



## ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2021 - GENERELL INFORMASJON

### Enheten

Organisasjonsnummer: 912 700 879  
Organisasjonsform: Aksjeselskap  
Foretaksnavn: WEST SUPPLY VII EIER AS  
Forretningsadresse: Smedasundet 97  
5525 HAUGESUND

### Regnskapsår

Årsregnskapets periode: 01.01.2021 - 31.12.2021

### 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: Anett Våge  
Dato for fastsettelse av årsregnskapet: 31.03.2022

### Grunnlag for avgivelse

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

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

Brønnøysundregistrene, 20.06.2023



### Resultatregnskap

Beløp i: USD	Note	2021	2020
<b>RESULTATREGNSKAP</b>			
<b>Inntekter</b>			
Operating income		11 853 375	21 528 744
<b>Sum inntekter</b>		<b>11 853 375</b>	<b>21 528 744</b>
<b>Kostnader</b>			
Operating expenses vessels		292 810	249 505
Depreciation	1	6 159 488	5 653 524
Overhead expenses	3	30 702	14 825
<b>Sum kostnader</b>		<b>6 483 000</b>	<b>5 917 854</b>
<b>Driftsresultat</b>		<b>10 771 452</b>	<b>31 236 606</b>
<b>Finansinntekter og finanskostnader</b>			
Financial income	6	349	107 294
Net currency differences		-28 892	96 029
<b>Sum finansinntekter</b>		<b>-28 542</b>	<b>203 323</b>
Financial expenses	6	3 354 197	5 252 955
<b>Sum finanskostnader</b>		<b>3 354 197</b>	<b>5 252 955</b>
<b>Netto finans</b>		<b>-3 382 739</b>	<b>-5 049 632</b>
<b>Ordinært resultat før skattekostnad</b>		<b>1 987 636</b>	<b>10 561 259</b>
<b>Ordinært resultat etter skattekostnad</b>		<b>1 987 636</b>	<b>10 561 259</b>
<b>Årsresultat</b>		<b>1 987 636</b>	<b>10 561 259</b>
<b>Årsresultat etter minoritetsinteresser</b>		<b>1 987 636</b>	<b>10 561 259</b>
<b>Totalresultat</b>		<b>1 987 636</b>	<b>10 561 259</b>
<b>Overføringer og disponeringer</b>			
Transfer to other equity		1 987 636	10 561 259
<b>Sum overføringer og disponeringer</b>		<b>1 987 636</b>	<b>10 561 259</b>



### Balanse

Beløp i: USD	Note	2021	2020
<b>BALANSE - EIENDELER</b>			
<b>Anleggsmidler</b>			
<b>Immaterielle eiendeler</b>			
<b>Varige driftsmidler</b>			
Vessel	1, 2	137 579 263	142 772 909
<b>Sum varige driftsmidler</b>		<b>137 579 263</b>	<b>142 772 909</b>
<b>Sum anleggsmidler</b>		<b>137 579 263</b>	<b>142 772 909</b>
<b>Omløpsmidler</b>			
<b>Varer</b>			
<b>Fordringer</b>			
Accounts receivable	2, 7	3 961 950	11 177 729
Other short-term receivables	2	22 602	103 590
<b>Sum fordringer</b>		<b>3 984 552</b>	<b>11 281 319</b>
<b>Investeringer</b>			
Markedsbaserte aksjer	7		
<b>Bankinnskudd, kontanter og lignende</b>			
Bank deposits	2	3 467 973	9 622 953
<b>Sum bankinnskudd, kontanter og lignende</b>		<b>3 467 973</b>	<b>9 622 953</b>
<b>Sum omløpsmidler</b>		<b>7 452 525</b>	<b>20 904 271</b>
<b>SUM EIENDELER</b>		<b>145 031 789</b>	<b>163 677 181</b>
<b>BALANSE - EGENKAPITAL OG GJELD</b>			
<b>Egenkapital</b>			
<b>Innskutt egenkapital</b>			
Share capital (5.700 shares at NOK 66.030)	5	43 928 655	43 928 655
Overkurs		16 549 020	16 549 020



