



ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2020 - GENERELL INFORMASJON

Enheten

Organisasjonsnummer: 916 558 635
Organisasjonsform: Aksjeselskap
Foretaksnavn: NORMAND SUPERIOR AS
Forretningsadresse: Skansekaia 4A
6002 ÅLESUND

Regnskapsår

Årsregnskapets periode: 01.01.2020 - 31.12.2020

Konsern

Morselskap i konsern: Nei

Regnskapsregler

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

Årsregnskapet fastsatt av kompetent organ

Bekreftet av representant for selskapet: Leif Henning Stave
Dato for fastsettelse av årsregnskapet: 31.08.2021

Grunnlag for avgivelse

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

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

Brønnøysundregistrene, 04.08.2022



Resultatregnskap

Beløp i: NOK	Note	2020	2019
RESULTATREGNSKAP			
Inntekter			
Bareboat hire	2	66 385 000	29 344 000
Sum inntekter		66 385 000	29 344 000
Kostnader			
Crewing expenses vessels		8 940 000	1 681 000
Depreciation	8	13 449 000	13 504 000
Other operating expenses vessels		17 915 000	2 863 000
Administration	9	233 000	265 000
Sum kostnader		40 536 000	18 313 000
Driftsresultat		25 848 000	11 031 000
Finansinntekter og finanskostnader			
Income from other group companies			
Annen renteinntekt		-73 000	-130 000
Financial income			2 000
Sum finansinntekter		-72 000	-128 000
Rentekostnad til foretak i samme konsern	9	2 242 000	3 646 000
Annen rentekostnad		-113 000	-9 000
Financial expenses		20 091 000	19 773 000
Sum finanskostnader		22 221 000	23 410 000
Netto finans		-22 293 000	-23 538 000
Ordinært resultat før skattekostnad		3 555 000	-12 507 000
Tax	5		
Ordinært resultat etter skattekostnad		3 555 000	-12 507 000
Årsresultat		3 555 000	-12 507 000
Årsresultat etter minoritetsinteresser		3 555 000	-12 507 000
Totalresultat		3 555 000	-12 507 000



Resultatregnskap

Beløp i: NOK	Note	2020	2019
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Balanse

Beløp i: NOK	Note	2020	2019
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Finansielle anleggsmidler			
Sum finansielle anleggsmidler	7	757 436 000	784 334 000
Sum anleggsmidler		378 718 000	392 167 000
Omløpsmidler			
Varer			
Sum varer	11	1 186 000	1 590 000
Fordringer			
Other short-term receivables	8	1 133 000	3 509 000
Sum fordringer		1 133 000	3 509 000
Bankinnskudd, kontanter og lignende			
Cash and cash equivalents	3	5 404 000	3 842 000
Sum bankinnskudd, kontanter og lignende		5 404 000	3 842 000
Sum omløpsmidler		7 723 000	8 941 000
SUM EIENDELER		386 441 000	401 108 000
BALANSE - EGENKAPITAL OG GJELD			
Egenkapital			
Innskutt egenkapital			
Share capital	6, 10	100 000	30 000
Overkurs		56 154 000	
Sum innskutt egenkapital		56 254 000	30 000
Opptjent egenkapital			
Other equity	6	-18 720 000	-22 276 000



Balanse

Beløp i: NOK	Note	2020	2019
Sum opptjent egenkapital		-18 720 000	-22 276 000
Sum egenkapital		37 534 000	-22 246 000
Gjeld			
Langsiktig gjeld			
Annen langsiktig gjeld			
Konvertible lån	2, 8	27 000 000	55 800 000
Obligasjonslån	3, 4	103 044 000	
Gjeld til kredittinstitusjoner	3		
Langsiktig konserngjeld	3, 4	211 800 000	
Sum annen langsiktig gjeld		341 844 000	55 800 000
Sum langsiktig gjeld		341 844 000	55 800 000
Kortsiktig gjeld			
Konvertible lån	3, 4		236 200 000
Seller credit	3, 4		100 378 000
Leverandørgjeld		2 979 000	19 000
Other current liabilities	8	4 083 000	30 956 000
Sum kortsiktig gjeld		7 063 000	367 554 000
Sum gjeld		348 907 000	423 354 000
SUM EGENKAPITAL OG GJELD		386 441 000	401 108 000



