Brønnøysundregistrene

ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2023 - GENERELL INFORMASJON

Enheten

Organisasjonsnummer:	915 872 662
Organisasjonsform:	Aksjeselskap
Foretaksnavn:	DOF SUBSEA REDERI III AS
Forretningsadresse:	Thormøhlens gate 53C 5006 BERGEN

Regnskapsår

Årsregnskapets periode:	01.01.2023 - 31.12.2023

Konsern

Morselskap i konsern:	Nei

Regnskapsregler

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

Årsregnskapet fastsatt av kompetent organ

Bekreftet av representant for selskapet:	Kamilla Rekdal
Dato for fastsettelse av årsregnskapet:	30.05.2024

Grunnlag for avgivelse

År 2023: Årsregnskapet er elektronisk innlevert
År 2022: Tall er hentet fra elektronisk innlevert årsregnskap fra 2023

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, 03.07.2025

Resultatregnskap

Beløp i: NOK	Note	2023	2022
RESULTATREGNSKAP			
Inntekter			
Operating revenue	6	289 000 000	471 000 000
Gain on sale of tangible assets	9	188 000 000	0
Sum inntekter		**477 000 000**	**471 000 000**
Kostnader			
Payroll expenses	7	43 000 000	87 000 000
Depriciation	9	60 000 000	70 000 000
Nedskrivning av varige driftsmidler og immaterielle eiendeler	9	-175 000 000	-227 000 000
Other operating expenses	8	134 000 000	256 000 000
Sum kostnader		**62 000 000**	**186 000 000**
Driftsresultat		**415 000 000**	**285 000 000**
Finansinntekter og finanskostnader			
Realised gain on derivative instruments	10	-128 000 000	21 000 000
Financial income	10	4 000 000	0
Sum finansinntekter		**-124 000 000**	**21 000 000**
Financial expenses	10	122 000 000	116 000 000
Unrealised loss on derivative instruments	10	-53 000 000	122 000 000
Sum finanskostnader		**69 000 000**	**238 000 000**
Netto finans		**-193 000 000**	**-217 000 000**
Ordinært resultat før skattekostnad		**222 000 000**	**68 000 000**
Income tax expenses	11	-194 000 000	-10 000 000
Ordinært resultat etter skattekostnad		**416 000 000**	**78 000 000**
Årsresultat		**416 000 000**	**78 000 000**
Overføringer og disponeringer			
Overføringer til/fra annen egenkapital		416 000 000	78 000 000
Sum overføringer og disponeringer		**416 000 000**	**78 000 000**

Balanse

Beløp i: NOK	Note	2023	2022
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Varige driftsmidler			
Tangible assets	9	537 000 000	1 010 000 000
Sum varige driftsmidler		**537 000 000**	**1 010 000 000**
Finansielle anleggsmidler			
Investeringer i tilknyttet selskap		4 000 000	5 000 000
Other non current assets	12	0	3 000 000
Deferred tax benefit	11	204 000 000	11 000 000
Sum finansielle anleggsmidler		**208 000 000**	**19 000 000**
Sum anleggsmidler		**745 000 000**	**1 029 000 000**
Omløpsmidler			
Varer			
Fordringer			
Trade receivables	13	6 000 000	6 000 000
Current receivables from Group companies	14,18	31 000 000	147 000 000
Other current receivables	15	40 000 000	32 000 000
Rounding corrections		-1 000 000	
Sum fordringer		**76 000 000**	**185 000 000**
Bankinnskudd, kontanter og lignende			
Unrestricted cash and cash equivalents	16,18	1 000 000	0
Sum bankinnskudd, kontanter og lignende		**1 000 000**	**0**
Sum omløpsmidler		**77 000 000**	**185 000 000**
SUM EIENDELER		**822 000 000**	**1 214 000 000**

BALANSE - EGENKAPITAL OG GJELD

Balanse

Beløp i: NOK	Note	2023	2022
Egenkapital			
Innskutt egenkapital			
Selskapskapital	17	60 000 000	60 000 000
Sum innskutt egenkapital		**60 000 000**	**60 000 000**
Opptjent egenkapital			
Other equity		-446 000 000	-877 000 000
Sum opptjent egenkapital		**-446 000 000**	**-877 000 000**
Sum egenkapital		**-386 000 000**	**-817 000 000**
Gjeld			
Langsiktig gjeld			
Annen langsiktig gjeld			
Langsiktig konserngjeld	14,18	1 054 000 000	0
Sum annen langsiktig gjeld		**1 054 000 000**	**0**
Sum langsiktig gjeld		**1 054 000 000**	**0**
Kortsiktig gjeld			
Current portion of debt	18	0	1 013 000 000
Leverandørgjeld	19	63 000 000	20 000 000
Tax payable	11	1 000 000	1 000 000
Current liabilities to Group companies	14,18	88 000 000	981 000 000
Other current liabilities	20	2 000 000	16 000 000
Sum kortsiktig gjeld		**154 000 000**	**2 031 000 000**
Sum gjeld		**1 208 000 000**	**2 031 000 000**
SUM EGENKAPITAL OG GJELD		**822 000 000**	**1 214 000 000**

MOTTATT

02 MARS 2016

Norwegian Directorate of Taxes

Inquiries to	Your date	Our date
Torstein Kinden Helleland	23.02.2016	29.02.2016
Telephone	Your reference	Our reference
22078139	Petter O. Pharo	2016/170122

DOF SUBSEA AS
Thormøhlens gate 53C
5006 BERGEN

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

With reference to your letter of 23 February 2016, you apply for permission to keep annual accounts and directors' report in English language. The application in question concerns the companies mentioned below.

DOF Subsea Atlantic AS org. nr. 915 006 515
DOF Subsea Rederi III AS org. nr. 915 872 662
Canadian Subsea Shipping Company AS org. nr. 916 122 837

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.

A copy of this letter must be sent to the Register of Company Accounts in Brønnøysund together with the financial statements. It is incumbent on the company to document by this letter that the permit is granted.

Background
Canadian Subsea Shipping Company AS is owned 45 % by DOF Subsea AS, 45 % by Vard Group AS and 10 % by Kanabus AS. DOF Subsea Atlantic AS and DOF Subsea Rederi III AS are 100 % owned by DOF Subsea AS. DOF Subsea AS is 100 % owned by DOF Subsea Holding 2 AS and DOF Subsea Holding AS. DOF Subsea Holding AS is in turn owned by DOF ASA (51 %) and First Reserve Corporation - FRC (49 %). DOF ASA is a public limited company listed on the Norwegian Stock Exchange, and FRC is a private equity fund located in US (New York). The companies are companies within the DOF Subsea Group. Other group companies have in previous decisions been given permission to make the directors' report and annual accounts in English language.

The DOF Subsea Group is a specialist subsea service business that provides survey, construction, inspection, repair, and maintenance service which involve complex and challenging engineering in

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P.O. Box 9200 Grønland
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Telephone
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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. Furthermore, English is the working language.

Please state "our reference" (see above) in all written communication with The Norwegian Tax Authorities.

