



ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2021 - GENERELL INFORMASJON

Enheten

Organisasjonsnummer:	981 686 209
Organisasjonsform:	Aksjeselskap
Foretaksnavn:	DOF REDERI AS
Forretningsadresse:	5392 STOREBØ

Regnskapsår

Årsregnskapets periode:	01.01.2021 - 31.12.2021
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Konsern

Morselskap i konsern:	Nei
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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:	Solveig Byrkjeland
Dato for fastsettelse av årsregnskapet:	10.06.2022

Grunnlag for avgivelse

År 2021: Årsregnskapet er elektronisk innlevert
År 2020: Tall er hentet fra elektronisk innlevert årsregnskap fra 2021

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, 05.07.2023



Resultatregnskap

Beløp i: NOK	Note	2021	2020
RESULTATREGNSKAP			
Inntekter			
Salgsinntekt	5	715 429 000	759 491 000
Sum inntekter		715 429 000	759 491 000
Kostnader			
Lønnskostnad	6	268 154 000	280 499 000
Avskrivning på varige driftsmidler og immaterielle eiendeler	11	167 605 000	187 060 000
Nedskrivning av varige driftsmidler og immaterielle eiendeler	11	167 000 000	478 621 000
Annen driftskostnad	7	218 192 000	225 056 000
Gevinst salg anleggsmiddel	11	-31 085 000	-16 050 000
Sum kostnader		789 866 000	1 155 186 000
Driftsresultat		-74 437 000	-395 695 000
Finansinntekter og finanskostnader			
Renteinntekt fra foretak i samme konsern	8	342 000	658 000
Annen renteinntekt	8	80 000	858 000
Annen finansinntekt	8	637 000	986 000
Verdiøkning andre finansielle instrumenter vurdert til virkelig verdi	8	11 871 000	
Sum finansinntekter		12 930 000	2 502 000
Verdireduksjon andre finansielle instrumenter vurdert til virkelig verdi	8		21 257 000
Rentekostnad til foretak i samme konsern	8	17 363 000	16 745 000
Annen rentekostnad	8	143 344 000	138 314 000
Annen finanskostnad	8	9 763 000	57 081 000
Sum finanskostnader		170 470 000	233 397 000
Netto finans		-157 540 000	-230 895 000
Ordinært resultat før skattekostnad		-231 977 000	-626 590 000
Skattekostnad på ordinært resultat	9	4 656 000	2 146 000
Ordinært resultat etter skattekostnad		-236 633 000	-628 736 000



Resultatregnskap

Beløp i: NOK	Note	2021	2020
Årsresultat		-236 633 000	-628 736 000
Overføringer og disponeringer			
Overføring til/fra fond	10	-236 633 000	-628 736 000
Sum overføringer og disponeringer		-236 633 000	-628 736 000



Balanse

Beløp i: NOK	Note	2021	2020
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Kontrakskostnader	12	6 455 000	14 631 000
Sum immaterielle eiendeler		6 455 000	14 631 000
Varige driftsmidler			
Skip, rigger, fly og lignende	11,18	1 964 397 000	2 269 293 000
Sum varige driftsmidler		1 964 397 000	2 269 293 000
Sum anleggsmidler		1 970 852 000	2 283 924 000
Omløpsmidler			
Varer			
Fordringer			
Kundefordringer	14,23	128 748 000	82 888 000
Andre fordringer	15	57 464 000	64 590 000
Konsernfordringer	23	215 933 000	72 505 000
Sum fordringer		402 145 000	219 983 000
Bankinnskudd, kontanter og lignende			
Bankinnskudd, kontanter og lignende	16	50 538 000	112 785 000
Sum bankinnskudd, kontanter og lignende		50 538 000	112 785 000
Sum omløpsmidler		452 683 000	332 768 000
SUM EIENDELER		2 423 535 000	2 616 692 000
BALANSE - EGENKAPITAL OG GJELD			
Egenkapital			
Innskutt egenkapital			
Selskapskapital	17	203 163 000	203 163 000
Sum innskutt egenkapital		203 163 000	203 163 000



Balanse

Beløp i: NOK	Note	2021	2020
Opptjent egenkapital			
Annen egenkapital	17	-1 351 293 000	-1 114 660 000
Sum opptjent egenkapital		-1 351 293 000	-1 114 660 000
Sum egenkapital		-1 148 130 000	-911 497 000
Sum langsiktig gjeld		0	0
Kortsiktig gjeld			
Gjeld til kredittinstitusjoner	18	3 372 563 000	3 373 549 000
Leverandørgjeld	19,23	132 451 000	113 191 000
Annen kortsiktig gjeld	20	66 651 000	41 449 000
Sum kortsiktig gjeld		3 571 665 000	3 528 189 000
Sum gjeld		3 571 665 000	3 528 189 000
SUM EGENKAPITAL OG GJELD		2 423 535 000	2 616 692 000



To the General Meeting of DOF Rederi AS

Independent Auditor's Report

Opinion

We have audited the financial statements of DOF Rederi AS (the Company), which comprise the balance sheet as at 31 December 2021, the statement of profit or loss, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting principles.

In our opinion

- the financial statements comply with applicable statutory requirements, and
- the financial statements give a true and fair view of the financial position of the Company as at 31 December 2021, and its financial performance and its cash flows for the year then ended in accordance with simplified application of international accounting standards according to section 3-9 of the Norwegian Accounting Act.

Basis for Opinion

We conducted our audit in accordance with 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 as required by laws and regulations and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 2 in the financial statements and the Board of Directors' report, which indicates that the DOF Group including the Company is dependent on a long-term solution with banks and bondholders to secure satisfactory financing and liquidity for the Company. As stated in Note 2 and the Board of Directors' report, these events or conditions, along with other matters as set forth in Note 2 and the Board of Directors' report, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. There is a risk that the DOF Group will not reach an agreement with the lenders, and in such an event the Company could be forced to realise its assets at a significantly lower value than their carrying amount. Our opinion is not modified in respect of this matter.

PricewaterhouseCoopers AS, Sandviksbodene 2A, Postboks 3984 - Sandviken, NO-5835 Bergen
T: 02316, org. no.: 987 009 713 MVA, www.pwc.no
Statsautoriserte revisorer, medlemmer av Den norske Revisorforening og autorisert regnskapsførerselskap



Independent Auditor's Report - DOF Rederi AS



Other Information

The Board of Directors and the Managing Director (management) are responsible for the information in the Board of Directors' report. The other information comprises information in the annual report, but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the information in the Board of Directors' report.

In connection with our audit of the financial statements, our responsibility is to read the Board of Directors' report. The purpose is to consider if there is material inconsistency between the Board of Directors' report and the financial statements or our knowledge obtained in the audit, or whether the Board of Directors' report otherwise appears to be materially misstated. We are required to report if there is a material misstatement in the Board of Directors' report. We have nothing to report in this regard.

Based on our knowledge obtained in the audit, it is our opinion that the Board of Directors' report

- is consistent with the financial statements and
- contains the information required by applicable legal requirements.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with simplified application of International Accounting Standards according to the Norwegian Accounting Act section 3-9, 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

For further description of Auditor's Responsibilities for the Audit of the Financial Statements reference is made to <https://revisorforeningen.no/revisjonsberetninger>

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Independent Auditor's Report - DOF Rederi AS



Bergen, 10 June 2022
PricewaterhouseCoopers AS

Marius Kaland Olsen
State Authorised Public Accountant

(This document is signed electronically)



 Securely signed with Brevio

Revisjonsberetning

Signers:

Name	Method	Date
Olsen, Marius Kaland	BANKID_MOBILE	2022-06-10 16:52

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2021

DOF Rederi AS
Annual Report







2021

DOF REDERI AS ANNUAL REPORT







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REPORT OF THE BOARD OF DIRECTORS

Board of Directors Report DOF Rederi AS

Introduction

DOF Rederi AS ("The Company") is 100% owned by DOF ASA ("DOF").

The Company's head office is located at Storebø in Austevoll municipality.

The Company owned by year-end 19 offshore vessels as follows.

- 13 Platform Supply Vessels (PSV)
- 2 Anchor Handling Vessels (AHTS)
- 4 Subsea Vessels (Subsea)

DOF Management AS is responsible for the marine operation of the Company's vessels operating outside of Brazil, and Norskan Offshore Ltda. is responsible for the Company's vessels working in Brazil. Both DOF Management and Norskan are controlled by DOF.

Operations 2021

The challenging markets continued into 2021, however during 2nd quarter the Company experienced increased demand for its fleet. The operations have as well as last year been challenging due to COVID-19. The main part of the fleet operates in the North Sea market which has been better compared to 2020 and with normal seasonal variations. The tender activity picked up towards end of the year as operators began to secure tonnage for the upcoming 2022 summer drilling season.

Main contract awards in 2021 were a contract for the Skandi Kvitsoy with Shell UK for a period for 1 year + 2 x 1-year options, and for the Skandi Gamma with Ithaca Energy for a period of 2 years + 2 x 1 year options. Two PSVs were further awarded contracts with Saipem in Guyana for 150 days in 2021 and 270 days in 2022 to support pipelaying operations.

The Company's fleet achieved a utilisation rate of 75% (71%) in 2021, and on average two vessels in lay-up through the year. The main operational area for the fleet has been in the North Sea, and five vessels have been operating in Asia-Pacific and in Latin-America on firm contracts during the year.

The average age for the Company's fleet is 13 years and the fleet has gradually declined the last few years through sale and recycling of vessels. During 2021 two PSVs, Skandi Texel and Skandi Buchan have been sold, and one AHTS, Skandi Admiral has been recycled. By year-end the Company's backlog was NOK 1 billion.

Social and environmental sustainability

Having sustainable operations is important for the DOF Group. The successful balance between social, environmental and economic elements allows the DOF Group to develop 'Sustainable Operations' and ensures that the DOF Group remains commercially feasible, socially acceptable and works within the capacity of the external environment.

During the entire year efforts has been done to protect the crew and employees towards COVID-19. Continuously and changing regulations and demands from government and health authorities all over the world, has loyally been followed by the employees in a stoic and supporting way. Despite all efforts and precautions, several employees ended in CRU units for months. However, all are now out of hospitals and supported by DOF and health professionals to get back at work.

The DOF Group acts responsibly and ethically everywhere it operates, and the DOF Group's operations and decisions are guided by the values – Respect, Integrity, Teamwork, Excellence – RITE – and above all we are Safe. This ensures honest, fair and equitable operations, protecting and building the DOF Group's reputation.

'Safe the RITE way' is the guiding philosophy by which the DOF Group safeguards its people, external environment, vessels and subsea assets. 'Safe the RITE way' is the umbrella for the safety program which brings together core values and connects them to strategic areas for sustainable operations.

The DOF Group is guided by the articles of association, the Corporate Governance and group policies, combined with the DOF Group's Code of Business Conduct, ensuring that the operations consider the interests of all stakeholders.



The DOF Group promotes transparency and standard disclosure of information relating to key sustainability aspects. As part of this, the DOF Group reports according to CDP and the Global Reporting Initiative. Detailed reporting on these matters is included in the integrated Annual Report 2021 for DOF ASA.

All the DOF Group companies are certified to ISO 9001:2015, ISO 14001: 2015, and ISO 45001:2018. The certificates are issued at DOF ASA level, and valid until December 2023.

Employees

The Company has no employees as they are hired in from DOF Management or Norskan Offshore. At the end of 2021, the headcount in the DOF Group was 3,820 people, of which approximately 13% were women.

The market is still challenging with regards to contract terms and rates, and the Board of Directors is continuously monitoring the need for the DOF Group to adapt its capacity. The aim going forward will be to keep the capability to maintain the DOF Group's flexible workforce and to retain core competencies.

