



ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2021 - GENERELL INFORMASJON

Enheten

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

Regnskapsår

Årsregnskapets periode:	01.01.2021 - 31.12.2021
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Konsern

Mørselskap i konsern:	Ja
Konsernregnskap lagt ved:	Ja

Regnskapsregler

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

Årsregnskapet fastsatt av kompetent organ

Bekreftet av representant for selskapet:	Anett Underhaug Våge
Dato for fastsettelse av årsregnskapet:	31.03.2022

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, 15.06.2023



Resultatregnskap

Beløp i: USD	Note	2021	2020
RESULTATREGNSKAP			
Kostnader			
Other operating expenses		43 866	42 726
Sum kostnader		43 866	42 726
Driftsresultat		-43 866	-42 726
Finansinntekter og finanskostnader			
Annen renteinntekt		3	556
Other financial income		80 834	105 491
Sum finansinntekter		80 837	106 047
Other financial expenses		7 341	2 961
Sum finanskostnader		7 341	2 961
Netto finans		73 496	103 086
Ordinært resultat før skattekostnad		29 630	60 360
Tax on ordinary result	7	8 330	12 037
Ordinært resultat etter skattekostnad		21 300	48 323
Årsresultat		21 300	48 323



Balanse

Beløp i: USD	Note	2021	2020
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Finansielle anleggsmidler			
Investering i datterselskap	2,5	60 482 789	60 482 789
Sum finansielle anleggsmidler		60 482 789	60 482 789
Sum anleggsmidler		60 482 789	60 482 789
Omløpsmidler			
Varer			
Fordringer			
Other short-term debtors	4,5	36 303	590
Sum fordringer		36 303	590
Bankinnskudd, kontanter og lignende			
Cash in hand and bank deposits		240 020	255 983
Sum bankinnskudd, kontanter og lignende		240 020	255 983
Sum omløpsmidler		276 323	256 573
SUM EIENDELER		60 759 112	60 739 362
BALANSE - EGENKAPITAL OG GJELD			
Egenkapital			
Innskutt egenkapital			
Share capital	3	43 928 655	43 928 655
Overkurs		16 549 020	16 549 020
Sum innskutt egenkapital		60 477 675	60 477 675
Opptjent egenkapital			
Other equity		269 926	248 626



Balanse

Beløp i: USD	Note	2021	2020
Sum opptjent egenkapital		269 926	248 626
Sum egenkapital	3	60 747 601	60 726 301
Sum langsiktig gjeld		0	0
Kortsiktig gjeld			
Leverandørgjeld	4	3 181	1 025
Income tax payable	7	8 330	12 037
Sum kortsiktig gjeld		11 511	13 062
Sum gjeld		11 511	13 062
SUM EGENKAPITAL OG GJELD		60 759 112	60 739 363



Konsernets resultatregnskap

Beløp i: USD	Note	2021	2020
RESULTATREGNSKAP			
Inntekter			
Operating income		19 866 494	28 538 463
Sum inntekter		19 866 494	28 538 463
Kostnader			
Payroll expenses	6	3 812 545	4 140 975
Depreciation	1	6 159 488	5 653 524
Other operating expenses		3 323 360	2 968 066
Sum kostnader		13 295 393	12 762 565
Driftsresultat		6 571 101	15 775 898
Finansinntekter og finanskostnader			
Annen renteinntekt		169	270 314
Other financial income		184 934	653 293
Sum finansinntekter		185 103	923 607
Annen rentekostnad		2 297 489	2 954 978
Other financial expenses		1 093 975	2 111 596
Sum finanskostnader		3 391 464	5 066 574
Netto finans		-3 206 361	-4 142 967
Ordinært resultat før skattekostnad		3 364 740	11 632 931
Tax on ordinary result	7	326 633	221 968
Ordinært resultat etter skattekostnad		3 038 107	11 410 963
Årsresultat		3 038 107	11 410 963



