



ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2020 - GENERELL INFORMASJON

Enheten

Organisasjonsnummer:	912 700 836
Organisasjonsform:	Aksjeselskap
Foretaksnavn:	WEST SUPPLY VII AS
Forretningsadresse:	Smedasundet 97B 5525 HAUGESUND

Regnskapsår

Årsregnskapets periode:	01.01.2020 - 31.12.2020
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Konsern

Mørselskap i konsern:	Ja
Konsernregnskap lagt ved:	Ja

Regnskapsregler

Regler for små foretak benyttet:	Nei
Benyttet ved utarbeidelsen av årsregnskapet til selskapet:	Regnskapslovens alminnelige regler
Benyttet ved utarbeidelsen av årsregnskapet til konsernet:	Regnskapslovens alminnelige regler

Årsregnskapet fastsatt av kompetent organ

Bekreftet av representant for selskapet:	Anett Underhaug Våge
Dato for fastsettelse av årsregnskapet:	19.05.2021

Grunnlag for avgivelse

År 2020: Årsregnskapet er elektronisk innlevert
År 2019: Tall er hentet fra elektronisk innlevert årsregnskap fra 2020

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, 26.08.2022



Resultatregnskap

Beløp i: USD	Note	2020	2019
RESULTATREGNSKAP			
Kostnader			
Other operating expenses		42 726	60 149
Sum kostnader		42 726	60 149
Driftsresultat		-42 726	-60 149
Finansinntekter og finanskostnader			
Annen renteinntekt		556	4 490
Other financial income		105 491	108 634
Sum finansinntekter		106 047	113 124
Annen rentekostnad		0	3 775
Other financial expenses		2 961	6 771
Sum finanskostnader		2 961	10 546
Netto finans		103 086	102 578
Ordinært resultat før skattekostnad		60 360	42 429
Ordinært resultat etter skattekostnad		60 360	42 429
Årsresultat		60 360	42 429



Balanse

Beløp i: USD	Note	2020	2019
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Finansielle anleggsmidler			
Investering i datterselskap	2,5	60 482 789	60 482 789
Sum finansielle anleggsmidler		60 482 789	60 482 789
Sum anleggsmidler		60 482 789	60 482 789
Omløpsmidler			
Varer			
Fordringer			
Trade debtors	5	0	25 502
Other short-term receivables		590	762
Sum fordringer		590	26 264
Bankinnskudd, kontanter og lignende			
Cash and cash equivalents		255 983	178 263
Sum bankinnskudd, kontanter og lignende		255 983	178 263
Sum omløpsmidler		256 573	204 527
SUM EIENDELER		60 739 362	60 687 316
BALANSE - EGENKAPITAL OG GJELD			
Egenkapital			
Innskutt egenkapital			
Share capital	3	43 928 655	
Overkurs		16 549 020	
Sum innskutt egenkapital		60 477 675	
Opptjent egenkapital			



Balanse

Beløp i: USD	Note	2020	2019
Other equity		248 626	
Sum opptjent egenkapital		248 626	
Sum egenkapital		60 726 301	0
Sum langsiktig gjeld		0	0
Kortsiktig gjeld			
Leverandørgjeld		1 025	
Income tax payable	7	12 037	
Sum kortsiktig gjeld		13 062	
Sum gjeld		13 062	0
SUM EGENKAPITAL OG GJELD		60 739 363	0



Konsernets resultatregnskap

Beløp i: USD	Note	2020	2019
RESULTATREGNSKAP			
Inntekter			
Operating income		28 538 463	22 801 205
Sum inntekter		28 538 463	22 801 205
Kostnader			
Payroll expenses		4 140 975	4 633 205
Ordinary depreciation		5 653 524	5 653 524
Other operating expenses		2 968 066	3 249 635
Sum kostnader		12 762 565	13 536 364
Driftsresultat		15 775 898	9 264 841
Finansinntekter og finanskostnader			
Annen renteinntekt		270 314	534 313
Other financial income		653 293	815 949
Sum finansinntekter		923 607	1 350 262
Annen rentekostnad		2 954 978	4 413 550
Other financial expenses		2 111 596	2 249 893
Sum finanskostnader		5 066 574	6 663 443
Netto finans		-4 142 967	-5 313 181
Ordinært resultat før skattekostnad		11 632 931	3 951 660
Tax on ordinary result		221 968	243 387
Ordinært resultat etter skattekostnad		11 410 963	3 708 273
Årsresultat		11 410 963	3 708 273