Equal opportunities and anti-discrimination

The DOF Group has focus on diversity and strives to create equal opportunities for all employees, regardless of their ethnic background, nationality, descent, colour, language, religion, lifestyle or gender. The DOF Group's 'Equal Employment Opportunity' policy clearly states that the DOF Group is committed to be an equal opportunity employer. This means that all business units within the DOF Group will select and appoint the most suitable person for a position based on their attitude, skills and qualifications. The DOF Group also has a zero-tolerance policy for workplace harassments. Despite all efforts we sadly have to report three sexual harassment cases in 2021.

The DOF Group's campaign to promote and secure retention of female managers and captains has been continued in 2021, with communication internally and externally. Several measures such as flexible work hours, and working from home, has been promoted to secure a balanced workforce and to create equal opportunities. This also includes dialogue with labour unions for flexible offshore rotation.

Human Rights and Labour standards

The DOF Group embraces practices consistent with international human rights standards and operates in compliance with fundamental as well as local labour standards. The DOF Group's policies and standards are based on International Labour Organisation (ILO) conventions, and they prohibit

any use of forced or child labour. The DOF Group recognises and respects employees' right to freely associate, organise and collectively bargain, and the policies are compliant with working hour requirements as established by local laws.

Several initiatives have been taken during the year to ensure that slavery and human trafficking are not occurring within the supply chain nor in any part of the DOF Group's activities. The Group's human rights and slavery statement is available on the DOF's website. In 2020, Amnesty International ranked DOF in the top five global companies based in the Nordics with the best score related to human rights and responsible employer.

Health, safety, and the working environment

Throughout 2021, the DOF Group has experienced several COVID-19 cases among employees. Some cases resulted in hospitalisation, but there have not been any fatalities. Cases have been handled by regional emergency response teams, in close dialogue with the corporate emergency response team and company doctors.

At the end of the year when the Company started to prepare for a normalisation, the newOMICRON variant hit the DOF Group hard and hundreds of employees were infected. Nevertheless, due to high vaccination rate in DOF, the impact and symptoms of the infection was greatly reduced in most cases.

DOF will in future handle COVID-19 outbreak as an influenza-like infection and be guided by our medical protocols offshore and HR handbooks onshore and loyally follow advice directed by WHO and regional legislation.

The DOF Group strives to improve safety and environmental performance across all worksites, globally. The DOF Group experienced six Lost Time Incidents (LTI) in 2021, which resulted in a Lost time injury frequency rate (LTIFR) of 0.68 LTIs per million man-hours. Combined with eight Medical Treatment Cases and four Restricted Workday Cases, the Total recordable injuries rate (TRIR) was 2.05 recordable incidents per million man-hours.

The DOF Group's ambition is to be an incident free organisation. Through the 'Safe the RITE way' program, the DOF Group has been able to establish a unified safety culture, as well as a stronger safety cooperation with clients, industry partners and suppliers. A survey among our offshore employees early in the year concluded with a strong and unified safety culture build around our values and Safe the RITE way.

In 2021, absence due to illness has been 3.73 per cent, which is above the DOF Group's target of 3 per cent. The working



environment is monitored by various means of activities, including working environment surveys.

Business Integrity and Ethics

Integrity is the core of multiple aspects of the DOF Group's business model, both from an internal and external perspective. As one of the governing core values, the DOF Group has established integrity training throughout the organisation. This seeks to ensure sound business practices and decisions determined and executed in accordance with the DOF Group's Code of Business Conduct, promoting everyone to display professional competence, due-diligence, confidentiality and professional behaviour in everything we do on behalf of the DOF Group.

A new Ethical Helpline was launched in 2019. The helpline is operated by a third-party company and provides a platform for reporting unacceptable conduct when normal reporting lines cannot be used. The helpline allows for communication with the reporters even if they prefer to be anonymous, which can be essential during investigations.

Anti-corruption and anti-bribery

The DOF Group has a zero-tolerance policy for bribery and corruption. The DOF Group's policy is to conduct all business in an honest and ethical manner. The Code of Business Conduct sets clear expectations for all employees and is supplemented by internal training.

It is the desire of the Board of Directors that the DOF Group shall be recognised by its high ethical standards. Anti-corruption and anti-bribery measures are regularly evaluated and assessed to ensure that they are aligned with legal requirements and best practice. There have been no confirmed incidents of corruption during 2021.

Compliance to Law

The DOF Group acknowledges the importance for its internal and external stakeholders of being a reliable partner, compliance is therefore a key topic for the DOF Group. Compliance with both international and local laws and regulations and industry standards is important for the DOF Group. In 2021, there have been no significant fines or non-monetary sanctions for non-compliance with laws and/or regulations in the social and economic area.

External environment

The DOF Group's environmental management system ensures that the operations are effectively managed, and that continuous improvement of environmental performance is achieved. The energy efficiency program of the Group is continuously challenged with the aim to improve environmental performance.

During 2021, the focus on energy efficiency has increased by implementing Key Performance Indicators (KPIs) related to environmental performance, e.g. energy consumption and CO2 emissions. During the year, there have been no major spills to the external environment and no spills that resulted in fines or other non-monetary sanctions from local governments.

Climate change and emissions to the air

The DOF Group has several processes to ensure that direct and indirect climate influencing activities are kept at a minimum and consistent with the DOF Group's overall approach to climate change.

Defining and measuring environmental sustainability and risks associated with the DOF Group's business activities are important. Investments in systems and equipment have been made to record, understand and improve environmental performance. This has been achieved through SEEMP, ISO 14001 and CDP, where the DOF Group achieved a score of B in 2021.

Through continued focus on technologically advanced vessels and an improved environmental culture on all levels of the organisation, the Group strives to achieve the objective of a reduction in CO2 emissions through reduced fuel consumption.

Continuous improvement of operations

It is the view of the Board of Directors that continuous improvement helps to reduce risk, improve performance and align ways of working. Through the DOF Group's improvement program, the DOF Group has streamlined and systematised its improvement work. Based on thorough planning, improvement projects have been carried out through the DOF Group's value chain, focusing on standardisation and improved efficiency. The improvement initiatives will continue in 2022.

Risk Management and Compliance

The global community is witnessing the invasion of Ukraine, and the Company see the repercussions of fractured tensions in international cooperation. However, the DOF Group has not identified any potential exposure to assets or operations in Eastern Europe, specifically Ukraine and Russia. 2022 will undoubtedly be a year that requires strong global governance and effective risk management efforts. As exposed by COVID-19, crises prompt unexpected and unpredictable paths. DOF will continue applying our values as guiding principles of good corporate governance and behaviour. The DOF Group values and Code of Business Conduct are essential to navigating the group through the volatile, complex, and uncertain challenges that we may see unfold in the coming year.



The DOF Group's risk management and internal control are based on the principles in the Norwegian Code of Practice for Corporate Governance. The Board of Director's view is that continuous improvement of the DOF Group's operations in a systematic manner is a necessity in order to manage risks and realise opportunities to ensure efficient operations in line with the stakeholder's expectations.

The DOF Group has established routines for weekly, monthly and quarterly reporting regarding operations, liquidity, financing, investments, HSEQ, HR, taxes and legal performance. Five-year financial forecasts including information on market assumptions are prepared on a regular basis. The DOF Group carries out annually detailed budget processes at all levels. Due to generally challenging markets and the DOF Group's continued weak financial position, the focus on liquidity, profit or loss forecast control and financial compliance control has been high during the year.

The operational and financial processes are standardised, and the same reporting and control structures are in use for all companies in the DOF Group. These processes are integrated in the DOF Group's ERP system and supported by the DOF Group's policies, guidelines and standards in the Business Management System (BMS).

The DOF Group's due diligence processes have been strengthened in recent years and involve the global competence within legal, finance and ESG. The new vendor evaluation database allows management to assess the suppliers and subcontractors towards the DOF Group's requirements for ESG. The process is built upon UN Global Compact guidelines and ISO standards. The new DOF Workbook is the foundation for all the training in the years to come. The modules have a holistic approach and will be the centre of compliance for all our activities as well as the DOF Group stakeholders' expectations for DOF to be a leading company, aligning its activities with the UN's sustainability development goals.

Investment in modern communication tools has enabled global alignment to streamline the organisation, allowing further development of our human and organisational capital.

Alignment towards the Norwegian Transparency act
On 1st of July 2022 the Norwegian Transparency Act will enter into force and DOF has been part of the official hearing process on the new law and given concrete proposal on practical means to obey the intension of Transparency Act based on our experience on how we deal with fundamental human rights and decent working conditions globally. The organisation is aligned and prepared for the new requirements.

Financing and capital structure

The Company's vessels are funded in one fleet loan facility, and by year-end the outstanding amount of this facility was NOK 3.4 billion.

The Board and Management have since 2nd quarter of 2019, been working on a long-term refinancing solution for the DOF Group which includes discussions with secured lenders and the bondholders. The refinancing discussions have continued into 2021 and are still ongoing. Since 2nd quarter 2020 the DOF Group has agreed standstill agreements (including waiver of financial covenants, interest payments and instalments) with its lenders. The current standstill agreements are applicable until the 15th of June with 91% of the secured lenders within the DOF ASA Group (excl. DOF Subsea Group) and 95% of the secured lenders within the DOF Subsea Group. The Company has imposed unilateral standstill to the lender in the loan facility not participating in the standstill agreement.

The Company and the DOF Group's financial position are not sustainable, and a long-term financial solution is necessary to continue as going concern. Due to the ongoing debt restructuring of the Company the debt is classified as current debt. This classification is based on that standstill agreements for debt service with the banks and bondholders are less than 12 months.

The Company and the DOF Group will continue the dialogue with its creditors to secure a long-term financial solution for the Group. Various debt restructuring proposals have been discussed and the proposals include comprehensive restructuring of the Company's and DOF Group's balance sheets, including conversion of debt, reduced amortisation and soft terms on the DOF Group's loan facilities.

The vessels constitute 81% of the Group's total assets, hence the Company's balance sheet is exposed to fluctuations in the valuations of these assets. Due to sustained challenging markets since 2015 the values of the Company's vessels have dropped significantly and by year-end the fair market value of the Company's fleet was below the outstanding secured debt.

Shareholder and the Board

The share capital of the Company at year end 2021 was NOK 203 163 thousand and consist of 67,721 shares. DOF ASA owns all shares in the Company.

DOF ASA has signed a D&O Insurance on behalf of the board members and executive management in the Company to protect against claims which may arise from the



REPORT OF THE BOARD OF DIRECTORS

decisions and actions taken within the scope of their regular duties. The insurance policy is signed with international reputable companies.

Financial performance

Operating income totalled NOK 715.4 million (NOK 759.5 million) and total operating expenses were NOK 455.3 million (NOK 489.5 million). The main reason for reduced revenue in 2021 is less vessels in operations compared to 2020.

The operating profit before depreciation (EBITDA) was NOK 260.2 million (NOK 270 million) and the operating profit (EBIT) was NOK -74.4 million (NOK -395.7 million). The Company's vessels have been impacted by declined values, hence impairments of NOK 167 million (NOK 478.6 million) have been booked in 2021. Net financial items are NOK -157.5 million (NOK -230.9 million). The Company's external debt is nominated in NOK.

Total balance is NOK 2,423.5 million (NOK 2,616.7 million) of which NOK 1,970.9 million (NOK 2,283.9 million) represent non-current assets (vessels) and NOK 452.7 million (NOK 332.8 million) are current assets. Total liabilities are NOK 3,571.7 million (NOK 3,528.2 million) and mainly comprise the fleet loan of NOK 3,372.6 million (NOK 3,373.5 million). The fleet loan is secured with a fleet mortgage comprising vessels owned by the Company and DOF (UK) Limited. The equity is lost and is negative with NOK -1,148.1 million (NOK -911.5 million).

The Company's net cash from operating activities was NOK 219.7 million (NOK 334.7 million), and NOK 185.6 million (NOK 277.3 million) after payment of interest and taxes. Net cash from investing activities was NOK 1.4 million (NOK -30.5 million) and include sale of two vessels and recycled of one vessel. Net cash from financing activities was NOK -247.8 million (NOK -132.5 million).