Konsernets balanse

Beløp i: USD	Note	2021	2020
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Varige driftsmidler			
Vessel	1,5	137 579 263	142 772 909
Sum varige driftsmidler		137 579 263	142 772 909
Sum anleggsmidler		137 579 263	142 772 909
Omløpsmidler			
Varer			
Fordringer			
Trade debtors	5	3 377 674	4 872 677
Other short-term debtors	4,5	512 809	701 867
Sum fordringer		3 890 483	5 574 544
Bankinnskudd, kontanter og lignende			
Cash in hand and bank deposits		8 798 663	19 505 319
Sum bankinnskudd, kontanter og lignende		8 798 663	19 505 319
Sum omløpsmidler		12 689 146	25 079 863
SUM EIENDELER		150 268 409	167 852 772
BALANSE - EGENKAPITAL OG GJELD			
Egenkapital			
Innskutt egenkapital			
Share capital	3	43 928 655	43 928 655
Sum innskutt egenkapital		43 928 655	43 928 655
Opptjent egenkapital			
Other equity		38 420 226	35 382 119



Konsernets balanse

Beløp i: USD	Note	2021	2020
Sum opptjent egenkapital		38 420 226	35 382 119
Sum egenkapital	3	82 348 881	79 310 774
Gjeld			
Langsiktig gjeld			
Annen langsiktig gjeld			
Mortgage loan	5	66 138 856	86 631 250
Sum annen langsiktig gjeld		66 138 856	86 631 250
Sum langsiktig gjeld		66 138 856	86 631 250
Kortsiktig gjeld			
Leverandørgjeld	4	695 112	1 236 380
Income tax payable	7	326 633	221 968
Other short-term liabilities	4	758 927	452 399
Sum kortsiktig gjeld		1 780 672	1 910 747
Sum gjeld		67 919 528	88 541 997
SUM EGENKAPITAL OG GJELD		150 268 409	167 852 771



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List of Signatures Page 1/1

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Name	Method	Signed at
Mark Ras	One-Time-Password	2022-03-30 20:04 GMT+02
Ottesen, Fredrik	BANKID_MOBILE	2022-03-29 10:39 GMT+02
Østensjø, Johannes	BANKID_MOBILE	2022-03-28 16:20 GMT+02



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Consolidated Financial Statements 2021 West Supply VII AS

Annual accounts

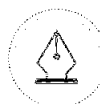
- Profit and loss statement
- Balance sheet
- Notes

Cash flow statement

Director's report

Auditor's report

Org.nr.: 912 700 836



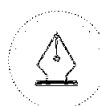
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West Supply VII AS Consolidated Financial Statements Profit and loss statement

West Supply VII AS			Group	
(Figures in USD)			(Figures in USD)	
2020	2021	Notes	2021	2020
0	0		19 866 494	28 538 463
		Operating income		
		Operating income vessel		
		Operating expenses		
0	0	Payroll expenses	6 3 812 545	4 140 975
42 726	43 866	Other operating expenses	3 323 360	2 968 066
0	0	Depreciation	1 6 159 488	5 653 524
42 726	43 866	Total operating expenses	13 295 393	12 762 565
-42 726	-43 866	Operating profit	6 571 101	15 775 898
		Financial income and expenses		
556	3	Interest income	169	270 314
105 491	80 834	Other financial income	184 934	653 293
0	0	Interest expenses	-2 297 489	-2 954 978
-2 961	-7 341	Other financial expenses	-1 093 975	-2 111 596
103 086	73 496	Net finance result	-3 206 361	-4 142 966
60 360	29 630	Profit / - Loss before taxes	3 364 740	11 632 932
12 037	8 330	Tax on ordinary result	7 326 633	221 968
48 323	21 300	Profit /- Loss	3 038 107	11 410 964



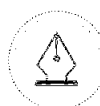
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West Supply VII AS
Consolidated Financial Statements
Balance sheet

West Supply VII AS		Group	
(Figures in USD)		(Figures in USD)	
2020	2021	Notes	2021 2020
ASSETS			
Tangible assets			
0	0	1, 5	137 579 263 142 772 909
<u>0</u>	<u>0</u>		<u>137 579 263 142 772 909</u>
Financial assets			
60 482 789	60 482 789	2, 5	0 0
<u>60 482 789</u>	<u>60 482 789</u>		<u>0 0</u>
60 482 789	60 482 789		137 579 263 142 772 909
Current assets			
0	0	5	3 377 674 4 872 677
590	36 303	4, 5	512 809 701 867
<u>255 983</u>	<u>240 020</u>		<u>8 798 663 19 505 319</u>
256 574	276 323		12 689 147 25 079 864
60 739 363	60 759 112		150 268 411 167 852 773