Konsernets balanse

Beløp i: USD	Note	2020	2019
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Varige driftsmidler			
Vessels	1,5	142 772 909	146 378 086
Sum varige driftsmidler		142 772 909	146 378 086
Sum anleggsmidler		142 772 909	146 378 086
Omløpsmidler			
Varer			
Fordringer			
Trade debtors	5	4 872 677	4 278 016
Other short-term receivables	5	701 867	474 162
Sum fordringer		5 574 544	4 752 178
Bankinnskudd, kontanter og lignende			
Cash and cash equivalents		19 505 319	17 430 322
Sum bankinnskudd, kontanter og lignende		19 505 319	17 430 322
Sum omløpsmidler		25 079 863	22 182 500
SUM EIENDELER		167 852 772	168 560 586
BALANSE - EGENKAPITAL OG GJELD			
Egenkapital			
Innskutt egenkapital			
Share capital	3	43 928 655	43 928 655
Sum innskutt egenkapital		43 928 655	43 928 655
Opptjent egenkapital			
Other equity		35 382 119	23 971 156



Konsernets balanse

Beløp i: USD	Note	2020	2019
Sum opptjent egenkapital		35 382 119	23 971 156
Sum egenkapital		79 310 774	67 899 811
Gjeld			
Langsiktig gjeld			
Annen langsiktig gjeld			
Gjeld til kredittinstitusjoner	5	86 631 250	98 925 000
Sum annen langsiktig gjeld		86 631 250	98 925 000
Sum langsiktig gjeld		86 631 250	98 925 000
Kortsiktig gjeld			
Leverandørgjeld		1 236 380	829 980
Income tax payable	7	221 968	243 387
Other current liabilities		452 399	662 409
Sum kortsiktig gjeld		1 910 747	1 735 776
Sum gjeld		88 541 997	100 660 776
SUM EGENKAPITAL OG GJELD		167 852 771	168 560 587



**Consolidated Financial
Statements 2020**

West Supply VII AS

Annual accounts
- Profit and loss statement
- Balance sheet
- Notes

Cash flow statement

Directors' report

Auditors' report



WEST SUPPLY VII AS

DIRECTOR'S REPORT 2020

Operation and location

West Supply VII AS Group (the Group) consists of the parent company West Supply VII AS (the Company) and its two subsidiaries West Supply VII Eier AS and West Supply VII Drift AS. The Company has no other business than investment in the two subsidiaries.

The business of the Group is to own and operate vessels. The Group owns and operates one offshore construction vessel, Edda Freya. Edda Freya is employed on a long-term charter party to DeepOcean AS.

The Company has its administration located in Haugesund, Norway, and has a management agreement with Østensjø Rederi AS.

Future development and market conditions

Edda Freya operates in the offshore market, primarily within the oil and gas sector but also servicing the offshore wind market. The offshore oil and gas market has been challenging over a longer period. In terms of the market, 2020 got off to an uplifting start, but with the Covid-19 pandemic and a drop in oil price, the rise was reversed at the end of the first quarter and the mentioned factors have characterized the offshore service market throughout 2020.

The charter party with DeepOcean AS was recently renegotiated and amended effective from 1 January 2021, with the bareboat charter between the subsidiaries being amended accordingly. Furthermore, and as a consequence, the loan agreement financing the Edda Freya has been amended to cater for the adjustments in the charter parties and to ensure acceptable liquidity and debt serving capacity in the Group going forward.

The start of 2021 gives expectations to an offshore service market in gradual improvement. This includes consideration for the roll-out of Covid-19 vaccine, a significant increase in oil prices and various economic support schemes which in combination is expected to contribute to increase the market activity and demand for tonnage. The Company has expectations that the market will improve gradually over time but will still be characterized by uncertainty and volatility for some time to come.

As for most companies in Norway and around the world, the Covid-19 virus will also affect the Company in 2021. The Covid-19 vaccine and various financial schemes recently established for the purpose of reducing the economic impact of the pandemic are also expected to reduce the impact the virus will have on the Company. The Company follows the development related to the outbreak closely and is continuously making assessments and measures to limit the effects the virus could have on the business. Through established routines and implemented measures, the Company has handled the consequences of the Covid-19 pandemic and ensured a stable operation of the Company's vessel through 2020.



Comments related to the Financial Statement

In opinion of the Board of Directors, the information in the financial statements, including the notes, gives a complete and comprehensive overview over the Company's and the Group's development and result during 2020, in addition to the financial position at year-end.

