



ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2020 - GENERELL INFORMASJON

Enheten

Organisasjonsnummer: 914 441 277
Organisasjonsform: Aksjeselskap
Foretaksnavn: DEEP SEA SUPPLY SHIPOWNING III AS
Forretningsadresse: Storgaten 4
4876 GRIMSTAD

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: Jostein Fjelland
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, 28.09.2021



Resultatregnskap

Beløp i: USD	Note	2020	2019
RESULTATREGNSKAP			
Inntekter			
Salgsinntekt		17 872 000	21 703 000
Annen driftsinntekt		0	31 000
Sum inntekter		17 872 000	21 734 000
Kostnader			
Avskrivning på varige driftsmidler og immaterielle eiendeler		8 076 000	7 660 000
Nedskrivning av varige driftsmidler og immaterielle eiendeler		-3 924 000	797 000
Annen driftskostnad		14 355 000	15 011 000
Sum kostnader		18 507 000	23 468 000
Driftsresultat		-635 000	-1 734 000
Finansinntekter og finanskostnader			
Annen finansinntekt		0	64 000
Sum finansinntekter		0	64 000
Nedskrivning av finansielle eiendeler		24 293 000	2 206 000
Annen rentekostnad		2 788 000	7 489 000
Annen finanskostnad		8 474 000	245 000
Sum finanskostnader		35 555 000	9 940 000
Netto finans		-35 555 000	-9 876 000
Ordinært resultat før skattekostnad		-36 190 000	-11 610 000
Skattekostnad på ordinært resultat		0	25 000
Ordinært resultat etter skattekostnad		-36 190 000	-11 635 000
Årsresultat		-36 190 000	-11 635 000



Balanse

Beløp i: USD	Note	2020	2019
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Varige driftsmidler			
Skip, rigger, fly og lignende		149 746 000	153 245 000
Sum varige driftsmidler		149 746 000	153 245 000
Sum anleggsmidler		149 746 000	153 245 000
Omløpsmidler			
Varer			
Varer		299 000	392 000
Sum varer		299 000	392 000
Fordringer			
Kundefordringer		1 329 000	5 419 000
Andre fordringer		119 000	223 000
Konsernfordringer		2 211 000	13 053 000
Sum fordringer		3 659 000	18 695 000
Bankinnskudd, kontanter og lignende			
Bankinnskudd, kontanter og lignende		10 285 000	1 650 000
Sum bankinnskudd, kontanter og lignende		10 285 000	1 650 000
Sum omløpsmidler		14 243 000	20 737 000
SUM EIENDELER		163 989 000	173 982 000
BALANSE - EGENKAPITAL OG GJELD			
Egenkapital			
Innskutt egenkapital			
Selskapskapital		2 918 000	2 918 000
Overkurs		121 384 000	121 384 000



Balanse

Beløp i: USD	Note	2020	2019
Sum innskutt egenkapital		124 302 000	124 302 000
Opptjent egenkapital			
Annen egenkapital		-165 202 000	-128 836 000
Sum opptjent egenkapital		-165 202 000	-128 836 000
Sum egenkapital		-40 900 000	-4 534 000
Gjeld			
Langsiktig gjeld			
Annen langsiktig gjeld			
Langsiktig konserngjeld		167 928 000	0
Sum annen langsiktig gjeld		167 928 000	0
Sum langsiktig gjeld		167 928 000	0
Kortsiktig gjeld			
Gjeld til kredittinstitusjoner		0	142 237 000
Kortsiktig konserngjeld		36 386 000	27 420 000
Annen kortsiktig gjeld		575 000	8 859 000
Sum kortsiktig gjeld		36 961 000	178 516 000
Sum gjeld		204 889 000	178 516 000
SUM EGENKAPITAL OG GJELD		163 989 000	173 982 000



Deep Sea Supply Shipowning III AS

Directors' Report and Audited Financial Statements

31 December 2020



Directors' report 2020

Background and activities

Deep Sea Supply Shipowning III AS ("the Company") was established on 28th of October 2014.