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West Supply VII AS
Consolidated Financial Statements
Balance sheet

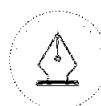
West Supply VII AS			Group	
(Figures in USD)		Notes	(Figures in USD)	
2020	2021		2021	2020
EQUITY AND LIABILITIES				
Equity				
43 928 655	43 928 655		43 928 655	43 928 655
16 549 020	16 549 020		0	0
248 626	269 926		38 420 226	35 382 119
<u>60 726 301</u>	<u>60 747 601</u>	3	<u>82 348 881</u>	<u>79 310 774</u>
Liabilities				
Long-term liabilities				
0	0		66 138 856	86 631 250
<u>0</u>	<u>0</u>	5	<u>66 138 856</u>	<u>86 631 250</u>
Current liabilities				
1 025	3 181		695 112	1 236 380
0	0		758 927	452 399
12 037	8 330		326 633	221 968
<u>13 062</u>	<u>11 511</u>	4	<u>1 780 672</u>	<u>1 910 747</u>
<u>13 062</u>	<u>11 511</u>	4	<u>67 919 528</u>	<u>88 541 997</u>
<u>60 739 363</u>	<u>60 759 112</u>	7	<u>150 268 411</u>	<u>167 852 773</u>
TOTAL EQUITY AND LIABILITIES				

Haugesund, 25 March 2022

Johannes Østensjø
Chairman of the Board

Mark Norman Ras
Board member

Fredrik Ottesen
Board member



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West Supply VII AS

Notes to Consolidated Financial Statements 31 December 2021

Principles of consolidation

The consolidated financial statements present the financial position and results of the group as one accounting unit.

The consolidated financial statements include the parent West Supply VII AS and the subsidiaries West Supply VII Eier AS and West Supply VII Drift AS where the parent have direct or indirect controlling interest. All intercompany transactions and balances are eliminated.

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

Accounting principles

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

Fixed assets

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

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

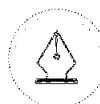
Classification and valuation of current balance sheet items

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

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

Currency

Monetary items (assets, liabilities and bank deposits) in foreign currencies are converted at the exchange rate as on the balance sheet date. Balance sheet items of foreign subsidiaries are converted at the exchange rates as on 31.12.21. The exchange rate to Norwegian kroner is set to 8,8363 for the balance sheet date and 8,5973 as an average for the year. Foreign exchange gains and losses from monetary items that are part of the net investment in foreign entities are recognized directly in equity.



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West Supply VII AS

Notes to Consolidated Financial Statements 31 December 2021

Receivables

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

Income tax and deferred tax

Income tax expense relates to the accounting result and comprises current tax and changes in net deferred taxes.

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

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

Cash flow Analysis

The cash flow statement is prepared using the indirect method.

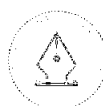
Operating revenues and expenses

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

Hedge accounting

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

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



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West Supply VII AS

Notes to Consolidated Financial Statements 31 December 2021

Note 1 - Vessel

	Vessel	Drydock	Total
Cost price	165 859 659	0	165 859 659
Allocated to future drydock	-1 190 618	1 190 618	0
Additions	1 186 568	2 048 347	3 234 915
Accumulated depreciation 01.01	-25 157 770	-1 122 049	-26 279 819
Additions/Disposal	-41 846	965 842	923 996
Depreciation	-5 488 968	-670 520	-6 159 488
Book value 31.12	<u>135 167 025</u>	<u>2 412 238</u>	<u>137 579 263</u>

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

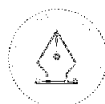
Since Edda Freya was delivered in 2016, a share of the cost was originally decomposed and depreciated over 36 months. The depreciation schedule for drydock was adjusted in 2018 until next main class in 2021, 5 years after delivery. The residual amount is depreciated over the remaining 41 months. New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

The offshore oil and gas market has been challenging over a longer period. However, the market for high specification construction vessels is improving and the company is experiencing both increased demand and higher rate expectations for the Edda Freya. The market value has been obtained from two independent brokers. If the obtained market value indicates impairment of the book value of the vessel, an impairment test has been performed. The impairment test analysis employs estimate of future cash flows for the vessel to calculate the value in use.