The result for 2020 shows a profit of USD 48,323 for the Company and USD 11,410,964 for the Group, compared with a profit of USD 33,092 for the Company and USD 3,708,273 for the Group in 2019.

As per 31 December 2020 the Company's equity ratio was 100%, and the Group's consolidated equity was 47.3%.

The Group's current assets at 31 December 2020 were USD 25,079,864, whilst the current liabilities were USD 1,910,747.

The Board of Directors is not aware of any circumstances occurring after year-end with relevance to the assessment of the financial statements.

Going concern

In accordance with the Accounting Act §3-3, the Board of Directors confirms that the annual accounts have been prepared on the assumption of a going concern.

Financial risk

Credit risk:

The credit risk of the Company and the Group is considered moderate. The Group's only client, DeepOcean AS is still experiencing a challenging market, but the recent restructuring has improved DeepOcean Group's liquidity and solidity, while larger financial commitments relating to vessel chartering have been cancelled. This has given the client increased financial flexibility and significantly reduced shorter-term credit risk.

Market risk:

The Company's market risk is limited. The Group's only vessel is employed on a time charter to DeepOcean AS until September 2022.

The Group's revenue is in US dollar (USD) and the bank debt of the Group is in USD. The operating and crew expenses are a mix of NOK and USD, with the majority being in NOK. Thus, the currency exposure is considered moderate.

Approx. 50% of the Group's bank debt has a fixed interest rate. Remaining bank interest is floating and causes some risk related to changes in the USD interest level.

Liquidity risk:

The Board of Directors considers the Company and the Group's liquidity risk as satisfactory. The Group has a positive working capital. Further, the Group's cash position and the cash flow from the charter party is sufficient to cover its financial liabilities.

Working environment and gender equality

The company has no employees, and all board members are male.



External environment

The Group operates an offshore construction vessel. This operation includes risks of contamination. The Vessel fulfils all requirements set by national regulations, and the Board of Directors is not aware of spills nor pollution to the external environment beyond normal operations.


Allocation of result

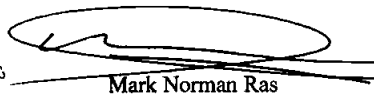
The Board of Directors has proposed the result of the Company to be transferred to other equity.

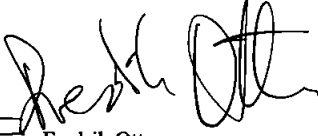
31 December 2020

Haugesund, -----

17 March 2021


Johannes Østensjø
Chairman of the Board/ CEO


Mark Norman Ras
Board member


Fredrik Ottesen
Board member



West Supply VII AS
Consolidated Financial Statements

West Supply VII AS			Group	
(Figures in USD)			(Figures in USD)	
31.12.2019	31.12.2020	Profit and Loss account as per	Notes	31.12.2020 31.12.2019
		Operating income		
<u>0</u>	<u>0</u>	Operating income vessel		<u>28 538 463 22 801 205</u>
		Operating expenses		
0	0	Payroll expenses	6	4 140 975 4 633 205
60 149	42 726	Other operating expenses		2 968 066 3 249 635
0	0	Depreciation	1	5 653 524 5 653 524
<u>60 149</u>	<u>42 726</u>	Total operating expenses		<u>12 762 565 13 536 364</u>
<u>-60 149</u>	<u>-42 726</u>	Operating profit		<u>15 775 898 9 264 841</u>
		Financial income and expenses		
4 490	556	Interest income		270 314 534 313
108 634	105 491	Other financial income		653 293 815 949
-3 775	0	Interest expenses		-2 954 978 -4 413 550
-6 771	-2 961	Other financial expenses		-2 111 596 -2 249 893
<u>102 578</u>	<u>103 086</u>	Net finance result		<u>-4 142 966 -5 313 181</u>
<u>42 429</u>	<u>60 360</u>	Profit / - Loss before taxes		<u>11 632 932 3 951 660</u>
9 337	12 037	Tax on ordinary result	7	221 968 243 387
<u>33 092</u>	<u>48 323</u>	Profit /- Loss		<u>11 410 964 3 708 273</u>