Best regards

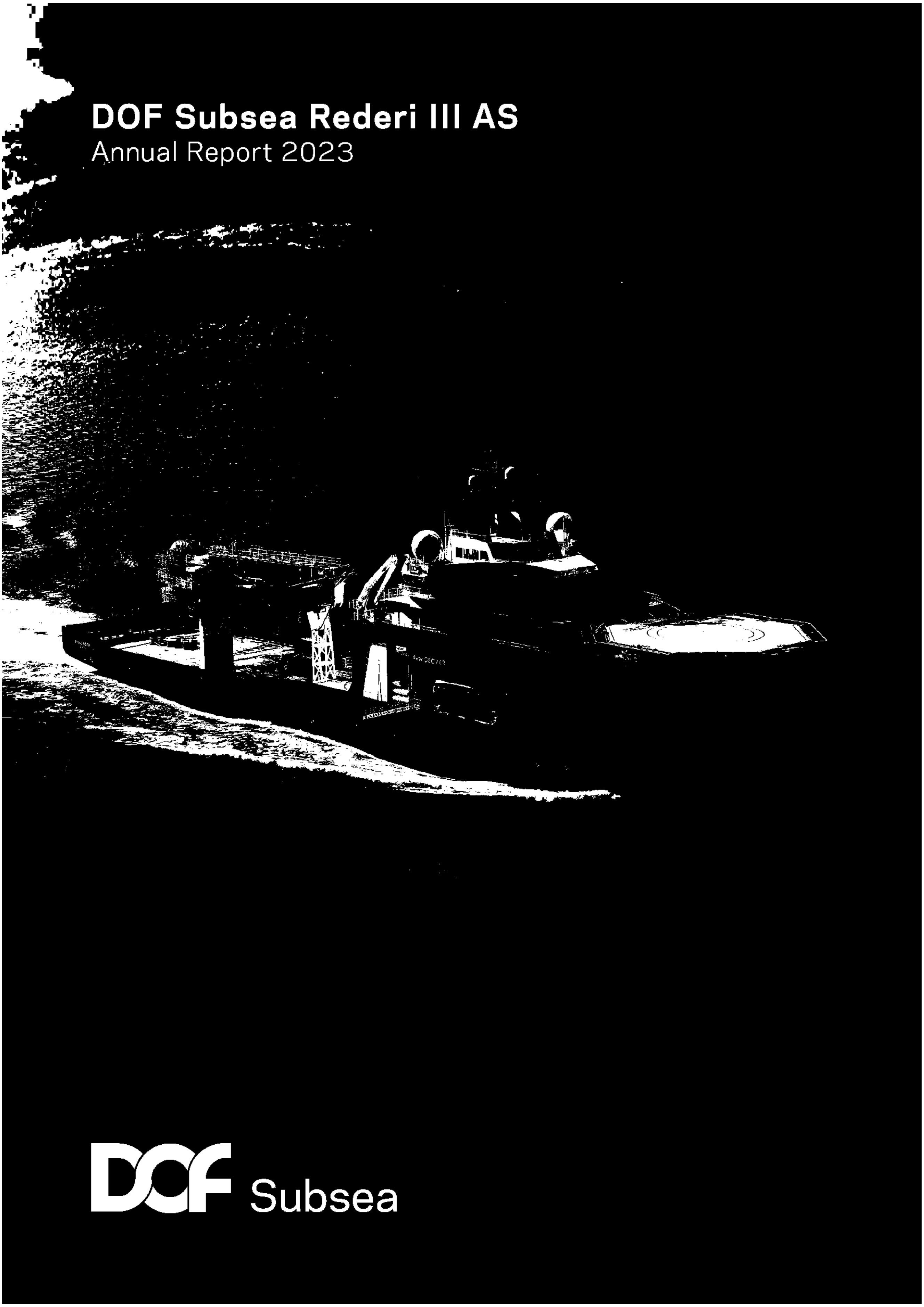
Rune Tystad
Senior Adviser
Legal Department
Norwegian Directorate of Taxes

Torstein Kinden Helleland

This document has been electronically approved and contains therefore no handwritten signatures

DOF Subsea Rederi III AS

Annual Report 2023



DOF Subsea

Board of Directors report

Key notes

DOF Subsea Rederi III AS ("the Company") is 100% owned by DOF Subsea AS and is part of the DOF Group ASA ("the Group"). The Company's head office is at Thormøhlens gate in Bergen.

The Company has after the financial restructuring in March 2023, achieved a sustainable long-term financing and delivered strong results throughout the year.

Business overview & strategy

DOF Subsea Rederi III AS' core business is ownership of subsea vessels, and by year-end the Company owned one vessel, Skandi Seven. The vessel is chartered to the DOF Subsea Group and to external charterers.

The Company has during the year sold two vessels, Skandi Neptune to an external party, and Skandi Constructor to DOF Subsea Rederi AS.

DOF Management has been responsible for the vessel management of the Company's vessels through ship management agreements. The Company operates under the policies, procedures and guidelines implemented in the Group's Business Management System (BMS). For further reading, reference is given to the annual report of DOF Group ASA.

Operational Events 2023

In 2023, the Company's vessel, Skandi Seven, has primarily been on charter contracts within the DOF Subsea Group; operating in the Atlantic region. Skandi Sevens' contract was extended through early 2025.

Social and environmental sustainability

At the core of the Group's sustainability strategy is the principle of 'Safe the RITE way,' reflecting an unwavering dedication to safeguarding people, the external environment, vessels, and subsea assets. This philosophy serves as the cornerstone of the Group's safety program, aligning the core values of Respect, Integrity, Teamwork, and Excellence (RITE) and strategically driving sustainable operations forward.

Furthermore, amidst the complexities of the business environment, the Group upholds its commitment to governance frameworks, including the articles of association, enterprise risk management system, and Group policies, alongside the organisation's Code of Business Conduct. In 2023, the Group placed even greater emphasis on transparency and the quality of disclosures related to non-financial performance, as evidenced by the scoring within CDP and reporting against the Global Reporting Initiative. For detailed insights into the Groups progress in sustainability, stakeholders can refer to the dedicated ESG fact book section of the Group's Annual Report.

Moreover, the certification of the Group companies to ISO 9001:2015, ISO 14001:2015, and ISO 45001:2018 standards underscore a commitment to quality, environmental management, and occupational health and safety. These certifications, issued at the Group level, serve as a testament to the relentless pursuit of excellence and compliance across all facets of the Groups operations.

As the Group navigated the ever-changing business landscape of 2023, it remains steadfast in its dedication to social and environmental sustainability, guided by the core values, the '4P's' framework, utilising the principles of People, Planet, Prosperity, Principles and a commitment to safety and business responsibility. The Group continues to evolve and expand its sustainability efforts, focusing on what is material to the organisation while delivering value to stakeholders and contributing positively to the communities in which it operates.

Employees and people

The Company has no employees as ship management services are hired in from DOF Management. All crew onboard the vessel works under the Groups Business Management System (BMS). For further reading about employees, equal opportunities, human rights, labour standards and anti-discrimination, reference is made to the Annual Report for the Group.