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

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

For 2021 the broker values indicated a value below booked value for the vessel. The company has performed a value in use calculation in 2021. The value in use calculation for Edda Freya showed headroom, like the value in use calculation from previous years. The Company has assessed that the input in the calculation has not significant changed from prior years and is still reasonable and valid, and supports the booked value as of 31.12.21.



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West Supply VII AS

Notes to Consolidated Financial Statements 31 December 2021

Note 2 - Shares in subsidiaries

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

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

Note 3 - Equity

Parent

Share capital and shareholder information

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

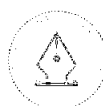
All shares give equal rights in the company. Members of the board own 52 % of the shares.

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

Changes in equity

Parent	Share capital	Share premium reserve	Retained earnings	Total equity
Equity 01.01	43 928 655	16 549 020	248 627	60 726 301
Profit for the year	0	0	21 300	21 300
Equity 31.12	43 928 655	16 549 020	269 927	60 747 601

Group	Share capital	Share premium reserve	Retained earnings	Total equity
Equity 01.01	43 928 655	0	35 382 118	79 310 774
The Group's result for the year	0	0	3 038 107	3 038 107
Equity 31.12	43 928 655	0	38 420 225	82 348 881



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West Supply VII AS

Notes to Consolidated Financial Statements 31 December 2021

Note 4 - Intercompany

Parent

Debt to group companies - short-term	2021	2020
Østensjø Rederi AS	1 936	0
Total	1 936	0

Group

Debt to group companies - short-term	2021	2020
Østensjø Rederi AS	462 298	462 979
West Supply VIII AS	7 082	0
Johannes Østensjø dy AS	0	1 936
Total	469 380	464 915

Receivables to group companies - short-term	2021	2020
Johannes Østensjø dy AS	259 120	75 956
Total	259 120	75 956

Note 5 - Mortgages and guarantees

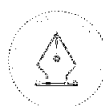
Parent

West Supply VII AS guarantees for the bank debt in its subsidiary West Supply VII Eier AS of USD 66,138,856.

Book value of pledged assets:	2021	2020
Shares in West Supply VII Eier AS	60 477 675	60 477 675
Shares in West Supply VII Drift AS	5 114	5 114
Total	60 482 789	60 482 789

<u>Group</u>	2021	2020
Pledged debt	66 138 856	86 631 250
Liabilities due more than five years after year-end	0	0

Book value of pledged assets	2021	2020
Vessel	137 579 263	137 579 263
Trade debtors	3 377 674	4 872 677
Other receivables	512 809	701 867
Bank deposits	8 798 663	19 505 319
Total pledged assets	150 268 409	162 659 126



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West Supply VII AS

Notes to Consolidated Financial Statements 31 December 2021

Note 5 - Mortgages and guarantees, continuing

Guarantees

West Supply VII Eier AS's bank debt is guaranteed by West Supply VII AS and West Supply VII Drift AS.

The shareholders of West Supply VII AS, Johannes Østensjø dy AS, MCO 4 AS, Forenede Shipping AS and Smedasundet Offshore AS, provide pro rata guarantees for 50% of the outstanding bank debt in the Company. These guarantees are counter guaranteed by Johannes Østensjø dy AS and Smedasundet Offshore AS.

The shareholders of West Supply VII AS have further also provided partial guarantees for previously postponed instalments under the loan agreement financing the Edda Freya with such guarantees being counter guaranteed by Forenede Industrier Holding AS and Maas Capital Offshore BV.

Refinancing

West Supply VII Eier AS's bank debt relates to a loan facility financing the Edda Freya. The facility is coming to final maturity in 3Q 2022 when the outstanding debt will be repayable in full. The market for high specification construction vessels is improving and the Group is experiencing both increased demand and higher rate expectations for the Edda Freya.

Taking into account the positive market prospects and ongoing discussions for potential employment of the vessel, the board of directors are optimistic on securing longer term employment of the Edda Freya from 2023 and beyond, and following maturity of the existing contract with DeepOcean.

Over the recent years, parts of the debt capital market have gradually started to reallocate capital and reduce the exposure to oil & gas related industries as part of a green transition. As a consequence, some of the traditional banks within the offshore segment have decided to exit the sector, thus leading to less lending capacity compared with previous years.