Deep Sea Supply Shipowning III AS is 100% owned by Solstad Shipowning Holding AS. The address of the ultimate parent company Solstad Offshore ASA is Nesavegen 39, 4280 Skudenshavn in Karmøy in Rogaland.

The company is domiciled in Storgaten 4 Grimstad, Norway.

Financial status

Below is a summary of the financial position of the company.

Revenues and Profit

The Company's revenues were MUSD 17.8 during 2020. Revenue is generated from chartering of vessels to third party clients.

Total operating expenses were MUSD 18.5 out of which MUSD 3.9 were reversal of impairment charges on vessels values.

Net loss for the year after tax was MUSD 36.2

Equity

The company's total equity at the end of 2020 was negative MUSD 40.9.

Going concern

The Financial Statements have been prepared on the going concern basis. After the completion of the operational and financial restructuring of a main part of Solstad Offshore Group, the Group's financial situation have improved resulting in positive equity and strengthened liquidity. The borrowing facilities in the restructured Group (Borrower Group) have been combined into one new fleet loan, with repayment terms that reflects the current market conditions. Solstad Shipholding AS is the registered borrower for this reinstated debt and companies within Borrower Group are guarantors and security providers. Internal loans are provided from Solstad Shipholding AS to subsidiaries within Borrower Group. This fleet loan agreement includes MNOK 1,500 in new working capital facility. There is free float of liquidity between the companies in the restructured group (Borrower Group). There are restrictions in the Solstad Shipholding AS fleet loan agreement to provide financial support to the ship owning entities outside Borrower Group, but part of Solstad Offshore ASA Group.

Amortization reliefs are given until 31.03.2023. The fleet loan matures in March 2024. Given the prevailing market conditions, the fleet loan's covenant with greatest associated uncertainty over the next 12 month's period, is the collateral vessels fair market values tested against the underlying vessel debt. Remedies are however available for borrowers through partial down payment of relevant loan tranches.

As part of the restructuring one third of Borrower Group's debt to credit institutions have been reduced. Related to this, equity transactions were done to strengthen equity in Solstad Shipholding.



Similar conversions have not been done in shipowning companies. Based on this and development throughout the year, the equity in Deep Sea Supply Shipowning III AS is still negative. Solstad Shipholding AS has issued a support letter that states their financial support for all entities within the restructured Group (Borrower Group) for a period of 12 months from the date of approval of the balance sheet.

The going concern assumption is based on the level of cash and cash equivalents at year end, terms and conditions of the banking and borrowing facilities, the forecasted cash flow prognosis for Borrower Group, the backlog position at 31 December 2020 and the issued support letter from Solstad Shipholding AS.

Restructuring

Solstad Group has been through comprehensive restructuring which was completed 20 October 2020.

The key highlights from the restructuring:

- Simplifying the Groups structure with collapse of the former Silo structure to secure free flow of liquidity
- Maintain the support from the industrial owners like Aker, Hemen, and Solstad family.
- Approval to dispose the vessels of less strategic importance

As part of the successful restructuring of the Group, the majority of the Groups old debt was refinanced. About one third of the previous debt was converted to Equity and two thirds returned as reinstated debt in Group's borrower company Solstad Shipholding AS ("The Borrower"). Pursuant to the senior secured facilities agreement that refinanced the restructured Group, certain banks made an additional super senior term loan facility available to the group borrower for general corporate and working capital purposes

Financial risk

Below, we will explain some key risk factors:

Assessment of the company's assets

The value of the vessels could change, due to long-term changes in the market (earnings) for this type of vessels, the cost of newbuilding of vessels etc. This may affect the fair value of the vessels which subsequently lead to further impairment of vessel values.

Market risk

The Company have and will have its fleet in the spot market which means uncertainty about future rate levels and thus the company's revenues and profits.

The market has been affected by a dramatic fall in oil prices from the global pandemic and was weak throughout 2020 and future development depends on the activity level for the oil companies.