Health, safety, and the working environment

The Group's ambition is to be an incident free organisation. The Group strives to improve safety and environmental performance across all worksites, globally. Through the 'Safe the RITE way' program, the Group has cultivated a unified safety culture, fostering collaboration with clients, industry partners, and suppliers. Surveys and feedback among offshore employees have demonstrated a strong and unified safety culture rooted in the Group's values and commitment to safety.

The Group experienced two Lost Time Incidents (LTI) in 2023, which resulted in a Lost time injury frequency rate (LTIFR) of 0.21 LTIs per million manhours. Additionally, there were three Medical Treatment Cases and two restricted workday cases, leading to a Total Recordable

Injuries Rate (TRIR) of 0.73 recordable incidents per million man-hours. It's noteworthy that none of these incidents resulted in disabilities, and all workers have returned to duty.

The global sick-leave absence in the Group was 1,4% for 2023. The working environment is monitored by various means of activities, including working environment surveys.

Business Integrity and Ethics

Embedded as a core value, integrity is upheld through comprehensive integrity training across the organisation, ensuring that all business practices and decisions adhere to the Group's Code of Business Conduct. This commitment promotes professionalism, competence, diligence, confidentiality, and ethical behaviour in all endeavours undertaken on behalf of the Group. As part of the Group's ongoing efforts to foster a culture of integrity, the Ethics Helpline, which is operated by a third-party provides a confidential platform for reporting unacceptable conduct when regular reporting channels are not feasible. It enables communication with reporters, even allowing for anonymity if desired, facilitating thorough investigations when necessary.

External environment

The Group continues to uphold its commitment to environmental stewardship through the implementation of its environmental management system. This system ensures the effective management of operations and facilitates continuous improvement in environmental performance. Notably, the Group's energy efficiency program remains a focal point, with ongoing efforts aimed at decarbonising the fleet in a sustainable manner. Throughout 2023, there was a heightened emphasis on energy efficiency. The increased availability and use of quantifiable information in relation to Scope 1 and 3 emissions, in accordance with the EU Taxonomy Regulation, has allowed the Group to make more informed decisions around energy consumption on vessels and in the supply chain. The Group supports and aligns itself with the strengthening of Emission reduction targets published by IMO in 2023.

There were no incidents of loss of secondary containment spills exceeding the 50-litre threshold to the environment during the year. The total volume of spills reported in 2023 amounted to 1,442 litres, with 105 litres classified as loss of secondary containment. It is noteworthy that the Group did not incur any fines or other non-monetary sanctions from local governments related to spills to the external environment.

Climate change and emissions to the air

The Group recognises the pressing need to address climate change and reduce emissions across its operations. Through the Groups enterprise risk management model, the Group have integrated climate scenario analysis to better understand and mitigate climate-related risks. By transferring climate risks into the corporate risk register, the Group aim to proactively manage these risks and capitalise on emerging opportunities through strategy and improvement initiatives. Furthermore, the Group recognise climate change and energy use as key material topics for the business, aligning with a commitment to sustainability and responsible corporate citizenship.

Risk Management and Compliance

In response to the geopolitical risks and other enterprise risks, the Group maintains robust enterprise risk management protocols and compliance frameworks aligned with global standards, such as the COSO framework. By leveraging comprehensive reporting mechanisms and existing maturity within risk management processes the Group continues to proactively identify and address emerging threats. The Groups commitment to due diligence extends to evaluating geopolitical risks and implementing targeted strategies to navigate complex landscapes effectively.

Aligned with the Norwegian Code of Practice for Corporate Governance, the Group's risk management and internal controls are founded on principles aimed at fostering efficient operations in line with stakeholders' expectations. Routine reporting on operations, liquidity, financing, HSEQ, HR, taxes, and legal performance ensures transparency and accountability. Additionally, comprehensive financial forecasts and budget processes provide insight into market assumptions and guide strategic decision-making. The Groups focus remains on liquidity, profit/loss forecast control, and financial compliance.

Transparency act statement

The Norwegian Transparency Act entered into force on 1st of July 2022 and DOF published its first annual statement June 2023 and outlined steps taken to ensure safeguarding of fundamental human rights and decent working conditions. The statement is publicly available on the Groups webpage and the statement is subject to yearly updates within 30th of June each year.

Shareholders, Board of Directors and employees

DOF Subsea AS owns 100 % of the shares in the Company.

The Board of Directors of the Company consists of one woman and one man.

The Group has signed D&O insurance on behalf of the board members to protect against claims which may arise from the 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 289 million (NOK 471 million) and total operating expenses were NOK 177 million (NOK 344 million). Decreased earnings in 2023 is mainly due to sale of two vessels from the fleet.

The operating profit before depreciation (EBITDA) totalled NOK 112 million (NOK 127 million). The operating profit (EBIT) was NOK 415 million (NOK 285 million), included depreciation of NOK 60 million (NOK 70 million) and reversal of previous impairment of NOK 175 million in 2023 (NOK 227 million). Net financial items were NOK -193 million (NOK -217 million). Weakened USD towards NOK resulted in unrealised currency gain on loan of NOK 53 million in 2023 (currency losses on loan with NOK -122 million).

Total balance was NOK 822 million (NOK 1 214 million) of which NOK 745 million (NOK 1 029 million) represented non-current assets, of which NOK 537 million (NOK 1 010 million) was for vessels. Current assets were NOK 77 million (NOK 185 million), of which NOK 1 million (zero in 2022) was cash and cash equivalents. Total liabilities were NOK 1 208 million (NOK 2 031 million) and mainly comprised of liabilities to Group companies of NOK 1 142 million (secured debt of NOK 1 013 million). Equity was NOK -386 million (NOK -817 million).

The Company's net cash from operating activities was NOK -171 million (NOK 122 million). Cash flow from investing activities was NOK 379 million (NOK -24million). Net cash from financing activities was NOK -219 million (NOK -107 million). In the Statement of cash flow, change in cash pooling system deposits has been reclassified from Net cash flow from operating activities to either Net cash flow from investing activities or Net cash flow from financing activities.

Financing and capital structure

The Company's interest-bearing debt by 31 December 2023 was NOK 1 080 million, debt secured and nominated in USD.

After completion of the restructuring, completed in 1st quarter 2023, new loan facilities were drawn in DOF Subsea Group and external loans in the Company was replaced with internal loan to DOF Subsea AS with corresponding instalments and interest. The main terms in the new facilities include interest margin of ca. 2% margin above SOFR, low amortisation and a cash sweep mechanism at DOF Subsea Group level. The loan facilities mature in January 2026.

Risk

Climate risk

Managing GHG emissions is integral to the Group's ESG profile, as it directly impacts competitiveness and investor sentiment. The Group's ability to offer a vessel fleet and services with reduced GHG emissions will serve as a value proposition for clients and investors. However, failure to meet evolving stakeholder expectations regarding GHG emissions from ships poses significant risk to reputation and market positioning.

In the context of the Groups enterprise risk management framework, it acknowledges the importance of incorporating climate scenarios to assess and mitigate risks associated with GHG emissions. By aligning risk management protocols with climate-related scenarios, the Group aims to anticipate and address potential challenges arising from changing regulatory requirements, stakeholder preferences, and market dynamics. This proactive approach not only strengthens resilience to climate-related risks but also positions the organization as a responsible and forward-thinking player in the maritime industry.