Skattedirektoratet

Saksbehandler Torstein Kinden Helleland	Deres dato 18.05.2017	Vår dato 09.06.2017
Telefon 22078139	Deres referanse Anna Lena Dyb-Godø	Vår referanse 2017/517056

FARSTAD SUBSEA AS
Postboks 1301
6001 ÅLESUND

Tillatelse til å utarbeide årsregnskap og årsberetning på engelsk språk for Farstad Superior AS, org. nr. 916 558 635

Vi viser til deres brev av 18. mai 2017 der det søkes om dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk språk for Farstad Superior AS.

Skattedirektoratet gir på bakgrunn av en konkret helhetsvurdering Farstad Superior AS dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk 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

Farstad Superior AS er heleid av Farstad Shipping ASA. Selskapet sin aktivitet er konsentrert til markedene i Nordvest-Europa. Med bakgrunn i at selskapet og konsernet opererer i et internasjonalt marked, med internasjonale kunder og med internasjonale eksterne kredittinstitusjoner, er det ønskelig å kunne utarbeide årsregnskapet og årsberetningen på engelsk. Forretningsspråket til morselskapet er engelsk. All kommunikasjon med kunder og kredittinstitusjoner foregår i hovedsak på engelsk. Med bakgrunn i dette søkes det om at årsregnskapet og årsberetningen utarbeides på engelsk.

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:

”Regjeringen har som siktemål at regnskapsloven skal bidra til informative regnskaper for ulike grupper av regnskapsbrukere. Regnskapsbrukerne er dels investorer og kreditorer som

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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.

Det er særlig hensynet til brukerne av regnskapsinformasjon som skal vurderes ved en dispensasjonssøknad. I denne vurderingen har Skattedirektoratet lagt særlig vekt på at selskapet er eiet av et selskap som benytter engelsk som forretningsspråk. Videre er det vektlagt at selskapet driver virksomhet i en internasjonal bransje der alle sentrale aktører og samarbeidspartnere behersker og benytter engelsk språk.

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



Statsautoriserte revisorer
Ernst & Young AS

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INDEPENDENT AUDITOR'S REPORT

To the Annual Shareholders' Meeting of Far Superior AS

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Far Superior AS, which comprise the balance sheet as at 31 December 2020, the income statement, statements 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 have been prepared in accordance with laws and regulations and present fairly, in all material respects, the financial position of the Company as at 31 December 2020 and its financial performance and cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.

Basis for opinion

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

Other information

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

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

Responsibilities of management for the financial statements

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

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an



audit conducted in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing (ISAs) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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

Report on other legal and regulatory requirements

Opinion on the Board of Directors' report

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

Opinion on registration and documentation

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



Bergen, 31 August 2021
ERNST & YOUNG AS

The auditor's report is signed electronically

Øyvind Nore
State Authorised Public Accountant (Norway)

Penneo document key: FWA07-HIT1-EISEU-WN6XE-1AH8Z-W747Z

Independent auditor's report - Far Superior AS

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

Øyvind Nore

State Authorized Public Accountant

On behalf of: Ernst & Young AS

Serial number: 9578-5994-4-485745

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THE ANNUAL REPORT OF THE BOARD OF DIRECTORS

COMPANY STRUCTURE

Far Superior AS was established on 17 December 2015 in order to run international shipping operation, directly and/or through participation in other companies in Norway and/or overseas. The company is 100 % owned by Farstad Subsea AS, a wholly owned subsidiary of Solstad Offshore ASA.

In June 2017 Farstad Shipping ASA merged with a Solstad company and changed name to Farstad Shipping AS and became a subsidiary of the listed company Solstad Farstad ASA, which changed name to Solstad Offshore ASA 1st of October 2018. The ultimo parent company is Solstad Offshore ASA.

MANAGEMENT

The company has no employees. The company is managed by Solstad Shipping AS in accordance with a signed management agreement. The vessel is presently operating in the North Sea. The company's Board of Directors has three members.

THE FLEET / CONTRACT

The company's only vessel, the subsea/construction vessel Far Superior, VARD 3 17 design, was delivered from VARD Vung Tau, Vietnam 16 January 2017.

