



ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2020 - GENERELL INFORMASJON

Enheten

Organisasjonsnummer:	917 751 862
Organisasjonsform:	Aksjeselskap
Foretaksnavn:	LOS SHIPPING I AS
Forretningsadresse:	c/o Alfabygget 5392 STOREBØ

Regnskapsår

Årsregnskapets periode:	01.01.2020 - 31.12.2020
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Konsern

Morselskap i konsern:	Nei
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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:	Elise Storebø
Dato for fastsettelse av årsregnskapet:	25.08.2021

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, 24.07.2022



Resultatregnskap

Beløp i: NOK	Note	2020	2019
RESULTATREGNSKAP			
Inntekter			
Salgsinntekt	2	90 422 000	120 212 000
Annen driftsinntekt	2	1 311 000	8 268 000
Sum inntekter		91 733 000	128 480 000
Kostnader			
Lønnskostnad	3	26 407 000	28 876 000
Avskrivning på varige driftsmidler og immaterielle eiendeler	6	35 112 000	32 039 000
Nedskrivning av varige driftsmidler og immaterielle eiendeler	6	20 391 000	
Annen driftskostnad	3	38 575 000	49 870 000
Sum kostnader		120 485 000	110 785 000
Driftsresultat		-28 752 000	17 695 000
Finansinntekter og finanskostnader			
Annen renteinntekt	4	7 000	34 000
Annen finansinntekt	4	133 000	508 000
Sum finansinntekter		140 000	542 000
Annen rentekostnad	4	24 470 000	27 972 000
Annen finanskostnad	4		0
Sum finanskostnader		24 470 000	27 972 000
Netto finans		-24 330 000	-27 430 000
Ordinært resultat før skattekostnad		-53 082 000	-9 735 000
Skattekostnad på ordinært resultat	5	-193 000	2 077 000
Ordinært resultat etter skattekostnad		-52 889 000	-11 812 000
Årsresultat		-52 889 000	-11 812 000
Overføringer og disponeringer			
Overføringer til/fra annen egenkapital		-52 890 000	-11 812 000
Sum overføringer og disponeringer		-52 890 000	-11 812 000



Balanse

Beløp i: NOK	Note	2020	2019
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Utsatt skattefordel			0
Sum immaterielle eiendeler			0
Varige driftsmidler			
Skip, rigger, fly og lignende	6	569 206 000	611 689 000
Sum varige driftsmidler		569 206 000	611 689 000
Sum anleggsmidler		569 206 000	611 689 000
Omløpsmidler			
Varer			
Fordringer			
Kundefordringer	7	12 234 000	27 528 000
Andre fordringer	8	4 039 000	23 350 000
Sum fordringer		16 273 000	50 878 000
Bankinnskudd, kontanter og lignende			
Bankinnskudd, kontanter og lignende	9	14 190 000	696 000
Sum bankinnskudd, kontanter og lignende		14 190 000	696 000
Sum omløpsmidler		30 463 000	51 574 000
SUM EIENDELER		599 669 000	663 263 000
BALANSE - EGENKAPITAL OG GJELD			
Egenkapital			
Innskutt egenkapital			
Selskapskapital	10,11	101 000	101 000
Overkurs	11	2 000	2 000
Sum innskutt egenkapital		103 000	103 000



Balanse

Beløp i: NOK	Note	2020	2019
Opptjent egenkapital			
Annen egenkapital	11	-120 554 000	-67 663 000
Sum opptjent egenkapital		-120 554 000	-67 663 000
Sum egenkapital		-120 451 000	-67 560 000
Gjeld			
Langsiktig gjeld			
Annen langsiktig gjeld			
Gjeld til kredittinstitusjoner	12	0	579 764 000
Øvrig langsiktig gjeld	12	15 000 000	15 000 000
Sum annen langsiktig gjeld		15 000 000	594 764 000
Sum langsiktig gjeld		15 000 000	594 764 000
Kortsiktig gjeld			
Kortsiktig andel	12	648 433 000	58 422 000
Leverandørgjeld	12	5 640 000	10 165 000
Annen kortsiktig gjeld	12	51 047 000	67 472 000
Sum kortsiktig gjeld		705 120 000	136 059 000
Sum gjeld		720 120 000	730 823 000
SUM EGENKAPITAL OG GJELD		599 669 000	663 263 000



FINANCIAL STATEMENTS 2020

FOR

LOS SHIPPING I AS



Business Manager: DOF Management AS, Alfabygget, N-5392 STOREBØ
+47 56 18 10 00 / www.dof.com



BOARD OF DIRECTORS REPORT LOS SHIPPING I AS

INTRODUCTION

LOS Shipping I AS ("the Company") was established in 2016 and acquired the vessels Olympic Commander and Olympic Hera in February 2017.