### Balanse

<b>Beløp i: USD</b>	<b>Note</b>	<b>2021</b>	<b>2020</b>
<b>Sum innskutt egenkapital</b>		<b>60 477 675</b>	<b>60 477 675</b>
<b>Opptjent egenkapital</b>			
Other equity		17 807 052	15 819 415
<b>Sum opptjent egenkapital</b>		<b>17 807 052</b>	<b>15 819 415</b>
<b>Sum egenkapital</b>	4	<b>78 284 726</b>	<b>76 297 090</b>
<b>Gjeld</b>			
<b>Langsiktig gjeld</b>			
<b>Annen langsiktig gjeld</b>			
Gjeld til kredittinstitusjoner	1, 2	66 138 856	86 631 250
<b>Sum annen langsiktig gjeld</b>		<b>66 138 856</b>	<b>86 631 250</b>
<b>Sum langsiktig gjeld</b>		<b>66 138 856</b>	<b>86 631 250</b>
<b>Kortsiktig gjeld</b>			
Leverandørgjeld		63 610	514 879
Debt to group companies	7		
Tax payable	8		
Other current liabilities	7	544 596	233 962
<b>Sum kortsiktig gjeld</b>		<b>608 206</b>	<b>748 841</b>
<b>Sum gjeld</b>		<b>66 747 062</b>	<b>87 380 091</b>
<b>SUM EGENKAPITAL OG GJELD</b>		<b>145 031 789</b>	<b>163 677 181</b>



## Skattedirektoratet

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

ØSTENSJØ REDERI AS  
Postboks 394  
5501 HAUGESUND

## Tillatelse til å utarbeide årsregnskap og årsberetning på engelsk språk

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

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

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

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

### Bakgrunn

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

### Skattedirektoratets vurdering

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

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

Postadresse  
Postboks 9200 Grønland  
0134 Oslo

Besøksadresse:  
Se [www.skatteetaten.no](http://www.skatteetaten.no)  
Org.nr. 996250318  
E-post: [skatteetaten.no/sendepost](mailto:skatteetaten.no/sendepost)

Sentraltbord  
800 80 000  
Telefaks  
22 17 08 60



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

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

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

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

Vennligst oppgi vår referanse ved henvendelser i saken.

Med hilsen

Rune Tystad  
seniorrådgiver  
Rettsavdelingen, foretaksskatt  
Skattedirektoratet

Torstein Kinden Helleland

*Dokumentet er elektronisk godkjent og har derfor ikke håndskrevne signaturer*



Admincontrol

## List of Signatures Page 1/1

### 2021 West Supply VII Eier AS - Financial Statements.pdf

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



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## Financial Statements 2021 West Supply VII Eier AS

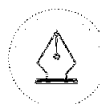
**Annual accounts**  
- Profit and loss statement  
- Balance sheet  
- Notes

**Cash flow statement**

**Director's report**

**Auditor's report**

**Org.nr.: 912 700 879**



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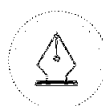
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## West Supply VII Eier AS

### Profit and loss statement

Notes	Operating revenue and operating expenses	2021	2020
	Operating income	11 853 375	21 528 744
	Operating expenses vessels	292 810	249 505
	<b>Operating result vessels</b>	<b>11 560 565</b>	<b>21 279 239</b>
1	Depreciation	6 159 488	5 653 524
	<b>Result after depreciation</b>	<b>5 401 077</b>	<b>15 625 715</b>
3	Overhead expenses	30 702	14 825
	<b>Operating result</b>	<b>5 370 375</b>	<b>15 610 891</b>
	<b>Financial income and expenses</b>		
6	Financial income	349	107 294
	Net currency differences	-28 892	96 029
6	Financial expenses	3 354 197	5 252 955
	<b>Net financial result</b>	<b>-3 382 739</b>	<b>-5 049 632</b>
	<b>Result before taxation</b>	<b>1 987 636</b>	<b>10 561 259</b>
8	Tax on ordinary result	0	0
	<b>Result for the year</b>	<b>1 987 636</b>	<b>10 561 259</b>
	<b>Allocation of result and equity transfers</b>		
	Transfer to other equity	1 987 636	10 561 259
	<b>Total allocations and equity transfers</b>	<b>-1 987 636</b>	<b>-10 561 259</b>