The parent company, Farstad Subsea AS, has a 5 years, plus 5 yearly options, frame agreement with Technip Norge AS. The agreement is for 150 days firm operation per year, with options for up to 150 days per year. Far Superior AS has a back to back bareboat contract with Farstad Subsea for corresponding periods. The vessel started on this new contract in April 2017.

Financing of the vessel consist of NOK 300 million in senior debt, NOK 100 million in seller's credit from VARD and NOK 30 million in equity.

The vessels are registered in NIS (Norwegian International Ship Register). The vessel was in a good technical condition and had valid certificates at the end of the year.

THE MARKET

The offshore market has also in 2020 been challenging. In addition to low activity due to uncertainty about the oil price, the Covid-19 pandemic has led to delays in projects, and generally a more uncertain market situation. There is still overcapacity of ships.

FINANCIAL RISK

Currency risk

The company is insignificant exposed to currency risk, as the income is in Norwegian currency and loans are in the same currency.

Interest risk

The company's long-term debt to financial institutions is subject to variation in the floating interest rate, while the interest on the sellers' credit is at a fixed rate.

Credit risk

The Company is exposed to potential losses associated with accounts receivable. There was no loss on trade receivables in 2020. However, NOK 2 million provision for an Group internal receivable have been recognized per 31.12.2020.

Market risk

The Company has reduced the market risk through the bareboat contract that secures a minimum of 150 days.



HEALTH, WORKING ENVIRONMENT AND SAFETY

The Company's goal is to operate without damages to people, environment and materials. The Group works actively on several levels to make employees aware of this goal. Both the Group's main Board and the boards of the subsidiaries are focusing on this and discuss the development in health, environment and safety in all their meetings.

The Solstad Group operates in accordance with international regulations and standards and is certified to ISM, ISO 14001:2015, ISO 9001:2015, ISO 45001:2018, MLC (Maritime Labour Convention) and ISPS (International Ship and Port Facility Security). Furthermore ISO 50001:2018 (Energy Management) is implemented and a certification will be done during 2020. The crews are trained according to the Group's procedures and approved pursuant to the requirements of the STCW 10 (Seafarers Training, Certification and Watchkeeping Code). Internal audits are carried out on all ships and offices on an annual basis.

FINANCIAL

Financial statement

Operating income for 2020 was NOK 66.4 million compared to NOK 29.3 million in 2019. Operating result was NOK 25.8 in 2020 compared to NOK 11.0 million in 2019, after a depreciation of NOK 13.5 million (NOK 13.5 in 2019). After a NOK 56 million conversion of debt to equity the Company has a total equity of NOK 37.5.

The company's annual accounts show a profit of MNOK 3.6 in 2020 compared to a loss of MNOK 12.5 in 2019. The Board has approved the profit to be transferred to Other Equity.

GOING CONCERN

The Board confirms that the assumption of going concern is present, and that the 2020 financial statements, pursuant to section 3-3a of the Norwegian accounting act, have been prepared based on the assumption of a going concern. The company has limited access to support from other companies in the Group. However, based on budgets and forecasts, in addition to an agreement of non-cash settlement of the MNOK 27 loan from Parent Company, the Board' opinion is that the Going Concern Assumption is present.

Aalesund, 31 August 2021

Kjetil Ramstad
Member of the Board

The Board of Directors of Far Superior AS

Lars Peder Solstad
Chairman of the Board

Eivind Kvilhaug
Member of the Board



CASH FLOW STATEMENT

FAR SUPERIOR AS

	2020	2019
Cash flow from operations:		
Profit/(Loss) before income taxes	3.555	(12.507)
Depreciation	13.449	13.504
Interest costs	22.333	23.419
Change in inventory	404	999
Change in trade debtors	(8.705)	87
Change in trade creditors	2.960	19
Unrealized foreign exchange (gain)/loss	(113)	(9)
Change in other provisions	11.255	24.734
Net cash flow from operations	45.138	50.246
Cash flow from investments:		
Proceeds from sale of fixed assets	-	-
Purchase of fixed assets	-	-
Net cash flow from investments	-	-
Cash flow from financing:		
Proceeds from intercompany debt	-	-
Repayment of long term loans	(25.000)	(25.000)
Payment of interest	(18.576)	(23.093)
Net cash flow from financing	(43.576)	(48.093)
Net change in cash and cash equivalents	1.562	2.153
Cash and cash equivalents at the beginning of the period	3.842	1.689
Cash and cash equivalents at the end of the period	5.404	3.842