The subsea vessel Olympic Commander (2012), was renamed Skandi Darwin and rebuilt in 2017 before commencing a five-year contract for DOF Subsea for operation for Shell Australia associated with the Prelude FLNG facility. The Prelude FLNG facility, which is the largest of its kind, will manufacture and store liquefied natural gas and be located off the coast of Western Australia.

Olympic Hera (a 2009 built AHTS) was renamed Skandi Hera after acquisition.

The Company is owned 40 % by SigFisk AS, 40 % by Gerda Marie AS and 20 % by Kanabus AS. The Company's business address is at Storebø in Austevoll Municipality.

DOF Management AS is responsible for the marine operation of the Company's vessels, and this company is controlled by DOF ASA and is included in the DOF ASA Group ("the DOF Group").

OPERATIONS 2020

The market conditions have been deeply challenging for the OSV owners over the last few years, events in 2020 and 2021 related to the COVID-19 pandemic has further increased the challenges. During 2020 Skandi Hera has been traded in the North Sea spot market. The AHTS segment in the North Sea remained oversupplied throughout the year with high volatility both in rates and utilization. The vessel has had an average utilization of 51 % in 2020.

Skandi Darwin are on long-term contract for Shell Australia and have had a stabile rate and operation during the year.

The Company has achieved a utilization rate of 75 % for its fleet in 2020.

SUBSTAINABILTY

Having sustainable operations is important for the DOF Group. The successful balance between social, environmental and economic elements allows the DOF Group to develop 'Sustainable Operations'. This ensures that operations remain commercially feasible, socially acceptable and works within the capacity of the external environment.

The DOF Group acts responsibly and ethically everywhere it operates, and operations and decisions are guided by the values Respect, Integrity, Teamwork, Excellence – RITE – and above all we are Safe. This ensures honest, fair and equitable operations, protecting and building the DOF Group's reputation.

'Safe the RITE way' is the guiding philosophy by which the DOF Group safeguards its people, external environment, vessels and subsea assets. 'Safe the RITE way' is the umbrella for the safety program which brings together core values and connects them to strategic areas for sustainable operations. The ambition is to be an incident free organisation.



The DOF Group is guided by the articles of association, the Corporate Governance and Group policies, combined with the DOF Group's Code of Business Conduct, ensuring that operations consider the interests of all stakeholders.

The DOF Group promotes transparency and standard disclosure of information relating to key sustainability aspects. Defining and measuring environmental sustainability and risks associated with the Company's business activities are important. Investments in systems and equipment have been made to record, understand and improve environmental performance. This has been achieved through SEEMP, ISO 14001 and CDP, where DOF achieved a score of A- in 2020. For detailed reporting on these matters please find the DOF Group's Sustainability Report on www.dof.com.

EMPLOYEES

The Company has no employees and all personnel are hired through management agreements with DOF Management AS.

HEALTH, SAFETY AND ENVIRONMENT

DOF Management was re-certified in accordance with the ISM code in 2020 and was from 2020 covered under the DOF ASA ISO certifications (ISO 9001, ISO 14001 ISO 45001).

In 2020, the Company has not experienced any COVID-19 cases among crewmembers on Skandi Hera and Skandi Darwin.

The Company's ambition is to be an incident free organisation. Through the DOF Group's 'Safe the RITE way' program, the Company has been able to establish a unified safety culture, as well as a stronger safety cooperation with clients, industry partners and suppliers.

The Board of Directors is not aware of that the Company's operation or vessel have contaminated the external environment beyond what is common for this type of business. The DOF Group's environmental management system ensures that the operations are effectively managed, and that continuous improvement of environmental performance is achieved. The energy efficiency program of DOF Group's is continuously challenged with the aim to improve environmental performance.

DOF Management AS has the goal of having a good working environment and keeping sickness absence at an acceptable level. DOF Management AS has focus on diversity and strives to create equal opportunities for all employees, regardless of their ethnic background, nationality, descent, colour, language, religion, lifestyle or gender. It is not known that any crew experiences discrimination on grounds of gender, ethnic background or other conditions.