Risks

Financial risk factors

The Company is exposed to various types of financial risk relating to its ongoing business operations: Market risk (including foreign exchange risk currency risk, interest rate risk and price risk), credit -and liquidity risk, capital structure risk tax risk. The Company's overall risk management seeks to minimise potential adverse effects of the Company's financial performance.

The Company has had a policy to partly hedge interest rate risk and foreign exchange risk, however the financial situation

limits the Company in this respect. This will increase the interest risk and foreign exchange risk going forward.

Market risk

Foreign exchange risk

The Company operates parts of its fleet globally and is to a certain extent exposed to foreign exchange risk arising from various currency exposures, basically NOK, USD and GBP. Foreign exchange risk arises from future commercial transactions, contractual obligations (assets), liabilities and investments in foreign operations.

The Company's reporting currency is NOK. Foreign exchange risk arises when future commercial transactions, contractual obligations (assets) and liabilities are denominated in a currency which is not functional currency. The Company aims to achieve a natural hedge between cash inflows and cash outflows to secure the debt funding in equivalent and currency as the committed earnings from the charter contracts, and further to manage the remaining foreign exchange risk arising from commercial transactions, through forward contracts and similar instruments as appropriate. However, due to the current financial position for the Company, new forward contracts have become more challenging. Hence, the Company's liquidity risk has increased.

Foreign exchange rate changes in receivables, liabilities and currency swaps are recognised as a financial income/expense in the statement of comprehensive income profit or loss statement. Fluctuation in foreign exchange rates will therefore have an effect on the future results and balances. The Company's external debt is in NOK.

Interest risk

The Company's existing debt arrangements are long term loans both with floating and fixed interest rates. Movements in interest rates will have effects on the Company's cash flow and financial condition. The Company's policy is to maintain parts of its debt at fixed interest rates.

The Company has historically managed its interest risk by using floating-to-fixed interest rate swaps. between fixed interest rates and floating interest rates calculated by reference to the agreed amounts. Due to the Company's financial position, it has not been possible to enter into interest rate swap contracts, and the Company's exposure to volatility in interest rates has therefore increased.

Price risk

The Company is exposed to market fluctuations which may result in lower utilisation and earnings from its vessels. Attempts are made to reduce this risk by entering into contracts that secure firm charters for the main portion of the



REPORT OF THE BOARD OF DIRECTORS

fleet. The markets have been challenging for several years which has negatively impacted the earnings and utilisation of the Company's fleet. There are however signs of improved market, but the timing of market recovery remains uncertain.

The Company is exposed to price risk on conversion or replacement of assets and attempts to reduce this risk by entering into long-term contracts and frame agreements with key suppliers.

Credit and liquidity risk

Credit and liquidity risk arises from cash and cash equivalents, derivatives, financial instruments and deposit with banks as well as payment terms towards clients and suppliers. Liquidity risk management implies maintaining sufficient cash and marketable securities, and to maintain available funding through committed credit facilities. The Company has a policy of limiting the credit exposure to any single financial institution and bank, and actively manages its exposure in order to achieve this.

The Company's credit risk has historically been low as the Company's customers traditionally have had good financial capability to meet their obligations and have had high credit ratings. The sustained challenging market situation has resulted in changes to the credit ratings for some of the Group's customers, and thereby increased the credit risk. Historically, the portion of receivables not being collectable has been low.

The Company has waived all main financial covenants after the DOF Group initiated a process with standstill agreements with the lenders in 2020 to secure a long-term financial solution for the group. The DOF Group is dependent on extension of the existing standstill agreements until a long-term solution has been agreed with the lenders.

Going concern

The financial statements are prepared on the assumption of going concern. The Company's and the DOF Group's financial position are not sustainable and there is material uncertainty related to going concern. Rolling short-term standstill agreements with the majority of the DOF Group's lenders have been ongoing since 2nd quarter 2020 and the current standstill agreements are applicable until 15 June 2022. The Company and the DOF Group is on short-term dependent on extension of standstill periods and on longer term dependent on a robust refinancing solution to continue as going concern. The restructuring proposals being discussed with the lenders include conversion of debt to equity in the Company and further in the holding company (DOF ASA). The dialogue with the lenders is constructive, but a refinancing solution

is not yet in place. The Company and the DOF Group are dependent on continued standstill agreements with its creditors until a long-term financial solution is agreed to maintain as going concern.

Events after balance date

The Company and the DOF Group has since year-end extended the standstill agreements on monthly basis and the current agreements are applicable until 15 June 2022.

In March Equinor Energy AS has exercised options to extend the firm periods of the contracts for Skandi Mongstad for 3 years, and Skandi Vega for 2 years, and Shell UK has exercised an option to extend Skandi Kvitøy with 1 year.

The Company has in March and April sold 3 PSVs, Skandi Rona, Skandi Foula and Skandi Sotra. In addition the Company has in March bought the vessel Skandi Barra from DOF UK Ltda.

Allocation of annual result

The annual accounts show a net loss of NOK -236.6 million (NOK -628.7 million), and the Board of Directors proposes to allocate the amount to other equity.

Outlook

The O&G markets have improved and the Company has seen increased demand for its fleet towards the end of the year, and the tender activity has been high so far into 2022. The current situation in Eastern-Europe has however created instability in the world economy and it is difficult to predict how the market will respond to this situation going forward.

The Company's financial position is not sustainable as the Company and the DOF Group have through 2021 operated in an environment with short-term standstill agreements. If a robust long-term refinancing solution is not achieved, the Company cannot continue as going concern which again may result in additional impairment of the Group's assets.

The annual report is prepared on the assumption of going concern and this assumption is based on agreed standstill agreements with the majority of the Company's and the DOF Group's lenders. The debt restructuring currently discussed include soft terms on the loan facilities and conversion of substantial amounts of debt to equity. The dialogue with the lenders has continued to be constructive and progress has been made, but a refinancing solution is not yet in place.

In parallel with the ongoing debt restructuring, the DOF Group has continued the focus on operational and cost



REPORT OF THE BOARD OF DIRECTORS

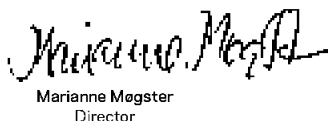
efficiency improvements and on implementation of new technology and digital solutions. In response to the ongoing shift in the energy markets and future customer requirements, the DOF Group has a strong forward-looking focus on developing

strategic opportunities and new lines of business utilising the DOF Group's combined fleet, services, and competence within the limitations of the financial position due to the debt restructuring of the Company and the DOF Group.

Storebø, June 10th, 2022
The Board of Directors for DOF Rederi AS



Mons S. Aase
Chairman / Managing Director



Marianne Møgster
Director



Hilde Drønen
Director



FINANCIAL STATEMENTS / DOF REDERI AS

Financial Statements DOF Rederi AS



FINANCIAL STATEMENTS / DOF REDERI AS

Statement of Profit or Loss

Amounts in NOK thousand	Note	2021	2020
Operating income	5	715 429	759 491
Payroll expenses	6	-268 154	-280 499
Other operating expenses	7	-218 192	-225 056
Net gain (loss) on sale of tangible assets	11	31 085	16 050
Operating expenses		455 261	489 505
Operating profit before depreciation and impairment - EBITDA		260 168	269 986
Depreciation	11	-167 605	-187 060
Impairment	11	-167 000	-478 621
Operating profit - EBIT		-74 437	-395 695
Finance income	8	423	1 516
Finance costs	8	-170 467	-169 649
Realised currency gain/loss	8	-3	-42 492
Unrealised currency gain/loss	8	637	986
Net change in unrealised gain/loss on derivatives	8	11 871	-21 257
Net financial items		-157 540	-230 895
Profit (loss) before taxes		-231 977	-626 590
Tax expense (income)	9	4 656	2 146
Profit (loss) for the year	10	-236 633	-628 736

Statement of Comprehensive Income

Profit (loss) for the year	-236 633	-628 736
Other comprehensive income, net of tax	-	-
Total comprehensive income for the year net of tax	-236 633	-628 736



FINANCIAL STATEMENTS / DOF REDERI AS

Statement of Balance Sheet

Amounts in NOK thousand	Note	31.12.2021	31.12.2020
Assets			
Tangible assets	11.18	1 964 397	2 269 293
Contract cost	12	6 455	14 631
Total non-current assets		1 970 852	2 283 924
Trade receivables	14.23	128 748	82 888
Current receivables group companies	23	215 933	72 505
Other current assets	15	57 464	64 590
Current assets		402 145	219 983
Restricted deposits	16	23	25 637
Cash and cash equivalents	16	50 515	87 147
Cash and cash equivalents included restricted deposits		50 538	112 785
Total current assets		452 683	332 768
Total assets		2 423 535	2 616 692



FINANCIAL STATEMENTS / DOF REDERI AS

Statement of Balance Sheet

Amounts in NOK thousand	Note	31.12.2021	31.12.2020
Equity and liabilities			
Share capital	17	203 163	203 163
Other equity		-1 351 293	-1 114 660
Total equity		-1 148 130	-911 497
Debt to credit institutions	18	-	-
Non-current financial liabilities		-	-
Non-current financial liabilities		-	-
Current debt to credit institutions	18	3 372 563	3 373 549
Trade payable	19,23	132 451	113 191
Other current liabilities	20	66 651	41 449
Current liabilities		3 571 665	3 528 188
Total liabilities		3 571 665	3 528 188
Total equity and liabilities		2 423 535	2 616 692

Storebø, June 10th, 2022
The Board of Directors for DOF Rederi AS



Mons Aase
Chairman



Marianne Møgster
Director



Hilde Drønen
Director



FINANCIAL STATEMENTS / DOF REDERI AS

Statement of Changes in Equity

Amounts in NOK thousand	Share capital	Other equity	Total equity
Balance as of 01.01.2021	203 163	-1 114 660	-911 497
Profit (loss) for the year	-	-236 633	-236 633
Other comprehensive income	-	-	-
Total comprehensive income for the year	-	-236 633	-236 633
Balance as of 31.12.2021	203 163	-1 351 293	-1 148 130
<hr/>			
Balance as of 01.01.2020	203 163	-485 924	-282 761
Profit (loss) for the year	-	-628 736	-628 736
Other comprehensive income	-	-	-
Total comprehensive income for the year	-	-628 736	-628 736
Balance as of 31.12.2020	203 163	-1 114 660	-911 497



FINANCIAL STATEMENTS / DOF REDERI AS

Statement of Cash flows

Amounts in NOK thousand	Note	2021	2020
Operating profit		-74 437	-395 695
Depreciation and impairment	11	334 605	665 681
Profit from sale on non-current assets	11	-31 085	-16 050
Change in trade receivables		-45 860	99 120
Change in trade payable		19 260	-19 156
Change in other working capital		16 457	-7 945
Exchange rate effect on operating activities		755	8 739
Cash from operating activities		219 695	334 695
Interest received		423	1 516
Interest and other finance cost paid		-32 630	-56 691
Tax paid		-1 926	-2 146
Net cash from operating activities		185 562	277 374
Sale of tangible asset	11	77 500	16 050
Purchase of tangible assets	11	-76 125	-45 825
Purchase of contract cost	12		-280
Payments received on long-term receivables			0
Net cash used in investing activities		1 375	-30 055
Repayment of borrowings	19	-104 400	-16 667
Net change in intra group cash pool	25	-143 428	-115 798
Net cash flow from financing activities		-247 828	-132 464
Net changes in cash and cash equivalents		-60 891	114 855
Cash included restricted cash at the start of the period		112 785	48 176
Exchange gain/loss on cash and cash equivalents		-1 356	-50 245
Cash included restricted cash at the end of the period	17	50 538	112 785



Notes to the Financial Statements

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Notes to the Financial Statements

1 Corporate information

DOF Rederi AS is a limited company registered in Norway. The head office is located at Storebø in the municipality of Austevoll, Norway.

