Direct costs incurred in connection with establishing the lease are included in the receivable.

The rental income from operational leases will be recorded to the accounts on a linear basis over the life of the lease. Initial direct costs incurred through negotiation and establishment of an operational lease will be granted recorded value for the leased fixed asset and recognized as an expense on a linear basis over the life of the lease as depreciation. Variable rent will be recognized as income during the earning period.

2.3.8 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

2.3.9 Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses.Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit or loss in the expense category that is consistent with the function of the intangible assets.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

An intangible asset is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising upon derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss.

A summary of the policies applied to the Company's intangible assets is, as follows:

Customers software and licenses	3 years
Brand	5 years
Customer contracts acquired	3-7 years

MARLINK

2. Significant accounting policies Continued

2.3.10 Financial instruments – initial recognition and subsequent measurement

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

Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit and loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price determined under IFRS 15.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognised on the trade date, i.e., the date that the Compnay commits to purchase or sell the asset.

Subsequent measurement

The financial assets at amortised cost (debt instruments) is the only category relevant to the Company. The Company measures financial assets at amortised cost if both of the following conditions are met:

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

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

The Company's financial assets at amortised cost are only trade receivables.

MARLINK

2. Significant accounting policies *Continued*

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Company's statement of financial position) when:

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

Impairment

For trade receivables and contract assets, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Financial liabilities

Initial recognition and measurement

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

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

The Company's financial liabilities include trade and other payables, loans and borrowings including and derivative financial instruments.

Subsequent measurement

For purposes of subsequent measurement, financial liabilities are classified in two categories:

- Financial liabilities at fair value through profit or loss
- Financial liabilities at amortised cost (loans and borrowings)

Financial liabilities at fair value through profit or loss

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

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

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

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. The Group has not designated any financial liability as at fair value through profit or loss.

MARLINK

2. Significant accounting policies *Continued*

Financial liabilities at amortised cost (loans and borrowings)

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

This category generally applies to interest-bearing loans and borrowings. For more information, refer to Note 12.

Derecognition

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

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

2.3.11 Derivative financial instruments and hedge accounting

Initial recognition and subsequent measurement

The Company uses derivative financial instruments, such as forward currency contracts, interest rate swaps, to hedge its foreign currency risks, interest rate risk. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Cash flow hedges

The effective portion of the gain or loss on the hedging instrument is recognised in OCI in the cash flow hedge reserve, while any ineffective portion is recognised immediately in the statement of profit or loss. The cash flow hedge reserve is adjusted to the lower of the cumulative gain or loss on the hedging instrument and the cumulative change in fair value of the hedged item.

The Company uses forward currency contracts as hedges of its exposure to foreign currency risk in forecast transactions and firm commitments.

The Company designates only the spot element of forward contracts as a hedging instrument. The forward element is recognised in OCI and accumulated in a separate component of equity under cost of hedging reserve.

If cash flow hedge accounting is discontinued, the amount that has been accumulated in OCI must remain in accumulated OCI if the hedged future cash flows are still expected to occur. Otherwise, the amount will be immediately reclassified to profit or loss as a reclassification adjustment.

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2. Significant accounting policies *Continued*

2.3.12 Cash and short-term deposits

Cash and cash equivalents cover cash in hand and at bank that on the date of the procurement were due in less than three months. Cash and cash equivalents are assessed at the nominal value on the date of the statement of financial position.

2.3.13 Provisions

Provisions for liabilities like removal obligations, restructuring, loss contracts and legal claims will be recognized when the company, as a result of a previous incident, has an existing legal or self-imposed obligation which it is probable that the company will need to meet, and the amount can be estimated reliably. No provisions will be made for future operating losses. Provisions will be measured at the management's best estimate of the expenses to settle the obligation on the reporting date.

Provisions for restructuring will be recognized when the company has approved a detailed and formal restructuring plan, and the restructuring has either begun or been made public.

2.3.14 Pensions and other post-employment benefits

Marlink AS has a defined benefit pension plan for employees, which requires contributions to be made to a separate fund administered by Telenor Pensjonskasse. The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method. Actuarial gains and losses for the defined benefit plan are recognized in full in the period in which they occur in other comprehensive income. Such actuarial gains and losses are also immediately recognized in other equity and are not reclassified to statement of comprehensive income in subsequent periods. Unvested past service costs are recognized as an expense on a straight-line basis over the average period until the benefits become

vested. Past service costs are recognized immediately if the benefits have already vested immediately following the introduction of, or changes to, a pension plan.

In pension schemes that are defined contribution schemes, the pension premium is recognized as an expense in the period when the obligation for payment incurred.

2.4 Changes in accounting policies and disclosures

New and amended standards and interpretations

The Company applied IFRS 16 Leases for the first time. The nature and effect of the changes as a result of adoption of this new accounting standard is described below.

Several other amendments and interpretations apply for the first time in 2019, but do not have an impact on the consolidated financial statements of the Company. The Company has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

2.4.1 IFRS 16 *Leases*

The Company has adopted IFRS16 on 1st January 2019. The standard sets out requirements for recognising assets and liabilities in respect of leases, and superseded the existing accounting guidance in IAS 17 'Leases' and the related interpretations.

IFRS 16 requires the Company, where it is the lessee, to recognize assets and liabilities for most leases, however, there is little change to IAS 17 where the Group was the lessor. The Company performed a first assessment during the year 2018 regarding the impact of this new standard on its financial statements.

Reminder of the first assessment performed in 2018

This first assessment required leased lines, vehicles and properties to be accounted for as "right-of-use assets". This is expected to have a small positive impact on operating result, as the lease costs will be reclassified between depreciation and interest.

Most of satellite capacity supply agreements with the Company's providers were analysed as services contracts and therefore was not fall within the scope of the IFRS 16 standard.

Transition period impacts as of January 01, 2019

The implementation performed on 1st January 2019, had the following impact on the Company accounts

A 'right to use' asset was recorded on the statement of financial position as of 1 January 2019 with a corresponding lease liability, while changes in the income statement have been mainly presentational.

The Company has applied IFRS 16 using the modified retrospective approach. This approach allows the recognition of the lease liability and asset as of January 01, 2019 with no restatement of prior period financial statements.

The Company has adopted the practical expedients relating to short term and low value assets which allow these to be expensed through the income statement. The main impacts were around property leases, car leases and leased lines where the Company is the lessee.

The adjustments as of January 01, 2019 to the Company's Balance Sheet were the recognition of right-of-use assets and lease liabilities.

These are shown in the table below.

Balance sheet as of 1 January 2019 – IFRS 16 adjustments:

	NOK000
Non-current assets	
Right of use asset	108 012
Deferred taxes	-
Total assets	**108 012**
Lease contract liabilities	
Lease obligations	109 879
Total liabilities	**109 879**
Net assets (Equity)	**(1 867)**

The lease liability of NOK 109,9 million has been calculated as of January 01 2019 using the present value of the unpaid lease payments over the lease term specific to each lease, using the incremental borrowing rate as the discount rate as of December 31, 2019, the liability was separated between a current NOK (70,8) million and a non-current liability NOK (71,9) million.

A right of use asset of NOK 108 million has been created based on being equal to the lease liability, adjusted of the accruals related to the phasing of lease payments.

In terms of the company's financial performance for 2019, the operating profit was NOK 78,3 million higher under IFRS 16 compared to the previous standard, as lease costs are removed from operating costs (USD 12.3 million) and used to reduce the liability.

Profit before tax is only NOK 1,6 million lower as the right-of-use assets attract depreciation (NOK 75,4 million); and the unwinding of the discounted cash flows result in an interest charge (NOK 4,5 million).

Compared to the assessment performed in 2018, the Company has completed its analysis regarding the leased lines and incorporated in the scope of IFRS16 a part of the leased lines contracts used for the network of the Company in the Maritime business. The contract duration of the lease contracts in

MARLINK

2. Significant accounting policies *Continued*

this case was estimated to be 4 years, equal to the structural duration of the infrastructure used by the Company.

IFRS16 “Leases” impacts in the account as of December 31, 2019 in the financial statements

In the Profit & Loss account as of December 31, 2019

	NOK000
Operating result (without amortisation)	78 322
Amortisation of the right if use	(75 437)
Financial result	(4 504)
Net result impact	**(1 619)**

In the balance sheet as of December 31, 2019

	NOK000
Right of use asset	139 233
Total assets	**139 233**
Lease obligations non current	71 906
Lease obligations current	70 813
Net result	(1 619)
Lease obligations	**141 101**
Equity (transition period impact)	(1 867)
Total liabilities	**139 233**

2.4.2 IFRIC Interpretation 23 *Uncertainty over Income Tax Treatment*

The Interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of IAS 12 Income Taxes. It does not apply to taxes or levies outside the scope of IAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The Interpretation specifically addresses the following:

- • Whether an entity considers uncertain tax treatments separately
- • The assumptions an entity makes about the examination of tax treatments by taxation authorities
- • How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates
- • How an entity considers changes in facts and circumstances

The Company determines whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments and uses the approach that better predicts the resolution of the uncertainty.