ANTI-CORRUPTION AND ANTI-BRIBERY

The Company has a zero-tolerance policy for bribery and corruption. The Company's policy is to conduct all business in an honest and ethical manner.

It is the desire of the Board of Directors that the Company shall be recognised by its high ethical standards. Anti-corruption and anti-bribery measures are regularly evaluated and assessed to ensure that they are aligned with legal requirements and best practice. There have been no confirmed incidents of corruption during 2020.



COMPLIANCE TO LAW

The Company acknowledges the importance for its internal and external stakeholders of being a reliable partner, compliance therefore is a key topic for Company. Compliance with both international and local laws and regulations and industry standards is important for the Company.

RISKS

The Company is exposed to foreign exchange risk arising from various currency exposures. In addition, the Company is exposed to interest rate risk if the terms on loans would be significant changed. The Company is also exposed to market risk as the market conditions for Skandi Hera and Skandi Darwin may change.

FINANCIAL PERFORMANCE

Operating income totaled NOK 91.7 million (NOK 128.5 million) and total operating expenses were NOK -65.0 million (NOK -78.7 million). The operating profit (EBITDA) was NOK 26.8 million (NOK 49.7 million). Operating profit (EBIT) after depreciation and impairment was NOK -28.8 million (NOK 17.7 million). Net financial items are NOK -24.3 million (NOK -27.4 million).

Total balance is NOK 599.7 million (NOK 663.3 million). Total liabilities are NOK 720.1 million (NOK 730.8 million) of which NOK 648.4 million (NOK 638,2 million) represents debt to financial institution.

The Company's net cash from operating activities was NOK 47.1 million (NOK 10.6 million), from investing activities NOK -13.0 million (NOK -3.4 million) and net cash from financing activities was NOK -20.6 million (NOK -14.4 million).

PROFIT & LOSS ALLOCATION

The Board of Directors proposes to allocate the Company's net loss of NOK -52.9 million from other equity.

GOING CONCERN

The Company's accounts have been prepared based on continued operation. The continued challenging market situation, made worse by the COVID-19 pandemic, has given rise to significant doubt regarding the Company's ability to continue as going concern. The market situation has had a material negative impact on key financial figures of the Company, related to both solidity and earnings going forward.

The Company's equity is lost. One of the Company's vessels has a long-term contract that ensures satisfactory revenues until November 2022.

Due to the challenging market conditions the ongoing refinancing of the Company has been delayed. The Company is in dialogue with DOF and the creditors to facilitate a continued financing of the Company. Even though the dialogue with DOF and the creditors is constructive, there is a risk that the Company may not reach the required agreement with DOF and the creditors. In such event, the Company will not continue as a going concern.

The Company has agreed a standstill agreement regarding financial covenants until and including the final maturity date 4th November 2021 for both the Skandi Hera and the Skandi Darwin facilities agreement, see note 13 to the accounts.



EVENTS AFTER BALANCE DATE

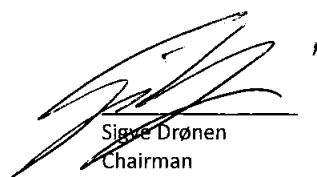
The Company is in dialogue with DOF and the creditors to facilitate a continued financing of the Company.

OUTLOOK

The challenging markets are expected to continue in 2021. There are signs of increased activity from 2022, however the timing of a recovery is highly uncertain. Hence, future earnings and asset values are difficult to forecast.

In sum the Board of Directors expects the markets in 2021 to be challenging. A continuing challenging market will increase the risk for low utilization and earnings, and as such a risk for further deterioration of vessel value and further strain the Company's financial position.

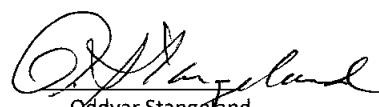
Storebø, 25th of August 2021
The Board of Directors of LOS SHIPPING I AS