The company own offshore vessels for use in industrial offshore activities. The vessel comprise three business segments; Platform Supply Vessels (PSV), Anchor Handling Vessels (AHTS) and Subsea vessel and subsea engineer (Subsea).

The Annual Accounts were approved by the Board of Directors on May 21st 2021.

If not stated otherwise all amounts in the notes are in NOK thousand.

2 Accounting principles

Summary of significant accounting principles

The financial statements of the Company have been prepared and presented in accordance with simplified IFRS pursuant of the Norwegian Accounting Act.

The financial statements have been prepared in accordance with the historical cost convention with the following exceptions: financial instruments at fair value through profit or loss.

Going concern

The financial statements is prepared on the assumption of a going concern. However, the Company's and the DOF Groups's financial position is not sustainable, and there is material uncertainty related to going concern. Rolling short-term standstill agreement with the majority of the DOF Groups's lenders have ongoing since 2nd quarter 2020 and the current standstill agreements are applicable until the 15th of June 2022. The Company and the Group is on short-term dependent on extension of standstill periods and on longer term dependent on a robust refinancing solution to continue as going concern. The restructuring proposals being discussed with the secured lenders includes conversion of debt to equity in the Company and further in the holding company (DOF ASA). The dialogue with the lenders is constructive, but a refinancing solution is not yet in place. The Company and the DOF Group are dependent on continued standstill agreements with its creditors until a long-term financial solution is agreed to maintain as going concern.

If the Company cannot be treated as going concern the valuation of the Company's assets will be further revised and will result in significant impairment of the Company's assets.

Segment reporting

The Company's primary reporting format is determined by business segment which is regularly reviewed by the chief operating decision maker to assess performance and to be able to allocate resources. DOF Rederi AS's Board of Directors is the Company's chief operation decision maker. The company operates within three business segments:

- 1) PSV (Platform Supply vessel)
- 2) AHTS (Anchor Handling Tug Supply Vessel)
- 3) Subsea (Subsea vessel and subsea engineering)

The company's business is reported in the main geographical areas where the customers are located.

Conversion of foreign currency

The Company's financial statements are presented in Norwegian Kroner (NOK).

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the transaction date. Foreign exchange gains and losses resulting from the settlement of such transactions are presented as realised currency gain/loss under financial items. Similarly, the conversion at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised as unrealised currency gain/loss.

Classification of assets and liabilities

Assets are classified as current assets when:

- the asset forms part of the entity's service cycle, and is expected to be realised or consumed over the course of the entity's normal operations; or
- the asset is held for trading; or
- the asset is expected to be realised within 12 months of statement of financial position date

All other assets are classified as non-current assets.

Liabilities are classified as current when:

- the liability forms part of the entity's service cycle, and is expected to be settled in the course of normal production time; or
- the liability is held for trading; or
- settlement of the liability has been agreed upon within 12 months of the statement of financial position date; or
- the entity does not have an unconditional right to postpone settlement of the liability until at least 12 months after the statement of financial position date.

All other liabilities are classified as non-current liabilities.

Cash and cash equivalents

Cash and cash equivalents include cash on hand and deposits held at call with banks. Restricted deposits are classified separate from unrestricted bank deposits under cash and cash equivalents. Restricted deposits include deposits with restriction past twelve months.

Fuel reserves and other inventory

Fuel reserves and other inventory consists mainly of bunker onboard the vessels. Stock is valued at the lower of cost price and fair value. First-in-first-out method is used.

Trade receivables

Trade receivables are amounts due from customers for services performed in the ordinary course of business and classified as current assets. In addition to invoiced amounts, trade receivable also includes accrued, not invoiced revenues when the amounts are independent on future performance. Accrued revenue under lump sum contracts are normally classified as contract assets. These are presented together with trade receivables and specified in the notes.

Trade receivable for which there are no significant financing



component are recognised at nominal amounts less expected credit losses. The Company applies the simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivable and accrued, not invoiced revenue.

Tangible assets and contract cost

Tangible assets are recognised at cost less accumulated depreciation and accumulated impairment losses. The cost of tangible asset comprises its purchase price, borrowing costs and any directly attributable costs of bringing the asset to working condition. If significant, the total expenditure is separated into components which have different expected useful lives.

Depreciation is calculated on a straight-line basis over the useful life of the asset. Depreciable amount equals historical cost less residual value.

Depreciation commences when the asset is ready for use. The useful lives of tangible asset and the depreciation method are reviewed periodically in order to ensure that the method and period of depreciation are consistent with the expected pattern of financial benefits expected to be derived from the assets.

When tangible assets are sold or retired, their cost and accumulated depreciation and accumulated impairment loss are derecognised and any gain or loss resulting from their disposal is included in the profit and loss.

For vessels, residual value is determined based on estimated fair value at the end of their useful lives. The Company's accounting policy for residual values vessels in the PSV, AHTS and Subsea segments are described in note 4.

Impairment of assets

All assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Whenever the carrying amount of an asset exceeds its recoverable amount, an impairment loss is recognised.

The recoverable amount is the higher of an asset's net selling price and value in use. Where there are circumstances and evidence that impairment recognized in previous years no longer exists or has decreased, a reversal of the impairment is recognised.

For further information on the calculation see note 4 'accounting estimates and assessments'.

Periodic maintenance

Periodic maintenance is related to major inspections and overhaul costs which occur at regular intervals over the life of an asset. The expenditure is capitalised and depreciated until the vessel enters the next periodical maintenance. When new vessels are acquired, a portion of the cost price is classified as periodic maintenance based on best estimates.

Ordinary repairs and maintenance costs of assets are expensed as incurred.

Contract costs

Cost of obtaining a contract with customer and costs related to mobilisation of vessel, equipment and personnel are capitalised and amortised in line with the satisfaction of the performance obligation. These costs are defined as contract costs. Contract period is based on best estimates taken into consideration the initial agreed period with probability for options periods. A probability judgement is performed in assessing whether the option period shall be included in the contract period. Contract

costs are classified and presented as other non-current assets. For further information about contract costs, refer to 'Revenue recognition'.

Debt

Debt is recognised initially at fair value, net of transaction costs incurred. Debt is subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the profit and loss over the period of the borrowings using the effective interest method.

Fees paid on the establishment of debt are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Interest expenses related to the borrowing are recognised as part of cost of an asset when the borrowing costs accrue during the construction period of a qualifying asset.

Debt is classified as current liability unless the borrowing involves an unconditional right to postpone payment of the liabilities for more than 12 months from statement of reporting period. The current portion of such debt includes undiscounted instalments due within the next 12 months.

Provisions

Provisions are recognised when, and only when, the Company faces an obligation (legal or constructive) as a result of a past event and it is probable (more than 50%) that a settlement will be required, and a reliable estimate can be made of the obligation amount.

For onerous contracts provisions are made when unavoidable cost of meeting the obligations under the contract exceed the economic benefit to be received under the contract. The unavoidable costs under the contract are the lower of the cost of fulfilling the contract and any compensation or penalties arising from failure to fulfil the contract. From 01.01.2022 the Company will adopt changes in IFRS and increase the cost base by including both direct cost and indirect cost in the calculation of "unavoidable cost".

Provisions are reviewed at the end of each reporting period and adjusted to the best estimate. The best estimate of the expenditure required to settle the present obligation is the amount that rationally will have to be paid, to settle the obligation at the statement of the balance sheet date or to transfer it to a third party at that time. When timing is significant for the amount of the obligation, it is measured at the present value. Subsequent increases in the amount of the obligation due to interest accretion are reported as interest costs.

Contingent assets and liabilities:

Contingent assets are not recognised in the accounts but are disclosed in the notes to the accounts if there is a certain degree of probability that the Company will benefit economically.

Contingent liabilities are defined as:

- possible liabilities resulting from past events, but where their existence relies on future events;
- liabilities which are not reported on the accounts because it is improbable that the commitment will result in an outflow of resources;
- liabilities which cannot be measured to a sufficient degree of reliability.



Contingent liabilities are not reported in the accounts, with the exception of contingent liabilities which originate from business combinations. Significant contingent liabilities are presented in the notes to the accounts, except for contingent liabilities with a very low probability of settlement.

Equity

Ordinary shares are classified as equity.

Transaction costs related to equity transactions, including tax effect of transaction costs, are directly charged against equity.

Revenue recognition

The Company recognises income when it is probable that future economic benefits will flow to the entity and when the amount of income can be reliably measured. Operating income is shown net of discounts, value-added tax and other taxes on gross rates.

Day rate contracts

A day rate contract is a contract where the Company is remunerated by the customer at an agreed daily rate for each day of use of the vessel, equipment, crew and other resources and service utilised on the contract. Such contracts may also include certain lump sum payments.

Under long-term chartering the Company delivers a vessel, including crew, to a client. The charterer determines, within the contractual limits, how the vessel is to be utilised. Under subsea/IRM Projects the Company utilises its vessels, equipment, crew and the onshore project organisation to perform tailor made services on the client's installations and/or assets.

The right to use the vessel fall in under the scope of IFRS 16 'Leases', and revenue is recognised over the lease period on a straight-line basis.

Distinct service components in a contract are accounted for separately from other promises in the contract. Where the contracts include multiple performance obligations, the transaction price is allocated to each performance obligation based on the stand-alone selling prices. Revenue is recognised over time as the services are provided. The stage of completion for determining the amount of revenue to recognise is assessed based on input or an output method. The method applied is the one that most faithfully depicts the Company's progress towards complete satisfaction of the performance obligation. Progress is usually measured based on output methods such as days.

The Company does not recognise revenue during periods when the underlying vessel is off-hire. When the vessel is off-hire, expenses may be incurred and paid by the Company.

Costs incurred relating to future performance obligations are deferred and recognised as assets in the balance sheet. The costs incurred will be expensed in line with the satisfaction of the performance obligation.

Contract cost

Cost incurred relating to future performance obligations are deferred and recognised as assets in the statement of balance sheet. The nature of the asset is incremental cost of obtaining a contract and will be recovered by the revenue over the contract period. Costs related to contract and future performance obligation longer than 12 months are classified and presented as other non-current assets. All other costs for future performance are presented as other current assets. Contract costs incurred will be expensed and presented as operational expenses in line with the satisfaction of the performance obligation.

Variation orders

Additional contract revenue arising from variation orders is recognised when it is probable that the client will approve the variation and the amount of revenue arising from the variation can be reliably measured.

Mobilisation

In contracts where the Company is remunerated for mobilisation or demobilisation of vessel the remuneration is classified as prepayment and amortised over the contract time.

Interest income

Interest income is recognised using the effective interest method.

The shipping tonnage tax regime

The Company is organised in compliance with the tax regime for shipping companies in Norway. This scheme entails no tax on profits or tax on dividends from companies within the scheme. Net finance, allowed for some special regulations, will continue to be taxed on an ongoing basis. In addition tonnage tax is payable, which is determined based on the vessel's net weight. This tonnage tax is presented as an operating expense.

Current and deferred income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting date in the countries where the Company's operate and generate taxable income. Permanent establishment of the operation will be dependent of the Company's vessels amount operating in the period. Tax is calculated in accordance with the legal framework in those countries in which the Company or vessels with permanent establishment operate and generate taxable income.

The Company periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the accounts. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled, see note 4.

Deferred income tax assets are recognised on the balance sheet to the extent it is probable that the future taxable profit will be available against which the temporary differences can be utilised.

Deferred tax is calculated on the basis of temporary differences related to investments in subsidiaries and associated companies, except when the company has control of the timing of the reversal of the temporary differences, and it is probable that reversal will not take place in the foreseeable future.

Both tax payable and deferred tax are recognised directly in equity, to the extent they relate to items recognised directly in equity. Similarly, any tax related to items reported as other comprehensive income is presented together with the underlying item.