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West Supply VII Eier AS

Balance Sheet at 31 December

Notes	ASSETS	2021	2020
	<b>Non-current assets</b>		
	<b>Tangible fixed assets</b>		
1	Vessel	<u>137 579 263</u>	<u>142 772 909</u>
	<b>Total tangible fixed assets</b>	<u>137 579 263</u>	<u>142 772 909</u>
	<b>Total non-current assets</b>	<u>137 579 263</u>	<u>142 772 909</u>
	<b>Current assets</b>		
	<b>Receivables</b>		
7	Accounts receivable	3 961 950	11 177 729
	Other short-term receivables	<u>22 602</u>	<u>103 590</u>
	<b>Total receivables</b>	<u>3 984 552</u>	<u>11 281 319</u>
	Bank deposits	<u>3 467 973</u>	<u>9 622 953</u>
	<b>Total current assets</b>	<u>7 452 525</u>	<u>20 904 271</u>
	<b>TOTAL ASSETS</b>	<u>145 031 789</u>	<u>163 677 181</u>



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West Supply VII Eier AS

Balance Sheet at 31 December

Notes	EQUITY AND LIABILITIES	2021	2020
	<b>Equity</b>		
	<b>Paid-in capital</b>		
5	Share capital (5.700 shares at NOK 66.030)	43 928 655	43 928 655
	Share premium	16 549 020	16 549 020
	<b>Total paid-in capital</b>	<b>60 477 675</b>	<b>60 477 675</b>
	<b>Retained earnings</b>		
	Other equity	17 807 052	15 819 415
	<b>Total retained earnings</b>	<b>17 807 052</b>	<b>15 819 415</b>
4	<b>Total equity</b>	<b>78 284 726</b>	<b>76 297 090</b>
	<b>Liabilities</b>		
1, 2	Debt to financial institutions	66 138 856	86 631 250
	<b>Total non-current liabilities</b>	<b>66 138 856</b>	<b>86 631 250</b>
	<b>Current liabilities</b>		
	Accounts payable	63 610	514 879
7	Other current liabilities	544 596	233 962
	<b>Total current liabilities</b>	<b>608 206</b>	<b>748 841</b>
	<b>Total liabilities</b>	<b>66 747 062</b>	<b>87 380 091</b>
	<b>TOTAL EQUITY AND LIABILITIES</b>	<b>145 031 789</b>	<b>163 677 181</b>

Haugesund, 25.03.2022

Johannes Østensjø  
Chairman of the Board / CEO

Mark Norman Ras  
Board member

Fredrik Ottesen  
Board member



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West Supply VII Eier AS  
Notes to Financial Statements 31 December 2021

**Accounting principles**

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

**Currency**

The Financial Statements are presented in USD. Monetary items (assets, liabilities and bank deposits) in foreign currency are converted at the exchange rate as on the balance sheet date. The exchange rate to Norwegian kroner for 2021 is set to 8,8363 for the balance sheet date and 8,5973 as an average for the year.

**Classification and valuation of balance sheet items**

Current assets and liabilities include items due for payment within one year from the date of acquisition. Other items are classified as fixed assets / long-term liabilities. Current assets are valued at lower of cost or fair value. Current liabilities are recorded at nominal value at the time it is incurred.

**Fixed Assets**

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

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

**Receivables**

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

**Taxes**

The company requires assessment pursuant to § 8-10 of the Tax Law - under the Tonnage Tax Regime. This means that the operation of vessels is not taxed, but certain financial income and expenses are subject to taxation.

**Operating revenue and expenses**

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

**Use of estimates**

During the preparation of the financial statements and according to the generally accepted accounting principles the management has used estimates and assumptions that affect the profit and loss account and the valuation of assets and liabilities, and requires disclosure of information about liabilities that, as of the balance sheet date, are not yet certain.



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West Supply VII Eier AS  
Notes to Financial Statements 31 December 2021

**Hedge accounting**

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

**Cash Flow analysis**

The cash flow statement is prepared using the indirect method.

**Group**

The company is included in West Supply VII AS's consolidated financial statements. The consolidated financial statements can be obtained at the company's business office in Haugesund.



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## West Supply VII Eier AS Notes to Financial Statements 31 December 2021

### Note 1 - Vessel

<b>Edda Freya</b>	<b>2021</b>	<b>2020</b>
Book value 01.01	165 813 763	165 813 763
Additions	0	0
Disposal	0	0
Accumulated depreciation	-30 646 738	-25 157 770
<b>Book value 31.12</b>	<b>135 167 025</b>	<b>140 655 993</b>
Depreciation of the year	-5 488 968	-5 488 968
Drydock 01.01	2 116 916	233 125
Charged as expense	-670 520	-164 556
Additions drydock	965 842	2 048 347
Book value drydock 31.12	2 412 238	2 116 916
<b>Total book value vessel 31.12</b>	<b>137 579 263</b>	<b>142 772 909</b>