Sigrve Drønen
Chairman



Lars Johan Mælingen
Lars Johan Mælingen
Director



Oddvar Stangejand
Director



INCOME STATEMENT

LOS SHIPPING I AS

Amounts in NOK thousand

OPERATING INCOME AND OPERATING EXPENSES	Note	31.12.2020	31.12.2019
Sales income	2	90 422	120 212
Other operating income	2	1 311	8 269
Total operating income		91 733	128 480
Personnel expenses	3	-26 407	-28 876
Other operating expenses	3	-38 575	-49 870
Total operating expenses		-64 982	-78 747
Operating profit		26 751	49 734
Operating profit before depreciation (EBITDA)		26 751	49 734
Depreciation	6	-35 112	-32 039
Impairment of tangible assets		-20 391	0
Operation profit - EBIT		-28 753	17 695
FINANCIAL INCOME AND EXPENSES			
Financial income	4	7	34
Financial cost	4	-24 470	-27 972
Realized gain (loss) on currencies	4	-431	1 171
Unrealized gain (loss) on currencies	4	564	-663
Net financial items		-24 330	-27 430
Profit (loss) before taxes		-53 083	-9 735
Tax on ordinary result	5	193	-2 077
Profit (loss) for the year		-52 890	-11 812
Profit (loss) for the year		-52 890	-11 812
Allocated from other equity		-52 890	-11 812
Total income for the year		-52 890	-11 812

LOS SHIPPING I AS

SIDE 6



BALANCE SHEET

LOS SHIPPING I AS

Amount in NOK thousand

ASSETS	Note	31.12.2020	31.12.2019
FIXED ASSETS			
TANGIBLE ASSETS			
Vessels	6	569 206	611 689
Total tangible assets		569 206	611 689
Total fixed assets		569 206	611 689
CURRENT ASSETS			
DEBTORS			
Trade receivable	7	12 234	27 528
Other current receivables	8	4 039	6 716
Guarantees DOF		0	16 634
Total receivables		16 273	50 878
Cash and bank deposits	9	14 190	696
Total current assets		30 463	51 574
Total assets		599 669	663 263



BALANCE SHEET

LOS SHIPPING I AS

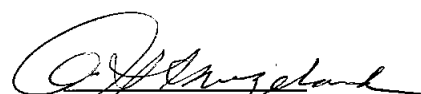
Amount in NOK thousand

EQUITY AND LIABILITIES	Note	31.12.2020	31.12.2019
EQUITY			
PAID-UP EQUITY			
Share capital	10, 11	101	101
Share premium reserve	11	2	2
Total paid-up equity		102	102
RETAINED EARNINGS			
Other equity	11	-120 553	-67 663
Total retained earnings		-120 553	-67 663
Total equity		-120 451	-67 560
NON-CURRENT LIABILITIES			
Liabilities to financial institutions	12	0	579 764
Other non-current liabilities	12	15 000	15 000
Total of non-current liabilities		15 000	594 764
CURRENT LIABILITIES			
Liabilities to financial institutions		648 433	58 422
Accounts payable		5 640	10 165
Funding from DOF		44 366	61 000
Other current liabilities		6 681	6 472
Total current liabilities		705 119	136 059
Total liabilities		720 119	730 823
Total equity and liabilities		599 669	663 263

Storebø, 25.08.2021
The board of LOS Shipping I AS


Sigve Drønen
Chairman


Lars Johan Mælingen
Director


Oddvar Stangeland
Director



Statement of Cash Flows

LOS SHIPPING I AS

Amount in NOK thousand	Note	31.12.2020	31.12.2019
Operating profit (ebit)		-28 753	17 695
Depreciation and impairment	6	55 503	32 039
Change in trade receivables	7	15 294	-11 562
Change in accounts payable		-4 525	-4 691
Change in other working capital		19 521	7 069
Exchange rate effect on operating activities		133	0
Cash from operating activities		57 174	40 549
Interest received	4	7	34
Interest paid	4	-10 198	-27 902
Other finance cost	4	-62	70
Tax paid abroad	5	193	-2 077
Net cash from operating activities		47 113	10 673
Purchase of tangible assets		-13 020	-3 384
Net cash used in investing activities		-13 020	-3 384
Proceeds from borrowings		0	0
Repayment of borrowings		-3 964	-21 374
Reward of other loans		-16 634	7 000
Net cash flow from financing activities		-20 598	-14 374
Net changes in cash and cash equivalents		13 495	-7 085
Cash at the start of period 01.01.2020		696	7 920
Cash at the end of period 31.12.2020		14 190	696



Notes to the financial statement

1 Accounting principles

Accounting principles

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

The accounting period is from 01.01.2020 to 31.12.2020 and presented in NOK thousand.

Foreign currencies

Foreign currency transactions are translated into the functional currency using the exchange rates. Foreign exchange gains and losses resulting from the settlement of such transactions and from the conversion at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised as financial income or costs.