Currency rate risk

One risk is the foreign exchange risk. The Company is exposed to that risk mainly due to the amounts due to and from related parties. The main currencies that the Company is exposed to are Norwegian Kroner (NOK), British pounds (GBP) and Euro (EUR).



Interest rate risk

The Company is exposed to interest rate risk due to bank borrowings and cash at banks. The risk due to cash held at banks is immaterial as the Company does not intend to hold material liquid reserves in fixed deposits.

Liquidity risk

The Company monitors its risk to a shortage of funds by closely monitoring the projected cash flow from operations, financial expenses and investment expenditure. The Company maintains sufficient cash for its daily operations via short term cash deposits at banks.

Health, safety and environment

The company has no employees. The company does not pollute the environment.

Equality

The Board consists of men. The Board strives to gender equality.

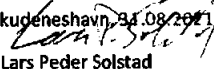
Future outlook


With the oil price back to USD 60 level, Oil & Gas companies have slowly started to increase their activity again after they put the brakes on last year. This might give an increased activity effect already in 2021. At least in some areas, like the North Sea. In total, it is expected an increased demand for vessels, but still with a fierce competition between a large number of Owners resulting in rate levels below or close to breakeven rates. Globally, a large number of vessels are still in layup. Very few of them are candidates for contracts with the recognized operators due to age, fuel consumption and activation cost.


It is expected that very few new vessels will enter the market in coming years and in combination with an increased activity level, this could give sustainable rate levels at one point.

Allocation of profit

Loss after tax is MUSD 36.2 and proposed transferred to other equity.

Skudeneshavn, 24.08.2021

Lars Peder Solstad
Chairman of the Board


Eivind Kvilhaug
Member of the board


Kjetil Ramstad
Member of the board

**Deep Sea Supply Shipowning III AS****INCOME STATEMENT**

(Amounts in USD 1000)

	Note	2020	2019
Freight revenue	9	17.872	21.703
Other operating income		0	31
Total revenue		17.872	21.735
Operating expenses vessels	11	-14.442	-13.275
Depreciation	2	-8.076	-7.660
Reversal of impairment/(Impairment)	2	3.924	-797
Other operating expenses	10	87	-1.736
Total operating expenses		-18.508	-23.469
Operating profit/ loss		-635	-1.734
Other interest expenses		-2.788	-7.489
Impairment financial assets	5	-24.293	-2.206
Other financial income	12	0	64
Other financial expense	12	-8.474	-245
Loss before tax		-36.191	-11.610
Income tax expense	8	0	-25
Net loss for the year		-36.191	-11.635
Appropriation of loss can be shown here:			
Equity		-36.191	-11.635
Total transfer		-36.191	-11.635



Deep Sea Supply Shipowning III AS

BALANCE SHEET AT 31.12.

(Amounts in USD 1000)

ASSETS	Note	2020	2019
Vessels and newbuilding contracts	2	149.746	153.245
Total tangible assets		149.746	153.245
TOTAL FIXED ASSETS		149.746	153.245
Inventories	3	299	392
Trade receivables		1.329	5.419
Receivables group companies	5	2.211	13.053
Other receivables		119	223
Total receivables		3.958	19.086
Cash and bank deposits	5	10.285	1.650
TOTAL CURRENT ASSETS		14.243	20.736
TOTAL ASSETS		163.989	173.982

**Deep Sea Supply Shipowning III AS****BALANCE SHEET AT 31.12.**

(Amounts in USD 1000)

EQUITY AND LIABILITIES	Note	2020	2019
Share capital	6, 7	2.918	2.918
Share premium	6	121.384	121.384
Total paid-in equity		124.302	124.302
Other equity	6	-165.202	-128.836
Total retained earnings		-165.202	-128.836
TOTAL EQUITY	6	-40.900	-4.534
Loans payable to related parties	5	167.928	0
Total long term liabilities		167.928	0
Liabilities to financial institutions	4	0	142.237
Liabilities to group companies	5	36.386	27.420
Other short-term liabilities		575	8.859
Total short term liabilities		36.961	178.516
TOTAL LIABILITIES		204.889	178.516
TOTAL EQUITY AND LIABILITIES		163.989	173.982