The Company applies significant judgement in identifying uncertainties over income tax treatments. Since the Company operates in a complex multinational environment, it assessed whether the Interpretation had an impact on its consolidated financial statements.

Upon adoption of the Interpretation, the Company considered whether it has any uncertain tax positions, particularly those relating to transfer pricing. The Company’s and the subsidiaries’ tax filings in different jurisdictions include deductions related to transfer pricing and the taxation authorities may challenge those tax treatments. The Company determined, based on its tax compliance and transfer pricing study, that it is probable that its tax treatments (including those for the subsidiaries) will be accepted by the taxation authorities. The Interpretation did not have an impact on the financial statements of the Company.

MARLINK

2. Significant accounting policies *Continued*

2.4.3 Amendments to IFRS 9: *Prepayment Features with Negative Compensation*

Under IFRS 9, a debt instrument can be measured at amortised cost or at fair value through other comprehensive income, provided that the contractual cash flows are 'solely payments of principal and interest on the principal amount outstanding' (the SPPI criterion) and the instrument is held within the appropriate business model for that classification. The amendments to IFRS 9 clarify that a financial asset passes the SPPI criterion regardless of an event or circumstance that causes the early termination of the contract and irrespective of which party pays or receives reasonable compensation for the early termination of the contract. These amendments had no impact on the financial statements of the Company.

2.4.4 Amendments to IAS 19: *Plan Amendment, Curtailment or Settlement*

The amendments to IAS 19 address the accounting when a plan amendment, curtailment or settlement occurs during a reporting period. The amendments specify that when a plan amendment, curtailment or settlement occurs during the annual reporting period, an entity is required to determine the current service cost for the remainder of the period after the plan amendment, curtailment or settlement, using the actuarial assumptions used to remeasure the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event. An entity is also required to determine the net interest for the remainder of the period after the plan amendment, curtailment or settlement using the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event, and the discount rate used to remeasure that net defined benefit liability (asset). The amendments had no impact on the consolidated financial statements of the Company as it did not have any plan amendments, curtailments, or settlements during the period.

2.4.5 Amendments to IAS 28: *Long-term interests in associates and joint ventures*

The amendments clarify that an entity applies IFRS 9 to long-term interests in an associate or joint venture to which the equity method is not applied but that, in substance, form part of the net investment in the associate or joint venture (long-term interests). This clarification is relevant because it implies that the expected credit loss model in IFRS 9 applies to such long-term interests.

The amendments also clarified that, in applying IFRS 9, an entity does not take account of any losses of the associate or joint venture, or any impairment losses on the net investment, recognised as adjustments to the net investment in the associate or joint venture that arise from applying IAS 28 Investments in Associates and Joint Ventures.

These amendments had no impact on the financial statements of the Company.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS

The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates and requires Management to exercise its judgment in the process of applying the Company's accounting policies. It also requires the use of assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on Management's best knowledge of current events and actions, actual results may ultimately differ from those estimates.

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

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3. Significant accounting judgements, estimates and assumptions *Continued*

Judgements

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Trade receivables and contract assets

The Company uses a provision matrix to calculate ECLs for trade receivables and contract assets. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns.

The provision matrix is initially based on the Company's historical observed default rates. The Company will calibrate the matrix to adjust the historical credit loss experience with forward-looking information.

Income taxes

Significant judgment is required in determining the provision for income taxes. There are transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

Impairment of investments in subsidiaries

The Company periodically evaluates the recoverability of investments in subsidiaries whenever indicators of impairment are present. Indicators of impairment include such items as declines in revenues, earnings or cash flows or material adverse changes in the economic or political stability of a particular country, which may indicate that the carrying amount of an asset is not recoverable. If facts and circumstances indicate that investment in subsidiaries may be impaired, the estimated future discounted cash flows associated with these subsidiaries would be compared to their carrying amounts to determine if a write-down to fair value is necessary.

Impairment of non-financial assets

The impairment test is performed using the discounted cash flows expected to be generated through the use of non-financial assets, using a discount rate that reflects the current market estimations and the risks associated with the asset. When it is impractical to estimate the recoverable amount of an asset, the Company estimates the recoverable amount of the cash generating unit in which the asset belongs to.

Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash generating units of the Company on which the goodwill has been allocated. The value in use calculation requires the Company to estimate the future cash flows expected to arise from the cash-generating units using a suitable discount rate in order to calculate present value (Refer to note 9).

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4. REVENUE FROM CONTRACTS WITH CUSTOMERS

	2019	2018
	NOK000	**NOK000**
Rendering services	2 938 128	2 679 126
Sales of equipment	129 587	88 585
	3 067 715	**2 767 711**

The company does not follow sales by geographical distribution, or customer location. As such a note showing revenues split by geographical distribution or customer locations would not be relevant.

5. BUSINESS COMBINATIONS

On September 1rst, 2019 the company merged with its wholly owned subsidiary Palantir AS, with retroactive effect as of 01.01.2019.

Below are the carrying value of the assets and liabilities transferred to the Company effective 01.01.2019. The net amount is recorder under “Retained earnings”.

	NOK000
From Palantir AS	
Other intangible assets	2 185
Deferred tax asset	5 776
Fixtures and fittings, tools, office machinery, etc.	493
Investments in subsidiary	75
Inventories	1 772
Accounts receivables	8 292
Other receivables	1 276
Cash and cash equivalents	1 048
Pension liabilities	(150)
Liabilities to financial institutions	(3 750)
Overdraft	(3 201)
Trade creditors	(1 813)
Public duties payable	(1 654)
Other shirt-term liabilities	(3 483)
Net assets	**6 865**
From Marlink AS	
Cancellation Shares Palantir AS owned by Marlink AS	(38 099)
Net amount recorded in "Retained earnings"	**(31 233)**

“Other intangible assets”, “Fixtures and fittings, tools, office machinery” and “Inventories” (NOK000 4,450) have been reclassified into “Property, Plant and Equipment” to comply with Marlink AS policy.

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6. SUBSIDIARIES

Name	Principal activities	Country of incorporation	Ownership stake (%) 2019	Ownership stake (%) 2018	Book value NOK000 2019	Book value NOK000 2018
Marlink Holding SAS	Telecommunications	France	100	-	1 521 218	-
Marlink SpA	Telecommunications	Italy	100	100	565 756	565 756
Marlink Inc.	Telecommunications	USA	100	100	97 298	97 298
Marlink Ltd	Telecommunications	Great Britan	100	100	91 811	91 811
Marlink s.r.o.	Telecommunications	Slovakia	100	100	54 090	54 089
Telemar Hong Kong Ltd	Telecommunications	Hong Kong	100	100	1 076	1 076
Marlink Communications FZ LLC	Telecommunications	Dubaï	100	100	176	176
Atheno Prosjektutvikling AS	Telecommunications	Norway	100	-	75	-
Astrium Services BC Ltd	Telecommunications	Tanzania	100	100	-	1 931
Marlink CG Ltd	Telecommunications	Cyprus	64	64	63 676	63 676
Palantir AS	Telecommunications	Norway	-	100	-	38 099
					2 395 175	**913 912**

The ownership stake corresponds to the voting rights.

In 2019, the Company acquired all shares of Marlink Holding SAS from Toruk AS (see note 15).

The Company acquired all shares of Atheno Prosjektutviking AS from merger with Palantir AS.

7. OTHER INCOME/EXPENSES

7.1 Other operating income

	2019 NOK000	2018 NOK000
Service fees	8 620	7 269
Net gain on disposal of property, plant and equipment	1 225	261
Government grants (Note 28)	1 198	-
Interest on trades	615	25 745
Freight	531	84
Other operating income	141	-
Net foreign exchange on trades	4 433	-
	16 762	**33 360**

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7. Other income/expenses *Continued*

7.2 Marketing, selling and distribution expenses

	2019	2018
	NOK000	NOK000
Service fees	494 234	436 878
Wages and salaries	61 497	60 565
General subcontracting	23 934	7 860
Freight on sales	20 993	21 956
Travel, mission and entertainment	11 308	11 796
Social security costs	8 597	8 723
Office expenses	5 834	4 829
Commission on sales	4 602	2 239
Pension costs	3 969	4 766
Other fees	13 321	8 835
Other expenses	5 746	9 650
	654 036	**578 096**

7.3 Administrative expenses

	2019	2018
	NOK000	NOK000
Depreciation	222 077	215 277
Wages and salaries	120 291	92 569
Right-of-of use of assets	75 437	-
Upkeep and maintenance	49 523	34 227
General subcontracting	42 790	16 004
Social security costs	20 138	14 997
Amortisation	19 325	18 580
Other fees	17 383	44 321
Service fees	11 153	52 473
Office expenses	10 522	11 441
Travel, mission and entertainment	9 504	7 470
Post and telecommunications	8 817	12 870
License	8 201	2 829
Pension costs	7 201	8 052
Impairment of property, plant and equipment	3 381	8 442
Insurance	3 235	3 013
Assets scrapped	2 347	20 697
Other administrative expenses	14 193	11 211
	645 519	**574 472**