West Supply VII AS
Consolidated Financial Statements


West Supply VII AS			Group	
(Figures in USD)			(Figures in USD)	
31.12.2019	31.12.2020	Notes	31.12.2020	31.12.2019
Balance Sheet as per				
ASSETS				
Intangible assets				
0	0	7	0	0
<u>0</u>	<u>0</u>		<u>0</u>	<u>0</u>
Total intangible assets				
Tangible assets				
Vessel				
0	0	1, 5	142 772 909	146 378 086
<u>0</u>	<u>0</u>		<u>142 772 909</u>	<u>146 378 086</u>
Total tangible assets				
Financial assets				
Shares in subsidiaries				
60 482 789	60 482 789	2, 5	0	0
<u>60 482 789</u>	<u>60 482 789</u>		<u>0</u>	<u>0</u>
Total financial assets				
<u>60 482 789</u>	<u>60 482 789</u>		<u>142 772 909</u>	<u>146 378 086</u>
Total fixed assets				
Current assets				
Trade debtors				
25 502	0	5	4 872 677	4 278 016
0	0	4	0	0
762	590	5	701 867	474 162
<u>178 263</u>	<u>255 983</u>		<u>19 505 319</u>	<u>17 430 322</u>
<u>204 527</u>	<u>256 574</u>		<u>25 079 864</u>	<u>22 182 501</u>
Total current assets				
<u>60 687 316</u>	<u>60 739 363</u>		<u>167 852 773</u>	<u>168 560 587</u>
TOTAL ASSETS				




West Supply VII AS
Consolidated Financial Statements

West Supply VII AS		Group	
(Figures in USD)		(Figures in USD)	
31.12.2019	31.12.2020	Notes	31.12.2020 31.12.2019
Balance Sheet as per			
EQUITY AND LIABILITIES			
Equity			
43 928 655	43 928 655	3	43 928 655 43 928 655
16 549 020	16 549 020		0 0
200 304	248 626		35 382 119 23 971 156
<u>60 677 979</u>	<u>60 726 301</u>	3	<u>79 310 774 67 899 811</u>
Liabilities			
Long-term liabilities			
0	0	5	86 631 250 98 925 000
<u>0</u>	<u>0</u>		<u>86 631 250 98 925 000</u>
Current liabilities			
0	1 025		1 236 380 829 980
0	0	4	0 0
0	0		452 399 662 409
9 337	12 037	7	221 968 243 387
<u>9 337</u>	<u>13 062</u>		<u>1 910 747 1 735 776</u>
<u>9 337</u>	<u>13 062</u>		<u>88 541 997 100 660 776</u>
<u>60 687 316</u>	<u>60 739 363</u>		<u>167 852 773 168 560 587</u>
TOTAL EQUITY AND LIABILITIES			

Haugesund, 17 March 2021


Johannes Østensjo
Chairman of the Board


Mark Norman Kas
Board member


Fredrik Ottesen
Board member



West Supply VII AS

Notes to the accounts 31.12.20

Principles of consolidation

The consolidated financial statements present the financial position and results of the group as one accounting unit. The consolidated financial statements include the parent West Supply VII AS and the subsidiaries West Supply VII Eier AS and West Supply VII Drift AS where the parent have direct or indirect controlling interest. All intercompany transactions and balances are eliminated.

Shares in subsidiaries are consolidated using the cost method. The cost of shares in subsidiaries is eliminated against the subsidiaries' equity at acquisition or formation. This means that the difference between cost price and net book value of assets of the subsidiary, at time of purchase, are allocated to the assets to which it relates. The part of the added value that can not be attributed to assets represents goodwill which is amortized over its estimated useful life.

Accounting principles

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

Fixed assets

Tangible assets are capitalized and depreciated over the expected economic life. Direct maintenance costs are expensed as incurred, while improvements are allocated to the cost base of the relevant asset and depreciated with that asset. If the recoverable amount of the asset is lower than the carrying amount, the asset is written down to its recoverable amount. The recoverable amount is the higher of net selling price and value in use. Value in use is the present value of future cash flow that the asset is expected to generate.

Drydock / class cost of owned vessels are capitalized and depreciated steadily until the next drydocking. For new vessels, a share of the cost is decomposed and depreciated until the first drydock / classification. All new drydock / class cost from 2018 will be depreciated over 5 years.

Classification and valuation of current balance sheet items

Current assets and liabilities include items due for payment within one year from the date of acquisition. Other items are classified as fixed assets / long-term liabilities.

Current assets are valued at lower of cost or fair value. Current liabilities are recorded at nominal value at the time it is incurred.