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

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

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

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

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



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## West Supply VII Eier AS Notes to Financial Statements 31 December 2021

### Note 2 - Mortgages and guarantees

	2021	2020
Pledged debt	66 138 856	86 631 250
Liabilities due more than 5 years after year-end	0	0

#### Book value of pledged assets:

Vessels	137 579 263	142 772 909
Trade debtors	3 961 950	11 177 729
Other receivables	22 602	103 590
Bank deposits	3 467 973	9 622 953
<b>Total book value of pledged assets</b>	<b>145 031 788</b>	<b>163 677 181</b>

The company's bank debt relates to a loan facility financing the Edda Freya, and is guaranteed by West Supply VII AS and West Supply VII Drift AS.

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

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

The loan facility is coming to final maturity in 3Q 2022 when the outstanding debt will be repayable in full.

The market for high specification construction vessels is improving and the company is experiencing both increased demand and higher rate expectations for the Edda Freya. Taking into account the positive market prospects and ongoing discussions for potential employment of the vessel, the board of directors are optimistic on securing longer term employment of the Edda Freya from 2023 and beyond, and following maturity of the existing contract with DeepOcean.

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

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



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## West Supply VII Eier AS Notes to Financial Statements 31 December 2021

### Note 3 - Remuneration

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

There has been no remuneration to board members in 2021.

Audit fee for 2021 amounts to USD 8,649 (ex. VAT).

### Note 4 - Equity

	Share- capital	Share premium	Uncovered loss	Other equity
Equity 01.01	43 928 654	16 549 020	0	15 819 416
Result	0	0	0	1 987 636
<b>Equity 31.12</b>	<b>43 928 654</b>	<b>16 549 020</b>	<b>0</b>	<b>17 807 052</b>

### Note 5 - Share capital and shareholder information

<u>Shareholder</u>	Number of shares	Owner's share	Voting rights
West Supply VII AS	5.700	100 %	100 %

Board members own 52 % of the shares.

### Note 6 - Financial income and expenses

<u>Financial income</u>	<b>2021</b>	<b>2020</b>
Interest from bank	121	27 639
Interest from group companies	228	1 513
Other financial income	0	78 142
<b>Total Financial income</b>	<b>349</b>	<b>107 294</b>

#### Financial expenses

Interest on mortgage loan	1 861 792	2 612 687
Guarantee commission	1 028 947	2 201 088
Other interest and bankcharges	463 458	439 180
<b>Total Financial expenses</b>	<b>3 354 197</b>	<b>5 252 955</b>

### Note 7 - Group companies

<u>Receivables from group companies</u>	<b>2021</b>	<b>2020</b>
Johannes Østensjø dy AS	0	75 956
West Supply VII Drift AS	3 961 950	11 177 729
<b>Total</b>	<b>3 961 950</b>	<b>11 253 685</b>

#### Debt to group companies

West Supply VII AS	35 568	0
West Supply VII Drift AS	35 568	0
Johannes Østensjø dy AS	259 120	0
<b>Total</b>	<b>330 256</b>	<b>0</b>



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## West Supply VII Eier AS Notes to Financial Statements 31 December 2021

### Note 8 - Taxes

#### Tax payable based on the result for the year

The company requires assessment pursuant to § 8-10 of the Tax Law - under the Tonnage Tax Regime. This means that profit on financial income and expenses are subject to taxation.

	2021	2020
Interest income	349	107 294
Currency differences	46 441	-211 807
Interest expenses	-174 549	-323 102
Other financial expenses	-1 479 905	-2 723 714
<b>Taxable profit, base for tax payable</b>	<b>-1 607 664</b>	<b>-3 151 329</b>
Tax loss carried forward 01.01.	7 623 693	4 012 610
Conversion difference 01.01 loss	-257 796	131 647
Tax loss current year	1 564 180	3 479 436
<b>Tax loss carried forward 31.12.</b>	<b>8 930 077</b>	<b>7 623 693</b>
<b>Income tax expense</b>		
Tax payable	0	0
<b>Total income tax expense</b>	<b>0</b>	<b>0</b>