Financial assets

The company classifies its financial assets in the following categories: financial instruments at fair value through profit or loss, loans and receivables and available-for-sale. The classification



depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

a) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of profiting from short-term price fluctuations. Derivatives are also categorised as held for trading unless they are designated for hedge accounting. Assets in this category are classified as current assets.

b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the statement of financial position date. Loans and receivables are classified as "accounts receivable" and "other receivables", and as "cash and cash equivalents" in the statement of financial position. Those exceeding 12 months are classified as financial assets. Loans and receivables are carried at amortized cost.

Regular purchases and sales of financial assets are recognised on the trade date – the date on which the Company commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all

financial assets not carried at fair value through profit or loss.

Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in the income statement. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the group has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value.

Gains or losses arising from changes in the fair value of the "financial assets at fair value through profit or loss" category, including interest income and dividends, are presented in the income statement within financial income or financial loss in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognised in the income statement as part of financial income when the Company's right to receive payments is established. The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Group establishes fair value by using valuation techniques.

The company assesses at statement of financial position date whether there is objective evidence that a financial asset or a Company of financial assets is impaired. See separate paragraph in the note regarding trade receivables.

Derivative financial instruments

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured on a continuous basis at their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Company has various types of hedging relationships that are not documented as hedge accounting and measured at their fair value with the resulting gain or loss recognised immediately in the income statement.

The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months, and as a current asset or

liability when the remaining maturity is less than 12 months. Trading derivatives are classified as a current asset or liability.

Subsequent events

New information and other events that provide evidence of conditions that existed at end of the reporting period is included in the accounts. Events occurring after the reporting period, which do not impact the Company's financial position, but which have a significant impact on future periods, are disclosed in the notes to the accounts.

Use of estimates

The preparation of financial statements in conformity with simplified IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 4. Changes in accounting estimates are recognised for the period in which they occurred. If the changes also apply to future periods, the effect of the change is distributed over current and future periods.

Statement of cash flows

The statement of cash flow is prepared in accordance with the indirect model.

Government grants

The Company recognises grants when it is reasonably secured that it will comply with the required conditions for the grant and the grant will be received. The Company receive grants related to net salary scheme for crew onboard vessels. Government grants are presented as a deduction in the payroll expenses in the Income Statement

3 Financial risk management

Financial risk factors

The Company is exposed to various types of financial risk relating to its ongoing business operations: Market risk (including foreign exchange risk currency risk, interest rate risk and price risk), credit -and liquidity risk, capital structure risk tax risk. The Company's overall risk management seeks to minimise potential adverse effects of the Company's financial performance.

The Company has had a policy to partly hedge interest rate risk and foreign exchange risk, however the financial situation limits the Company in this respect. This will increase the interest risk and foreign exchange risk going forward.

Market risk

Foreign exchange risk

The Company operates parts of its fleet globally and is to a certain extent exposed to foreign exchange risk arising from various currency exposures, basically NOK, USD and GBP. Foreign exchange risk arises from future commercial transactions, contractual obligations (assets), liabilities and investments in foreign operations.

The Company's reporting currency is NOK. Foreign exchange risk arises when future commercial transactions, contractual obligations (assets) and liabilities are denominated in a currency which is not functional currency. The Company aims to achieve a natural hedge between cash inflows and cash outflows to secure the debt funding in equivalent and currency as the committed earnings



from the charter contracts, and further to manage the remaining foreign exchange risk arising from commercial transactions, through forward contracts and similar instruments as appropriate. However, due to the current financial position for the Company, new forward contracts have become more challenging. Hence, the Company's liquidity risk has increased.

Foreign exchange rate changes in receivables, liabilities and currency swaps are recognised as a financial income/expense in the statement of comprehensive income profit or loss statement. Fluctuation in foreign exchange rates will therefore have an effect on the future results and balances.

The Company's external debt is in NOK.

Interest risk

The Company's existing debt arrangements are long term loans both with floating and fixed interest rates. Movements in interest rates will have effects on the Company's cash flow and financial condition. The Company's policy is to maintain parts of its debt at fixed interest rates.

The Company manages its interest risk by using floating-to-fixed interest rate swaps. Such interest swaps have the economic effect of conversion from floating to fixed interest rates. Through interest rate swaps, the Company agrees with other parties to exchange, at specified intervals the difference between fixed interest rates and floating interest rates calculated by reference to the agreed amounts. Due to the Company's financial position the banks are reluctant to enter into any interest rate swap contracts and the Company's exposure to volatility in interest rates has increased.

Derivatives are classified as a current asset or liabilities. The full fair value of a hedging derivative is classified as a non-current asset or liability if the remaining maturity of the hedged items is more than 12 months and, as a current asset or liabilities, if the maturity of the hedged items is less than 12 months.

Price risk

The Company is exposed to price risk at two main levels:

- The demand for the Company's vessels is sensitive to changes to changes in the oil industry, for example oil price movements, exploration and general activity level within the offshore energy industry. This can affect both the pricing and the utilization of the Company's assets.
- The costs of construction of new assets and replacements of assets are sensitive to changes in market prices.

The Company attempts to reduce price risk by long-term contracts and frame agreements with key suppliers.

The Company is exposed to market fluctuations which may result in lower utilisation and earnings from its vessels. Attempts are made to reduce this risk by entering into contracts that secure long-term charters for the main portion of the fleet. The markets in 2021 have continued to be challenging which has negatively impacted the earnings and utilisation of the Company's fleet. There are signs of improved market, but the timing of market recovery remains uncertain.

Credit and Liquidity risk

Credit and liquidity risk arises from cash and cash equivalents, derivatives, financial instruments and deposit with banks as well as payment terms towards clients and suppliers. Liquidity risk management implies maintaining sufficient cash and marketable securities, and to maintain available funding through committed credit facilities. The Company has a policy of limiting the credit exposure to any single financial institution and bank, and actively manages its exposure in order to achieve this.

The Company's credit risk has historically been low as the Company's customers traditionally have had good financial capability to meet their obligations and have had high credit ratings. The sustained challenging market situation has resulted in changes to the credit ratings for some of the Group's customers, and thereby increased the credit risk. Historically, the portion of receivables not being collectable has been low.

The Company has waived all main financial covenants. The Group initiated a process to secure a long-term refinancing solution for the Group in 2019, however after the disruptive events in 1st quarter 2020, standstill agreements were agreed in 2nd quarter 2020 to secure sufficient liquidity for the Group. The Group is dependent on extension of the existing standstill agreements until a long-term solution has been agreed.

The Company has routines to report cash flow forecasts on a regular basis in order to monitor the future cash position.

The Company's loan agreements include terms, conditions and covenants, see note 18.

Capital structure and equity

The restructuring of the Company's long-term debt is ongoing and standstill agreements have been agreed until the 15th of June 2022 with 91% of the secured lenders within the DOF ASA and DOF Rederi AS and 95% of the secured lenders within the DOF Subsea Group. In Norskan Offshore Ltda. a standstill agreement has been agreed for the facilities with the international banks. The DOF Subsea standstill agreements further assume payment of principal and interest of a NOK 100 million extraordinary credit facility provided by certain lenders in March 2020. The outstanding amount of this facility was NOK 47 million by year end. The relevant Group companies have imposed unilateral standstill to the secured lenders not participating in the standstill agreements. One of the DOF Subsea secured lenders has previously requested repayment of approximately USD 47 million and in 3rd quarter 2021 this facility was repaid at a significant discount. Another secured lender has enforced account pledge for one loan facility in DOF Subsea.

The Company's financial position is not sustainable, and a long-term financial solution is necessary to continue as going concern. Due to the ongoing debt restructuring of the Group, the vast majority of the Group's secured and unsecured debt has in accordance with IFRS, been classified as current debt as per 31st of December 2021. This classification is based on that standstill agreements for debt service with the banks and bondholders are less than 12 months. The Company and the Group is dependent on a robust refinancing solution and the refinancing proposal currently discussed include a comprehensive restructuring of the Group's balance sheet which include conversion of debt to equity in the Company and further in the holding company (DOF ASA).

Under normal circumstances the main objective when managing the capital structure is to ensure that the Company is able to sustain an acceptable credit rating and thereby achieve favorable and conditions for long term funding suitable for the Company's operations and growth. The Company manages its own capital structure and carries out all necessary amendments to the capital structure, based on continuous assessments of the economic conditions under which the operations take place and the short and medium to long term outlook. The Company monitors its capital structure by evaluating the loan to value ratio on its vessels, and the ratio of debt to equity.



4 Accounting estimates and assessments

When preparing the annual accounts in accordance with simplified IFRS, the company management has applied estimates based on best judgement and conditions considered to be realistic. Situations or changes may occur in the markets which may result in changes to the estimates, thereby impacting the Company's assets, liabilities, equity and result.

Assessments, estimates and assumptions which have a significant effect on the accounts are summarised below:

Debt to credit institutions

Debt to credit institutions have been presented as current debt as a result of not having a long-term financial solution in place or waivers covering more than 12 months after balance sheet date. Agreement on a new long-term financing solution or waiver of more than 12 months' duration will result in changes in the presentation of debt to credit institutions. For further information about debt to credit institutions and bondholders, see note 18 'Interest-bearing debt'.

Vessels

The carrying amount of the Company's vessels represents 81% of the total balance. Consequently, policies and estimates linked to the vessels have a significant impact on the Company's financial statements. Depreciation is calculated on a straight-line basis over the useful life of the asset. Depreciable amount equals historical cost less residual value.

Useful life of vessels

The level of depreciation depends on the vessels estimated useful lives. Useful life and economic life of the Company's vessels are estimated to be 30 years. Useful life of older vessels is individually assessed. There will always be a certain risk of events like breakdown, obsolescence e.g. with older vessels, which may result in a shorter useful life than anticipated.

Useful life of vessels is based on knowledge of the market and years of operations of these types of vessels. In addition, impact of climate risk has been considered when determining economic life. The economic life of the vessels and the risk of stranded assets will depend on the Company's ability to reach the EU's climate and energy targets for 2030 and the objectives of the European green deal. A short or longer economic life will in turn affect the value of the Group's vessels and equipment as well as future depreciation.

The Company's vessel operations are the significant driver for the Company's climate footprint and the Company has for many years systematically worked to reduce the total climate footprint. The Company's overall goal is to reduce emissions per operational day by 3% each year towards the foreseeable future through various methods, using digital tools, deep learning, machine learning, data collection, and further increasing the competence and operational environmental awareness by the workforce. The DOF Group is adapting to the zero-mindset emission philosophy and is on track to reach IMO requirements to reduce the DOF Groups CO2 footprint by 40% within 2030 compared to the starting point in 2008.

There will always be a risk that a change in regulation and the market's requirements for sustainable operation may affect the economic life of the Company's vessels and in turn increase the risk of asset being stranded. The DOF Group has therefore established various projects that continuously assess changes in climate risk and possible mitigating measures to manage the climate risk and the risk of stranded assets. Established strategies and the concrete plans are evaluated to be sufficient to mitigate the risk of stranded assets and to ensure economic life of 30 years.

For more information about the Group's projects and activities related to emissions and energy reduction, see DOF ASA 's Integrated Annual report for 2021, Sustainability section.

Residual value of vessels

The level of depreciation depends on the calculated residual value. The residual value has been set to zero after 30 years as the cost of increasing environmental requirements related to disposal of vessels are estimated to offset the scrap value of the steel.

Useful life of investments related to periodical maintenance

Periodic maintenance is related to major inspections and overhaul costs which occur at regular intervals over the life of an asset. The expenditure is capitalised and depreciated until the vessel enters the next periodical maintenance. Estimated life of each periodical maintenance program is normally 5 years. When new vessels are acquired, a portion of the cost price is classified as periodic maintenance based on best estimates.

Impairment of assets

Vessels

For the purposes of assessing impairment for vessels, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units, "CGU"). Each vessel together with associated contracts is considered as a separate CGU.