Currency

Monetary items (assets, liabilities and bank deposits) in foreign currencies are converted at the exchange rate as on the balance sheet date. Balance sheet items of foreign subsidiaries are converted at the exchange rates as on 31.12.20. The exchange rate to Norwegian kroner is set to 8,5375 for the balance sheet date and 9,4264 as an average for the year. Foreign exchange gains and losses from monetary items that are part of the net investment in foreign entities are recognized directly in equity.

Receivables

Receivables are recorded at nominal value less realized and expected losses. Provisions for doubtful debts are made on the basis of individual assessment of each receivable.



Income tax and deferred tax

Income tax expense relates to the accounting result and comprises current tax and changes in net deferred taxes. Deferred tax expense results from temporary differences between the accounting value of assets and liabilities and their value for tax purposes. The tax effect is offset against any income tax expense, and the net is recorded in the financial statements. Deferred tax is recorded as long-term liabilities. To the extent that deferred tax assets exceed deferred tax liabilities, deferred tax assets are recorded in accordance with accepted accounting principles.

One company in the group, West Supply VII Eier AS, require assessment pursuant to § 8-10 of the Tax Law - under the Tonnage Tax Regime. This was revised with effect from 2007 and means that the operation of vessels is not taxed, but certain financial income and expenses are subject to taxation.

Cash flow Analysis

The cash flow statement is prepared using the indirect method.

Operating revenues and expenses

Revenue from freight operations is recognised when earned, which would normally be in line with the operation of the vessel. Costs are recorded based on the matching principle, which means that the costs are included in the same period as the related revenues are recognized.

Hedge accounting

The Company uses derivative financial instruments, such as interest rate swaps to hedge its interest rate risk. If the Company consider the hedge as effective, any gains or losses arising from changes in the fair value of the derivatives are considered as an off balance item. If considered hedge, accounting payments/expenses under the interest rate swap agreement are classified as financial income or expense.

All figures are in USD, unless otherwise stated in the individual note.

Note 1 - Vessel

	Vessel	Drydock	Total
Cost price	165 859 659	0	165 859 659
Allocated to future drydock	-1 190 618	1 190 618	0
Additions	1 186 568	0	1 186 568
Accumulated depreciation 01.01	-19 668 802	-957 493	-20 626 295
Additions/Disposal	-41 846	2 048 347	2 006 501
Depreciation	-5 488 968	-164 556	-5 653 524
Book value 31.12	<u>140 655 993</u>	<u>2 116 916</u>	<u>142 772 909</u>

The depreciation schedule for the vessel is 30 years linear depreciation.

Since Edda Freya was delivered in 2016, a share of the cost was originally decomposed and depreciated over 36 months. The depreciation schedule for drydock was adjusted in 2018 until next main class in 2021, 5 years after delivery. The residual amount is depreciated over the remaining 41 months. New drydocking will be depreciated over 5 years

The offshore market has experienced a significant decline since 2015 on the basis of low oil prices. The market value has been obtained from two independent brokers. If the obtained market value indicates impairment of the book value of the vessel, an impairment test has been performed. The impairment test analysis employs estimate of future cash flows for the vessel to calculate the value in use.

The analysis takes into consideration the vessel's current charter and expected future contract, as well as utilization through the expected vessel usage time. In addition, the analysis takes into consideration the expected expenses for operation of the vessel, including estimated dry-docking costs.



Additional key assumptions in the analysis include the Weighted Average Cost of Capital (WACC), which is set to 8,8%. The usage period of the vessel is assumed to be 30 years after delivery. The value in use calculations are based on best estimate, and due to the current weak market, there is a high level of uncertainty in the calculation. The impairment test also includes a sensitivity analysis on the key assumptions. The estimated value in use is highly sensitive to any changes in these assumptions. If the impairment analysis shows that the estimated value in use is lower than the book value of the vessel, an impairment is made to the highest recoverable amount of net sales and value in use.

For 2020 the broker values indicated a value below booked value for the vessel. The company has performed a value in use calculation in 2020. The value in use calculation for Edda Freya showed headroom, like the value in use calculation from previous years. The Company has assessed that the input in the calculation has not significant changed from prior years and is still reasonable and valid, and supports the booked value as of 31.12.20.

Note 2 - Shares in subsidiaries

<u>Parent</u>	Share of ownership	Number of shares	Face value NOK	Book value USD
West Supply VII Eier AS	100 %	5 700	66 030	60 477 675
West Supply VII Drift AS	100 %	30	1 000	5 114
Total				60 482 789

The Company own shares in vessel owning subsidiary. Write down on shares in subsidiary has been evaluated based on the underlying impairment process of the vessel in the subsidiary. The Group's vessel operate on a long term contract in the offshore market. Market value has been obtained from two independent brokers. If the obtained market value indicates impairment of the book value of the vessel, an impairment test has been performed.