The Group's ability to manage GHG Emissions is a key component of the organisation's ESG profile. Providing a vessel fleet and services with reduced GHG emissions can become a value proposition for clients and investors or negatively impact upon competitiveness of the organisation against peers. The main concern is the Group's ability to meet changing stakeholder expectations associated with Greenhouse Gas emission from ships, including Nitrogen Oxides (NOX), Sulphur Oxides (SOX) and Particulate Matter (PM) in harbour areas.

Financial risk and liquidity risk

The Company is exposed to financial and liquidity risk through its operations and the existing or future debt arrangements could limit the Company's liquidity and flexibility in obtaining additional financing, in pursuing other business opportunities.

The Group has secured a runway until 2026 for its fleet as part of the financial restructuring of the Group. The main focus going forward is to reduce the debt, hence the opportunities to invest in new assets or new businesses are limited. The credit facilities contain, and any future bank and bond loan agreements may contain, certain covenants and event of default clauses, including cross default provisions and restrictive covenants and performance requirements, free cash reserves, certain cash sweep limitations and valuation requirements for vessels, which may affect the operational and financial flexibility of the Company and the Group. For further information on the financing and the covenants, see the annual report for DOF Group ASA.

Interest risk

The Company is exposed to changes in interest rates as the Company's liabilities have a floating rate of interest. The Company has historically reduced its interest rate exposure by entering into interest rate swap agreements. The possibilities to enter into interest forward contracts (swap contracts), in the new loan facilities are however limited under the existing loan facilities, hence the Company's exposure to volatility in interest rates has increased.

Currency 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, mainly USD. Foreign exchange risk arises from future commercial transactions, contractual obligations (assets), liabilities and investments in foreign operations.

The Company aims to achieve a natural hedge between cash inflows and cash outflows to secure the debt funding in equivalent 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, these forward contracts are limited in the new loan facility. Hence the Company's liquidity risk has increased if the currency fluctuates.

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

The Company's debt is in USD.

Credit risk

The Company has credit risk, however, historically, the portion of receivables not being collectable has been low. The Company's customers are mainly companies in the DOF Subsea Group.

Market risk

The markets for the offshore service industry and the rates the Company can charge have been, and are, cyclical and volatile. Fluctuations in rates are caused by changes in the global supply of offshore services, number of available vessels and the global demand for offshore support vessels and subsea services. Number of available vessels are influenced by factors such as the number of newbuilds ordered and delivered, the number of vessels being scrapped, conversion of vessels to other uses and the number of vessels that are out of service and lay-ups due to market situations. An increase in the supply of offshore support vessels could have a material adverse effect on the Company's revenues, profitability, liquidity, cash, and financial position.

The Company's strategy is to focus on long term relationships with the clients and firm contracts for its fleet.

Price risk

The Company is exposed to increased costs in general. The effects of the Covid pandemic and the geopolitical instability have resulted in a general higher inflation, hence increased costs on vessel maintenance, services, and salaries. In addition, the logistics and supply management have become more challenging and more costly. The Company has focus on early planning to mitigate the risk of not receiving deliveries on time and sign agreements with the main suppliers at fixed prices.

Tax risk

The Company operate vessels in several different tax jurisdictions. The income and profit from these operations are subject to income taxes and judgment may be involved when determining the taxable results. Tax authorities in different jurisdictions may challenge the calculation of taxes payable from prior periods through tax audits.

Cyber risk

The ongoing digitalization of routines and operations heightens the vulnerability of the Group's business information and communication systems to both external and internal cyber-attacks.

To manage this risk, the Group works systematically to make the organization more resistant to cyberattacks and reduce the consequences of breaches. Cyber Security is an integrated part of the organization and internal training material.

Allocation of the result

The Company's profit for the year was NOK 416 million. The Board of Directors proposes to allocate the profit to other equity.

Going concern

The financial statements are prepared on the assumption of going concern. The Company's financial position has since 2019 not been sustainable and standstill agreements with the financial creditors have been applicable for the debt since 2nd Quarter 2020. Based on the finalized restructuring of the Company, and the budget for the next 12 months, the Board of Directors is of the opinion that the Company is a going concern.

Equity was negative with NOK 386 million as of 31st December 2023. After the refinancing the Company is financed with internal loans to the DOF Subsea AS and has only operational debt to external parties. The Company is part of DOF Subsea Group's cash pooling system and has at all times access to cash available in the cash pool.

The board of directors will evaluate different alternatives to improve the equity situation in 2024.

Events after balance date

The Company did not have any significant events before the 26th of April 2024.

Outlook

The markets have improved in 2023 resulting in better performance and earnings and this trend has continued into 2024. The Company has a strong back log which gives a good visibility on the earnings in 2024.

The Company's balance sheet is sustainable, and the Company is well positioned to support further growth and to deliver on the Group's strategy.

Bergen, 26th of April 2024

The Board of Directors of DOF Subsea Rederi III AS

Mons Aase (Apr 26, 2024 14:52 GMT+2)	Marianne Møgster (Apr 26, 2024 13:59 GMT+2)
Mons S. Aase	Marianne Møgster
Chair	Director

Financial statements DOF Subsea Rederi III AS

DOF Subsea Rederi AS

Amounts in NOK million

Statement of profit or loss

	Note	2023	2022
Operating revenue	**6**	**289**	**471**
Payroll expenses	7	-43	-87
Other operating expenses	8	-134	-257
Operating profit before depreciation and impairment (EBITDA)		**112**	**127**
Depreciation and impairment	9	115	158
Gain on sale of tangible assets	9	188	-
Operating profit (EBIT)		**415**	**285**
Financial income	10	4	-
Financial expenses	10	-122	-116
Realised loss on derivative instruments and currency positions	10	-128	21
Unrealised gain / loss on derivative instruments and currency positions	10	53	-122
Net financial loss		**-193**	**-217**
Profit before tax		222	68
Income tax expense	11	194	10
Profit for the year		**416**	**78**
Other comprehensive income / loss, net of tax		-	-
Total comprehensive income for the year, net of tax		**416**	**78**

DOF Subsea Rederi AS

Amounts in NOK million

Balance sheet

	Note	2023	2022
Assets			
Tangible assets	9	537	1 010
Investments in associates		4	5
Deferred tax benefit	11	204	11
Other non-current assets	12	-	3
Total non-current assets		**745**	**1 029**
Trade receivables	13	6	6
Current receivables from Group companies and associate partners	14, 18	31	147
Other current receivables	15	40	32
Current receivables		**76**	**185**
Unrestricted cash and cash equivalents	16, 18	1	-
Cash and cash equivalents		**1**	**-**
Total current assets		**77**	**185**
Total assets		**822**	**1 214**

DOF Subsea Rederi AS

Amounts in NOK million

Balance sheet

	Note	2023	2022
Equity and liabilities			
Paid-in equity	17	60	60
Other equity		-446	-877
Total equity		**-386**	**-817**
Debt to Group companies	14, 18	1 054	-
Total non-current liabilities		**1 054**	**-**
Current portion of debt	18	-	1 013
Trade payables	19	63	20
Current liabilities to Group companies	14, 18	88	981
Other current liabilities	20	2	16
Tax payables	11	1	1
Total current liabilities		**154**	**2 031**
Total liabilities		**1 208**	**2 031**
Total equity and liabilities		**822**	**1 214**