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7. Other income/expenses *Continued*

7.4 Other operating expenses

	2019	2018
	NOK000	NOK000
Loss on receivables	9 738	1 808
Provision for expected credit losses	(4 685)	26 793
Freight on purchase	8 652	8 908
Interest expenses on trade	4	778
	13 708	**38 287**

7.5 Employee benefits expense

	2019	2018
	NOK000	NOK000
Included in marketing, selling and distribution expenses:		
Wages and salaries	61 497	60 565
Social security costs	8 597	8 723
Pension costs	3 969	4 766
Post-employment benefits other than pensions	2	-
Other staff costs	783	1 546
Included in cost of administrative expenses:		
Wages and salaries	120 291	92 735
Social security costs	20 138	14 997
Pension costs	7 201	10 675
Post-employment benefits other than pensions	525	-
Other staff costs	3 134	1 677
Total employee benefits expense	**226 137**	**195 684**
Average number of employees	169	170
Average number of man-labour years	168	169

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7. Other income/expenses *Continued*

7.6 Finance income

	2019	2018
	NOK000	NOK000
Interest income from current account	35 572	-
Interest income from bank account	32 990	-
Interest income from lending	13 978	-
Dividends received	1 839	26 852
Interest income from group companies	-	41 050
Gain from sale of shares in subsidiary	-	91 109
Foreign currency gains realised	-	48 371
Interest income	-	8 977
Other financial income	-	8 991
	84 379	**225 350**

7.7 Finance costs

	2019	2018
	NOK000	NOK000
Interest costs on borrowing	79 439	-
Interest costs on current account	15 187	-
Interest costs on bank account	81 758	-
Interest costs on lease contract liability	4 504	-
Interest expenses from group companies	-	38 277
Interest expenses	-	24 795
Foreign currency losses not realised	-	13 225
Other financial expenses	2 507	9 200
	183 394	**85 497**

7.8 Other finance income

	2019	2018
	NOK000	NOK000
Net foreign exchange gains on borrowing	11 615	-
Other income	78	-
	11 694	**-**

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7. Other income/expenses *Continued*

7.9 Other finance costs

	2019	2018
	NOK000	NOK000
Net foreign exchange loss from cash flow hedge	7 159	-
Net foreign exchange loss on current account	13 492	-
Net foreign exchange loss on lending	21	-
Net forieng exchange loss on bank account	22 306	-
Other expenses	55	-
	43 033	**-**

8. REMUNERATIONS TO LEADING PERSONNEL, AUDITORS AND OTHERS

Leading personnel

No directors' fees were paid in 2019. The board's members do not have any agreements regarding special remuneration upon termination or changes to their post, agreements regarding bonuses, profit-sharing, options, etc.

In 2019, the CEO received a salary of NOK 2,115,667, and NOK 1,054,230 in bonus. The CEO also received NOK 199,278 in other benefits, excluding pension rights.

NOK 361,177 was recognized as pension costs for the CEO in 2019. The CEO have no agreement of payment of funds if the employment is terminated.

No member of the board nor the CEO have a loan or security at Marlink AS.

Mr. Ceuppens and Mr. Nays, members of the Board, haven't received any remuneration or alike from Marlink AS.

Auditors fees

Auditor's fees

	2019	*2018*
	NOK000	***NOK000***
Statutory auditing	1 043	1 227
Other attestation services	236	34
Tax advice	-	16
Other non-audit services	10	12
Total auditor's fees	**1 289**	**1 289**

Amounts are exclusive of VAT

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9. INCOME TAX

The major components of income tax expense for the years ended 31 December 2019 and 2018 are:

	2019	2018
	NOK000	**NOK000**
Accounting profit before income tax	**132 601**	**227 933**
Other comprehensive income	5 798	(7 462)
Tax-free income	(1 839)	(117 360)
Non tax deductible expenses	1 206	1 055
Change in temporary differences	(19 105)	12 149
Tax income basis of the year	**118 661**	**116 316**
Limitation on deductibility of interests from group loans	-	-
Tax losses carried forward	(118 661)	(116 316)
At Norwegian's statutory income tax rate of 22% (2018: 23%)	-	-

Reconciliation of tax expense and the accounting profit multiplied by Norwegian's domestic tax rate for 2018 and 2019:

	2019	2018
	NOK000	**NOK000**
Accounting profit before income tax	**132 601**	**227 933**
Expected tax expense at the rate of 22% (2018: 23%)	29 172	52 425
Tax effect of tax free income	(405)	(26 993)
Tax effect of non tax deductible expenses	265	243
Tax effect on other comprehensive income	1 276	-1716
Change in tax rate		4921
	30 308	28 879
Deferred tax not recognized	-30 308	-28 879
Total income tax expense	-	-

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9. Income tax *Continued*

The temporary differences are set out below:

	2019	2018	Changes
	NOK000	**NOK000**	**NOK000**
Fixed assets	(135 669)	(107 976)	27 693
Outstanding receivables	(83 387)	(89 761)	(6 374)
Capital gain and loss account	(174)	(217)	(43)
Accruals	-	(3 854)	(3 854)
Financial instruments	(2 189)	(8 898)	(6 709)
Pensions	17 560	13 645	(3 915)
	(203 859)	**(197 061)**	**6 798**
Tax losses carry forward	(176 711)	(295 021)	(118 310)
	(380 570)	**(492 082)**	**(111 512)**
Temporary differences to not be recognized in deferred tax computation	380 570	492 082	111 512
Basis for computation of deferred tax	-	-	-

The Company has tax losses that arose in Norway of NOK 176,710,978 (2018: NOK 295,021,239) that are available indefinitely for offsetting against future taxable profits of the Company.

During the year, three adjustments have been applied:

- The outcome of the completed tax audit over the years 2017/2018 is a decrease of NOK 22,068,154 for 2017,
- A decrease of NOK 3,113,884 for 2018, and
- An increase of NOK 25,532,950 coming from Palantir AS' tax losses carried forward merged with the Company.

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10. PROPERTY, PLANT AND EQUIPMENT

	Buildings and land	Satellite equipment	Machines & equipment	IT Equipment	Construction in progress	Total
	NOK000	NOK000	NOK000	NOK000	NOK000	NOK000
Cost						
At 1 January 2018	70 786	1 603 509	25 287	24 163	194 495	1 918 241
From Marlink Enterprise AS	19 204	-	119 299	-	-	138 503
Additions	-	264 174	-	-	70 550	334 724
Activations	10 503	-	7 262	240	(18 005)	-
Disposals	-	(6 733)	-	-	(21 786)	(28 519)
At 31 December 2018	**100 493**	**1 860 951**	**151 848**	**24 403**	**225 254**	**2 362 949**
From Palantir AS	-	-	-	4 489	4 547	9 036
Additions	-	316 359	-	-	(58 933)	257 427
Activations	7 041	-	86	2 351	(9 478)	-
Disposals	-	(10 354)	-	-	(3 842)	(14 196)
At 31 December 2019	**107 534**	**2 166 955**	**151 934**	**31 243**	**157 547**	**2 615 214**
Depreciation and Impairment						
At 1 Juanuray 2018	43 392	1 112 915	24 894	23 638	-	1 204 838
From Marlink Enterprise AS	19 204	-	94 291	-	-	113 495
Depreciation charge for the year	8 041	190 904	15 761	571	-	215 277
Impairment charge for the year	-	-	-	-	8 442	8 442
Disposals		(1 066)				(1 066)
At 31 December 2018	**70 637**	**1 302 752**	**134 946**	**24 209**	**8 442**	**1 540 985**
From Palantir AS	-	-	-	4 586	-	4 586
Depreciation charge for the year	6 939	208 891	4 901	1 346	-	222 077
Impairment charge for the year	-	6 076	-	-	(2 695)	3 381
Disposals	-	(7 488)	-	-	-	(7 488)
At 31 December 2019	**77 576**	**1 510 231**	**139 847**	**30 140**	**5 747**	**1 763 541**
Net book value						
At 31 December 2018	29 857	558 198	16 902	194	216 812	821 964
At 31 December 2019	**29 958**	**656 724**	**12 088**	**1 103**	**151 801**	**851 674**

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11. INTANGIBLE ASSETS

	Goodwill	Licences	Software	Brand	Customer base	Construction in progress	Total
	NOK000	NOK000	NOK000	NOK000	NOK000	NOK000	NOK000
Cost							
At 1 January 2018	603 563	66 669	29 099	9 720	249 671	20 324	979 046
From Marlink Enterprise AS	-	-	7 371	-	3 579	-	10 950
Activations	-	-	3 784	-	-	(3 784)	-
Disposals	-	-		-	-	(16 402)	(16 402)
At 31 December 2018	**603 563**	**66 669**	**40 254**	**9 720**	**253 250**	**138**	**973 594**
Additions	-	-	738	-	-	36 491	37 230
Activations	-	3 325	4 604	-	-	(7 929)	-
Reallocation	-	-	-	-	-	-	-
At 31 December 2019	**603 563**	**69 994**	**45 595**	**9 720**	**253 250**	**28 701**	**1 010 823**
Amortisation							
At 1 January 2018	-	66 669	23 346	9 720	134 138	-	233 872
From Marlink Enterprise AS	-	-	7 371	-	3 579	-	10 950
Amortisation	-	-	3 002	-	15 578	-	18 580
At 31 December 2018	**-**	**66 669**	**33 718**	**9 720**	**153 295**	**-**	**263 402**
Amortisation	-	539	3 208	-	15 578	-	19 325
Reallocation	-	-	-	-	-	-	-
At 31 December 2019	**-**	**67 208**	**36 926**	**9 720**	**168 874**	**-**	**282 727**
Net book value							
At 31 December 2018	603 563	-	6 536	-	99 954	138	710 191
At 31 December 2019	**603 563**	**2 786**	**8 670**	**-**	**84 376**	**28 701**	**728 096**