West Supply VII Eier AS has had initial discussions with its Lenders and expects to initiate the process on refinancing the debt coming to maturity in 3Q 2022 at an early stage during 2Q 2022. Given the reduced lending capacity in the debt capital markets, there is uncertainty with regards to the probability of a successful refinancing. Based on the favorable market outlook and expectations on securing further longer-term employment of the Edda Freya the Group is, however, also optimistic on securing refinancing and extension of the debt coming to maturity at main terms and based on structure in line with the existing financing.

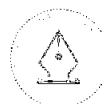
Note 6 - Remuneration

Parent

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

Remuneration to board members amounts to USD 27,744 in 2021.

Audit fee for 2021 amounts to USD 2,548 for statutory audit and USD 0 for consulting services (ex. VAT).



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West Supply VII AS
Notes to Consolidated Financial Statements 31 December 2021
Note 6 - Remuneration, continuing
Group

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

Remuneration to board members amounts to USD 27,744 in 2021.

Audit fee for the Group in 2021 amounts to USD 17,250 for statutory audit and USD 0 for consulting services (ex. VAT).

Note 7 - Taxes
Parent

	2021	2020
Specification of income tax expense		
Current income tax payable	8 330	12 037
Total income tax expense	8 330	12 037

	2021	2020
Specification of taxable income		
Ordinary result before taxes	29 630	60 360
Permanent differences	0	-37
Net taxable income	29 630	60 323

	2021	2020
Specification of current tax payable		
Current income tax payable	8 330	12 037
Total current tax payable	8 330	12 037

Group

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

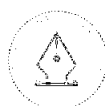
	2021	2020
Taxable income tonnage tax		
Interest Income	349	107 294
Currency differences	46 441	-211 807
Interest expenses	-174 549	-323 102
Other financial expenses	-1 479 905	-2 723 714
Taxable income tonnage tax	-1 607 663	-3 151 329

Short-term tax liability

Taxable income in companies under ordinary tax regime	1 516 684	1 071 637
Taxable income in companies under tonnage tax regime	0	0
Total taxable income	1 516 684	1 071 637
Short-term tax liability	326 633	221 968

Income tax expense

Tax payable	326 633	221 968
Total income tax expense	326 633	221 968



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West Supply VII AS

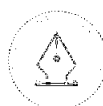
Notes to Consolidated Financial Statements 31 December 2021

Note 8 - Other circumstances

The Covid-19 pandemic has had a limited economic impact in 2021 compared to what could be expected when the pandemic started. Although certain logistical challenges, especially related to crew-changes and supplies, and thereby somewhat increased expenses, the company has handled the consequences of the Covid-19 through established routines and implemented measures, and thereby managed to ensure a stable operation of the company's vessel through 2021.

Going forward, there is still uncertainty to what extent Covid-19 may negatively effect operation and economic growth, but the company will continue to monitor the situation closely and take actions as required to ensure stable operations.

The tense geopolitical situation between Russia and Ukraine escalated in late February 2022 when Russia invaded Ukraine. So far this has had no direct impact on the company's operational activity, but the situation has led to more uncertainty in the market with several players in the offshore segment value chain being directly or indirectly affected. The company continuously evaluates relevant risk factors related to the situation for measures to be taken to reduce such risk.



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WEST SUPPLY VII AS

DIRECTOR'S REPORT 2021

Operation and location

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

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

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

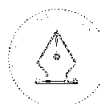
Future development and market conditions

Edda Freya operates in the offshore market, primarily within the oil and gas sector but also servicing the offshore wind market. The offshore oil and gas market has been challenging over a longer period.

The market for offshore service vessels showed signs of a slight improvement throughout 2021, however, with certain variations between different segments and the market in general also being somewhat affected by the Covid-19 pandemic. Following various measures and economic support schemes implemented to stimulate the economy combined with an increasing oil price, the market for subsea and offshore construction vessels is one of the segments being positively affected.

The Edda Freya has been employed with DeepOcean throughout 2021, but the Company has registered significantly increased interest for the vessel in the market, and with such increase particularly during the second half of the year. The existing contract with DeepOcean matures in 3Q 2022, but based on the positive market prospects and ongoing leads the Company is optimistic on securing further employment of the vessel from 2023 and onwards.