Going concern

The annual accounts are prepared on the assumption of a going concern. The recent events after year-end related to extreme currency fluctuation combined with the sharp decline in the oil price and COVID-19 have had a material negative impact on key financial figures of the Company, related to both solidity and earnings going forward.

Classification of assets and liabilities

Assets are classified as current assets when:

- the asset forms part of the entity's service cycle, and is expected to be realised or consumed over the course of the entity's normal operations; or
- the asset is held for trading; or
- the asset is expected to be realised within 12 months of consolidated statement of financial position date; or

All other assets are classified as non-current assets.

Liabilities are classified as current when:

- the liability forms part of the entity's service cycle, and is expected to be settled in the course of normal production time; or
- the liability is held for trading; or
- settlement of the liability has been agreed upon with 12 months of the consolidated statement of financial position date; or
- the entity does not have an unconditional right to postpone settlement of the liability until at least 12 months after the consolidated statement of financial position date.

All other liabilities are classified as non-current liabilities.

Tangible Assets

Tangible assets are recognised at cost less accumulated depreciation and accumulated impairment losses. The cost of tangible asset comprises its purchase price, borrowing costs and any directly attributable costs of bringing the asset to working condition. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that the future economic benefits associated with the asset will flow to the company and the cost can be measured reliably. All other repairs and maintenance are recognized in the period when the expense is incurred.

Depreciation is calculated on a straight-line basis over the useful life of the asset. Each part of the tangible asset where the value constitutes a substantial part of the total cost is depreciated separately and linearly over the estimated useful life of the asset.

The assets are valued when events or changes in circumstances indicate that the book value is not recoverable. Difference between capitalized value and recoverable amount is recognized as an impairment loss.

Periodic maintenance

Periodic maintenance is capitalized as part of the ship and amortized on a straight-line basis over the period up to the next periodic maintenance, usually after 5 years.

Revenue recognition

The Company recognises income when it is probable that future economic benefits will flow to the entity and when the amount of income can be reliably measured.



Notes to the financial statement

Lease income related to the vessels is recorded on a linear basis over the lease period. The lease period starts from the time the vessels is made available to the customer and expires on the agreed return date. Crew rental and compensation for coverage of other operating costs are recorded over the contract period on a linear basis.

Operating income is shown net of discounts, value-added tax and other taxes on gross rates.

Trade receivables

Trade receivable are subject to value adjustments where their recovery are uncertain. A provision for impairment of trade receivables is made when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivable.

Equity

Ordinary shares are classified as equity.
Transaction costs related to equity transactions, including tax effect of transaction costs, are directly charges against equity.

Loan

Loan are accounted for at fair value when payment of the loan takes place, minus transaction costs. In subsequent periods, loans at amortized cost are calculated using effective interest rates.

Tax

The tax expense in the income statement includes both the tax payable for the period and changes in deferred tax. Deferred tax is calculated using the current tax rate on the basis of the temporary differences that exist between accounting an tax values, as well as any possible loss carry-forwards at the end of the fiscal year.

Tax-increasing and tax-reducing temporary differences that reverse or may reverse during the same period are offset. The recognition of deferred tax asset on net tax-reducing differences that are not offset and under write-downs for carrying forward is justified by assumed future earnings.

Both tax payable and deferred tax are recognised directly in equity, to the extent they relate to items recognised directly in equity.

Statement of cash flows

The cash flow statement shows the total cash flow divided by operational operations, investment and financing activities. The statement shows the impact of the individual activities on the liquid portfolio.
The cash flow statement has been prepared in accordance with the indirect model.

Subsequent events

New information regarding the Company's financial position at the statement of financial position date is included in the accounts. Events occurring after the statement of financial position date, which do not impact the Company's financial position, but which have a significant impact on future periods, are presented in the notes to the accounts.

2 Operating income

	2020	2019
Freight income	90 422	120 212
Guarantee DOF	0	5 714
<u>Other operating income</u>	<u>1 311</u>	<u>2 554</u>
Total operating income	91 733	128 480



Notes to the financial statement

3 Payroll, auditor and operating expenses

	2020	2019
Payroll and other remuneration	22 759	24 232
Travel costs	2 147	2 701
Other personnel costs	1 501	1 944
Total	26 407	28 876

The Company has no employees, but leases crew from other group companies and external companies. The Company is not obliged to have an occupational pension plan(OTP).

There were no remunerations or other compensations paid to Board members in 2020 or 2019.