Bergen, 26th of April 2024

The Board of Directors of DOF Subsea Rederi III AS

Mons Aase (Apr 26, 2024 14:52 GMT+2)
Mons S. Aase
Chair

Marianne Møgster (Apr 26, 2024 13:59 GMT+2)
Marianne Møgster
Director

DOF Subsea Rederi AS

Amounts in NOK million

Statement of changes in equity

Changes in equity	Share capital	Share premium	Total Paid-in equity	Other equity	Total equity
		-			
Equity at 01.01.2023	**60**	-	**60**	**-877**	**-817**
Profit for the year	-	-		416	416
Total comprehensive income net of tax	**-**	-	**-**	**416**	**416**
Refinancing effect*	-	-		15	15
Equity at 31.12.2023	**60**	-	**60**	**-446**	**-386**
Equity at 01.01.2022	**60**	-	**60**	**-955**	**-895**
Profit for the year	-	-	-	78	78
Total comprehensive income net of tax	**-**	-	**-**	**78**	**78**
Equity at 31.12.2022	**60**	-	**60**	**-877**	**-817**

* As part of the refinancing interest cost not claimed by the lenders with NOK 15 million was recognised against equity.

DOF Subsea Rederi AS

Amounts in NOK million

Statement of cash flows

	Note	2023	2022
Operating profit (EBIT)		415	285
Depreciation and impairment	9	-115	-158
Amortisation of contract cost	12	-	7
Profit from sale of non-current assets	9	-188	-
Change in trade receivables		-1	2
Change in trade payables		43	15
Changes in other working capital including intercompany balances		-169	29
Exchange rate effect on operating activities		-11	12
Cash flow from operating activities		**-25**	**192**
Interest and other financial costs paid		-150	-71
Interest received		4	1
Net cash flow operating activities		**-171**	**122**
Purchase of tangible assets	9	-106	-75
Purchase of intangible assets	12	-	-3
Sale of tangible assets	9	453	-
Sale of intangible assets	12	3	-
Change in cash pooling system deposit DOF Subsea AS		30	-31
Changes in other non-current receivables		-	85
Cash flow from investing activities		**379**	**-24**
Instalments on debt to Group companies		-207	-91
Repayment of lease borrowing		-12	-
Change in cash pooling system deposit DOF Subsea AS		-	-28
Lease borrowings		-	12
Cash flow from financing activities		**-219**	**-107**
Net change in cash and cash equivalents		**-11**	**-9**
Cash and cash equivalents at 01.01	16	**-**	**-**
Exchange rate gain / loss on cash and cash equivalents		**12**	**9**
Cash and cash equivalents at 31.12	16	**1**	**-**

The refinancing of the Company`s debt was completed in March 2023. As part of the refinancing external debt in DOF Subsea Rederi III was reinstated in DOF Subsea AS and internal loans between the companies were established. Change in creditor from external parties to internal debt did not have a cash flow effect.

Change in cash pooling system deposits DOF Subsea AS has been reclassified from Change in other working capital including intercompany balances to either Net cash flow from investing activities or Net cash flow from financing activities.

DOF Subsea Rederi AS

Amounts in NOK million

Notes to the financial statements

DOF Subsea Rederi AS

Amounts in NOK million

Notes to the financial statements

1. Corporate information and going concern

Corporate information

DOF Subsea Rederi III AS, (the Company), was founded 18th of August 2015. The main purpose of the Company is to conduct business within the shipping-, offshore- and energy sectors. The Company owns modern high-end subsea vessel, Skandi Seven.

The Company is 100% owned by DOF Subsea AS and is part of DOF Group ASA ("The Group"). The consolidated financial statement can be found at www.dof.com. The Company's head office is at Thormøhlens gate in Bergen, Norway.

Going concern

The financial statements for the Company have been prepared on the basis of going concern assumption in accordance with the Norwegian Accounting Act § 3-3a.

2. Financial risk management

The Company is exposed to various types of financial risk relating to its ongoing business operations: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. The Company's governing risk management strategy focuses on minimising the potential negative effects on the Company's results.

The current loan agreements limit the Company from entering hedging transactions to reduce foreign exchange risk, interest rate risk and liquidity risk. Hence, these risks increased if the currencies and interest rates fluctuate.

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's counterparty credit risk has been low as the Company's end clients traditionally have had good financial capability to meet their obligations and have had high credit ratings. Historically, there have been no losses on trade receivables.

The Company's financing, capital structure and liquidity are monitored closely. Liquidity risk is monitored on short, medium and long-term, focusing on funding and liquidity requirements. From the 22nd of March 2023 all debt is internal debt.

Currency risk

The Company has global operations, and a significant portion of the income and costs are denominated in foreign currencies, mainly USD. Fluctuations in foreign exchange rates against NOK have impact on the Company's financial statement. The company has loan in USD equivalent to NOK 1 080 million per 31 December 2023.

Interest risk

The Company's existing debt arrangements are loans at floating interest rates. Movements in interest rates will have effects on the Company's cash flow and financial condition.

Price risk

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

- The demand for the Company's vessels is sensitive to changes in the oil industry, for example oil price movements, exploration and general activity level within the offshore energy industry. This affects both the pricing and the utilisation of the Company's vessels.
- 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.

Inflation risk and supply management

The Company is exposed to increases in costs in general. The effects of the Covid pandemic and the geopolitical instability have resulted in a general higher inflation, hence increased costs on vessel maintenance, services, and salaries. In addition, the logistics and supply management have become more challenging and more costly. The Company has focus on early planning to mitigate the risk of not receiving deliveries on time and sign agreements with the main suppliers at fixed prices.

Capital structure and equity

The Group signed the Restructuring Agreement (RA) in June 2022, which included the debt in DOF Subsea Rederi III AS. The refinancing was completed on the 22nd of March 2023. As part of the restructuring external debt in the Company with USD 98 million was reinstated as debt in DOF Subsea AS with maturity in January 2026, and loans from DOF Subsea AS to DOF Subsea Rederi III with corresponding instalment and interest were established.

For further information related to the refinancing see the Annual report for DOF Group ASA.

3. Climate Risk

Climate Risk and Impairment test

The impairment test for vessels has included an analysis of which measures will be necessary to achieve the Group's decarbonisation targets. The technical and commercial feasibility of decarbonisation measures have, in general, a high degree of uncertainty in comparison to conventional maintenance and upgrade programs for vessels. Cash flow effects related to risk and opportunities in a climate risk context, therefore, come with a higher degree of uncertainty. For further information about the Group's decarbonisation strategy, see the chapter "Our Planet" and section "Decarbonisation" in the Integrated Annual Report for the Group.

For cash flow, the key climate change risks for operations comprise cost increases following the risk of introduction of carbon pricing, a contraction in carbon-intensive operations in a push to decarbonise the economy, as well as increasing severity and rate of occurrence of extreme weather events. Nevertheless, there remains uncertainty around the form and the trajectory these risks shall take and what effect this will have on cash flows. In the current impairment model, the Group has, therefore, not included any costs linked to a potential tax on GHG emissions.