PROFIT AND LOSS

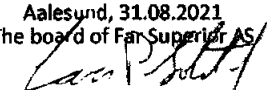
FAR SUPERIOR AS (NOK 1 000)

	Note	2020	2019
Bareboat hire	2	66 385	29 344
Total operating Income		66 385	29 344
Total income		66 385	29 344
Operating expenses:			
Crewing expenses vessels		8 940	1 681
Other operating expenses vessels		17 915	2 863
Administration	9	233	265
Total operating expenses		27 087	4 809
Operating profit before depreciations (EBITDA)	3	39 297	24 535
Depreciation	8	13 449	13 504
Operating result (EBIT)		25 848	11 031
Financial income		0	2
Financial expenses		20 091	19 773
Interest expense to group companies	9	2 242	3 646
Realised agio (disagio)		-73	-130
Unrealised agio (disagio)		-113	-9
Net financial income and expenses		-22 293	-23 538
Tax and results:			
Pre tax profit		3 555	-12 507
Tax	5	0	0
Profit (loss) for the year		3 555	-12 507
Annual net profit (loss) for the period		3 555	-12 507

**BALANCE SHEET**

FAR SUPERIOR AS (NOK 1 000)

	Note	2020	2019
Vessels and other fixed assets	7	378 718	392 167
Total fixed assets		378 718	392 167
CURRENT ASSETS			
Inventories	11	1 186	1 590
Other short-term receivables	8	1 133	3 509
Cash and cash equivalents	3	5 404	3 842
Total current assets		7 723	8 941
Total assets		386 441	401 108
EQUITY AND LIABILITIES			
EQUITY			
Share capital	6, 10	100	30
Share premium reserve		56 154	0
Other equity	6	-18 720	-22 276
Total equity		37 534	-22 246
Loan from group company	2, 8	27 000	55 800
Sellercredit	3, 4	103 044	0
Interest-bearing mortgage debt	3, 4	211 800	0
Total non-current liabilities		341 844	55 800
Accounts payable		2 979	19
Other current liabilities	8	4 083	30 956
Seller credit	3, 4	0	100 378
Current portion of Interest-bearing mortgage debt	3, 4	0	236 200
Total current liabilities		7 063	367 554
Total liabilities		348 907	423 354
Total equity and liabilities		386 441	401 108


Kjetil Ramstad
member of the boardAalesund, 31.08.2021
The board of Far Superior AS

Lars Peder Solstad
chairman of the board
Eivind Kvilhaug
member of the board



NOTES TO THE ACCOUNTS (NOK 1 000) FAR SUPERIOR AS

NOTE 1 ACCOUNTING PRINCIPLES

The annual accounts have been prepared in compliance with the Accounting Act and accounting principles generally accepted in Norway.

Estimates

Areas that involve judgement or complexity, or areas where assumptions and estimates are significant to the annual accounts are residual values for vessels, the useful life of vessels, impairment of vessels, tax, the capitalisation and depreciation of deferred maintenance, average settlements and loss on receivables.

Financial instruments

Profit and loss items are recognised at the transaction date's exchange rate or the forward exchange rate where items are hedged against exchange rates. Current assets and current liabilities are recognised at the balance sheet date's exchange rate, and currency gains and losses due to changes in the exchange rates, are recognised through profit or loss. Hedging instruments such as forward contracts is recognised in the annual accounts as they are not considered as hedging instruments. The hedging instrument is valued at market value according to section 5-8 Financial Instruments and commodities derivatives in the Norwegian Accounting Act. The following exchange rates applied on the balance sheet date: USD 8.5326, GBP 11.6462, EUR 10.4703, AUD 6.5868 and BRL 1.6428.