Specification of auditor's fee	2020	2019
Audit	93	76
Fee for other services	37	34
Total	130	110

Auditor's fees are exclusive VAT.

Other operating expenses consists of:	2020	2019
Maintenance and repair services	6 780	6 283
Management fees for ship management	3 122	3 194
Electronic communication expenses	1 180	1 232
Bunkers costs	4 042	1 243
Insurance	2 612	3 074
ROV	17 845	19 906
Other expenses	2 956	14 938
Total	38 538	49 870

4 Finance income and expenses

	2020	2019
Other interest income	7	34
Financial income	7	34
Interest cost loan	-24 409	-27 902
Late payment interest	-3	-7
Other financial costs	-59	-63
Financial costs	-24 470	-27 972
Net gain (loss) on operational items	-659	1 224
Net gain (loss) on current items	227	-53
Net realized gain (loss) on currencies	-431	1 171
Net unrealized gain (loss) on operational items	564	-663
Net unrealized gain (loss) on currencies	564	-663
Net financial items	-24 330	-27 430



Notes to the financial statement

5 Tax

Tax income (expense) comprises:	2020	2019
Current tax on profit for the year		
Change in deferred taxes	0	0
Tax payable abroad	-193	2 077
Tax income (expense)	-193	2 077

Reconciliation of nominal and effective tax rate

Profit before tax	-53 083	-9 735
Tax calculated at domestic tax rates 22% (22%)	-11 678	-2 142

Tax effect of:

Tax effect on deductible expenses	0	0
Tax effect on items not included in deferred tax	11 722	2 097
Tax effect on other items	-44	45
Effect of change of tax regime	193	2 077
Total tax income (expense)	193	2 077

Deferred tax

Basis of deferred tax	2020	2019
Tangible assets	183 297	162 957
Total temporary differences	183 297	162 957

Loss carried forward	-301 634	-228 013
- hereof tax deficit not included in basis for calculation of deferred tax/deferred tax assets	118 336	65 056
Basis for calculation of deferred tax/deferred tax assets (-)	0	0
Total deferred tax/deferred tax assets (-)	0	0



Notes to the financial statement

6 Tangible assets

2020	Vessels	Periodical maintenance	Total
Cost at 01.01	672 727	30 058	702 785
Additions	0	13 021	13 021
Capitalization	0	0	0
Cost at 31.12	672 727	43 079	715 806
Depreciation and impairment at 01.01	81 376	9 721	91 096
Depreciation for the year	29 180	5 933	35 112
Depreciation on disposals	0	0	0
Depreciation at 31.12	110 556	15 653	126 209
Impairment 01.01.	0	0	0
Impairment	20 391	0	20 391
Impairment 31.12.	20 391	0	20 391
Book value at 31.12	541 780	27 425	569 206
Asset lifetime (years)	30 years	30-60 months	
Depreciation schedule	Straight line	Straight line	

2019	Vessels	Periodical maintenance	Total
Cost at 01.01	672 087	27 221	699 308
Additions	641	2 837	3 477
Capitalization	0	0	0
Cost at 31.12	672 727	30 058	702 785
Depreciation and impairment at 01.01	52 209	6 849	59 058
Depreciation for the year	29 167	2 872	32 039
Depreciation on disposals	0	0	0
Depreciation at 31.12	81 376	9 721	91 096
Impairment 01.01.	0	0	0
Impairment	0	0	0
Impairment 31.12.	0	0	0
Book value at 31.12	591 351	20 337	611 689
Asset lifetime (years)	30 years	30-60 months	
Depreciation schedule	Straight line	Straight line	

7 Trade receivables

	2020	2019
Trade receivable	12 122	27 419
Earned not invoiced	112	108
Provision for bad debts	0	0
Trade receivables at 31.12	12 234	27 528

The Company's credit exposure is mainly towards customers who historically have good financial capability to meet their obligations.

The credit risk to clients is considered low. The current demanding market have increased the credit risk, however it is still considered to be acceptable.

Year	Total	Not matured	<30d	30-90d	>90d
2020	12 122	12 122	0	0	0

8 Other current receivables

	2020	2019
Prepaid expences	833	1 053
Settlement VAT	1 157	682
Other current receivables	2 049	4 981
Other current receivables at 31.12.	4 039	6 716



Notes to the financial statement

9 Restricted cash

The Company has no restricted cash at balance date 31.12.2020.