A general transformation to a low-carbon economy can also affect future revenue for the Group's vessels. There will be risks and opportunities in the energy transition to a low-carbon economy.

However, limited knowledge is available about future cash flow effects on revenue. Hence, it has not been possible to quantify or measure these effects. The impairment test has, therefore, not included any potential effect on future income cash flow related to energy transition.

Climate Risk and Useful Lives of Vessels

The business model is founded on the principle of maximising the value of vessel assets across its operational lifespan. With a greater appreciation of climate change risks and circular economy, the Group and the Company seeks to extend assets' operational and economic life for as long as possible. With this objective comes increased business sustainability through maximising material value and reduced exposure to asset write-down. The principles of maximising material value across an asset's useful life are a fundamental component of DOF's decarbonisation strategy and how the organisation generates value.

The residual value has been set to zero after 30 years as the cost of increasing environmental requirements related to the disposal of vessels is estimated to offset the scrap value of the steel. The useful life and residual value of vessels are based on knowledge of the market and years of operation of these types of vessels.

The economic life of the vessels will in a climate risk & opportunities context be dependent on the ability to reach and to meet the markets and the stakeholder's expectation to sustainable operation. Additionally, the growing emphasis on the circular economy will positively impact both the economic and useful life of the Group's vessels.

A short or longer economic life might affect the value of the Group's vessels and equipment as well as future depreciation.

4. Accounting policies

Summary of significant accounting principles

The financial statements of the Company have been prepared in accordance with the Norwegian Accounting Act § 3-9 and Finance Ministry's prescribed regulations on simplified IFRS. Principally this means that recognition and measurement complies with the International Financial Reporting Standards (IFRS) and presentation and note disclosures are in accordance with the Norwegian Accounting Act and generally accepted accounting principles. The financial statements have been prepared in accordance with the historical cost convention with the following exception: financial instruments at fair value through profit or loss are subsequently carried at fair value.

The fiscal year is the same as the calendar year.

Group companies

Group companies are defined as both DOF Group ASA and DOF Subsea AS companies.

Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors. The Company has only one business segment, Chartering of vessels.

Conversion of foreign currency

a) Foreign currency

The functional currency is NOK. The statements are presented in NOK million.

b) Transactions and balances

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 operating 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 after the reporting period

All other assets are classified as non-current assets.

Liabilities are classified as current liabilities when:

- the liability forms part of the entity's operating cycle, and is expected to be realised or consumed over the course of the entity's normal operations; or
- the liability is held for trading; or
- settlement of the liability has been agreed upon within12 months after the reporting period; or
- the entity does not have an unconditional right to postpone settlement of the liability until at least 12 months after the reporting period

All other liabilities are classified as non-current liabilities.

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 of future performance. Accrued not invoiced revenues is recognised if the Company performs by transferring services to a customer before the customer pays consideration or before invoice can be issued.

Trade receivables are recognised initially at nominal amount. An impairment analysis is performed at each reporting period to measure expected credit losses.

Tangible assets

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

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

Depreciation commences when the asset is ready for its intended use. The useful lives of tangible assets 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

Amounts in NOK million

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 profit or loss.

Residual value of vessels

The level of depreciation depends on the calculated residual value. Residual value after 30 years is set to zero based on an assumption that environmental requirements related to disposal of the vessels are estimated to offset scrap value of steel.

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. For further information on the calculation see note 5 'Accounting estimates and assessments'.

Periodic maintenance of tangible assets

Periodic maintenance is related to major inspection and overhaul costs which occur at regular intervals over the life of an asset. The expenditure is capitalised when it is probable that the Company will derive future financial benefits from upgrading the assets. Periodic maintenance is depreciated on a straight-line basis until the vessel is due for its next periodic maintenance. When new vessels are acquired, a portion of the cost price is classified as periodic maintenance based on best estimates. Intervals between periodic maintenance are calculated on the basis of past experience. The estimated life of each periodic maintenance program is 5 years.

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

Debt

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

Fees paid on the establishment of debt are recognised as transaction costs of the debt to the extent that it is probable that some or all of the liability will be drawn. In this case, the fee is deferred until the drawdown occurs. To the extent there is no evidence that it is probable that some or all of the liability will be drawndown, the fee is recognised as a prepayment for liquidity services and amortised over the period of the liability to which it relates.

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

Debt is classified as a current liability unless it involves an unconditional right to postpone payment of the liability for more than 12 months from the reporting period.

Provisions

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

Revenue recognition

The Company recognises income in line with the transfer of promised goods or services to customers in an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. Operating revenue 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.

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 an input or 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. In contracts where the Company is remunerated for maintenance days the revenue is recognised over the contract period. The maintenance days are recognised as receivables, and invoiced during off-hire.

Costs incurred relating to future performance obligations are deferred and recognised as assets in the statement of financial position. 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 that 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.

Interest income

Interest income is recognised using the effective interest method.

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 statement of financial position date in the countries where the Company operate and generate taxable income. The tax change in the income statement includes both payable taxes for the period and changes in deferred tax. Deferred tax is calculated at relevant tax rates on the basis of the temporary differences which exist between accounting and tax values, and any carry-forward losses for tax purposes at year-end. Tax enhancing or tax reducing temporary differences, which are reversed or may be reversed in the same period, have been eliminated.

The disclosure of deferred tax benefits on net tax reducing differences which have not been eliminated, and carry-forward losses, is based on estimated future earnings. Deferred tax and tax benefits which may be shown in the statement of financial position are presented net. Deferred tax is reflected at nominal value.

Management periodically evaluated positions taken in tax returns where applicable tax regulation is subject to interpretation and they establish provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Tax reduction on group contributions given and tax on group contribution received, booked as a reduction of cost price or taken directly to equity, are booked directly against tax in the statement of financial position (offset against payable taxes if the group contributions had effected deferred taxes). Group contributions is booked in the year when it is approved by the annual general meeting.

Events after period end

New information and other events that provide evidence of conditions that existed at the 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.

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 'Accounting estimates and assessments'. Changes in accounting estimates are recognised in profit or loss for the period in which they occur. 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 flows is prepared in accordance with the indirect model.

New standards, amendments and interpretations

No new standards, amendments or interpretations have been adopted by the Company in 2023.

New standards, amendments and interpretations not yet adopted

New standards and amendments mandatory for annual reporting periods after 31 December 2023 is expected to not be significant for the Company.

5. Accounting estimates and assessments

When preparing the annual accounts, estimates and assessments have been in use. Bases for these estimates and assessments may change and impact assets, liabilities, equity and result.

Valuations, estimates and assumptions with a significant effect on the financial statements are summarised below:

Depreciation of vessels

The carrying amount of the Company's vessels represents 65% of the total statement of financial position. Consequently, policies and estimates linked to the vessels have a significant impact on the Company's financial statements. Depreciation is calculated on a modified straight-line basis over the estimated useful life of the asset. Depreciable amount equals historical cost less residual value. Please see note 4 'Accounting policies' for further information about tangible assets.