Skudeneshavn, 31.08.2021

Lars Peder Solstad
Chairman of the BoardEivind Kvilhaug
Member of the BoardKjetil Ramstad
Member of the Board



Cash flow statement Deep Sea Supply Shipowning III AS

(Amounts in USD 1000)

	2020	2019
Cash flow from operations		
Loss before taxes	-36.191	-11.610
Taxes paid in the period	0	-25
Depreciation	8.076	7.660
(Reversal of impairment) / impairment on fixed assets	-3.924	797
Impairment financial assets	24.293	2.206
Change in inventory	93	116
Change in trade and other debtors	4.161	-2.126
Change in other provisions	-8.283	6.056
Net cash flow from operations	-11.775	3.076
Cash flow from investments		
Purchase of fixed assets	-652	-3.742
Change of group receivables	-13.451	-12.480
Net cash flow from investments	-14.103	-16.222
Cash flow from financing		
Change of group payables	34.513	8.217
Proceeds from other debt (short.t/long.t)	0	156
Net cash flow from financing	34.513	8.374
Net cash flow in the period	8.635	-4.773
Cash and cash equivalents at the beginning of the period	1.650	6.423
Cash and cash equivalents at the end of the period	10.285	1.650
This consist of:		
Bank deposits	902	1.650
Working capital facility	9.383	0



Note 1 Accounting principles

Basis of preparation

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

Functional and presentation currency

The company uses USD as functional currency and presentation currency.

All amounts in these financial statements are in USD 1 000 unless otherwise stated.

Use of estimates

The preparation of financial statements in compliance with the Norwegian Accounting Act requires the use of estimates. The application of the company's accounting principles also require management to apply assessments. Areas which to a great extent contain such assessments, a high degree of complexity, or areas in which assumptions and estimates are significant for the financial statements, are described in the notes.

Freight revenues

Revenue derived from the charter of vessels is recognized over the charter period on a straight line basis.

Charter contracts are classified as operating leases, revenue derived from charter contracts is recognized in the period over the lease term on a straight line basis. Related services are recognized as revenue in accordance with the services being rendered.

Some charter contracts include mobilization fee, which is paid at the beginning of the charter period. If the fee is to cover upgrades or equipment, the fee is booked as revenue and the relevant capital expenditure is capitalized and depreciated over the charter period on a straight line basis.

Vessels without signed contract in place at discharge have no revenue before a new contract is signed. Charter related expenses incurred for vessels in the idle time are expensed. Revenues from time charters and bareboat charters accounted for as operating leases are recognized over the rental periods of such charters, as service is performed on a straight line basis.

Classification of balance sheet items

Assets intended for long term ownership or use have been classified as fixed assets. Assets relating to the trading cycle have been classified as current assets. Other receivables are classified as current assets if they are to be repaid within one year after the transaction date. Similar criteria apply to liabilities. First year's instalment on long term liabilities and long term receivables are, however, not classified as short term liabilities and current assets.



Non-current assets and maintenance costs

Property, plant and equipment are stated at historical cost, less subsequent depreciation and impairment. For vessels purchased, these costs include expenditures that are directly attributable to the acquisition of the items. Depreciation is calculated on a straight-line basis, taking residual values into consideration, and adjusted for impairment charges, if any. The carrying value of the fixed assets on the balance sheet represents the cost less accumulated depreciation and any impairment charges.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the profit or loss during the financial period in which they are incurred.

Day-to-day maintenance costs are charged to the profit or loss during the financial period in which they are incurred. The cost of major renovations and periodic maintenance of vessels are capitalized and depreciated over the useful lifetime of the parts replaced. The useful lifetime of regular vessels docking expenses will normally be the period until next docking which if it is an intermediate survey is after 30 months and if it is a special survey is after 60 months. When ships are acquired, a proportion of the acquisition cost is separated to periodic maintenance.