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12. FINANCIAL ASSETS AND FINANCIAL LIABILITIES

12.1 Financial assets

	2019	2018
	NOK000	NOK000
Derivatives designated as hedging instruments		
Interest rate swap contract	154	-
Total financial assets at fair value	**154**	**-**
Debt instruments at amortised cost		
Loan to subsidiary (Note 23)	104 446	393 661
Deposit to vendor	3 424	3 071
Other long term receivables	-	5 355
Trade receivables from third-party customers	439 734	355 704
Trade receivables from related parties (Note 23)	112 516	340 932
Contract assets	4 173	-
Other receivables from third-party customers	529	-
Other receivables from related-parties (Note 23)	635 561	613 123
Government grant (Note18)	1 166	-
VAT receivable	11 734	14 030
Prepayments	21 454	14 155
Downpayments to vendors	6 447	-
Total financial assets*	**1 341 338**	**1 740 030**
Total current	1 233 314	-
Total non-current	108 024	1 740 030

* Financial assets, other than cash and short-term deposits

Derivatives designated as hedging instruments reflect the positive change in fair value of interest rate swap contract, designated as cash flow hedges to hedge highly probable forecast payment of capital borrowing in euros (EUR) and US dollars (USD).

Debt instruments at amortised cost include trade receivables and receivables from related parties.

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12. Financial assets and financial liabilities *Continued*

12.2 Financial liabilities: Interest-bearing loans and borrowings

	Interest rate	Maturity	2019	2018
	%		NOK000	NOK000
Current interest-bearing loans and borrowings				
Lease contract liability (Note 20)	2.20-3.21	2020	70 813	-
Total current interest-bearing loans and borrowings			**70 813**	**-**
Non-current interest-bearing loans and borrowings				
Lease contract liability (Note 20)	2.20-3.21		71 906	-
€ 65,961,908 JP Morgan Senior Facility Agreement B1	EURIBOR 3M+5% (floor E3M@0%)	2026-02-12	639 741	-
$ 21,900,000 JP Morgan Senior Facility Agreement B2	LIBOR 3M+5% (floor L3M@0%)	2026-02-12	188 835	-
€ 0 JP Morgan Revolving Facility Agreement	EURIBOR 3M+,1,2775% (floor E3M@0%)	2026-02-12	1 251	-
$ 0 DNB Revolving Facility Agreement (2018: $ 24,000,000)			-	212 777
NOK 2,750,000 DNB Revolving Facility Agreement		2022-07-07	2 795	-
NOK 962,465 Loan from former Palantir AS shareholders (2018: NOK 1,862,225)	NIBOR 1M+2,75%	2021	968	43
$ 2,910,230 Loan from Toruk AS (2018: $ 31,405;042)	LIBOR 3M+5,75%	2023-06-02	49 374	297 215
$ 0 Loan from Omniacces (2018: $ 5,000,000)	LIBOR 1M+2,75% (floor L1M0,5%)	2020-03-05	-	44 152
Total non-current interest-bearing loans and borrowings			**954 869**	**554 186**
Total interest-bearing loans and borrowings			**1 025 682**	**554 186**

JP Morgan loans

On February 12, 2019 the Company signed three new loans with new lenders: A new Senior facility agreement(“SFA”), made of 2 tranches (Facility B1 & B2) and a Revolving facility agreement.

On February 12, 2019 the Company drew down the committed amounts for facilities B1,B2, in full, for a total amount of EUR 66 million plus USD 21,9 million, leading to a countervalue of NOK 831 818 048,06 at that date.

The revolving facility was not drawn on closing date nor in the subsequent months.

12. Financial assets and financial liabilities *Continued*

DNB Loans

12. Financial assets and financial liabilities *Continued*

$ DNB Revolving Facility Agreement

On February 12, 2019 the Company closed a refinancing operation which led to the full repayment of the SSRFA Revolving facility loan lended by the Company, leading to the repayment of a principal amount of USD 21 million. On the same date, the Company also repaid all accrued interest in an amount of USD 0.2 million.

NOK 2,750,000 DNB Revolving Facility Agreement

This Revolving Facility Agreement comes from the merger with Palantir AS.

$ 0 Loan from Omniacces

This loan has been repaid before term during the year.

$ DLL Facility Vendor Payment Agreements

These Facility Vendor Payment Agreements have been reclassified as non-current other financial liabilities.

12.3 Other financial liabilities

	2019 NOK000	2018 NOK000
Derivatives designated as hedging instruments		
Foreign exchange forward and swap contracts	2 343	-
Total financial instruments at fair value	**2 343**	**-**
Other financial liabilities at amortised cost, other than interest-bearing loans and borrowings		
Deposits from customers	3 902	3 669
DLL Facility Vendor Payment Agreement	6 424	11 580
Trade and other payables (Note 19)	1 032 381	1 204 138
Downpayment from customers	13 705	
Downpayment from related parties (Note 23)	-	
Other financial liabilities		5 044
Total financial assets*	**1 058 755**	**1 224 431**
Total current	**1 054 852**	**1 209 182**
Total non-current	**3 902**	**15 249**

Derivatives designated as hedging instruments reflect the negative change in fair value of exchange swap and foreign exchange forward contracts, designated as cash flow hedges to hedge highly probable future purchases in USD.

12. Financial assets and financial liabilities *Continued*

12.4 Hedging activities and derivatives

The Company is exposed to certain risks relating to its ongoing business operations. The primary risks managed using derivative instruments are foreign currency risk and interest rate risk.

Cash flow hedges

Foreign currency risk

Foreign exchange forward and swap contracts are designated as hedging instruments in cash flow hedges of forecast sales in US dollars and forecast expenses in NOK. These forecast transactions are highly probable. The foreign exchange forward or swap contract balances vary with the level of expected foreign currency sales and purchases and changes in foreign exchange forward rates.

Interest rate risk

Interest rate swap contracts are designated as hedging instruments in cash flow hedges of reimbursement of principal of borrowings in US dollar and Euros. These future transactions are highly probable, and they hedge 100% of the borrowing capital reimbursement in US dollars and euros. The interests rate swap contracts balances vary with the level of expected interest rates.

The Company is holding the following cash flow hedge contracts:

	Maturity					
	1 to 3 months	3 to 6 months	6 to 9 months	9 to12 months	More than 12 months	Total
As at 31 December 2019						
Foreign exchange forward contracts (higly probable forecast purchase)						
Notional amount (in NOK000)	30 000	30 000	-	-	-	**60 000**
Average forward rate (NOK/USD)	8,600	8,661	-	-	-	**-**
Foreign exchange swap contracts (higly probable forecast purchase)						
Notional amount (in NOK000)	30 000	30 000	30 000	30 000	-	**120 000**
Average forward rate (NOK/USD)	8,300	8,300	8,300	8,300	-	**-**
Foreign exchange swap contracts (higly probable forecast sale)						
Notional amount (in NOK000)	30 000	30 000	30 000	30 000	-	**120 000**
Average forward rate (NOK/USD)	8,730	8,730	9,012	9,025	-	**-**
Interest rate swap contracts (higly probable forecast purchase)						
Notional amount (in €000) EURIBOR3+0,25%	-	-	-	-	66 000	**66 000**
Notional amount (in $000) LIBOR3 +3,75%	-	-	-	-	21 900	**21 900**
As at 31 December 2018						
Foreign exchange forward contracts (higly probable forecast purchase)						
Notional amount (in NOK000)	30 000	30 000	-	-	-	**60 000**
Average forward rate (NOK/USD)	8,162	8,228	-	-	-	**-**
Foreign exchange swap contracts (higly probable forecast purchase)						
Notional amount (in NOK000)	30 000	30 000	30 000	30 000	-	**120 000**
Average forward rate (NOK/USD)	7,700	7,700	8,000	8,000	-	**-**
Foreign exchange swap contracts (higly probable forecast sale)						
Notional amount (in NOK000)	30 000	30 000	30 000	30 000	-	**120 000**
Average forward rate (NOK/USD)	8,171	8,171	8,411	8,481	-	**-**

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12. Financial assets and financial liabilities *Continued*

12.5 Financial instruments risk management objectives and policies

Interest rate risk

Given the Company has no significant interest-bearing assets (except cash and cash equivalents and non-current other receivables), income and operating cash flows are substantially independent of changes in market interest rates. The Company's interest rate risk arises principally from long-term borrowings. Borrowings issued at variable rates expose the Company to fair value interest rate risk.