Note 3 - Equity

Parent

Share capital and shareholder information

Figures in NOK

<u>Share capital</u>	Number of shares	Face value NOK	Book value USD
Ordinary shares	5 700	66 030	43 928 655

All shares give equal rights in the company. Members of the board own 52 % of the shares.

<u>Shareholders</u>	Number of shares	Share of ownership
Johannes Østensjø dy AS	2 907	51 %
MCO 4 AS	1 482	26 %
Forenede Industrier Shipping AS	1 140	20 %
Smedasundet Offshore AS	171	3 %
Total	5 700	100 %



Changes in equity

<u>Parent</u>	Share capital	premium reserve	Retained earnings	Total equity
Equity 01.01	43 928 655	16 549 020	200 304	60 677 978
Profit for the year	0	0	48 323	48 323
Equity 31.12	43 928 655	16 549 020	248 627	60 726 301

Group

Equity 01.01	43 928 655	0	23 971 154	67 899 810
The Group's result for the year	0	0	11 410 964	11 410 964
Equity 31.12	43 928 655	0	35 382 118	79 310 774

Note 4 - Intercompany

Parent

Debt to group companies - short-term	31.12.2020	31.12.2019
Johannes Østensjø dy AS	0	0
Total	0	0

Group

Debt to group companies - short-term		
Østensjø Rederi AS	462 979	435 740
Johannes Østensjø dy AS	0	0
Total	462 979	435 740

Receivables to group companies - short-term

Johannes Østensjø dy AS	75 956
Total	75 956

Note 5 - Mortgages and guarantees

Parent

West Supply VII AS guarantees for the bank debt in its subsidiary West Supply VII Eier AS of USD 86,631,250.

Book value of pledged assets:	31.12.2020	31.12.2019
Shares in West Supply VII Eier AS	60 477 675	60 477 675
Shares in West Supply VII Drift AS	5 114	5 114
Total	60 482 789	60 482 789

Group

Pledged debt	86 631 250	98 925 000
Liabilities due more than five years after year-end	0	0

Book value of pledged assets

Vessel	142 772 909	146 378 086
Trade debtors	4 872 677	4 278 016
Other receivables	701 867	474 162
Total pledged assets	148 347 453	151 130 264



Guarantees

West Supply VII AS guarantees for the bank debt in its subsidiary West Supply VII Eier AS of USD 86,631,250.

The Company's bank debt is guaranteed by West Supply VII AS and West Supply VII Drift AS. The shareholders of West Supply VII AS, Johannes Østensjø dy AS, MCO 4 AS, Forenede Shipping AS and Smedasundet Offshore AS, provide pro rata guarantees amounting to USD 43,315,625 and representing 50% of the outstanding bank debt in the Company. These guarantees are counter guaranteed by Johannes Østensjø dy AS and Smedasundet Offshore AS. The shareholders of West Supply VII AS have further also provided partial guarantees for postponed instalments under the loan agreement financing the Edda Freya with such guarantees being counter guaranteed by Forenede Industrier Holding AS and Maas Capital Offshore BV.

West Supply VII Drift AS guarantees for the bank debt in its sister company West Supply VII Eier AS of USD 86,631,250.

Interest rate swap agreements

The group has entered into four interest rate swap agreements. The interest rate swap agreements are considered as hedge accounting, any changes in fair value from the derivatives are considered as an off balance item.

Total notional amount under agreement one is 14,625,000 with termination date on November 26, 2021. The market value of agreement one is -107,446 excluding accrued interest as of December 31, 2020.

Total notional amount under agreement two is 8,428,125 with termination date on August 25, 2021. The market value of agreement two is -83,062 excluding accrued interest as of December 31, 2020.

Total notional amount under agreement three is 14,625,000 with termination date on September 1, 2021. The market value of agreement three is -113,905 excluding accrued interest as of December 31, 2020.

Total notional amount under agreement four is 8,428,125 with termination date on August 25, 2021. The market value of agreement four is -98,774 excluding accrued interest as of December 31, 2020.

Note 6 - Remuneration

Parent

The company has no employees and is therefore not obliged to follow the Act on Mandatory Occupational Pensions.

Remuneration to board members amounts to USD 31,407 in 2020.