Depreciation on vessels and other assets (equipment) is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

- Vessels	
- Deferred maintenance	20 years
- Vehicles	5 years
- Furniture, fittings and equipment	5 years
	3 years

The assets' residual values and useful lifetime assumptions of fixed-assets are reviewed at each balance sheet date, and where they differ significantly from previous estimates, depreciation charges are changed accordingly.

Relocation costs

Relocation costs, for moving a vessel from one geographical location to another when entering a new charter agreement, are capitalized as a separate component for the vessel. The component is depreciated over the charter period on a straight line basis.

Asset impairments

Impairment tests are carried out if there is indication that the carrying amount of an asset exceeds the estimated recoverable amount. The test is performed on the lowest level of fixed assets at which independent cashflows can be identified. If the carrying amount is higher than both the fair value less cost to sell and recoverable amount (net present value of future use/ownership), the asset is written down to the highest of fair value less cost to sell and the recoverable amount.

Previous impairment charges, except writedown of goodwill, are reversed in later periods if the conditions causing the write-down are no longer present. Reversal of previously recognized impairment is limited to the amount the carrying value of the asset would have been, had the initial impairment charge not taken place.

Inventories

Inventories are valued at the lower of purchase cost (according to the FIFO principle) and fair value.

Debtors

Trade debtors are recognised in the balance sheet after provision for bad debts. The bad debts provision is made on basis of an individual assessment of each debtor and an additional provision is made for other debtors to cover expected losses. Significant financial problems at the customers, the likelihood that the customer will become bankrupt or experience financial restructuring and postponements and insufficient payments, are considered indicators that the debtors should be written down.



Other debtors, both current and long term, are recognised at the lower of nominal and net realisable value. Net realisable value is the present value of estimated future payments. When the effect of a writedown is insignificant for accounting purposes this is, however, not carried out. Provisions for bad debts are valued the same way as for trade debtors.

Foreign currencies

Assets and liabilities in foreign currencies are valued at the exchange rate on the balance sheet date. Exchange gains and losses relating to sales and purchases in foreign currencies are recognised as operating income and cost of goods sold.

Liabilities

Liabilities, with the exception of certain liability provisions, are recognised in the balance sheet at nominal amount.

Taxes

Taxes in the income statement include tax payable and changes in deferred tax. Deferred tax is calculated at the relevant rate 22% (22% in 2019) on the basis of the temporary differences between accounting and tax values, as well as any tax loss carry forwards at the end of the fiscal year. Taxable and deductible temporary differences that reverse or may reverse in the same period are offset. Deferred tax assets arising from loss carry forwards are not capitalized, as there is uncertainty about future earnings.

Cash flow statement

The cash flow statement has been prepared according to the indirect method. Cash and cash equivalents include cash, bank deposits, and other short term investments which immediately and with minimal exchange risk can be converted into known cash amounts, with due date less than three months from purchase date.



Note 2 Fixed assets

	Vessels and newbuilding contracts	
	2020	2019
Purchase cost 01.01.	283.608	279.866
Additions	652	3.742
Purchase cost 31.12.	284.260	283.608
Accumulated depreciation 31.12.	51.379	43.303
Accumulated impairment 31.12.	83.137	87.061
Net book value 31.12.	149.746	153.245
Depreciation in the year	8.076	7.660
(Reversal)/Impairment in the year	-3.924	797

Reversal of impairment

A value in use calculation has been prepared for all vessels. The most important assumptions in the value in use calculation is the weighted average cost of capital and revenue. Based on the current contracts and a gradual increase in revenue we have performed a reversal of impairment of 3,924 USD compared to an impairment charge of 797 USD in 2019.