The Covid-19 pandemic and recent geopolitical tensions with Russia invading Ukraine have this far had limited direct impact on the Company. There is, however, uncertainty on how both matters directly or indirectly could negatively affect the Company going forward, and measures and routines are thus implemented to continuously monitor and take actions to reduce the potential negative impact such risks could have for the Company.



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Comments related to the Financial Statement

In opinion of the Board of Directors, the information in the financial statements, including the notes, gives a complete and comprehensive overview over the Company's and the Group's development and result during 2021, in addition to the financial position at year-end. The result for 2021 shows a profit of USD 21,300 for the Company and USD 3,038,107 for the Group, compared with a profit of USD 48,323 for the Company and USD 11,410,964 for the Group in 2020.

As per 31 December 2021 the Company's equity ratio was 100%, and the Group's consolidated equity was 54.8%.

Total cash flow from operating activities for the Group was USD 10,751,582 in 2021, and the operating profit was USD 6,571,101. The difference mainly concerns ordinary depreciation. The Group's investments in 2021 amounted to USD 965,842 related to drydock of the Edda Freya.

Total cash flow from financing was – 20,492,394 and relates to repayment of debt. The Group's cash balance as of 31 December 2021 is USD 8,798,665.

The Group's current assets at 31 December 2021 were USD 12,689,147 whilst the current liabilities were USD 1,780,672.

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

Going concern

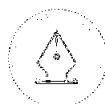
In accordance with the Accounting Act §3-3, the Board of Directors confirms that the annual accounts have been prepared on the assumption of a going concern.

The Group bank debt relates to a loan facility financing the Edda Freya. The facility is coming to final maturity in 3Q 2022 when the outstanding debt will be repayable in full. The market for high specification construction vessels is improving and the Group is experiencing both increased demand and higher rate expectations for the Edda Freya.

Taking into account the positive market prospects and ongoing discussions for potential employment of the vessel, the Board of Directors are optimistic on securing longer term employment of the Edda Freya from 2023 and beyond, and following maturity of the existing contract with DeepOcean.

Over the recent years, parts of the debt capital market have gradually started to reallocate capital and reduce the exposure to oil & gas related industries as part of a green transition. As a consequence, some of the traditional banks within the offshore segment have decided to exit the sector, thus leading to less lending capacity compared with previous years.

The Group has had initial discussions with its Lenders and expects to initiate the process on refinancing the debt coming to maturity in 3Q 2022 at an early stage during 2Q 2022. Given the reduced lending capacity in the debt capital markets, there is uncertainty with regards to the probability of a successful refinancing. Based on the favorable market outlook and



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expectations on securing further longer-term employment of the Edda Freya the Group is, however, also optimistic on securing refinancing and extension of the debt coming to maturity at main terms and based on structure in line with the existing financing.

Financial risk

Credit risk:

The credit risk of the Company and the Group is considered moderate. The Group's only client, DeepOcean has chartered the Edda Freya on a fixed employment contract.

Market risk:

The Group's market risk is currently limited given the fixed DeepOcean contract, and future risk will be dependent on whether the Group is successful in securing further employment of the vessel in an improving market.

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

The Group's bank debt is subject to a floating interest rate, following previous IRS transactions having matured during 2021. With expectations on increased USD interest rates, the interest risk of the Group is also expected to increase going forward.

Liquidity risk:

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

Working environment and gender equality

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

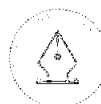
External environment

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

Sustainability

During 2021, Østensjø Rederi AS has launched a sustainability report, the Sustainability Action Plan. The Group has decided to join and commit to this plan. The plan is based on the UN's sustainability goals and it has been chosen to place special emphasis on five of the sustainability goals where specific goals and initiatives have been identified.

The various goals are reported on an ongoing basis and the sustainability report is available at sustainability.ostensjo.no.



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Insurance for board members

West Supply VII and all its subsidiaries are included in a Directors and Officers Liability Insurance (D&O). The D&O insurance provides financial protection for the directors and officers of the Company in the event that they are being sued in conjunction with the performance of their duties as they relate to the Company. The insurance comprises the directors' and officers' personal legal liabilities, including defence- and legal costs.