The Company managed this risk using interest rate hedging instruments ("LIBOR Cap" and "EURIBOR Cap") which fixed the interest rate to a maximum of respectively 2,75% for USD 21,9m, and 0,25% for EUR 66m. These instruments shall expire on May, 2021.

The mark-to-market valuation of these interest rate cap amounted to USD 138 as of December 31, 2019 and was recorded as an asset in the Statement of Financial Position.

The hedge cost for the year 2019 was equivalent to USD (0,02) million and the hedge benefit was nil (Cap levels were never exceeded).

Foreign currency risk

The Company operates internationally and is exposed to foreign exchange risk, primarily with respect to the US dollar. The vast majority of its revenue is rated and billed in US Dollars, as well as the majority of capital expenditure, which are therefore not subject to risks associated with fluctuating foreign currency rates of exchange. Conversely, fixed costs are primarily denominated in Norwegian Krona. Operating cash flows and Income statement are therefore subject to changes as a result of foreign exchange fluctuations.

In addition, the Company raised EUR 66 million senior loans in February 2019, labelled in EUR which are exposing it to foreign exchange fluctuation risk.

Since inception in 2016, the Company's policy has been to hedge its operating cash flow and income statement exposure but not its balance sheet exposure. Such policy was still in force as of December 31, 2019.

Hedging policy was defined by the Board of the Company and consists in hedging on a 12 months rolling basis, at one point in time 50% of next half-year thru forward and 50% of subsequent half-year thru zero-premium Collars. Hedges in place at end of December 2019 fully reflected this policy, reducing group exposure on short term variations of NOK against USD during the year 2020.

As of December 31, 2019 forward instruments were hedging a nominal value of NOK 60 million and , with expiry dates in the first half of 2020. Collar instruments were hedging a nominal value of NOK 120 million with expiry date in December 2020.

The mark-to-market valuation of these instruments amounted to USD (0,3) million as of December 31, 2019. It was recorded as a liability in the Statement of Financial Position and directly through OCI.

Trade and other receivables risk

Concentrations of credit risk with respect to trade receivables are limited due to the Company's large number of customers. The Company's historical experience in collection of accounts receivable falls within the recorded allowances. Due to these factors, Management believes that no additional credit risk beyond amounts provided for collections losses is inherent in the Company's trade receivables.

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12. Financial assets and financial liabilities *Continued*

Liquidity risk

Liquidity risk is the risk that arises when the maturity of assets and liabilities does not match. An unmatched position potentially enhances profitability but can also increase the risk of losses. The Company has procedures with the object of minimising such losses such as maintaining sufficient cash and other highly liquid current assets.

12. Financial assets and financial liabilities *Continued*

The following tables detail the Company's remaining contractual maturity for its financial liabilities:

	2020	2021	2022	2023	2024	After 2024
	NOK000	NOK000	NOK000	NOK000	NOK000	NOK000
Purchase of satellite and network capacity	376 219	304 127	176 890	11 563	435	-
Bank garantee	-	-	3	-	-	17
Rent obligation	396	320	186	12	1	-
Total contractual obligations	**376 615**	**304 447**	**177 079**	**11 575**	**436**	**17**

Trade receivables and contract assets

Outstanding customer receivables and contract assets are regularly monitored and any shipments to major customers are generally covered by letters of credit or other forms of credit insurance obtained from reputable banks and other financial institutions.

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

Set out below is the information about the credit risk exposure on the company's trade receivables using a provision matrix:

31 Decembre 2018	**Trade receivables**					
	Days past due					
	0-30	**31-60**	**61-90**	**91-365**	**>365**	**Total**
	NOK000	**NOK000**	**NOK000**	**NOK000**	**NOK000**	**NOK000**
Expected credit loss rate	0,19%	0,45%	0,83%	11,39%	93,01%	
Estimated total gross carrying amount at default	198 113	68 402	36 218	54 224	92 165	**449 122**
expected credit loss	382	305	302	6 175	85 723	**92 888**

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12. Financial assets and financial liabilities *Continued*

31 December 2019	Trade receivables					
	Days past due					
	0-30	31-60	61-90	91-365	>365	Total
	NOK000	NOK000	NOK000	NOK000	NOK000	NOK000
Expected credit loss rate	0,30%	0,66%	1,19%	13,08%	83,80%	
Estimated total gross carrying amount at default	197 881	106 395	56 586	95 842	88 190	**544 895**
expected credit loss	595	700	671	12 533	73 902	**88 402**

13. RECEIVABLES AND CONTRACT ASSETS

13.1 Trade and other receivables

	2019	2018
	NOK000	NOK000
Trade receivables from third-party customers	527 066	448 592
Trade receivables from related parties (Note 23)	157 184	340 932
Other receivables from third-parties	529	-
Other receivables from related parties (Note 23)	635 561	613 123
Government grants receivables (Note 18)	1 166	-
VAT receivable	11 734	14 030
Prepayments	21 454	14 155
	1 354 694	1 430 832
Allowance for expected credit losses	(88 402)	(92 888)
	1 266 291	**1 337 944**

Trade receivables are non-interest bearing and are generally on terms of 30 to 90 days.

For terms and conditions relating to related party receivables, refer to Note 23.

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13. Receivables and contract assets *Continued*

Set out below is the movement in the allowance for expected credit losses of trade receivables.

	2019	2018
	NOK000	NOK000
As at 1 January	92 888	40 024
Addition from Marlink Enterprise AS	-	14 152
Addition from Palantir AS	200	-
Adjustement due to IFRS 9 *Financial instruments*	-	(11 919)
Expected credit loss	4 231	51 569
Write-off	(8 916)	(938)
AS at 31 December	88 402	92 888

13.2 Contract assets

As at 31 December 2019, the Company has contract asset of KNOK 4,173 (2018: KNOK 5.355)

14. CASH AND SHORT-TERM DEPOSITS

	2019	2018
	NOK000	NOK000
Cash at banks and on hand	27 157	22 501
	27 157	**22 501**

Marlink Company has established a Company account system with Marlink AS as the owner. Other Company companies are sub-account holders or participants.

The bank can offset any withdrawals and deposits against each other, so that the net position represents an inter-Company balance between DNB and MarlinkAS.

The company has a tax guarantee of NOK 17 million in favour of Kemneren i Asker og Baerum

The company has a render guarantee of 247 KNOK in favour of NATO CS Agency

The company has a render guarantee of 2.439 KNOK in favour of Kuwait Oil Tanker Company

The company has a render guarantee of 197 KNOK in favour of Qatar Gas Transport Company LTD. (Nakilat)

MARLINK

15. ISSUED CAPITAL AND RESERVES

Issued capital

	2019	2018
	Nbr	**Nbr**
Ordinary shares of NOK 1,30 each	-	13 265 867
Ordinary shares of NOK 1,40 each	13 265 867	-
	13 265 867	**13 265 867**

	Nbr	NOK000
At 1 January 2018 and 31 December 2018	**13 265 867**	**17 246**
Increase on February 12, 2019 of the share price	-	1 327
At 31 December 2019	**13 265 867**	**18 572**

There is only one class of shares. There are no rules in the bye-laws regarding voting rights. No rights may lead to the issuing of new shares.

The company shares have been pledged to the benefit of the Company's senior lenders.

Share premium

	NOK000
At 1 January 2018 and 31 December 2018	**1 615 915**
Dividend paid	(630 798)
Issuance of share premium	1 519 892
At 31 December 2019	**2 505 009**

All shares were owned by Toruk AS at 31.12.2018.

On February 12, 219, in the frame of the Marlink Company's refinancing, the Board of Directors decided to:

- Distribute a dividend for an amount of € 64,000,000 to the shareholder of the company Toruk AS. It was converted to NOK 630,798,000 using the daily rate of 1 EUR = 9,795 NOK and the payment has been paid by the company's share premium.
- Increase the capital by increasing the share price to NOK 1,40.
- Toruk AS subscribed to the capital increase of its subsidiary Marlink AS for an amount of NOK000 1,521,218 (k$ 176,672) (NOK000 1,327 for share price increase and NOK000 1;519,892 for share premium issue). This contribution was settled by transferring to Marlink AS all the shares owned by Toruk AS in Marlink Holding SAS. The value of the Marlink Holding SAS shares transferred to Marlink AS were estimated at a fait value of NOK000 1,521,218 (k$ 176,672).

The capital is fully owned by Toruk AS for NOK 18,572,213.80 at 31.12.2019.