10 Share capital and share information

2020	Total shares	Nominal value	Ownership	Vote share
Sigfisk AS	960	40	40%	40%
Kanabus AS	480	20	20%	20%
Gerda Marie AS	960	40	40%	40%
	2400	101	100%	100%

The Company share capital is totaling NOK 100 800 and consists of 2400 shares, each with nominal value of NOK 42. All company's shares have the same rights.

11 Equity

Amounts in NOK	Share Capital	Share premium	Retained earnings	Total Equity
Balance at 01.01.2020	101	2	-67 663	-67 560
Profit (loss) for the year	0	0	-52 890	-52 890
Balance 31.12.2020	101	2	-120 553	-120 451

Amounts in NOK	Share Capital	Share premium	Retained earnings	Total Equity
Balance at 01.01.2019	101	2	-55 850	-55 748
Profit (loss) for the year	0	0	-11 812	-11 812
Balance 31.12.2019	101	2	-67 663	-67 560

12 Debt to credit institution

The Company has debt to financial institution linked to tangible asset.

Interest-bearing debt	2020	2019
Non-current debt to financial institution	0	579 764
Current debt to financial institution	648 433	58 422
Total interest-bearing debt	648 433	638 186

Average interest	3,68%	4,29%
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The Company's debt to financial institution is secured by mortgages in the vessels.

13 Going Concern

The Company's accounts have been prepared based on continued operation. The continued challenging market situation, made worse by the COVID-19 pandemic, has given rise to significant doubt regarding the Company's ability to continue as going concern. The market situation has had a material negative impact on key financial figures of the Company, related to both solidity and earnings going forward.

The Company's equity is lost. One of the Company's vessels has a long-term contract that ensures satisfactory revenues until November 2022.

Due to the challenging market conditions the ongoing refinancing of the Company has been delayed. The Company is in dialogue with DOF and the creditors to facilitate a continued financing of the Company. Even though the dialogue with DOF and the creditors is constructive, there is a risk that the Company may not reach the required agreement with DOF and the creditors. In such event, the Company will not continue as a going concern.

The Company has agreed a standstill agreement regarding financial covenants until and including the final maturity date 4th November 2021 for both the Skandi Hera and the Skandi Darwin facilities agreement. For the Skandi Hera facilities agreement regular instalments shall be deferred and shall be due and payable on the final maturity date, accrued interest is accumulated but not payable until the final maturity date. For the Skandi Darwin facilities agreement regular instalments shall be deferred and shall be due and payable on the final maturity date. In addition, the Company has agreed to an adjustment of the cash sweep regulated in the facilities agreements so



Notes to the financial statement

that the threshold for sweep is adjusted to NOK 5,0 mill to be applied at specified dates and on the final maturity date. Cash sweep will firstly go to pay accrued interest payments on the Skandi Darwin facilities.

14 Subsequent events

The challenging markets are expected to continue in 2021. There are signs of increased activity from 2022, however the timing of a recovery is highly uncertain. Hence, future earnings and asset values are difficult to forecast.

In sum the Board of Directors expects the markets in 2021 to be challenging. A continuing challenging market will increase the risk for low utilization and earnings, and as such a risk for further deterioration of vessel value and further strain the Company's financial position.



To the General Meeting of LOS Shipping I AS

Independent Auditor's Report

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of LOS Shipping I AS, which comprise the balance sheet as at 31 December 2020, 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 accompanying financial statements are prepared in accordance with law and regulations and give a true and fair view of the financial position of the Company as at 31 December 2020, and its financial performance and its 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 as required by laws and regulations, 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.

Material Uncertainty Related to Going Concern

We draw attention to Note 13 in the financial statements and the Board of Directors' report, which indicates that the Company incurred a net loss of NOK 52 890 thousand during the year ended December 31, 2020 and, as of that date, the Company's current liabilities exceeded its total assets by NOK 105 451 thousand. As stated in Note 13 and the Board of Directors' report, these events or conditions, along with other matters as set forth in Note 14 and the Board of Directors' report, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other information

Management is responsible for the other information. The other information comprises information in the annual report, except the financial statements and our auditor's report thereon.

PricewaterhouseCoopers AS, Sandviksbodene 2A, Postboks 3984 - Sandviken, NO-5835 Bergen
T: 02316, org. no.: 987 009 713 VAT, www.pwc.no
State authorised public accountants, members of The Norwegian Institute of Public Accountants, and authorised accounting firm



Independent Auditor's Report - LOS Shipping I AS



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 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 the Board of Directors for the Financial Statements

The Board of Directors (management) is responsible for the preparation in accordance with law and regulations, including a true and fair view 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. The financial statements use the going concern basis of accounting insofar as it is not likely that the enterprise will cease operations.