Audit fee for 2020 amounts to USD 2,566 for statutory audit and USD 0 for consulting services (ex. VAT).

Group

The group has no employees and is therefore not obliged to follow the Act on mandatory occupational pensions. All crew are hired from sub-contractors.

Remuneration to board members amounts to USD 31,407 in 2020.

Audit fee for the Group in 2020 amounts to USD 15,205 for statutory audit and USD 1,506 for consulting services (ex. VAT).



Note 7 - Taxes

Parent

	2020	2019
Ordinary result before taxes	60 360	42 430
Permanent differences	-37	11
Tax loss utilized	0	0
Net taxable income	60 323	42 441
Tax payable, 22 % / 23 %	12 037	9 337
Tax loss carried forward	0	0

	31.12.2019	01.01.2019	Change
Temporary differences			
Tax loss carried forward	0	0	0
Basis for deferred tax	0	0	0
Deferred tax asset, 22%	0	0	0
Deferred tax asset	0	0	0

Income tax expense

Income tax on taxable income	12 037	9 337
Change in deferred tax	0	0
Total tax income	12 037	9 337

Group

West Supply VII Eier AS is taxed in accordance with the Tax Act §8-10 (Tonnage tax)

	2020	2019
Taxable income tonnage tax		
Interest Income	107 294	942 767
Revenue addition due to high equity	0	0
Currency differences	-211 807	-170 012
Interest expenses	-323 102	-330 402
Other financial expenses	-2 723 714	-64 052
Taxable income tonnage tax	-3 151 329	378 301

Applied tax loss this year 0 -378 301

Tax payable, tonnage tax 0 0

Short-term tax liability

Taxable income in companies under ordinary tax regime	1 071 637	1 106 303
Taxable income in companies under tonnage tax regime	0	0
Total taxable income	1 071 637	1 106 303
Short-term tax liability, 22 % / 23 %	221 968	243 387

Temporary differences ordinary tax regime

	31.12.2019	01.01.2019	Change
Tax loss carried forward	0	0	0
Conversion difference	0	0	0
Basis for deferred tax	0	0	0
Deferred tax asset, 22 %	0	0	0
Deferred tax asset	0	0	0

Income tax expense

Tax payable	221 968	243 387
Change in deferred tax	0	0
Total income tax expense	221 968	243 387



Note 8 - Other circumstances

As for most companies in Norway and around the world, the Covid-19 virus will also affect the Company in 2021.

The Covid-19 vaccine and various financial schemes recently established for the purpose of reducing the economic impact of the pandemic are also expected to reduce the impact the virus will have on the Company.

The Company follows the development related to the outbreak closely and is continuously making assessments and measures to limit the effects the virus could have on the business. Through established routines and implemented measures, the Company has handled the consequences of the Covid-19 pandemic and ensured a stable operation of the Company's vessel through 2020.



West Supply VII AS

Cash flow Statement

West Supply VII AS			Group	
Figures in USD			Figures in USD	
2019	2020		2020	2019
		<u>Cashflow from operations</u>		
42 430	60 360	Result before taxes	11 632 932	3 951 660
-15 789	-9 337	Taxes paid	-243 387	-344 752
0	0	Ordinary depreciation	5 488 968	5 488 968
0	0	Expensed drydock	164 556	164 556
81 501	26 527	Change in debtors / creditors balance	-188 261	389 793
-111 515	172	Change in other clearing posts	-437 715	-388 905
-3 373	77 721	Net cashflow from operations	16 417 094	9 261 321
		<u>Cashflow from investments</u>		
0	0	Investments in fixed assets	-2 048 347	41 846
0	0	Investment in shares in subsidiaries	0	0
0	0	Net cashflow from investments	-2 048 347	41 846
		<u>Cashflow from financing</u>		
0	0	Admission of new debt	0	0
0	0	Repayment of debt	-12 293 750	-5 600 000
0	0	Capital increase	0	0
0	0	Net cashflow from financing	-12 293 750	-5 600 000
-3 373	77 721	Net change in cashflow for the year	2 074 997	3 703 167
181 635	178 263	Cash balance as per 1.1.	17 430 322	13 727 155
178 263	255 983	Cash balance as per 31.12.	19 505 319	17 430 322