Note 3 Inventories

	2020	2019
Bunkers	299	381
Spare parts	0	11
Total	299	392

Note 4 Borrowings

Falling due between	2020	2019
0 -1 year	0	142.237
Total	0	142.237
Amortized cost	0	
Total	0	142.237

As part of the Group's restructuring, the Company's old external debt has been derecognized and new internal debt towards the group's borrower Solstad Shipholding AS has been recognized. See further details in intercompany balances Note 5.

	2020	2019
Liabilities secured by mortgage	0	142.237

Balance sheet value of assets placed as security:

	2020	2019
Vessels	149.746	153.245
Total	149.746	153.245



Note 5 Balance with group companies, etc.

	Other debtors	
	2020	2019
Group companies	2.211	13.053
Total	2.211	13.053

	Other short term liabilities	
	2020	2019
Payables from group companies	- 36.386	- 27.420
Total	- 36.386	- 27.420

	Loans from Group companies	
	2020	2019
Current	0	0
Non current	-167.928	0
Total	-167.928	0

As part of the Group's restructuring, the Company's old external debt has been derecognized and new internal debt towards the group's borrower Solstad Shipholding AS ("The Borrower") has been recognized. The internal debt is allocated as follows:

Intragroup group Senior facility 95 MUSD being the part of the existing vessel debt reinstated. This is repayable on a pro rata basis in accordance with the repayment of the external senior facilities of "The Borrower" and at the same interest rate. The final maturity date is 31st March 2024.

Intragroup Pushdown claim 63 MUSD being the part of the existing vessel debt converted into equity in the Borrower. The pushdown claim has final maturity date 31st March 2024.

The Group company's cash at year end includes 9.3 MUSD Working capital facility provided as part of the restructuring agreement.

An amount of USD 24,293 (2019: USD 2,206) has been recognised as an impairment of receivables from group companies.

Transactions with related parties, etc.

Related parties are members of the board, management and other companies within the group.

<u>Revenue transactions</u>	2020	2019
Interest income	0	542
Total Revenue transactions	0	542

<u>Cost transactions</u>	2020	2019
Management fees	-1.619	-1.692
Interest expense	-545	-53
Total cost transactions	-2.164	-1.745

Note 6 Shareholders' equity

Equity changes in the year	Share capital	Share premium	Other equity	Total
Equity 01.01.	2.918	121.384	-128.836	-4.534
Profit for the year	0	0	-36.191	-36.191
Equity 31.12.	2.918	121.384	-165.027	-40.725



Note 7 Share capital and shareholder information

The share capital consists of 30 shares, each with a nominal value of NOK 819 412,33.
All shares issued are fully paid in.

Deep Sea Supply Shipowning III AS is 100% owned by Solstad Shipowning Holding AS, located in Nesavegen 39, 4280 Skudeneshavn. The address of the ultimate parent company Solstad Offshore ASA is Nesavegen 39, 4280 Skudenshavn in Karmøy in Rogaland, Norway.

Note 8 Taxes

	2020	2019
Taxable income		
Result before tax	-36.191	-11.610
Changes in temporary differences	-4.278	-15.723
Permanent differences	2	11
Currency exchange differences	7.426	-899
Limitation of interest deduction	0	6.680
Transferred to/ from loss carry forward	33.040	21.540
Taxable income	0	0

Tax expense consist of:

Payable tax Norway	0	0
Payable tax abroad	0	-25
Changes previous years		
Change in deferred taxes	0	0
Tax on ordinary result	0	-25

Taxes payable in balance sheet

Payable taxes in Norway	-	-
Payable taxes abroad	0	-25
Total payable taxes	0	-25

Deferred taxes	2020	2019
Temporary differences		
Fixed assets	69.274	39.123
Receivables	-24.293	-
Gain and loss account	0	-
Net temporary differences	44.982	39.123
Unrecovered interests carried forward	-25.204	-24.493
Unrecovered loss carried forward	-129.874	-90.760
Basis for deferred tax	-110.096	-76.129
22% deferred tax	-24.221	-16.748
Whereof not recognized	24.221	16.748



Note 8 Taxes (continued)

The Company has chosen to exit the Norwegian Tonnage Tax Regime with effect from January 1, 2016. Amended tax returns for 2016, 2017 and 2018 have been filed. The exit lead to an accumulated tax loss carry forward of USD 69.8 million. Final assessment of amended tax returns is yet to be received.