Costs and Income recognition

The group's vessels are mainly leased on time charters (TC). The TC contracts comprise payment for factors such as crew hire. Income from the lease of vessels is recognised on a straight-line basis during the lease period. The lease period starts on the date the vessel is made available to the leaser, and terminates on the agreed date for return of the vessel. Crew hire and payments to cover other operating expenses are reported as income according to the straight-line method for the duration of the agreement. Income and costs associated with charter parties are recognised in the accounts on the basis of the number of days the contract lasts. Interest income is recorded as interest accrues.

Sale of vessels

Gains from the sale of vessels are recognised as operating income since the sale of vessels is deemed part of the company's ordinary activities. Income from sales of vessels is recognised through profit or loss upon delivery to the new owner.

Depreciation of vessels and other fixed assets

The vessels are decomposed into vessel and deferred maintenance. Vessels are included in the balance sheet at their cost price with deductions of the year's and previous years' ordinary depreciation. The vessels are depreciated on a straight-line basis over defined period of use of 20 years, taking into account an estimated residual value of the vessels upon expiry of their period of use. Residual values are reviewed on an annual basis. These residual values are based on a best estimate of what we believe the vessels can be sold for when they are 20 years old. The depreciation of vessels in the fleet older than 20 years old are reassessed based on the estimated residual value.

Depreciation of other fixed assets is calculated on a straight-line basis over estimated useful life.

Impairment of fixed assets

The booked values of vessels and other fixed assets are reviewed for impairment when events or changes in circumstances indicate that booked value may not be recoverable. If any such indications exist and where the booked value exceeds the estimated recoverable amount, the assets are written down to their recoverable amount which, for fixed assets, is the greater of the net selling price and value in use. As an approach to net selling price for the vessels, the value estimates obtained from two independent Norwegian shipbrokers are used. The brokers' estimates assume the vessels are without any charter contracts, available for immediate sale on the market and there being a willing seller and a willing buyer. Due to the declining market and higher uncertainty in the broker's estimates, the company is careful to rely only on the values estimated by the brokers in the impairment test. Because of this, value in use have been estimated for all vessels by calculating net present value of estimated future cash flows using weighted average cost of capital as discounting rate.

Maintenance costs

Ordinary repairs and maintenance are recognised in the profit and loss account. The cost of dockings and periodic maintenance on vessels are recognised in the balance sheet and recognised as expenses on a straight-line basis over the period up to the next periodic maintenance/docking, normally every 60 months. The costs are recognised through depreciation. Upon delivery of new vessels, a portion of the cost of the vessel is valued as deferred maintenance. If a vessel is sold, the capitalized deferred maintenance is deducted from the profit.

Operating leases - Bare-boat rent of vessel

Leases where most of the risk and returns associated with the ownership of the asset have not been transferred from the company, are classified as operating leases. Lease payments are classified as operating income and recognised in the income statement in a straight-line during the contract period.

Deferred tax/Tax expense

Deferred tax/assets are calculated on all differences between the book value and tax value of assets. Deferred tax assets are recognised when it is probable that the company will have sufficient profit for tax purposes in subsequent periods to utilize the tax offset and recorded as a net figure.

Deferred tax is calculated for assets and liabilities for which future realization will lead to tax payable.



NOTES TO THE ACCOUNTS (NOK 1 000)

FAR SUPERIOR AS

Cash flow statement

The company uses the indirect model when presenting its cash flow statement. The statement's line for cash and cash equivalents includes bank deposits, other deposits and marketable securities.

Pension

Far Superior is hiring all crew and crew related duties from other companies within the Solstad Offshore ASA Group. In connection with this all crew related expenses are charged to the company, including pension expenses.

The company has according to NRS 6 Pension costs declared the option to use IAS 19 for the recognition of the defined benefit plan. The current service cost and net interest income/costs are recognised immediately. The service cost is recognised in the vessels crew cost and administration cost in the Income statement. Changes in estimates, both in assets and liabilities are recognised through retained earnings.

NOTE 2 TRANSACTIONS WITH RELATED PARTIES

The company has a bare-boat contract (amount of NOK 66.4 million) with the parent company Farstad Subsea AS to rent the CSV Far Superior. This contract is back to back with the firm 5 years plus 5 yearly options Frame agreement Farstad Subsea AS has with Technip Norge AS. If the vessel obtain additional utilisation beyond the Technip contract, it shall be agreed reasonable modifications to the charter hire in the bare-boat contract. When the vessel are not on contract to third part or in seasonal lay-up, the crew and opex cost are covered by the company.