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 ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

For further description of Auditor's Responsibilities for the Audit of the Financial Statements reference is made to <https://revisorforeningen.no/revisjonsberetninger>

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 the proposed allocation of the result is consistent with the financial statements and complies with the law and regulations.

(2)



Independent Auditor's Report - LOS Shipping I AS



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 produce a proper and clearly set out registration and documentation of the Company's accounting information in accordance with the law and bookkeeping standards and practices generally accepted in Norway.

Other Matter

The Board of Directors are obliged to arrange a meeting with the Company's auditor without the presence of the Managing Director or other members of the executive management annually, in accordance with Aksjeloven § 7-5 a (1). Such a meeting was not arranged last year.

Bergen, 25 August 2021
PricewaterhouseCoopers AS

Sturle Døsen
State Authorised Public Accountant

(This document is signed electronically)



 Securely signed with Brevio

Revisjonsberetning

Signers:

<i>Name</i>	<i>Method</i>	<i>Date</i>
Døsen, Sturle	BANKID	2021-08-25 14:51

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- The electronic signatures. These are not visible in the document, but are electronically integrated.



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The seal is a guarantee for the authenticity
of the document.



24 SEPT. 2018
Sov.B.

Our date
07.08.2018

Din dato
17.09.2018

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Torstein Kinden Helleland

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Tax Administration
Norway.no

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

With reference to your letter of 23 January 2017 and e-mail of 14 September 2018, you apply for permission to keep annual accounts and directors' report in English language. The application in question concerns the following companies.

LOS Shipping I AS org.nr. 917 751 862

LOS Shipping II AS org.nr. 917 807 361

Conclusion

Based on a total evaluation, the view of The Directorate of Taxes is that the companies mentioned above may make the directors' report and annual accounts in English language according to the Norwegian Accounting Act § 3-4 third paragraph. The exemption requires that the information that the decision is based on, does not change significantly.

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

Background

LOS Shipping I AS and LOS Shipping II AS are owned by Sigfisk AS (40 %), Gerd Marie AS (40 %) and Kanabus AS (20 %). LOS Shipping I AS and LOS Shipping II are international vessel companies, which owns and operates modern offshore-/subsea vessels globally. The working language is English. Furthermore, the companies are highly international in the sense that it operates throughout the world. English is clearly the dominant language. The annual report and financial statements of the companies are required to be prepared each year in the Norwegian language only in order to satisfy the requirements of the Norwegian Accounting Act.

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

According to the Norwegian Accounting Act § 3-4, third paragraph shall *"the directors' report and annual accounts ... be in Norwegian. The Ministry can in an individual decision decide that the directors' report and/or annual accounts may be in another language"*.



Ot. prp. nr. 42 (1997-1998) About Act about annual accounts etc., says the following about the purpose of the Accounting Act, refer section 1.1:

"The aim of the Government with respect to the Accounting Act is that it shall contribute towards providing informative accounts for different users of accounts. The users of accounts include investors and creditors which provide capital for the companies. Other groups include those who have an interest in knowing how the companies are operated, for example employees and the local community. The information to the capital market is an important basis for the correct pricing of financial instruments. The correct pricing of stocks is an important factor in securing the best possible allocation of resources in the economy. High quality accounts will also make it more difficult for market participants to obtain speculative gains as a result of non-publicly available information."

Hence, one of the main aims of the Accounting Act is to contribute to "informative accounts for different users of accounts". The users of the accounts will include investors, creditors, employees and the local community.

Hence, it is the view of the Ministry that it is crucial that the question of dispensation from the general rule that the annual accounts and/or directors' report should be prepared in Norwegian, not in any significant way deviate from the consideration of users of the accounts.

As mentioned above it is particularly the consideration of the users of the account information which has to be taken into consideration that the ultimate when considering the application for permission. In this assessment, the Directorate of Taxes has emphasized that the companies are owned by three limited companies. The companies are operating in an international industry. Furthermore, the companies uses English as the main language between the group companies.

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

Best regards

Jeanette Munkvold Skovholt
Senior Adviser
Rettsavdelingen, foretaksskatt
Norwegian Directorate of Taxes

Torstein Kinden Helleland

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

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