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

Note 9 Freight revenue vessels

Geographical distribution	2020	2019
British sector	14.798	14.736
Denmark	210	512
Egypt	1.921	3.705
Russia	944	1.700
Australia	0	1.050
Total	17.872	21.703

Note 10 Payroll expenses, number of employees, remunerations, loans to employees, etc.

There have been no employees in the company throughout the year.

No remuneration has been paid to Board of Directors during 2020.

No loans/securities have been granted to the general manager, Board Chairman or other related

Expensed audit fee

	2020	2019
Statutory audit (incl. technical assistance with financial statemen	28	19
Tax advisory fee (incl. technical assistance with tax return)	0	1
Total audit fees	28	20

Note 11 Operating expenses vessels

	2020	2019
Crew expenses	7.837	8.153
Insurance	0	453
Repairs and maintenance, lubrication oil, stores, supplies and m	3.830	4.344
Administration expenses	2.775	326
Total	14.442	13.275



Note 12 Specification of other financial expenses and income

Other financial expenses

	2020	2019
Realized foreign exchange gain	-414	0
Unrealized foreign exchange loss	8.878	0
Bank charges and agency fees	10	245
Total other financial expenses	8.474	245

Other financial income

	2020	2019
Unrealized foreign exchange gain	0	-54
Bank interest received	0	-10
Total other financial income	0	-64

Note 13 Parent company

Deep Sea Supply Shipowning III AS AS is 100% owned by Solstad Shipowning Holding AS. The address of the penultimate Solstad Shipholding AS and ultimate parent company Solstad Offshore ASA is Nesavegen 39, 4280 Skudenshavn in Karmøy in Rogaland Norway. Solstad offshore ASA is listed in Oslo stock exchange. The consolidated accounts are available from the company's webpage www.solstad.com.

Note 14 Going concern

The Financial Statements have been prepared on the going concern basis. After the completion of the operational and financial restructuring of a main part of Solstad Offshore Group, the Group's financial situation have improved resulting in positive equity and strengthened liquidity. The borrowing facilities in the restructured Group (Borrower Group) have been combined into one new fleet loan, with repayment terms that reflects the current market conditions. Solstad Shipholding AS is the registered borrower for this reinstated debt and companies within Borrower Group are guarantors and security providers. Internal loans are provided from Solstad Shipholding AS to subsidiaries within Borrower Group. This fleet loan agreement includes MNOK 1,500 in new working capital facility. There is free float of liquidity between the companies in the restructured group (Borrower Group). There are restrictions in the Solstad Shipholding AS fleet loan agreement to provide financial support to the ship owning entities outside Borrower Group, but part of Solstad Offshore ASA Group.

Amortization reliefs are given until 31.03.2023. The fleet loan matures in March 2024. Given the prevailing market conditions, the fleet loan's covenant with greatest associated uncertainty over the next 12 month's period, is the collateral vessels fair market values tested against the underlying vessel debt. Remedies are however available for borrowers through partial down payment of relevant loan tranches.



Note 14 Going concern (continued)

As part of the restructuring one third of Borrower Group's debt to credit institutions have been reduced. Related to this, equity transactions were done to strengthen equity in Solstad Shipholding. Similar conversions have not been done in shipowning companies. Based on this and development throughout the year, the equity in "Deep Sea Supply Shipowning III AS" is still negative. Solstad Shipholding AS has issued a support letter that states their financial support for all entities within the restructured Group (Borrower Group) for a period of 12 months from the date of approval of the balance sheet.

The going concern assumption is based on the level of cash and cash equivalents at year end, terms and conditions of the banking and borrowing facilities, the forecasted cash flow prognosis for Borrower Group, the backlog position at 31 December 2020 and the issued support letter from Solstad Shipholding AS.