The company have received a loan from Solstad Subsea Holding AS of NOK 27 million.

NOTE 3 MORTGAGES AND OTHER LONG-TERM LIABILITIES

Farstad Restructuring was completed in 1st quarter 2017 according to the plan announced in the press release dated 6 February 2017. The financing for the new build "Far Superior" and the setup of the two new companies Farstad Subsea AS and Far Superior was a part of this Restructuring.

New long term loan agreement

For the loan agreement in the Far Superior AS the following covenant for the group Farstad Subsea AS and Far Superior AS are agreed:

- 1) Positive working capital
- 3) Free cash for the group not to be less than MNOK 5 (MNOK 15 from 01.07.2022)
- 5) The market value of the vessel shall not be less than 100% of the loans.

As per 31.12.2020 the Company was in compliance with all covenants.

Net repayments of debt amounted to MNOK 25 in 2020 (debt MNOK 25 in 2019).

The arrangement fees are presented as net amount together with the debt and is expenced over the expected term of the loan. The long-term debt is distributed in 100% in NOK.

Reclassification of long-term liabilities to current liabilities

Long term liabilities was at year-end 2019 classified as current liabilities. The reclassification was based on the assumption that the Company was not in compliance with covenants.

Sellercredit

As part of the final financing of this project a loan agreement (Sellers' Credit) was established with the builder of the vessel Vard Singapore Pte. Ltd. at NOK 100 million. This loan agreement was transferred to the Vard Group AS, Norway as per 07.12.2017.

On the Sellers' Credit there is no Installments payment, the loan will be fully repaid at 02.04.2024. Interest is paid quarterly at a rate of a fixed rate of 4.0% per year.



NOTES TO THE ACCOUNTS (NOK 1 000)

FAR SUPERIOR AS

	2020	2019
Interest bearing debt and seller credit	314.844	337.878
Interest bearing current assets	5.404	3.842
Net interest bearing debt	309.440	334.036
Capitalized arrangement fee	700	1.300

The long-term debt and seller credit are distributed in 100% in NOK.

Installment schedule:	< 3 months:	3 - 12 months	1 - 5 years	> 5 years	Total:
Repayment schedule for existing debt	0	25.000	100.000	189.844	314.844
TOTAL	-	25.000	100.000	189.844	314.844

NOTE 4 MORTGAGES AND GURANTEE LIABILITIES

Liabilities secured by mortgage		
Interestbearing mortgage debt (gross), seller credit and accrued interest	316.760	340.009
Total	316.760	340.009

Balance sheet value of assets placed as security:

Vessels' book values	378.718	392.167
Total	378.718	392.167

Also, additional guarantee is provided through insurance settlements.

NOTE 5 TAXES

Calculation of deferred tax/deferred tax benefit

	2020	2019
Temporary differences		
Fixed assets	150.432	126.718
Receivables	-2.043	-
Net temporary differences	148.389	126.718
Unrecovered interests carried forward	-44.579	-44.579
Tax losses carried forward	-109.612	-91.496
Basis for deferred tax	-5.801	-9.357
Deferred tax	-1.276	-2.058
Deferred tax benefit not shown in the balance sheet	1.276	2.058
Deferred tax in the balance sheet	-	-

	2020	2019
Basis for income tax expense, changes in deferred tax and tax payable		
Result before taxes	3.555	-12.507
Permanent differences	-	8
Basis for the tax expense for the year	3.555	-12.499
Limitation of interest deduction	-	16.724
Change in temporary differences	-21.671	-29.709
Basis for payable taxes in the income statement	-18.116	-25.484
Change in tax losses carried forward	18.116	25.484
Taxable income (basis for payable taxes in the balance sheet)	-	-

The reason deferred tax benefit are not reflected in the balance sheet is that it is doubtful that future taxable profits will be sufficient to utilize the tax benefit.

Loss carry forward is included fully as basis for deferred tax asset. Deferred tax asset is not recognized as it is not likely the the Company will be in a tax paying position in the near future.