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16. DISTRIBUTIONS MADE AND PROPOSED

	2019	2018
	NOK000	**NOK000**
Dividends declared and paid:		
Final dividends for 2018	630 798	-
	630 798	**-**
Proposed dividends:		
Final dividends for 2018	-	630 789
	-	**630 789**

17. PROVISIONS

	Contracts losses	Restructuring	Total
	NOK000	**NOK000**	**NOK000**
At 1 January 2019	**3 282**	**572**	**3 854**
From Palantir AS	**-**	**-**	
Arising during the year		1 002	**1 002**
Utilised	(3 282)	(572)	**(3 854)**
At 31 December 2019	**-**	**1 002**	**1 002**

	Contracts losses	Restructuring	Total
	NOK000	**NOK000**	**NOK000**
At 1 January 2018		**106**	**106**
From Marlink Enterprise AS	**6 521**	**2 718**	**9 239**
Arising during the year			**-**
Utilised	(3 239)	(2 252)	**(5 491)**
At 31 December 2018	**3 282**	**572**	**3 854**

18. GOVERNMENT GRANTS

	2019	2018
	NOK000	**NOK000**
At 1 January	**-**	**-**
Received during the year		
Apprenticeship	32	-
Reseach and Development	-	-
	32	-
Released to the statement of profit and loss		
Apprenticeship	(32)	-
Research and Development	(1 166)	-
	(1 198)	-
At 31 December	**(1 166)**	
Current	(1 166)	-
Non-current	-	-

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19. TRADE AND OTHER PAYABLES

	2019	2018
	NOK000	NOK000
Trade payables	431 157	360 682
Trade payables to related parties (Note 23)	90 099	202 239
Other payables	237	-
Other payables to related parties (Note 23)	269 217	39 979
Accruals	68 958	456 800
Deferred income	172 712	136 366
Accrued, not due expenses	-	9 881
	1 032 381	**1 205 947**

Trade and other payables are non-interest bearing, except Other payables to related parties (refer to Note 23).

20. LEASES

Company as a lessee

The Company has lease contracts for various items of real estate, vehicles, leased lines and purchase of satellite capacity used in its operations. Real estates have lease terms between 5 and 7 years, while motor vehicles have lease terms between 3 and 5 years. Concerning the leased lines, terms are between 2 and 7 years and the purchase of satellite capacity have lease terms between 3 and 4 years.

The company's obligations under its leases are secured by the lessor's title to the leased assets. Generally, the company is restricted from assigning and subleasing the leased assets

The Company also has certain leases of machinery with lease terms of 12 months or less and leases of office equipment with low value. The company applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the period:

	Real estate	Vehicles	leased lines	Satellite capacity	Total
	NOK000	NOK000	NOK000	NOK000	NOK000
As at 1 January 2019	-	-	-	-	-
Adoption of IFRS 16 *Lease*	14 946	1 002	67 638	24 426	108 012
Additions	-	231	106 427	-	106 658
Depreciation expense	(3 261)	(503)	(60 025)	(11 648)	(75 437)
As at 31 December 2019	**11 685**	**730**	**114 040**	**12 778**	**139 233**

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20. Leases *Continued*

Set out below are the carrying amounts of lease liabilities and the movements during the period:

	2019	2018
	NOK000	NOK000
As at 1 January	109 879	-
Additions	101 230	-
Accretion of interest	5 428	-
Payments	(73 818)	-
As at 31 December	**142 719**	**-**
Current (Note 21.2)	71 906	-
Non-current (Note 21.2)	70 813	

The maturity analysis of lease liabilities are disclosed in Note 21.

The following are the amounts recognized in profit or loss:

	2019	2018
	NOK000	NOK000
Depreciation expense of right-of-use assets	75 437	-
Interest expense on lease liabilities	4 504	-
Total amount recognised in profit or loss	**79 941**	-

Company as a lessor

The company presents assets it has leased to others as receivables equal to the net investments in the leases. Financial income will be set so a constant return is achieved on outstanding receivables during the life of the contract. Direct costs incurred in connection with establishing the lease are included in the receivable.

The rental income from operational leases will be recorded to the accounts on a linear basis over the life of the lease. Initial direct costs incurred through negotiation and establishment of an operational lease will be granted recorded value for the leased fixed asset and recognized as an expense on a linear basis over the life of the lease as depreciation. Variable rent will be recognized as income during the earning period.

21. PENSIONS

	2019	2018
	NOK000	NOK000
Net defined benefit asset	(1 819)	1 236
Pension plan from Palantir AS	207	860
Management supplementary pension plan	2 449	2 176
	837	**4 272**

Marlink AS is under obligation to have an occupational pension plan pursuant to the Mandatory Occupational Pensions Act. The company has a mandatory occupational pension plan that meets the legislative requirements.

21. Pensions *Continued*

Marlink AS is a member of a defined benefit-based pension plan, Telenor Pensjonskasse. This plan ceased accepting new members in 2006. A collective contribution plan was established that year for new hires at Marlink AS and employees who on 01.07.2006 voluntarily chose to switch from the defined-benefit plan at Telenor Pensjonskasse to the defined-contribution plan. 190 employees at the company were covered by the pension plan as at 31.12.2019. 30 employees are also part of the defined-benefits plan

Marlink AS is a member of the Confederation of Norwegian Enterprise NHO, and is part of the Common plan for Contractual Pension (new AFP), which is considered a defined-benefit multi-enterprise plan. The plan's administrator cannot calculate Marlink AS' share of assets and liabilities as at 31.12.2019, and the plan therefore will be recorded to the accounts as a defined-contribution plan. When closing down the old AFP plan, the plan was under funded and the member companies must cover this through continued contribution of premiums during the next three years. The company's share of annual pensions linked to the old AFP plan will be recorded in the accounts in full on the withdrawal date.

The K2013 risk table is used for death and life expectancy, while the risk table for disability for the main scheme is based on KU, Storebrand's more comprehensive disability tariff.

The following tables summarise the components of net benefit expense recognised in the statement of profit or loss and the funded status and amounts recognised in the statement of financial :

Change in defined benefit obligation

	2019	2018
	NOK000	**NOK000**
Defined benefit obligation at 1 January	**109 865**	**103 917**
Current service cost	3 941	3 921
Interest expense	2 833	2 474
Cash flows		
a. Benefit payments from plan assets	(1 818)	(1 695)
b. Benefit payments from employer	(39)	(38)
Remeasurements		
a. Effect of changes in financial assumptions	6 916	3 186
b. Effect of experience adjustments	(2 438)	(1 899)
Defined benefit obligation at 31 December	**119 261**	**109 865**

Change in fair value of plan assets

	2019	2018
	NOK000	**NOK000**
Fair value of plan assets at 1 January	**107 769**	**99 848**
Interest income	2 867	2 459
Cash flows		
a. Total employer contributions		
(i) Employer contributions	5 807	6 521
(ii) Employer direct benefit payments	39	38
b. Benefit payments from plan assets	(1 818)	(1 695)
c. Benefit payments from employer	(39)	(38)
Return on plan assets (excluding interest income)	6 454	637
Fair value of plan assets at end of year	**121 080**	**107 769**

21. Pensions *Continued*

Amounts recognized in the statement of financial position

	2019	2018
	NOK000	**NOK000**
Defined benefit obligation	119 261	109 865
Fair value of plan assets	121 080	107 769
Net defined benefit liability (asset)	**(1 819)**	**2 096**

Components of defined benefit cost

	2019	2018
	NOK000	**NOK000**
Current service cost	3 941	3 921
Net interest cost		
a. Interest expense on DBO	2 833	2 474
b. Interest (income) on plan assets	(2 867)	(2 459)
Defined benefit cost included in P&L	**3 907**	**3 936**
Remeasurements (recognized in other comprehensive income)		
a. Effect of changes in financial assumptions	6 916	3 186
b. Effect of experience adjustments	(2 438)	(1 899)
c. (Return) on plan assets (excluding interest income)	(6 454)	(637)
Total remeasurements included in OCI	**(1 976)**	**650**
Total defined benefit cost recognized in P&L and OCI	**1 931**	**4 586**

Net defined benefit liability (asset) reconciliation

	2019	2018
	NOK000	**NOK000**
Net defined benefit liability (asset)	2 096	4 069
Defined benefit cost included in P&L	3 907	3 936
Total remeasurements included in OCI	(1 976)	650
Cash flows		
a. Employer contributions	(5 807)	(6 521)
b. Employer direct benefit payments	(39)	(38)
Net defined benefit liability (asset) as of end of year	**(1 819)**	**2 096**

Defined benefit obligation

	2019	2018
	NOK000	**NOK000**
Defined benefit obligation by participant status		
a. Actives	88 535	81 804
b. Retirees	30 726	28 062
Total	**119 261**	**109 865**

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21. Pensions *Continued*

Plan assets

	2019	2018
	NOK000	**NOK000**
Fair value of plan assets		
Assets held by insurance company	121 080	107 769
i. Total	**121 080**	**107 769**
Actual return on plan assets	9 322	3 095

The principal assumptions used in determining pension and post-employment medical benefit obligations for the Company's plans are shown below:

	2019	2018
Weighted-average assumptions to determine defined benefit obligation		
Discount rate	2,00%	2,60%
Duration (in years)	17,02	N/A
Weighted-average assumptions to determine defined benefit cost		
Discount rate	2,60%	2,40%

A quantitative sensitivity analysis for significant assumptions as at 31 December is, as shown below:

	2019	2018
Present value of defined benefit obligation		
Discount rate - 25 basis points	124 963	115 371
Discount rate + 25 basis points	114 349	105 066
% impact on the defined benefit obligation		
Discount rate - 25 basis points	4,78%	5,01%
Discount rate + 25 basis points	-4,12%	-4,37%
Change in the defined benefit obligation		
Discount rate - 25 basis points	5 702	5 506
Discount rate + 25 basis points	(4 912)	(4 800)
Weighted average duration of defined benefit obligation (in years)		
Discount rate - 25 basis points	17,53	17,63
Discount rate + 25 basis points	16,50	16,59

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21. Pensions *Continued*

Membership statistics

	2019	2018
Actives		
a. Number	29	30
b. Total annual pensionable pay	24 371	24 474
c. Average annual pensionable pay	840	816
d. Average age	57,01	56,37
e. Average past service	25,74	24,59
Retirees		
a. Number	30	29
b. Average annual pension	61,89	59,76
c. Average age	70,30	69,39

22. COMMITMENTS AND CONTINGENCIES

	2020	2021	2022	2023	2024	After 2024
	NOK000	**NOK000**	**NOK000**	**NOK000**	**NOK000**	**NOK000**
Purchase of satellite and network capacity	376 219	304 127	176 890	11 563	435	-
Bank garantee	-	-	3	-	-	17
Rent obligation	396	320	186	12	1	-
Total contractual obligations	**376 615**	**304 447**	**177 079**	**11 575**	**436**	**17**

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23. RELATED PARTY DISCLOSURES

Note 6 provides information about the Company's subsidiaries. The following tables provide the total amount of transactions that have been entered into with related parties for the relevant financial year.

Trade receivables and payables

		Sales to related parties	Purchases from related parties	Amount owed by related parties	Amounts owed to related parties
		NOK000	NOK000	NOK000	NOK000
Marlink SAS	2019	484 675	248 487	(30 068)	(1 532)
	2018	466 408	428 289	311	-
Marlink GmbH	2019	84 797	20 500	20 971	10 490
	2018	113 777	17 861	150 731	16 568
Marlink BV	2019	27 892	150 130	(11 142)	517
	2018	31 316	144 425	(63 683)	(37 172)
Marlink Events SAS	2019	7 947	1 996	11 239	2 470
	2018	3 203	2 205	8 785	1 739
Makto Sarl	2019	4 177	12 269	(49)	-
	2018	3 938	15 874	3 938	-
Marlink Participacoes LTDA	2019	1 741	(8)	8 520	-
	2018	6 531	1 294	7 909	-
Marlink Servicios de Comunicacoes Ltda	2019	3 954	7 211	6 967	5 519
	2018	1 647	8 035	3 005	4 917
Marlink CG Ltd	2019	118 826	26	11 464	-
	2018	84 805	(5 843)	20 163	-
Palantir AS	2019	-	-	-	-
	2018	78	7 001	67	-
Marlink Ltd	2019	335	8 079	21	830
	2018	1 642	-	99	-
OmniAccess S.L	2019	1 279	1 340	708	316
	2018	1 496	-	763	-
Marlink SA	2019	55 356	18 989	10 541	5 824
	2018	86 862	17 465	-	224
Marlink Communications FZ LLC	2019	-	26 085	-	11 260
	2018	-	24 865	-	11 652
Marlink KK	2019	-	14 529	-	1 438
	2018	-	5 669	-	-
Marlink Telemar Pte Ltd	2019	51 614	37 742	8 760	2 613
	2018	17 237	24 412	5 339	9 123
Marlink Inc	2019	135 133	57 934	33 302	16 369
	2018	131 770	51 706	(81)	862
Marlink SRO	2019	3	57 725	(116)	29 115
	2018	3	56 353	(117)	5 022

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23. Related party disclosures *Continued*

Astrium Services Business	2019	329	-	(727)	-
Communications Ltd	2018	7 602	(14 795)	35	-
Compagnia Generale Telemar SpA	2019	51 570	287	19 495	(12)
	2018	40 542	(6 091)	12 282	-
Telemar UK Ltd	2019	12 988	-	11 903	-
	2018	12 654	(3 272)	8 727	-
Telemar USA LLC	2019	114	-	16	-
	2018	2 582	(217)	-	-
Telemar Funkelektronik GmbH	2019	10	-	-	-
	2018	-	-	-	-
Telemar China Ltd	2019	801	3 578	94	764
	2018	495	2 931	147	874
Telemar GmbH	2019	65 292	3 845	959	531
	2018	53 154	(12 071)	6 435	269
Telemar Norge A/S	2019	244	-	254	-
	2018	696	-	264	-
Telemar Hong Kong Ltd	2019	1 789	3 728	5 681	3 257
	2018	2 563	(790)	3 840	-
Marlink AB	2019	15 666	2 687	2 658	330
	2018	11 608	1 098	2 364	544
Telemar AB	2019	92	-	(6)	-
	2018	2	-	-	-
Telemar Oy AB	2019	5 940	-	1 072	-
	2018	3 233	-	1 031	-
	2019	**1 132 565**	**677 161**	**112 516**	**90 099**
	2018	**1 085 844**	**766 403**	**172 354**	**14 623**

* The amounts are classified as trade receivables and trade payables, respectively (see Notes 23 and 30).

Loans

	Amount owed by related parties	2019 Amounts owed to related parties	Amount owed by related parties	2018 Amounts owed to related parties
	NOK000	**NOK000**	**NOK000**	**NOK000**
Toruk AS	-	49 374	270 344	297 215
OmniAccess	-	-	-	44 152
Marlink SpA	104 446	-	123 317	-
Astrium Services Business Communications Ltd	-	-	13 338	-
Palantir AS	-	-	-	43
	104 446	**49 374**	**406 999**	**341 409**

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23. Related party disclosures *Continued*

Current accounts

	2019 Amount owed by related parties NOK000	2019 Amounts owed to related parties NOK000	2018 Amount owed by related parties NOK000	2018 Amounts owed to related parties NOK000
Marlink Mexico	53	-	52	-
Marlink BV	-	18 516	-	543
Marlink SpA	-	-	-	25 239
Marlink CG Ltd	929	-	-	-
Marlink s.r.o.	-	78 322	-	77 210
Marlink Ltd	-	6 382	-	6 520
Marlink Inc	-	58 097	-	48 971
Marlink SA	-	-	100 726	-
Marlink GmbH	-	28 608	-	-
Marlink SAS	52 992	-	-	243 559
Marlink Holding SAS	-	16 808	-	15 906
Toruk AS	581 587	-	512 345	-
Marlink Telemar Pte Ltd	-	27 269		8 704
Marlink AB	-	31 197	-	25 952
Telemar AB	-	4 019	-	4 038
Compagnia Generale Telemar SpA	-	-	-	158
	635 561	**269 217**	**613 123**	**456 800**

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23. Related party disclosures *Continued*

	Currency	Rate
Marlink Mexico	NOK	Nibor 1M + 2,125% (Floor 0%)
Marlink BV	€	Euribor 1M + 2,125% (Floor 0%)
Marlink SpA	€	Euribor 1M + 2,125% (Floor 0%)
Marlink CG Ltd	€	Euribor 1M + 2,125% (Floor 0%)
	$	Libor 1M USD + 2,125% (Floor 0%)
Marlink s.r.o.	€	Euribor 1M + 2,125% (Floor 0%)
	€	Euribor 1M + 2,125% (Floor 0%)
Marlink Ltd	£	Libor 1M USD + 2,125% (Floor 0%)
	$	Libor 1M USD + 2,125% (Floor 0%)
Marlink Inc	$	Libor 1M USD + 2,125% (Floor 0%)
Marlink SA	$	Libor 1M USD + 2,125% (Floor 0%)
Marlink GmbH	$	Libor 1M USD + 2,125% (Floor 0%)
Marlink SAS	$	Libor 1M USD + 2,125% (Floor 0%)
Marlink Holding SAS	$	Libor 1M USD + 2,125% (Floor 0%)
Toruk AS	$	Libor 1M USD + 2,125% (Floor 0%)
Marlink Telemar Pte Ltd	$	Libor 1M USD + 2,125% (Floor 0%)
Marlink AB	SEK	Stibor 1M + 2,125% (Floor 0%)
Telemar AB	SEK	Stibor 1M + 2,125% (Floor 0%)
Compagnia Generale Telemar SpA	$	Libor USD 1M (floor @ 0,5%) + 2,75%

24. STANDARDS ISSUED BUT NOT YET EFFECTIVE

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's financial statements are disclosed below. The Group intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

Amendments to IFRS 3: *Definition of a Business*

In October 2018, the IASB issued amendments to the definition of a business in IFRS 3 Business Combinations to help entities determine whether an acquired set of activities and assets is a business or not. They clarify the minimum requirements for a business, remove the assessment of whether market participants are capable of replacing any missing elements, add guidance to help entities assess whether an acquired process is substantive, narrow the definitions of a business and of outputs, and introduce an optional fair value concentration test. New illustrative examples were provided along with the amendments.

Since the amendments apply prospectively to transactions or other events that occur on or after the date of first application, the Company will not be affected by these amendments on the date of transition.