### Note 9 - Other circumstances

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

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

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



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West Supply VII Eier AS

Cash flow Statement

	<u>2021</u>	<u>2020</u>
<b><u>Cashflow from operations</u></b>		
Result before taxation	1 987 636	10 561 259
Depreciation	5 488 968	5 488 968
Expensed drydock	670 520	164 556
Change in debtors / creditors balance	6 764 150	-1 750 506
Change in other clearing posts	391 982	-331 728
<b>Net cashflow from operations</b>	<b><u>15 303 256</u></b>	<b><u>14 132 549</u></b>
 <b><u>Cashflow from investments</u></b>		
Investments in fixed assets	<u>-965 842</u>	<u>-2 048 347</u>
<b>Net cashflow from investment activities</b>	<b><u>-965 842</u></b>	<b><u>-2 048 347</u></b>
 <b><u>Cashflow from financing</u></b>		
Repayment of non-current liabilities	<u>-20 492 394</u>	<u>-12 293 750</u>
<b>Net cashflow from financing activities</b>	<b><u>-20 492 394</u></b>	<b><u>-12 293 750</u></b>
Net change in cashflow for the year	-6 154 980	-209 548
Cash balance as per 1.1	<u>9 622 953</u>	<u>9 832 501</u>
<b>Cash balance as per 31.12</b>	<b><u>3 467 973</u></b>	<b><u>9 622 953</u></b>



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## WEST SUPPLY VII EIER AS

### DIRECTOR'S REPORT 2021

#### Operations and locations

West Supply VII Eier AS (the Company) owns the offshore construction vessel Edda Freya. The vessel is chartered out on a bareboat charter to the associated company West Supply VII Drift AS which has chartered the vessel out on a long-term time charter to DeepOcean AS.

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

#### Future development and market conditions

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

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

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

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

#### Comments related to the Financial Statement

In the opinion of the Board of Directors, the information in the Financial Statements, including the notes, gives a complete and comprehensive overview over the Company's development and result during 2021, in addition to the financial position at year-end.

The result for 2021 shows a profit of USD 1,987,636 compared with a profit of 10,561,259 in 2020.



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As per 31 December 2021 the Company's equity ratio was 54%.

Total cash flow from operating activities for the Company was USD 15,303,256 in 2021, and the operating profit was USD 5,370,375. The difference mainly concerns ordinary depreciation. The Company's investments in 2021 amounted to USD 965,842 related to drydock of the Edda Freya. Total cash flow from financing was – 20,492,394 and relates to repayment of debt. The Company's cash balance as of 31 December 2021 is USD 3,467,973.

The Company's current assets at 31 December 2021 were USD 7,452,525, whilst the current liabilities were USD 608,206.

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

#### **Going concern**

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

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

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

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

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

#### **Financial risk**

##### Credit risk:

The credit risk of the Company is considered moderate. The Company's only client, West Supply VII Drift AS has chartered the Vessel based on back-to-back employment with DeepOcean.

##### Market risk:

The Company's market risk is limited given the fixed employment of the Vessel.

The Company's revenue in 2021 was in US dollar (USD) and the bank debt in USD. The currency exposure is considered limited.



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

#### Liquidity risk:

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

#### **Working environment and gender equality**

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

#### **External environment**

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

#### **Sustainability**

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

The various goals are reported on an ongoing basis and the sustainability report is available at [sustainability.ostensjo.no](https://sustainability.ostensjo.no).

#### **Insurance for board members**

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

#### **Allocation of result**

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

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

Johannes Østensjø  
Chairman of the Board/ CEO

Mark Norman Ras  
Board member

Fredrik Ottesen  
Board member



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Medlemmer av Den norske Revisorforening

## INDEPENDENT AUDITOR'S REPORT

To the Annual Shareholders' Meeting of West Supply VII Eier AS

### Opinion

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

In our opinion the financial statements comply with applicable legal requirements and give a true and fair view of the financial position of the Company as at 31 December 2021 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 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 requirements of the relevant laws and regulations in Norway and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Emphasis of matter

We draw attention to note 2 of the financial statements, which describes information about the uncertainty regarding the refinancing of the Company's bank debt. Our opinion is not modified in respect of this matter.

### Other information

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

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

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



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## Responsibilities of management for the financial statements

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

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

## Auditor's responsibilities for the audit of the financial statements

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

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

As part of an audit in accordance with 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.

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

Bergen, 31. March 2022  
ERNST & YOUNG AS

*The auditor's report is signed electronically*

Øyvind Nore  
State Authorised Public Accountant (Norway)

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

## Øyvind Nore

State Authorised Public Accountant (Norway)

On behalf of: Ernst & Young AS

Serial number: 9578-5994-4-485745

IP: 213.52.xxx.xxx

2022-03-31 19:26:50 UTC



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