NOTE 6 EQUITY

	Share capital	Other equity	Total
Equity changes in the year			
Equity 01.01.	30	-22.276	-22.246
Profit /- loss for the year	-	3.555	3.555
Conversion of debt to equity	70	56.154	56.224
Equity 31.12.	100	37.433	37.533



NOTES TO THE ACCOUNTS (NOK 1 000)

FAR SUPERIOR AS

NOTE 7 FIXED ASSETS

	Vessels 2020	Total fixed assets Vessels 2019
Purchase cost pr. 01.01.	417.335	417.335
Additions	-	-
Disposals	-	-
Purchase cost pr. 31.12.	417.335	417.335
Accumulated depreciation 01.01	31.724	21.219
Depreciation in the year	10.449	10.504
Impairment	-	-
Accumulated depreciation 31.12.	42.173	31.724
Recognized value deferred maintenance	3.556	6.555
Net book value pr. 31.12.	375.162	392.167
Change in recognized value deferred maintenance	2020	2019
Net book value pr. 01.01	6.555	9.555
Additions	-	-
Depreciation in the year	3.000	3.000
Net book value pr. 31.12	3.556	6.555

Depreciation of vessels and other fixed assets

The vessels are decomposed in vessel and deferred maintenance. The vessels are depreciated over defined period of use on a best estimated of what we believe the vessels can be sold for when they are 20 years old. Changes in depreciation on the basis of the annual reviewing of residual values are spread over the remaining period of use.

Deferred maintenance is capitalized and depreciated normally on a straight-line basis over the period up to next planned deferred maintenance/docking, normally over 60 months.

Fixture and fittings, vehicles and office machinery etc are depreciated linearly over 3-5 years.



NOTES TO THE ACCOUNTS (NOK 1 000)

FAR SUPERIOR AS

NOTE 8 BALANCE WITH GROUP COMPANIES, ETC.

	2020	2019
Other current liabilities		
Farstad Shipping AS	-	27.000
Farstad Shipping Crewing Services Pte Ltd	243	219
Farstad Subsea AS	2.443	-
Solstad Shipping AS	161	1.606
Other current liabilities/incurred interest	1.236	2.131
Other current liabilities	4.083	30.956

	2020	2019
Other short-term receivables		
Solstad Subsea Holding AS	963	-
Farstad Shipping AS	-	636
Farstad Subsea AS	-	2.334
Prepaid expenses, vat and other	170	539
Other short-term receivables	1.133	3.509

	2020	2019
Long term loan from group companies		
Solstad Subsea Holding AS *)	27.000	-
Farstad Subsea AS **)	-	55.800
Total	27.000	55.800

*) 3 months NIBOR + 5.00% margin.

**) 3 months NIBOR + 3.75% margin.

A MNOK 2 provision for unrecoverable Group internal receivables are recognized in 2020.

NOTE 9 SALARIES, NUMBER OF EMPLOYEES AND AUDITOR FEES

Far Superior AS has no employees, - thus no wages or directors fee have been paid in 2020.

The company is not obligated to have mandatory pension agreements.

	2020	2019
Audit fee		
Statutory audit	36	35
Tax advisory fee	-	-
Total audit fees	36	35

NOTE 10 SHARE CAPITAL AND SHAREHOLDER INFORMATION

The share capital of NOK 30.000 consist of 30 000 shares with nominal value of NOK 1 each.
All shares are owned by Farstad Subsea AS.

The ultimo parent company Solstad Offshore ASA has its registered offices in Nesavegen 39, 4280 Skudeneshavn, where the consolidated accounts including this company can be obtained.

NOTE 11 INVENTORIES

	2020	2019
Stock - fuel	792	1.143
Stock - lube- and hydraulic oil	361	447
Stock - others	33	-
Total	1.186	1.590



NOTES TO THE ACCOUNTS (NOK 1 000)
FAR SUPERIOR AS

NOTE 12 GOING CONCERN

The 2020 financial statement has been prepared based on the assumption of a going concern. The company has limited access to support from other companies in the Group. However, based on budgets and forecasts, in addition to an agreement of non-cash settlement of the MNOK 27 loan from Parent Company, ref Note 8, the Board' opinion is that the Going Concern Assumption is present.

NOTE 13 SUBSEQUENT EVENTS

The Company is not aware of any legal issues the could have material effect on the accounts.

The Company is not significantly affected by Covid19.