Fair value less cost to sell

For vessels, fair value less cost to sell is based on an average of the brokers' estimates, taken into account sales commission. For vessels older than 10 years within the PSV and AHTS segment the Company has used the lower value in the range of broker estimates. All vessels in the Company are assessed by obtaining independent broker estimates. The brokers' estimates are based on the principle of 'willing buyer and willing seller'. Broker estimates include mounted equipment and assume that the vessels are without any charter contracts (i.e. charter-free basis). The Company adjusts for positive or negative value in associated contracts.

Due to a limited number of vessel transactions in the current market, the brokers' estimates only to a limited extent represent the results of transactions in the market. Because of this, the broker estimates are more influenced by the judgement of each broker. For this reason, the Company has sought to substantiate the broker valuations, inter alia with value in use calculations or tests of reasonableness of implicit rates and other assumptions derived from the valuations.

After the evaluation, the Company has concluded that the broker estimates are considered reliable.

Value in use

For vessels fixed on firm long-term contracts, the assumption is that the contracts run up until expiry of the contracts. Options held by the customers are not assumed to be exercised, unless the options are at or below current market rates. For vessels without a contract, assumptions derived from the evaluation of broker estimates, combined with other market information are considered when estimating future revenues. The Group has seen increased activity during 2021 and high tender activity into 2022. It is however, too early to conclude on a market recovery, hence, future earnings are difficult to forecast. The market is expected to be a weak for the next 1-2 years, and gradually normalised to sustainable levels thereafter. Due to the current market situation there is a high level of uncertainty related to the estimates.

Estimated cash flows are based on next year's budgets per vessel and forecasted earnings going forward. The budget process is a detailed and thorough bottom-up budgeting process at all levels of the organisation, with approval procedures on all levels within the Company. Estimated future cash flows are based on historical performance per vessel, in combination with current market



situation and future expectations. Critical assumptions in the assessment are related to income rates, utilisation, operational and capital expenditure.

For vessels fixed on firm long-term contracts, the assumption is that the contracts run up until expiry of the contracts. Options held by the customers are not assumed to be exercised, unless the options are at or below current market rates. For vessels without contract, assumptions derived from the evaluation of broker estimates, combined with other market information are considered when estimating future revenues. The Company has seen increased activity during 2021 and high tender activity into 2022. It is however, too early to conclude on a market recovery, hence, future earnings are difficult to forecast. The market is expected to be a weak for the next 1-2 years, and gradually normalised to sustainable levels thereafter. Due to the current market situation, there is a high level of uncertainty related to the estimates.

The Weighted Average Cost of Capital (WACC) is used as a discount rate and reflects a normalised capital structure for the industry. The WACC represents the rate of return the Company is expected to pay to its sources of finance for cash flows with similar risks. Cash flows are calculated after tax and discounted with an after tax discount rate. The nominal WACC used in the value in use calculations are ranging from 9.0%-9.3%

Sensitivity analysis or stress tests have been carried out for the main variables in the assessment. This includes changes to key assumptions such as broker estimates, operating income, operating expenses and the discount rate.

Tax risk

Changes in tax regimes may adversely affect the Company's cash flow and financial conditions. The company is subject to special tax rules for ship owners in the Norwegian Taxation Act. These tax rules stipulate certain requirements which will have to be met. A failure to meet such requirements may have an adverse effect on the effective tax rate of the Company. The Company is also subject to transfer pricing regulations in various jurisdictions which might impose the tax risk for the Company.



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5 Operating income

Business segment

DOF Rederi AS operates within three business segments in terms of strategic areas of operation and vessel types. The three different business segments are: PSV (Platform Supply Vessel), AHTS (Anchor Handling Tug Supply Vessel) and Subsea (Subsea vessel and subsea engineering).

2021					
Business segment	PSV	AHTS	Subsea	Other	Total
Freight revenues	434 266	131 645	131 652		697 563
Other operating income	8 252	5 631	3 697	285	17 866
Total operating income	442 518	137 277	135 348	285	715 429

2020					
Business segment	PSV	AHTS	Subsea	Other	Total
Freight revenues	447 980	119 668	172 415	-	740 063
Other operating income	10 209	3 852	5 367	-	19 429
Total operating income	458 189	123 520	177 782	-	759 491

Geographical	2021		2020	
	NOK	Ratio %	NOK	Ratio %
Norway	396 937	55%	466 780	61%
United Kingdom	117 306	16%	72 332	10%
Australia	92 684	13%	76 488	10%
Brasil	81 942	11%	111 021	15%
Guyana	22 448	3%	3 305	0%
Netherlands, The	-	0%	20 561	3%
United States	-	0%	6 901	1%
Other	4 112	1%	2 103	0%
Total operating income	715 429	100%	759 491	100%

6 Payroll expenses

	2021	2020
Payroll and other remunerations	204 006	225 112
Hired personnel	23 661	17 004
Travel costs	21 499	22 120
Other personnel costs	18 989	16 262
Total	268 154	280 499

Government grants related to the net salary scheme for vessels are reported as a reduction in payroll costs of NOK 59 870 thousand (NOK 50 042 thousand).

The Company has no employees, but hire crew personnel from affiliated company DOF Management AS and external parties.

The Company is not obligated to have an occupational pension scheme in accordance with mandatory occupational pension regulations.

There were no loans and guarantees issued to related parties.

There were no remunerations or other compensations paid to Board members as at 31 December 2021 and 31 December 2020. Managing Director (hereafter MD) has not received any remunerations or payroll from the Company. Bonus agreement is in force for MD, based on the DOF ASA Group's result.

Please see further disclosures regarding MD remunerations and compensations in DOF ASA Consolidated Financial Statements for FY 2021.



FINANCIAL STATEMENTS / DOF REDERI AS

7 Other operating expenses incl auditors remuneration

Other operating expenses consists of:	2021	2020
Maintenance and repair services	73 933	76 442
Management fees for ship management	32 457	33 569
Consultant fees	2 105	3 256
Corporate management fees	12 205	14 611
Electronic communication expenses	19 169	21 184
Insurance related expenses	23 554	23 284
Other expenses	54 769	52 710
Total	218 192	225 056

Specification of auditor's fee:	2021	2020
Audit	675	903
Tax consultation	15	50
Attestation services	25	-
Total	238	953

Auditor's fees are exclusive VAT.

8 Financial income and expenses

	2021	2020
Interest income Group companies	342	658
Other interest income	80	858
Financial income	423	1 516
Interest costs Group companies	-17 363	-16 745
Other interest costs	-143 344	-138 314
Other financial costs	-9 761	-14 589
Financial costs	-170 467	-169 649
Net gain/(loss) on currency derivatives	755	-2 626
Net gain/(loss) on cash	-1 357	-50 245
Net gain/(loss) on operational capital	598	10 380
Net realized gain/loss on currencies	-3	-42 492
Net gain/(loss) on operational capital	637	986
Net unrealized gain/loss on currencies	637	986
Net change in unrealised gain/loss on interest swap	11 871	-21 257
Net change in unrealized gain/loss on derivatives	11 871	-21 257
Total	-157 540	-230 895



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9 Tax

The Company is organized in compliance with the tax regime for shipping companies in Norway. This scheme entails no tax on profits or tax on dividends from companies within the scheme. Net finance, allowed for some special regulations, will continue to be taxed on an ongoing basis. In addition tonnage tax is payable, which is determined based on the vessel's net weight. This tonnage tax is presented as an operating expense.

The tax consists of:	2021	2020
Tax payable abroad	4 656	2 146
Change in deferred tax		-
Adjustment in respect to prior years		-
Tax cost/(income)	4 656	2 146
Reconciliation of nominal and effective tax rate		
Profit before tax	-231 977	-626 590
Estimated tax cost 0 %	-	-
Reason for difference between actual tax cost and estimated tax cost		
Tax payable abroad	4 656	2 146
Change in deferred tax		-
Adjustment in respect to prior years		-
Deviation from estimated tax cost	4 656	2 146
Taxable finance income (loss)	-54 748	-51 583
Finance loss	-54 748	-51 583
Basis of deferred tax	31.12.2021	31.12.2020
Finance loss - carried forward	-333 710	-278 962
Finance loss - not included in basis for calculation of deferred tax	333 710	278 962
Basis for calculation deferred tax	-	-
Net deferred tax	-	-

10 Earnings per share

Ordinary earnings per share are calculated based on the annual result payable as the relationship between the annual result for the year to the shareholders and the weighted average of outstanding ordinary shares throughout the financial year. There are no instrument that allow the possibility of dilution.

Basis for calculation of earning per share	2021	2020
Profit for the year	-236 633	-628 736
Earnings per share (NOK)	-3 494	-9 284
Average number of shares	67 721	67 721



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11 Tangible assets

2021	Vessels	Contract costs	Periodic maintenance	Total
Acquisition cost as of 01.01.2021	5 611 480	-	399 907	6 011 387
Reclassification	-	-	-	-
Additions	4 922	-	71 203	76 125
Disposals	-660 035	-	-114 739	-774 774
Acquisition cost as of 31.12.2021	4 956 367	-	356 371	5 312 737
Depreciation as of 01.01.2021	1 379 090	-	216 815	1 595 905
Reclassification	-	-	-	-
Depreciation for the year	106 777	-	60 828	167 605
Depreciation on disposals for the year	-264 709	-	-101 294	-366 003
Depreciation 31.12.2021	1 221 158	-	176 349	1 397 507
Impairment 01.01.2021	2 146 001	-	188	2 146 189
Impairment	167 000	-	-	167 000
Impairment on disposals for the year	-362 168	-	-188	-362 356
Impairment 31.12.2021	1 950 833	-	-	1 950 833
Book value 31.12.2021	1 784 376	-	180 022	1 964 397
Depreciation period	30 years	3-5 years	30-60 months	
Depreciation method	Straight line	Straight line	Straight line	
2020	Vessels	Contract costs	Periodic maintenance	Total
Acquisition cost as of 01.01.2020	5 718 796	25 693	365 130	6 109 619
Reclassification	-	-25 693	-	-25 693
Additions	2 072	-	43 753	45 825
Disposals	-109 388	-	-8 976	-118 364
Acquisition cost as of 31.12.2020	5 611 480	-	399 907	6 011 387
Depreciation as of 01.01.2020	1 280 495	3 166	154 664	1 438 325
Reclassification	-	-3 166	-	-3 166
Depreciation for the year	120 534	-	66 527	187 061
Depreciation on disposals for the year	-21 938	-	-4 377	-26 315
Depreciation 31.12.2020	1 379 090	-	216 815	1 595 905
Impairment 01.01.2020	1 759 617	-	-	1 759 617
Impairment	473 833	-	4 788	478 621
Impairment on disposals for the year	-87 450	-	-4 600	-92 049
Impairment 31.12.2020	2 146 001	-	188	2 146 189
Book value 31.12.2020	2 086 389	-	182 904	2 269 293
Depreciation period	30-35 years	3-5 years	30-60 months	
Depreciation method	*	**	Straight line	

Useful life and residual value

Useful life and economic life of the Company's vessels are estimated to be 30 years. The level of depreciation depends on the calculated residual value. The residual value has been set to zero after 30 years as the cost of increasing environmental requirements related to disposal of vessels are estimated to offset the scrap value of the steel.

Disposals

The Company has sold three vessels in 2021, Skandi Buchan, Skandi Texel and Skandi Admiral. Gain on sale of the disposals are related to sale of these three vessels.

Impairment

The continued weak market during the year has had a negativ impact on both earnings and utilization of the Company's fleet, in addition to the vessel values. The weakening market has resulted in impairment of vessels and equipment totaling NOK 167 million in 2021 (NOK 479 million).



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11 Tangible assets (continued)

For the Company 21 vessels have been impaired during the year which is divided in the following segments:

Age	Number of vessel impaired			Book value 31.12.2021 impaired vessels			Impairment			Total
	PSV	AHTS	CSV	PSV	AHTS	CSV	PSV	AHTS	CSV	
0-10 years	3	1	1	394 289	502 082	177 599	60 000	16 000	4 000	80 000
11-15 years	1		2	128 014		137 870	4 500		64 000	68 500
15+ years	3		1	61 208		64 784	6 000		12 500	18 500
Total	7	1	4	583 511	502 082	380 253	70 500	16 000	80 500	167 000

For further information see note 4 Accounting estimates and assessments.