Useful life and periodic maintenance

The level of depreciation depends on the calculated residual value. Residual value after 30 years is set to zero based on an assumption that environmental requirements related to disposal of vessels are estimated to offset the scrap value of the steel.

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

Impairment of Vessels

For the purposes of assessing impairment of 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 costs to sell

For vessels, fair value less cost to sell is based on an average of brokers' estimates, taken into account sales commission. 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 contract value in associated contracts. 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. When value in use calculations have lower value than broker estimates, value in use has been used in the impairment test.

Value in use

Estimated cash flows are based on next year's budgets per vessel and forecasted earnings. The budget process is a detailed and thorough bottom-up budgeting process at all levels of the organisation, with approval procedures on all levels. 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. The impairment test for vessels has included cost related to decarbonisation measures.

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 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 Group 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

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WACC used in the value in use calculations is 11,2%.

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

Tax

Deferred tax assets are recognised on the basis of unused tax losses carried forward or deductible temporary differences to the extent that it is probable that there will be sufficient future earnings available against which the loss or deductible can be utilised. Earnings for the Company have continue to improve during 2022 and 2023. Contracts entered these years have also longer duration than previous years which gives better visibility of future earnings. Deferred tax assets from tax losses carried forward are expected to be offset against taxable income in the Company and group contribution within a period of 5-10 years.

6. Operating revenue

The Company has only one business segment, chartering of vessels. Geographical distribution of revenue from contracts with customers is based on the location of clients.

2023	Norway	US	Brazil	Canada	Other	Total
Operating revenue	141	84	64	-	-	289

2022	Norway	US	Brazil	Canada	Other	Total
Operating revenue	108	68	236	54	5	471

7. Payroll expenses

The Company has no employees. The Company's vessels are operated by DOF Management AS.

Payroll expenses	2023	2022
Personnel hire	43	87
Total payroll expenses	**43**	**87**
Average number of employees	-	-

8. Remuneration to Board of Directors, Executives, and Auditor

No salaries or other remuneration have been paid to the Company's Board of Directors. No loans or guarantees have been provided for the Company's Board of Directors or close associates.

Specification of auditor's fee (excl. VAT)	2023	2022
Fee for audit of financial statements	168 100	155 500
Fee for attestation services	7 753	-
Total	**175 853**	**155 500**

Amounts in NOK million

9. Tangible assets

2023	Vessels	Periodical maintenance	ROVs	Total
Cost at 01.01	**1 882**	**162**	**95**	**2 139**
Additions	-	66	5	71
Disposals	-1 143	-66	-74	-1 284
Cost at 31.12	**739**	**162**	**25**	**926**
Depreciation and impairment at 01.01	**-987**	**-117**	**-25**	**-1 129**
Depreciation for the year	-45	-13	-2	-60
Depreciation and impairment on disposals	624	-	2	626
Reversal of impairment	175			175
Depreciation and impairment at 31.12	**-233**	**-130**	**-25**	**-388**
Book value at 31.12	**506**	**31**	**-**	**537**
Asset lifetime (years)	30	2.5-5	12	
Depreciation schedule	Linear	Linear	Linear	

2022	Vessels	Periodical maintenance	ROVs	Total
Cost at 01.01	**1 881**	**158**	**25**	**2 064**
Additions	1	4	70	75
Disposals	-	-	-	-
Cost at 31.12	**1 882**	**162**	**95**	**2 139**
Depreciation and impairment at 01.01	**-1 169**	**-93**	**-25**	**-1 287**
Depreciation for the year	-45	-24	-	-70
Depreciation on disposals	-	-	-	-
Reversal of impairment	**227**		**-**	**227**
Depreciation and impairment at 31.12	**-987**	**-117**	**-25**	**-1 129**
Book value at 31.12	**895**	**45**	**71**	**1 010**
Asset lifetime (years)	30	2.5-5	12	
Depreciation schedule	Linear	Linear	Linear	

Sale of vessels

The Company sold two vessels, Skandi Neptune, to an external party, and Skandi Constructor, to DOF Subsea Rederi AS.

Reversal of impairment

The impairment test is based on operational performance, contract backlog and improved market. The impairment test has resulted in a reversal of impairment of NOK 175 million.

Sensitivity analysis

Impairment tests are sensitive to changes in currencies. A weakening of USD towards NOK with 10% will result in an impairment of NOK 51 million, given no change in other assumptions. While testing the reasonableness of the broker estimates the Company has applied a nominal WACC of 11,2%. An increase in WACC with 100 basis points will not result in additional impairment. Negative effect on net future cash flows by 10% will result in an impairment of the vessel of approximately NOK 12 million.

The Company has a relatively new vessel and as a result future cash flows for a long period of time. The key assumptions in a discounted cash flow calculation for vessels are utilisation and charter rates. Changes in these assumptions would have considerable effects on the net present value of the vessels in a value in use calculation.

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Amounts in NOK million

10. Financial income and expenses

Financial income and expenses	2023	2022
Interest income	4	-
Financial income	**4**	**-**
Interest and guarantee expenses	-117	-110
Other financial expenses	-5	-6
Financial expenses	**-122**	**-116**
Realised gain / loss on currencies	-128	21
Realised gain / loss on financial derivatives and currency positions	**-128**	**21**
Unrealised gain / loss on currencies	53	-122
Unrealised gain / loss on financial derivatives and currency positions	**53**	**-122**
Net financial income / loss	**-193**	**-217**

11. Tax

Income tax expense	2023	2022
Withholding tax	1	-
Change in deferred tax	193	10
Total income tax expense	**194**	**10**

Reconciliation of nominal and effective tax rate		
Profit before tax	222	68
Expected income tax expense (22%)	**-49**	**-15**
Tax effect of		
Tax loss for which no deferred tax asset has been recognised	-7	-38
Withholding tax and effect of different tax regimes	1	-
Change in temporary differences	249	63
Total income tax expense	**194**	**10**

Basis for deferred tax		
Non-current assets	472	180
Receivables	-1	-1
Liabilities	-116	-127
Temporary differences not included as deferred tax	-	-
Total temporary differences	**355**	**53**
Tax loss carry-forward	-1 428	-1 365
Basis for calculation deferred tax (-) / tax assets	**-1 074**	**-1 312**
Deferred tax / tax assets (-)	**-236**	**-289**
Deferred tax assets not recognised	32	277
Total deferred tax / tax assets (-)	**-204**	**-11**

Amounts in NOK million

Deferred tax

The table above specifies the temporary differences between accounting and tax values, and calculation of deferred tax / tax asset at year-end. Deferred tax assets from tax losses carried forward are expected to be offset against taxable income and Group contribution within a period of 5-10 years.

12. Contract costs

31.12.2023	Contract costs	Total
Net booked value 01.01	3	3
Disposal	-3	-3
Net booked value 31.12	**-**	**-**

31.12.2022	Contract costs	Total
Net booked value 01.01	7	7
Additions	3	3
Amortisation	-7	-7
Net booked value 31.12	**3**	**3**

The Company presented and recognised contract costs as intangible asset in accordance with policies described in note 4 'Accounting policies'. The main part of the contract costs is related to mobilisation of vessels, equipment and offshore personnel. Amortisation of contract costs are recognized over the contract period of the related contract.