Statsautoriserte revisorer
Ernst & Young AS

Thormøhlens gate 53 D, NO-5006 Bergen
Postboks 6163, NO-5892 Bergen

Foretaksregisteret: NO 976 389 387 MVA
Tlf: +47 24 00 24 00

www.ey.no
Medlemmer av Den norske revisorforening

INDEPENDENT AUDITOR'S REPORT

To the Annual Shareholders' Meeting of West Supply VII AS

Report on the audit of the financial statements

Opinion

We have audited the financial statements of West Supply VII AS, which comprise the financial statements for the parent company and the Group. The financial statements for the parent company and the Group comprise the balance sheets as at 31 December 2020, the profit and loss accounts and cash flow statements 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 and the Group as at 31 December 2020 and their 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 and the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in Norway, and we have fulfilled our ethical responsibilities as required by law and regulations. We have also complied with our other ethical obligations in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

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

Responsibilities of management for the financial statements

Management is responsible for the preparation and fair presentation of 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.

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

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.

Independent auditor's report - West Supply VII AS

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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.

Bergen, 30 April 2021
ERNST & YOUNG AS

The auditor's report is signed electronically

Øyvind Nore
State Authorised Public Accountant (Norway)

Penneo Dokumentnøkkel: J7SSQ-Q7BFZ-2IODU-GDCTT-VD8NN-ZEIQJ



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Øyvind Nore

Statsautorisert revisor

På vegne av: Ernst & Young AS

Serienummer: 9578-5994-4-485745

IP: 88.90.xxx.xxx

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Skattedirektoratet

Saksbehandler Torstein Kinden Helleland	Deres dato 14.10.2015	Vår dato 19.10.2015
Telefon 22078139	Deres referanse Håvard Framnes	Vår referanse 2015/997974

ØSTENSJØ REDERI AS
Postboks 394
5501 HAUGESUND

Tillatelse til å utarbeide årsregnskap og årsberetning på engelsk språk

- Vi viser til deres brev av 14. oktober 2015 hvor dere søker om dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk språk for følgende selskaper;

West Supply VII AS	org. nr. 912 700 836
West Supply VII Eier AS	org.nr. 912 700 879
West Supply VII Drift AS	org.nr. 912 700 844

Skattedirektoratet gir på bakgrunn av en konkret helhetsvurdering de overnevnte selskaper tillatelse til å utarbeide årsregnskap og årsberetning på engelsk språk, jf. regnskapsloven § 3-4 tredje ledd. Dispensasjonen forutsetter at opplysningene som vedtaket baserer seg på ikke endres vesentlig.

Kopi av dette brevet må sendes Regnskapsregisteret i Brønnøysund sammen med årsregnskapet. Det påligger den regnskapspliktige å dokumentere ved dette brev at tillatelsen er gitt.

Bakgrunn

West Supply VII AS er holdingselskap for West Supply VII Eier AS og West Supply VII Drift AS. Hovedaksjonær er Johannes Østensjø Dy AS med 51 %. Videre er selskapene eid av et utenlandsk selskap med 26 %. Andre selskap i Østensjø Rederi konsernet har tidligere fått tillatelse til å benytte engelsk språk. Selskapene driver med rederivirksomhet. Alle sentrale aktører og samarbeidspartnere innen denne bransjen behersker og benytter engelsk. Selskapene benytter også engelsk som arbeidsspråk. Det er heller ingen forhold rundt selskapets finansiering som skulle tilsi behov for regnskap på norsk – bankforbindelser etterspør kun informasjon på engelsk. Den norske versjonen utarbeides kun for å tilfredsstille regnskapsloven.

Skattedirektoratets vurdering

Etter regnskapsloven § 3-4 tredje ledd skal årsregnskapet og årsberetningen være på norsk. Departementet kan 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:

Postadresse
Postboks 9200 Grønland
0134 Oslo

Besøksadresse:
Se www.skatteetaten.no
Org.nr: 996250318
E-post: skatteetaten.no/sendepost

Sentralbord
800 80 000
Telefaks
22 17 08 60



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 kan gis, 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 hovedaksjonær eier 51 % og at andre selskaper i konsernet tidligere har fått tilvarende dispensasjon. 26 % av aksjene er eid av et utenlandsk selskap. Videre er det vektlagt at sentrale aktører og samarbeidspartnere innen bransjen behersker og benytter engelsk og at selskapet benytter engelsk som arbeidsspråk.

Vennligst oppgi vår referanse ved henvendelser i saken.

Med hilsen

Rune Tystad
seniorrådgiver
Rettsavdelingen, foretaksskatt
Skattedirektoratet

Torstein Kinden Helleland

Dokumentet er elektronisk godkjent og har derfor ikke håndskrevne signaturer