Sensitivity analyses of impairment

While testing the reasonableness of the broker estimates the Company has applied a nominal WACC after tax in the range of 9.0 - 9.3 %.

The valuation of the vessels are sensitive for changes in WACC, USD/NOK rate and earnings. Negative changes in WACC with 50 basis points will result in an additional impairment of the vessels with NOK 122 million and a drop in USD/NOK 0,50 will result in an additional impairment of the vessels with approx. NOK 92 million. Negative effect on net future cash flows with 20% will result in an additional impairment of the vessels with approx NOK 443 million

12 Contract costs

2021	2021	2020
Acquisition cost as of 01.01.	25 973	
Reclassification		25 693
Additions		280
Disposals		
Acquisition cost as of 31.12	25 973	25 973
Depreciation as of 01.01.	11 342	-
Reclassification		3 166
Depreciation for the year	8 176	8 176
Depreciation on disposals for the year	-	-
Depreciation 31.12	19 518	11 342
Book value 31.12.2021	6 455	14 631
Depreciation period	3-5 years	3-5 years

Contract cost are depreciated during the contract period.

The Group has presented and recognised contract cost as intangible asset in accordance with policies described in note 2 'Accounting policies'. The main part of the contract costs is related to mobilisation of vessels, equipment and offshore personnel.

Amortisation of contract costs are recognised over the contract period of the related contract.



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13 Lease agreements

As of 31 Dec 2021 the Company has no lease agreements where the Company acts as a lessee.

14 Trade receivable

	2021	2020
Trade receivable at nominal value	104 591	75 902
Earned, not invoiced income	26 971	9 192
Provision for bad debts	-2 813	-2 205
Total	128 748	82 888

The Companys credit exposure is mainly towards customers who historically have had good financial capability to meet their obligations. The Companys credit risk to clients is considered low, and losses have historically been low. The current demanding market have increased the credit risk, however it is still considered to be acceptable.

	Total	Not matured	<30d	30-60d	60-90d	>90d
2021	104 591	83 426	15 182	-	195	5 788
2020	75 902	60 736	13 296	6	-	1 864

Trade receivable divided on currencies:

	2021			2020		
	Currency	NOK	Ratio %	Currency	NOK	Ratio %
USD	5 522	48 698	38%	2 699	23 029	28%
NOK		40 042	31%	-	42 269	51%
AUD	3 855	24 576	19%	1 060	6 984	8%
GBP	1 302	15 432	12%	911	10 606	13%
Other currencies		-	0%		-	0%
Total		128 748	100%		82 888	100%

Trade receivable from 3rd parties (including earned, not invoiced income) totaling NOK 114 911 thousands pr. 31.12.2021 (NOK 75 733 thousand pr. 31.12.2020).

15 Other current assets

	2021	2020
Fuel reserves and other consumables	19 102	15 379
Prepaid expenses	34 266	34 004
Insurance claims	3 114	15 207
Government taxes (VAT and other tax refund)	983	-
Total	57 464	64 590



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16 Cash and cash equivalents

	2021	2020
Restricted deposits	23	25 637
Bank deposits	50 515	87 147
Total	50 538	112 785

17 Share capital and share information

DOF Rederi AS sharecapital is totaling NOK 203 163 thousands and consists of 67 721 shares, each with nominal value of NOK 3.000.

All company's shares have the same rights and there are not existing rights that could result for new shares issue. DOF ASA owns 100% of the shares in the company.

DOF ASA has its headquarters at Storebø in Austevoll municipal in Norway. Consolidated financial statements can be acquired by visiting DOF ASA Group web page. www.dof.com.

18 Interest bearing debt

Liabilities to credit institutions

The Board and Management in the parent company DOF ASA have, since the second quarter of 2019, been working on a long-term refinancing solution for the DOF ASA Group (the Group) which includes discussions with secured lenders and the bond holders.

The restructuring of the DOF Groups long -term debt is ongoing and standstill agreements have been agreed until the 15th of June 2022 with 91% of the secured lenders in DOF ASA and DOF Rederi AS and with 95% of the lenders in DOF Subsea Group. The standstill agreement includes waiver of financial covenants, interest payments and instalments. The Company has imposed unilateral standstill to the lender in the loan facility not participating in the standstill agreements.

The dialogue with the lenders has continued to be constructive and progress has been made so far into 2022. There are still some issues pending, hence a refinancing solution is not yet in place. The debt restructuring proposal currently discussed includes comprehensive restructuring of the Company's and DOF Group's balance sheets, including conversion of debt, reduced amortisation and soft terms on the DOF Group's loan facilities

The Company's debt are, in accordance with IFRS, classified as current debt at the 31st of December 2021. The classification is based on the Company's financial situation and standstill agreements of debt service with the banks.

The external financing of the Company is mortgaged loans, secured with the company's vessels and in addition one vessels owned by DOF (UK) Limited, (100% owned by DOF ASA). All financial covenants related to the mortgaged loans are measured against the guarantor DOF ASA.



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18 Interest bearing debt (continued)

As part of the current standstill agreement the following financial covenants have been waived in DOF ASA per 31.12.2021:

- The Group shall on a consolidated basis have a book equity of at least NOK 3,000 million.
- The Group (excluding DOF Subsea AS and its subsidiaries) shall at all times have available liquidity of at least NOK 500 million.
- The fair market value of the vessels shall at all times to be at least 100% of the outstanding debt.

Other main financial covenants in DOF ASA are the following:

- Certain change of control clauses related to Møgster Offshore AS' ownership in DOF ASA.
- DOF ASA shall be listed on the Oslo Stock Exchange.

In addition, normal terms and conditions for this type of loans apply, such as full insurance of the Group's vessels and restrictions regarding changes of classification, management and ownership of the vessels.

Non-current interest bearing liabilities	2021	2020
Debt to credit institutions	-	-
Non-current liabilities group companies	-	-
Total non current interest bearing liabilities	-	-

Current interest bearing liabilities	2021	2020
Current liabilities to credit institutions	3 315 265	3 350 319
Current liabilities to group companies	-	-
Total current interest bearing liabilities	3 315 265	3 350 319

Total interest bearing liabilities	3 315 265	3 350 319
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Average rate of interest	4.20%	4.16%
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Current debt to credit institutions in the balance sheet includes accrued interest of NOK 57.3 million (NOK 23.2 million). Accrued interest expenses are not included in the figures above.

Liabilities secured by mortgage	2021	2020
Debt to credit institutions incl current debt	3 315 265	3 341 986
Debt to group companies (non - current)	-	-
Total liabilities	3 315 265	3 341 986
Assets provided as security	1 964 397	2 269 293
Book value of assets pledged as security*	28 369	31 003
Total assets provided as security	1 992 767	2 300 296

* includes one vessel owned by DOF (UK) Limited.

For loans issued directly to ship-owning subsidiaries of DOF ASA, a parent company's guarantee has been issued for the nominal amount of the loans in addition to interest accrued at any given time.

All debt are in NOK currency.



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19 Trade payables

	2021	2020
Trade payable at nominal value	82 947	52 244
Accrued expences	49 504	60 947
Total	132 451	113 191

Trade payables divided on currencies:

	2021			2020		
	Currency	NOK	Ratio %	Currency	NOK	Ratio %
NOK		57 706	44%		61 460	54%
USD	6 017	53 067	40%	4 235	36 135	32%
AUD	1 570	10 010	8%	1 617	10 654	9%
EUR	895	8 940	7%	169	1 770	2%
GBP	229	2 713	2%	71	827	1%
Other currencies:		16	0%		2 344	2%
Total		132 451	100%		113 191	100%

20 Other current liabilities

	2021	2020
Accrued interest	62 302	27 879
Financial derivatives	1 386	13 257
Other liabilities	2 963	313
Total	66 651	41 449



FINANCIAL STATEMENTS / DOF REDERI AS

21 Hedging activities

As of 31 December 2021, the Company has one interest rate swap contracts. The table below displays the fair value of obligations and rights at year end.

The table below displays the fair value of derivative financial instruments as of 31 December 2021;

	2021		2020	
	Assets	Liabilities	Assets	Liabilities
Interest rate swaps	-	1 386	-	13 257
Foreign exchange forward contract	-	-	-	-
Total	-	1 386	-	13 257

Derivatives are classified as a current asset or liabilities. The full fair value of a hedging derivative is classified as a non-current asset or liability if the remaining maturity of the hedged items is more than 12 months and, as a current asset or liabilities, if the maturity of the hedged items is less than 12 months.

22 Guarantee commitments

The company has no guarantee commitments other than its non-current liabilities per end December 2021.



FINANCIAL STATEMENTS / DOF REDERI AS

23 Related parties

Further description of the related parties and company's relations to those:

Møgster Offshore AS owns 31,6 % of the shares in DOF ASA. Laco AS is major shareholder in Møgster Offshore AS.

Møgster Management AS delivers administration services to DOF ASA. Møgster Management AS is owned by Laco AS, which is major shareholder for Møgster Offshore AS.

Austevoll Eiendom AS is subsidiary of the Laco AS. DOF ASA leases premises from Austevoll Eiendom AS.

Brødrene Birkeland AS is subsidiary of the Laco AS. DOF Rederi leases quay berth from Brødrene Birkeland AS.

Fitjar Mekaniske Verksted AS delivers maintenance services to the company's vessels. Fitjar Mekaniske Verksted AS is owned by Laco AS.

Remunerations for Board members and Managing Director are disclosed in the note 6.

Intercompanies and loans balances with DOF Group companies are disclosed below.

The Company was engaged in the following transactions with related parties:

	2021	2020
a) Sales of services		
- Affiliated company (rental of the vessel)	119 305	183 712
- Affiliated company (sale equipment)	-	471
Total	119 305	184 183

b) Purchase of services and goods

- Parent company (corporate fees)	12 205	14 611
- Affiliated companies (management services)	35 058	35 144
- Affiliated company (IT services)	8 847	7 002
- Affiliated company (Vessel repairs)	8 772	138
- Affiliated company (Quay berth)	2 621	1 999
- Affiliated company (Rental of the vessel ROV)	63 604	67 070
- Affiliated companies (back to back)	130 771	149 512
Total	261 879	275 475

c) Loans to/from companies in the same Group and intra-group balances

Specification of the intra-group balances	2021	2020
Trade receivable from companies in the group	13 837	5 485
Current receivables from companies in the group*	237 706	95 871
Total	251 543	101 357
Other current liabilities group companies *	5 004	4 650
Trade payable to companies in the group	74 050	55 695
Total	74 050	55 695

* Current receivables and liabilities group companies include deposits under Group's cash pool.

** Loan to the group companies and loan from group companies are interest-bearing. Please see note 8 for further details regarding interest costs.



FINANCIAL STATEMENTS / DOF REDERI AS

24 Contingencies

The Company has no contingent liabilities per end December 2021.

25 Subsequent events

New contracts

Equinor Energy AS has exercised options to extend the firm periods of the contracts for Skandi Mongstad for 3 years, and Skandi Vega for 2 years. Both vessels have worked continuously with Equinor since delivery from the yard in 2008 and 2010, respectively.

Shell UK Ltd has exercised an option to extend Skandi Kvitsøy for 1 year firm, from end March 2022

Vessels

Skandi Rona, Skandi Foula and Skandi Sotra have been sold in 2022. Skandi Rona was delivered to new owner in March 2022 and Skandi Foula and Skandi Sotra were delivered to new owner in April 2022.

Skandi Barra has been purchased from DOF UK Ltd in March 2022.