13. Trade receivables

Trade receivables	2023	2022
Trade receivables at nominal value	6	6
Trade receivables at 31.12	**6**	**6**

Historically, the portion of receivables not being collectable has been low.

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14. Related parties

DOF Group ASA is the owner of DOF Subsea AS with a 100% holding. DOF Subsea Rederi III AS is owned 100% by DOF Subsea AS. DOF Subsea Group delivers ship management services on the Company's vessel. The Company also partially owns Semar AS, with a 42.27% ownership stake.

The transactions and balances are as follow:

Operating revenue	2023	2022
DOF Group companies	342	467
Total	**342**	**467**
Operating expenses		
DOF Group companies	-145	-266
Total	**-145**	**-266**
Gain on sale of tangible assets		
DOF Group companies	188	-
Total	**188**	**-**
Net finance costs		
DOF Group companies	-102	-64
Total	**-102**	**-64**
Current receivables from Group companies and associated partners		
DOF Group companies	28	147
Semar AS	3	147
Total	**31**	**147**
Non-current liabilities to Group companies		
DOF Group companies	1 054	-
Total	**1 054**	**-**
Current liabilities to Group companies		
DOF Group companies	88	981
Total	**88**	**981**

The Company provided to associate partner, Semar AS, a loan for NOK 2.5 million.

15. Other current receivables

Other current receivables	2023	2022
Stock	37	23
Prepaid expenses	2	4
Fuel	1	4
Receivable not invoiced	-	1
Other current receivables at 31.12	**40**	**32**

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16. Cash and cash equivalents

Cash and cash equivalents	2023	2022
Bank deposits	1	-
Cash pooling system deposit DOF Subsea AS	1	31
Cash and cash equivalents at 31.12	**2**	**31**

The Company has no restricted cash.

The Company is part of the DOF Subsea Group's cash pooling system and has at all times access to cash available in the Group's cash pool. For further reading about liquidity risk, please refer to note 2 'Financial risk management'. Pricing on deposits in the respective currencies is based on the Group's internal transfer pricing policy.

The amounts in the cash pooling system deposit of DOF Subsea AS are recognised as current receivables/liabilities to Group companies.

17. Share capital and share information

Share capital

The share capital in the Company at 31 December 2023 was NOK 60 400 000 comprising 1 000 shares, each with a nominal value of NOK 60 400.

Shareholder overview

At 31 December 2023 the shareholders in the Company were as follows:

Shareholders at 31.12	No. of shares	Proportion of ownership
DOF Subsea AS	1 000	100 %
Total	**1 000**	**100 %**

Board of Directors	Title
Mons S. Aase	Chair
Marianne Møgster	Director

Share capital	No. of shares	Share capital
Share capital 01.01.2023	1 000	60 400 000
Share capital 31.12.2023	1 000	60 400 000

DOF Subsea Rederi III AS and DOF Subsea AS are companies within the DOF Group ASA. DOF Group ASA has its headquarters at Storebø in Austevoll municipal in Norway For further information see the consolidated financial statement for DOF Group ASA at www.dof.com.

DOF Subsea Rederi AS Amounts in NOK million

18. Interest bearing debt

All the financial creditors have approved the RA and the Addendum, the refinancing was completed on the 22nd of March 2023 and USD 98 million of the Company's debt was reinstated as debt in DOF Subsea AS, and loans from DOF Subsea AS to the Company with corresponding instalments and interest were established.

	2023	2022
Debt to Group companies	1 054	-
Total non-current interest-bearing debt	**1 054**	**-**
Debt to credit institutions	-	1 011
Current debt to Group companies	26	842
Total current interest bearing debt	**26**	**1 852**
Total non-current and current interest bearing debt	**1 080**	**1 852**
Cash and cash equivalents	2	31
Net interest bearing debt	**1 078**	**1 821**

Current portion of debt in the statement of financial position includes accrued interest. Accrued interest expenses, guarantee fees and other non-interest bearing liabilities are excluded in the figures above.

Liabilities secured by mortgage	2023	2022
Debt to Group companies	1 080	
Debt to credit institutions	-	1 013
Book value of assets pledged as security	543	1 010

Repayment plan

In accordance with the repayment plan, the Company's annual instalment on the loan to DOF Subsea AS is NOK 26 million. The loan has maturity in January 2026.

Financial covenants in new loan agreements

After completion of the financial restructuring of the Group and the Company, new loan facilities have been established including changes in the financial covenants. There are no financial covenants at company level for DOF Subsea Rederi III. Applicable covenants are on DOF Subsea Group consolidated level. The most important financial covenants in the new loan agreements concerning DOF Subsea Group (excluding DOF Subsea Brasil Ltda.) are as followed:

- DOF Subsea Group shall have available cash of at least NOK 600 million on each testing date.
- DOF Subsea Group shall have positive working capital (current assets less current liabilities excluded current portion of debt to credit institutions), on each testing date.
- DOF Subsea Group`s interest coverage ratio (EBITDA / interest payable in period) shall be no less than the level set out that period. The interest coverage ratios are the following: from June 23-Dec 23, 2.0x, from March 24-Dec 24, 2.50x and from March 25-Dec 25, 3.25x.
- Fair value (based on 2 brokers valuations) for the vessels shall be at least 100% of the total outstanding loans related to the vessels. From March 2024 it shall be 105 % and from March 2025 110 %.
- Testing date is set to be the last day in each quarter.

The DOF Subsea Group was in compliance with all financial covenants at year-end 2023.

For further information see the consolidated financial statements for DOF Group ASA and DOF Subsea AS at www.dof.com

Amounts in NOK million

19. Trade payables

Trade payables	2023	2022
Supplier	11	20
Accrued expenses	52	-
Trade payables at 31.12	**63**	**20**

20. Other current liabilities

Other current liabilities	2023	2022
Other current liabilities	2	16
Other current liabilities at 31.12	**2**	**16**

21. Contingencies

The Company is not involved in any legal disputes or on-going legal matters involving potential losses.

22. Events after period end

The Company did not have any significant events before the 26th of April 2024.

DOF SUBSEA Rederi III AS

Thormøhlens gate 53 C

5006 Bergen

NORWAY

Subsea

DOF Subsea Rederi III AS Annual Report 2023

Final Audit Report 2024-04-26

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To the General Meeting of DOF Subsea Rederi III AS

Independent Auditor's Report

Opinion

We have audited the financial statements of DOF Subsea Rederi III AS (the Company), which comprise the balance sheet as at 31 December 2023, the statement of profit or loss, 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 policies.

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 2023, 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 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.

Other Information

The Board of Directors (management) is 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 statutory 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.

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Statsautoriserte revisorer, medlemmer av Den norske Revisorforening og autorisert regnskapsførerselskap

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

Bergen, 26 April 2024
PricewaterhouseCoopers AS

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

Securely signed with Brevio

Revisjonsberetning 2023

Signers:

Name	***Method***	***Date***
Olsen, Marius Kaland	BANKID	2024-04-29 12:32

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