Allocation of result

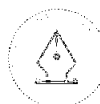
The Board of Directors has proposed the result of the Company to be transferred to other equity.

31 December 2021
Haugesund, -----
25 March 2022

Johannes Østensjø
Chairman of the Board/ CEO

Mark Norman Ras
Board member

Fredrik Ottesen
Board member



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Statsautoriserte revisorer
Ernst & Young AS

Thormøhlens gate 53 D, 5006 Bergen
Postboks 6163, 5892 Bergen

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

www.ey.no
Medlemmer av Den norske Revisorforening

INDEPENDENT AUDITOR'S REPORT

To the Annual Shareholders' Meeting of West Supply VII AS

Opinion

We have audited the financial statements of West Supply VII AS (the Company), which comprise the financial statements of the Company and the consolidated financial statements of the Company and its subsidiaries (the Group). The financial statements of the Company and the Group comprise the balance sheet as at 31 December 2021, the income statement and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion the financial statements comply with applicable legal requirements and give a true and fair view of the financial position of the Company and the Group as at 31 December 2021 and their financial performance and cash flows for the year then ended in accordance with the the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.

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 and the Group in accordance with the requirements of the relevant laws and regulations in Norway 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.

Emphasis of matter

We draw attention to note 5 of the financial statements, which describes information about the uncertainty regarding the refinancing of the Group's bank debt which is guaranteed by the Company. Our opinion is not modified in respect of this matter.

Other information

Other information consists of the information included in the annual report other than the financial statements and our auditor's report thereon. Management (the board of directors and the general manager) is responsible for the other information. Our opinion on the financial statements does not cover the other information, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information, and, in doing so, consider whether the board of directors' report contains the information required by legal requirements and whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information or that the information required by legal requirements is not included, we are required to report that fact.

We have nothing to report in this regard, and in our opinion, the board of directors' report is consistent with the financial statements and contains the information required by applicable legal requirements.



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Responsibilities of management for the financial statements

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

In preparing the financial statements, management is responsible for assessing the Company's and the Group'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 the Group, or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

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

Independent auditor's report - West Supply VII AS 2021

A member firm of Ernst & Young Global Limited

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

Bergen, 31. March 2022
ERNST & YOUNG AS

The auditor's report is signed electronically

Øyvind Nore
State Authorised Public Accountant (Norway)

Penneo document key: IQM7Z-HHTD3-Y44KA-GCLWW-8LSNP-W48KC



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"By my signature I confirm all dates and content in this document."

Øyvind Nore

State Authorised Public Accountant (Norway)

On behalf of: Ernst & Young AS

Serial number: 9578-5994-4-485745

IP: 213.52.xxx.xxx

2022-03-31 19:26:50 UTC



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Skattedirektoratet

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

ØSTENSJØ REDERI AS
Postboks 394
5501 HAUGESUND

Tillatelse til å utarbeide årsregnskap og årsberetning på engelsk språk

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

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

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

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

Bakgrunn

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

Skattedirektoratets vurdering

Etter regnskapsloven § 3-4 tredje ledd skal årsregnskapet og årsberetningen være på norsk. Departementet kan ved enkeltvedtak bestemme at årsregnskapet og/eller årsberetningen kan være på et annet språk.

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

Postadresse
Postboks 9200 Grønland
0134 Oslo

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

Sentralbord
800 80 000
Telefaks
22 17 08 60



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

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

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

Som nevnt ovenfor er det særlig hensynet til brukerne av regnskapsinformasjon som skal vurderes ved en dispensasjonssøknad. I denne vurderingen har Skattedirektoratet lagt vekt på at hovedaksjonær eier 51 % og at andre selskaper i konsernet tidligere har fått tilvarende dispensasjon. 26 % av aksjene er eid av et utenlandsk selskap. Videre er det vektlagt at sentrale aktører og samarbeidspartnere innen bransjen behersker og benytter engelsk og at selskapet benytter engelsk som arbeidsspråk.

Vennligst oppgi vår referanse ved henvendelser i saken.

Med hilsen

Rune Tystad
seniorrådgiver
Rettsavdelingen, foretaksskatt
Skattedirektoratet

Torstein Kinden Helleland

Dokumentet er elektronisk godkjent og har derfor ikke håndskrevne signaturer