Amendments to IAS 1 and IAS 8: *Definition of Material*

In October 2018, the IASB issued amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors to align the definition of 'material' across the standards and to clarify certain aspects of the definition. The new definition states that, 'Information is material if omitting, misstating or obscuring it could reasonably be expected to influence

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24. Standard issued but not yet effective *Continued*

decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.'

The amendments to the definition of material is not expected to have a significant impact on the Company's financial statements.

25. EVENTS AFTER THE REPORTING PERIOD

New information after the reporting period regarding the company's financial position on the reporting date is taken into consideration in the accounts. Events after the reporting date that do not affect the company's financial position on the reporting date, but which will affect the company's financial position in the future, are disclosed if they are of significance.

Coronavirus disease 2019 ("COVID-19")

An epidemy that developed since December 2019 in China, continues to spread globally. The epidemy was considered as a 2020 event and the accounts as of December 31, 2019 did not include any value adjustment, provision or accrual, related to COVID-19's consequences.

COVID-19's impacts on Marlink's operations were limited at the date of issuance of this report and future impacts are hard to predict in any reliable manner. However, should the disease continue to spread, it could have material impacts in the following areas:

- lower revenues, due to the decommissioning of some vessels, in particular for Cruise customers;
- lower installations of new VSAT terminals on-board ships, generating lower revenue growth with Merchant shipping customers in particular;
- payment retentions or delays from customers facing temporary cash issues.

The Company is scrutinizing the consequences of COVID-19 and will take all necessary measures to limit such consequences

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INDEPENDENT AUDITOR'S REPORT

To the Annual Shareholders' Meeting of Marlink AS

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Marlink AS, which comprise the statement of financial position as at 31 December 2019, the statement of comprehensive income, and statements of cash flows and changes in equity for the year then ended and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements have been prepared in accordance with laws and regulations and present fairly, in all material respects, the financial position of the Company as at 31 December 2019 and its financial performance and cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.

Basis for opinion

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

Other information

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

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

Responsibilities of management for the financial statements

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

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

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Auditor's responsibilities for the audit of the financial statements

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

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

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

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

Report on other legal and regulatory requirements

Opinion on the Board of Directors' report

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

Opinion on registration and documentation

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

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Oslo, 16 July 2020
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The auditor's report is signed electronically

Tore Sørlie
State Authorised Public Accountant (Norway)

PENNEO

Signaturene i dette dokumentet er juridisk bindende. Dokument signert med "Penneo™ - sikker digital signatur".
De signerende parter sin identitet er registrert, og er listet nedenfor.

"Med min signatur bekrefter jeg alle datoer og innholdet i dette dokument."

Tore Sørlie
Statsautorisert revisor
På vegne av: Ernst & Young AS
Serienummer: 9578-5995-4-774812
IP: 77.16.xxx.xxx
2020-07-16 07:43:35Z

bankID

Penneo Dokumentnøkkel: 2CX7O-H3DLE-CY1EE-QAP1Z-ZP8ZG-OZWAI

Skattedirektoratet

Saksbehandler	Deres dato	Vår dato
Inger Helene Iversen	16.10.2012	24.10.2012
Telefon	**Deres referanse**	**Vår referanse**
61236772	Thomas Embretsen	2012/793879

ERNST & YOUNG AS
Postboks 20 Oslo Atrium
0051 OSLO

Dispensasjon fra kravet om utarbeidelse av årsregnskap og årsberetning på norsk språk for "Vizada Norge konsernet"

Vi viser til deres brev av 11. oktober 2012 og til telefonsamtale den 23. oktober 2012 med Stein Anderssen. I brevet søker dere om dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk språk for

- Mobsat Holding Norway AS, org.nr. 990 362 688,
- Vizada AS, org.nr. 983 928 412
- Marlink AS org.nr. 983 852 203 og
- Vizada Networks AS, org.nr. 977 499 054

Skattedirektoratet gir på bakgrunn av en konkret helhetsvurdering de fire selskapene dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk språk fom. regnskapsåret 2012, jf. regnskapsloven § 3-4 tredje ledd.

Dispensasjonen forutsetter at det benyttes engelsk språk ved utarbeidelsen av årsregnskapet og årsberetningen, og at øvrige opplysninger som vedtaket baserer seg på, heller ikke endres vesentlig.

Bakgrunn
Fra søknaden gjengis:

> *Vizada Norge konsernet med det norske hovedkontoret lokalisert i Bærum, er leverandør av globale og regionale satellittbaserte kommunikasjonstjenester til maritime og landbaserte virksomheter. Vizada Norge konsernet har datterselskaper i mange land, hvorav de største er i Norge, USA, Belgia, Slovakia. For mer informasjon om konsernets bransje/virksomhet henvises til selskapets websider vizada.com og marlink.com.*
>
> *Den overveiende majoriteten av morselskapets og de tre ovennevnte datterselskapers aksjonærer og styremedlemmer er utenlandske personer eller selskaper. Vizada Norge gruppen kontrolleres av det fransk/tyske konsernet EADS/Astrium med 100 % som ønsker at engelsk språk benyttes ved utarbeidelsen av årsregnskap og årsberetning. All kommunikasjon med konsernets primære kunder, kreditorer og eiere foregår på engelsk. Det er heller ingen forhold rundt selskapenes finansiering som skulle tilsi behov for regnskap på norsk (bankforbindelser etterspør kun informasjon på engelsk).*

Postadresse	Besøksadresse	Sentralbord
Postboks 9200 Grønland	Se www.skatteetaten.no	800 80 000
0134 Oslo	Org. nr: 996250318	Telefaks
For elektronisk henvendelse se www.skatteetaten.no		22 17 08 60

I lys av selskapenes og konsernets situasjon, der majoriteten av selskapenes aksjonærer og styremedlemmer kun behersker engelsk, all kommunikasjon med konsernets primære kunder og kreditorer skjer på engelsk, samt at engelsk er både arbeidsspråket til konsernet og bransjespråket der selskapene og konsernet i all hovedsak opererer, fremstår kravet i Regnskapslovens § 3-4 om utarbeidelse av årsregnskap og årsberetning på norsk som unødvendig. I tillegg til at det er ressurskrevende, fører av og til tvil om oversettelse og uoverensstemmelser mellom engelsk og norsk versjon til unødvendige misforståelser.

I telefonsamtale den 23. oktober 2012 ble det opplyst at Mobsat Holding Norway AS er 100 % eid fra utlandet. Mobsat holding Norway AS eier 100 % av aksjene i selskapene Vizada AS og Marlink AS. Marlink AS eier igjen 100 % av aksjene i Vizada Networks AS.

Skattedirektoratets vurdering
Etter regnskapsloven § 3-4 tredje ledd skal årsregnskapet og årsberetningen være på norsk. Departementet (delegert Skattedirektoratet) kan ved forskrift eller ved enkeltvedtak bestemme at årsregnskapet og/eller årsberetningen kan være på et annet språk.

I Ot. prp. nr. 42 (1997-1998) Om lov om årsregnskap m.v., er det uttalt følgende om regnskapslovens formål, jf. pkt. 1.1:

Regjeringen har som siktemål at regnskapsloven skal bidra til informative regnskaper for ulike grupper av regnskapsbrukere. Regnskapsbrukerne er dels investorer og kreditorer som tilfører kapital til foretakene, og dels andre grupper som har interesse av å vite hvordan foretaket drives, f.eks. de ansatte og lokalsamfunnet. Informasjonen til kapitalmarkedet skal gi grunnlag for riktig prising av finansielle objekter. Riktig prisdannelse på aksjer er en forutsetning for at ressursbruken i samfunnsøkonomien skal bli best mulig. Gode regnskaper vil også gjøre det vanskeligere for markedsdeltakere å ta ut spekulasjonsgevinster med basis i skjevt fordelt informasjon.

Det fremgår således at et av hovedformålene med regnskapsloven er å bidra til "informative regnskaper for ulike grupper av regnskapsbrukere". Regnskapsbrukere vil omfatte, jf. uttalelsen i proposisjonen, blant andre investorer, kreditorer, ansatte og lokalsamfunnet.

Det er etter Skattedirektoratets vurdering derfor avgjørende ved vurdering av om dispensasjon fra kravet til å utarbeide årsregnskap og/eller årsberetning på norsk, at det ikke foreligger mulige brukere av regnskapsinformasjon som blir vesentlig berørt negativt ved en eventuell dispensasjon.

Som nevnt ovenfor er det særlig hensynet til brukerne av regnskapsinformasjon som skal vurderes ved en dispensasjonssøknad. I denne vurderingen har Skattedirektoratet lagt vekt på at selskapenes virksomhet er utpreget internasjonal og arbeidsspråket er engelsk. Videre er det vektlagt at morselskapet Mobsat Holding Norway AS er 100 % eid av et utenlandsk selskap.

Vennligst oppgi vår referanse ved henvendelser i anledning saken.

Med hilsen

Rune Tystad

Rune Tystad
seniorrådgiver
Rettsavdelingen, foretaksskatt
Skattedirektoratet

for Inger Helene Iversen