Financing

On the 31st of May 2022 the Group agreed to further extend the standstill agreements with the secured lenders representing in total 91% of the secured debt of DOF ASA and DOF Rederi AS and in total 95% of the secured debt of companies within the DOF Subsea Group (excluding DOF Subsea Brasil Servicos Ltda) until the 15th of June 2022 and DOF Subsea has received confirmation from the ad hoc group of bondholders that they have agreed to further extend the suspension, deferral and standstill agreement currently in place for the bond issues to the 15th of June 2022 in accordance with the resolutions of the bondholders's meeting held at 29th of April 2022.



INDEPENDENT AUDITOR'S REPORT



To the General Meeting of DOF Rederi AS

Independent Auditor's Report

Opinion

We have audited the financial statements of DOF Rederi AS (the Company), which comprise the balance sheet as at 31 December 2021, the statement of profit or loss, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting principles.

In our opinion

- the financial statements comply with applicable statutory requirements, and
- the financial statements give a true and fair view of the financial position of the Company as at 31 December 2021, and its financial performance and its cash flows for the year then ended in accordance with simplified application of international accounting standards according to section 3-9 of the Norwegian Accounting Act.

Basis for Opinion

We conducted our audit in accordance with 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 as required by laws and regulations and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 2 in the financial statements and the Board of Directors' report, which indicates that the DOF Group including the Company is dependent on a long-term solution with banks and bondholders to secure satisfactory financing and liquidity for the Company. As stated in Note 2 and the Board of Directors' report, these events or conditions, along with other matters as set forth in Note 2 and the Board of Directors' report, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. There is a risk that the DOF Group will not reach an agreement with the lenders, and in such an event the Company could be forced to realise its assets at a significantly lower value than their carrying amount. Our opinion is not modified in respect of this matter.

PricewaterhouseCoopers AS, Sandviksbodene 2A, Postboks 3984 - Sandviken, NO-5835 Bergen
T: 02316, org. no.: 987 009 713 MVA, www.pwc.no
Statsautoriserte revisorer, medlemmer av Den norske Revisorforening og autorisert regnskapsførerselskap



Independent Auditor's Report - DOF Rederi AS



Other Information

The Board of Directors and the Managing Director (management) are responsible for the information in the Board of Directors' report. The other information comprises information in the annual report, but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the information in the Board of Directors' report.

In connection with our audit of the financial statements, our responsibility is to read the Board of Directors' report. The purpose is to consider if there is material inconsistency between the Board of Directors' report and the financial statements or our knowledge obtained in the audit, or whether the Board of Directors' report otherwise appears to be materially misstated. We are required to report if there is a material misstatement in the Board of Directors' report. We have nothing to report in this regard.

Based on our knowledge obtained in the audit, it is our opinion that the Board of Directors' report

- is consistent with the financial statements and
- contains the information required by applicable legal requirements.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with simplified application of International Accounting Standards according to the Norwegian Accounting Act section 3-9, 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

For further description of Auditor's Responsibilities for the Audit of the Financial Statements reference is made to <https://revisorforeningen.no/revisjonsberetninger>

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INDEPENDENT AUDITOR'S REPORT

Independent Auditor's Report - DOF Rederi AS



Bergen, 10 June 2022
PricewaterhouseCoopers AS

Marius Kaland Olsen
State Authorised Public Accountant
(This document is signed electronically)

(3)





DOF ASA
Alfabygget
5392 Storebø
NORWAY
Phone: +47 56 18 10 00
Fax: +47 56 18 10 06
management@dof.com

NORWAY

DOF Subsea AS
Thormøhlensgate 53 C
5006 Bergen
NORWAY
Phone: +47 55 25 22 00
Fax: +47 55 25 22 01
info@dofsubsea.com

DOF Subsea Norway AS
Thormøhlensgate 53 C
5006 Bergen
NORWAY
Phone: +47 55 25 22 00
Fax: +47 55 25 22 01
info@dofsubsea.com

DOF Management AS
Alfabygget
5392 Storebø
NORWAY
Phone: +47 56 18 10 00
Fax: +47 56 18 10 06
management@dof.com

ANGOLA

DOF Subsea Angola
Belas Business Park-Talatona
Edificio Bengo, 1º Andar
Sala 106/107, Luanda
REPUBLIC OF ANGOLA
Phone: +244 222 43 28 58
Fax: +244 222 44 40 68
Mobile: +244 227 28 00 96
+244 277 28 00 95
angola@dofsubsea.com

ARGENTINA

DOF Management Argentina S.A.
Peron 315, piso 1, Oficina 6-b
1038 - Buenos Aires
ARGENTINA
Phone: +5411 4342 4531
fgarcia@seaworks.com.ar

AUSTRALIA

DOF Subsea Australia Pty Ltd
5th Floor, 181 St. Georges Tce
Perth WA 6000
AUSTRALIA
Phone: +61 8 9278 8700
Fax: +61 8 9278 8799
asia-pacific@dofsubsea.com

DOF Management Australia
5th Floor, 181 St. Georges Tce
Perth WA 6000
AUSTRALIA
Phone: +61 3 9556 5478
Mobile: +61 418 430 939
management@dof.com

BRAZIL

NorSkan Offshore Ltda
Rua Lauro Muller
116, 17 andar
Torre do Rio Sul - Botafogo
Rio de Janeiro, R.J.
BRAZIL - CEP: 22290-160
Phone: +55 21 2103-5700
Fax: +55 21 2103-5717

Rua Fiscal Juca, 330
Q: W2 - L: 0001
Loteamento Novo Cavaleiros
Vale Encantado - Macaé/RJ
BRAZIL - CEP 27933-450
Phone: +55 21 21 03 57 00
Fax: +55 21 21 03 57 17
office@norskan.com.br

DOF Subsea Brasil Serviços Ltda
Rua Fiscal Juca, 330
Q: W2 - L: 0001
Loteamento Novo Cavaleiros
Vale Encantado - Macaé/RJ
BRAZIL - CEP 27933-450
Rua Lauro Müller, 116
Salas 2802 a 2805
Torre do Rio Sul
22290-160, Botafogo
Rio de Janeiro, R.J.
BRAZIL
Phone: +55 22 21 23 01 00
brasil@dofsubsea.com

CANADA

DOF Subsea Canada
26 Allston Street
Mount Pearl, Newfoundland
CANADA, A1N 0A4
Phone: +1 709 576 2033
Fax: +1 709 576 2500
can@dofsubsea.com

SINGAPORE

DOF Management Pte Ltd
460 Alexandra Road # 15-02
PSA Building, 119963
SINGAPORE
Phone: +65 6868 1001
Fax: +65 6561 2431
management@dof.com

DOF Subsea Asia Pacific Pte Ltd
460 Alexandra Road # 15-02
PSA Building, 119963
SINGAPORE
Phone: +65 6561 2780
Fax: +65 6561 2431
asia-pacific@dofsubsea.com

UK

DOF (UK) Ltd
Horizons House, 81-83 Waterloo
Quay Aberdeen, AB11 5DE
UNITED KINGDOM
Phone: +44 1224 586 644
Fax: +44 1224 586 555
info@dofman.co.uk

DOF Subsea UK Ltd
Horizons House, 81-83 Waterloo
Quay Aberdeen, AB11 5DE
UNITED KINGDOM
Phone: +44 1224 614 000
Fax: +44 1224 614 001
uk@dofsubsea.com

USA

DOF Subsea USA Inc
5365 W. Sam Houston Parkway N
Suite 400
Houston Texas 77041
USA
Phone: +1 713 896 2500
Fax: +1 713 726 5800
InfoUS@dofsubsea.com







DOF ASA
Alfabygget
5392 Storebø
NORWAY
www.dof.com





Directorate of Taxes

22 DES. 2011

Inquiries to Torstein Kinden Helleland	Your date 24.10.2011	Our date 20.12.2011
Telephone 22078139	Your reference Solveig Byrkjeland	Our reference 2011/1035547

DOF ASA
Alfabygget
5392 STOREBØ

Permission to make the annual accounts and director's report in English language

Dear Ms Solveig Byrkjeland

With reference to your letter of 24 October 2011, you apply for permission to keep annual accounts and directors' report in English language. The application in question concerns the companies mentioned below.

DOF Rederi AS	org. nr. 981 686 209
Norskan AS	org. nr. 985 916 039
Norskan Norway AS	org. nr. 993 280 208
Norskan Holding AS	org. nr. 993 274 402
DOF Rederi II AS	org. nr. 995 251 604
Waveney AS	org. nr. 992 043 432
Aker DOF Deepwater AS	org. nr. 990 999 120

Conclusion

Based on a total evaluation, the view of The Directorate of Taxes is that the companies mentioned above may make the directors' report and annual accounts in English language according to the Norwegian Accounting Act § 3-4 third paragraph.

The exemption requires that the information that the decision is based on, does not change significantly.

Background

The companies are directly or indirectly owned by DOF ASA. The DOF ASA Group is an international group of companies which owns and operates a modern fleet of offshore-/subsea vessels, and owns engineering capacity to service the subsea market. Other group companies have in decisions (2009/276917) of 17 June 2010 and 4 January 2011 been given permission to make the directors' report and annual accounts in English language.

The working language in the group is English. The DOF ASA Group operate within the international offshore-/subsea industry, where English is clearly the dominant language. The group is highly international in the sense that it operates throughout the world, and the group has several legal entities and companies in different countries. A number of these companies are as well

Postal address	Visiting address	Telephone
P.O. Box 9200 Grønland	See www.skatteetaten.no	800 80 000
0134 Oslo	Org. nr: 996250318	Telefax
For elektronisk henvendelse se www.skatteetaten.no		22 17 08 60



taxable or can be taxable in other jurisdictions due to inter alia international operations. It follows that the accounts for these companies as well will have to be presented in different jurisdictions. Almost all of the companies' users, including financial institutions, contracting parties, customers and suppliers are foreign/international companies or institutions. The companies' users, who are not foreign/international companies or institutions, master and use English language. The annual report and financial statements of the companies are required to be prepared each year in the Norwegian language only in order to satisfy the requirements of the Norwegian Accounting Act.

Permission to make the annual accounts and the directors' report in Norway in English language

According to the Norwegian Accounting Act § 3-4, third paragraph shall *"the directors' report and annual accounts ... be in Norwegian. The Ministry can in an individual decision decide that the directors' report and/or annual accounts may be in another language"*.

Ot. prp. nr. 42 (1997-1998) About Act about annual accounts etc., says the following about the purpose of the Accounting Act, refer section 1.1:

"The aim of the Government with respect to the Accounting Act is that it shall contribute towards providing informative accounts for different users of accounts. The users of accounts include investors and creditors which provide capital for the companies. Other groups include those who have an interest in knowing how the companies are operated, for example employees and the local community. The information to the capital market is an important basis for the correct pricing of financial instruments. The correct pricing of stocks is an important factor in securing the best possible allocation of resources in the economy. High quality accounts will also make it more difficult for market participants to obtain speculative gains as a result of non-publicly available information."

Hence, one of the main aims of the Accounting Act is to contribute to "informative accounts for different users of accounts". The users of the accounts will include investors, creditors, employees and the local community.

Hence, it is the view of the Ministry that it is crucial that the question of dispensation from the general rule that the annual accounts and/or directors' report should be done in Norwegian, not in any significant way deviate from the consideration of users of the accounts.

As mentioned above it is particularly the consideration of the users of the account information which has to be taken into consideration when considering the application for permission. In this assessment, the Directorate of Taxes has emphasized that other group companies have in decisions been given permission to make the directors' report and annual accounts in English language. The companies operates in highly international branch, where English is the common languages used. Internal, English is also only language used for reporting purpose. Furthermore, it is emphasized that non in the Board of directors speaks Norwegian.



We kindly request you to mention “our reference” in all written communication with The Norwegian Tax Authorities.

Best regards

Rune Tystad

Rune Tystad
Senior Adviser
Legal Department
Directorate of Taxes

Torstein Kinden Helleland
Torstein Kinden Helleland