Note 15 Events after the balance sheet date

The Company has been merged into Solstad Rederi AS.

The company is not aware of any legal disputes that are of material importance for the judgment of the company.

The company is part of the restructuring process for the Solstad Offshore ASA group. Please refer to notes 4 and 5.



Statsautoriserte revisorer
Ernst & Young AS

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Medlemmer av Den norske revisorforening

INDEPENDENT AUDITOR'S REPORT

To the Annual Shareholders' Meeting of Deep Sea Supply Shipowning III AS

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Deep Sea Supply Shipowning III AS, which comprise the balance sheet as at 31 December 2020, the income statement, and statements of cash 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 and Chief Executive Officer (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



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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, 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.

Independent auditor's report - Deep Sea Supply Shipowning III AS

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Bergen, 31 August 2021
ERNST & YOUNG AS

The auditor's report is signed electronically

Øyvind Nore
State Authorised Public Accountant (Norway)

Penneo document key: MOHAD-JEEUK-DAF51-G70M6-K4BPM-HGGAD



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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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Skattedirektoratet

Saksbehandler Torstein Kinden Helleland	Deres dato 18.03.2016	Vår dato 29.03.2016
Telefon 22078139	Deres referanse Peter R. Elleson	Vår referanse 2016/247372

ADVOKATFIRMAET PRICEWATERHOUSECOOPERS AS
Postboks 447
4664 KRISTIANSAND S

PRICEWATERHOUSECOOPERS
INNKOMMET 31 MAR 2016

Tillatelse til å utarbeide årsregnskap og årsberetning på engelsk språk

Vi viser til deres brev av 18. mars 2016 der det søkes om dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk språk for følgende selskaper;

Deep Sea Supply Management AS	org.nr. 990 397 090
Deep Sea Supply Shipowning AS	org.nr. 986 847 839
Deep Sea Supply BTG AS	org.nr. 914 274 133
Deep Sea Supply Shipowning I AS	org.nr. 914 439 639
Deep Sea Supply Shipowning II AS	org.nr. 914 439 736
Deep Sea Supply Shipowning III AS	org.nr. 914 441 277

Skattedirektoratet gir på bakgrunn av en konkret helhetsvurdering de overnevnte selskaper 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

Deep Sea Supply Plc er et børsnotert selskap hjemmehørende på Kypros. Selskapet er morselskap i en konsernstruktur med datterselskaper i en rekke land (Kypros, Brasil, Malaysia, Singapore og Norge). I tillegg eier selskapet 50 % i et joint venture med den brasilianske investeringsbanken BTG Pactual. Joint venture er etablert i Norge med et felles holdingselskap og underliggende skipseiende selskaper. Konsernets hovedaktivitet er å eie og drive ankerhånderings- og supplyfartøyer. Driften består av utleie av fartøyene på bareboat eller time charter. Konsernets virksomhet er verdensomspennende, med særlig fokus på Brasil, Nordsjøen, Sør-Øst-Asia og Afrika.

Deep Sea Supply Management AS og Deep Sea Supply Shipowning AS er heleid av Deep Sea Supply Plc. Joint venture med BTG Pactual består av holdingselskapet Deep Sea Supply BTG AS, som er eid 50/50 av Deep Sea Supply Plc og BTG. Dette selskapet har tre underliggende

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22 17 08 60



heleide skipseiende datterselskaper; Deep Sea Supply Shipowning I AS, Deep Sea Supply Shipowning II AS og Deep Sea Supply Shipowning III AS.

Bransjen selskapene tilhører er internasjonal og arbeidsspråket på verdensbasis er engelsk. Alle sentrale aktører og samarbeidspartnere innen denne bransjen behersker og benytter engelsk. En norsk oversettelse vil kun ha til formål å oppfylle regnskapslovens språkkrav.

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 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 selskapene er eid av utenlandsk selskaper. Eierkretsen er begrenset. Videre er det vektlagt at selskapene driver virksomhet i en bransje der alle sentrale aktører 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

