



ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2020 - GENERELL INFORMASJON

Enheten

Organisasjonsnummer: 981 686 209
Organisasjonsform: Aksjeselskap
Foretaksnavn: DOF REDERI AS
Forretningsadresse: 5392 STOREBØ

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: Forenklet IFRS

Årsregnskapet fastsatt av kompetent organ

Bekreftet av representant for selskapet: Solveig Byrkjeland
Dato for fastsettelse av årsregnskapet: 27.05.2021

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, 26.06.2022



Resultatregnskap

Beløp i: NOK	Note	2020	2019
RESULTATREGNSKAP			
Inntekter			
Salgsinntekt	5	759 491 000	789 846 000
Sum inntekter		759 491 000	789 846 000
Kostnader			
Lønnskostnad	6	280 499 000	287 156 000
Avskrivning på varige driftsmidler og immaterielle eiendeler	11	187 060 000	240 164 000
Nedskrivning av varige driftsmidler og immaterielle eiendeler	11	478 621 000	254 000 000
Annen driftskostnad	7	225 056 000	245 989 000
Gevinst salg anleggsmiddel	11	-16 050 000	
Sum kostnader		1 155 186 000	1 027 309 000
Driftsresultat		-395 695 000	-237 463 000
Finansinntekter og finanskostnader			
Renteinntekt fra foretak i samme konsern	8	658 000	3 320 000
Annen renteinntekt	8	858 000	1 241 000
Annen finansinntekt	8	986 000	1 291 000
Verdiøkning andre finansielle instrumenter vurdert til virkelig verdi	8	0	7 367 000
Sum finansinntekter		2 502 000	13 219 000
Verdireduksjon andre finansielle instrumenter vurdert til virkelig verdi	8	21 257 000	
Rentekostnad til foretak i samme konsern	8	16 745 000	18 094 000
Annen rentekostnad	8	138 314 000	148 616 000
Annen finanskostnad	8	57 081 000	4 051 000
Sum finanskostnader		233 397 000	170 761 000
Netto finans		-230 895 000	-157 542 000
Ordinært resultat før skattekostnad		-626 590 000	-395 005 000
Skattekostnad på ordinært resultat	9	2 146 000	-753 000
Ordinært resultat etter skattekostnad		-628 736 000	-394 252 000



Resultatregnskap

Beløp i: NOK	Note	2020	2019
Årsresultat		-628 736 000	-394 252 000
Overføringer og disponeringer			
Overføring til/fra fond	10	-628 736 000	-394 252 000
Sum overføringer og disponeringer		-628 736 000	-394 252 000



Balanse

Beløp i: NOK	Note	2020	2019
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Kontrakskostnader	12	14 631 000	
Sum immaterielle eiendeler		14 631 000	
Varige driftsmidler			
Skip, rigger, fly og lignende	11,19	2 269 293 000	2 911 676 000
Sum varige driftsmidler		2 269 293 000	2 911 676 000
Finansielle anleggsmidler			
Andre fordringer	14	0	8 724 000
Sum finansielle anleggsmidler		0	8 724 000
Sum anleggsmidler		2 283 924 000	2 920 400 000
Omløpsmidler			
Varer			
Fordringer			
Kundefordringer	15,25	82 888 000	182 008 000
Andre fordringer	16,25	64 590 000	63 210 000
Konsernfordringer	25	72 505 000	
Sum fordringer		219 983 000	245 218 000
Bankinnskudd, kontanter og lignende			
Bankinnskudd, kontanter og lignende	17	112 785 000	48 176 000
Sum bankinnskudd, kontanter og lignende		112 785 000	48 176 000
Sum omløpsmidler		332 768 000	293 394 000
SUM EIENDELER		2 616 692 000	3 213 794 000

BALANSE - EGENKAPITAL OG GJELD



Balanse

Beløp i: NOK	Note	2020	2019
Egenkapital			
Innskutt egenkapital			
Selskapskapital	18	203 163 000	203 163 000
Sum innskutt egenkapital		203 163 000	203 163 000
Opptjent egenkapital			
Annen egenkapital	18	-1 114 660 000	-485 924 000
Sum opptjent egenkapital		-1 114 660 000	-485 924 000
Sum egenkapital		-911 497 000	-282 761 000
Gjeld			
Langsiktig gjeld			
Annen langsiktig gjeld			
Øvrig langsiktig gjeld	20,23	0	724 000
Sum annen langsiktig gjeld		0	724 000
Sum langsiktig gjeld		0	724 000
Kortsiktig gjeld			
Gjeld til kredittinstitusjoner	19	3 373 549 000	3 308 722 000
Leverandørgjeld	21,25	113 191 000	132 347 000
Kortsiktig konserngjeld	25		43 292 000
Annen kortsiktig gjeld	22,23	41 449 000	11 470 000
Sum kortsiktig gjeld		3 528 189 000	3 495 831 000
Sum gjeld		3 528 189 000	3 496 555 000
SUM EGENKAPITAL OG GJELD		2 616 692 000	3 213 794 000



Directorate of Taxes

22 DES. 2011

Inquiries to Torstein Kinden Helleland	Your date 24.10.2011	Our date 20.12.2011
Telephone 22078139	Your reference Solveig Byrkjeland	Our reference 2011/1035547

DOF ASA
Alfabygget
5392 STOREBØ

Permission to make the annual accounts and director's report in English language

Dear Ms Solveig Byrkjeland

With reference to your letter of 24 October 2011, you apply for permission to keep annual accounts and directors' report in English language. The application in question concerns the companies mentioned below.

DOF Rederi AS	org. nr. 981 686 209
Norskan AS	org. nr. 985 916 039
Norskan Norway AS	org. nr. 993 280 208
Norskan Holding AS	org. nr. 993 274 402
DOF Rederi II AS	org. nr. 995 251 604
Waveney AS	org. nr. 992 043 432
Aker DOF Deepwater AS	org. nr. 990 999 120

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.

Background

The companies are directly or indirectly owned by DOF ASA. The DOF ASA Group is an international group of companies which owns and operates a modern fleet of offshore-/subsea vessels, and owns engineering capacity to service the subsea market. Other group companies have in decisions (2009/276917) of 17 June 2010 and 4 January 2011 been given permission to make the directors' report and annual accounts in English language.

The working language in the group is English. The DOF ASA Group operate within the international offshore-/subsea industry, where English is clearly the dominant language. The group is highly international in the sense that it operates throughout the world, and the group has several legal entities and companies in different countries. A number of these companies are as well

Postal address	Visiting address	Telephone
P.O. Box 9200 Grønland	See www.skatteetaten.no	800 80 000
0134 Oslo	Org. nr: 996250318	Telefax
For elektronisk henvendelse se www.skatteetaten.no		22 17 08 60



taxable or can be taxable in other jurisdictions due to inter alia international operations. It follows that the accounts for these companies as well will have to be presented in different jurisdictions. Almost all of the companies' users, including financial institutions, contracting parties, customers and suppliers are foreign/international companies or institutions. The companies' users, who are not foreign/international companies or institutions, master and use English 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 done 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 when considering the application for permission. In this assessment, the Directorate of Taxes has emphasized that other group companies have in decisions been given permission to make the directors' report and annual accounts in English language. The companies operates in highly international branch, where English is the common languages used. Internal, English is also only language used for reporting purpose. Furthermore, it is emphasized that non in the Board of directors speaks Norwegian.



We kindly request you to mention “our reference” in all written communication with The Norwegian Tax Authorities.

Best regards

Rune Tystad

Rune Tystad
Senior Adviser
Legal Department
Directorate of Taxes

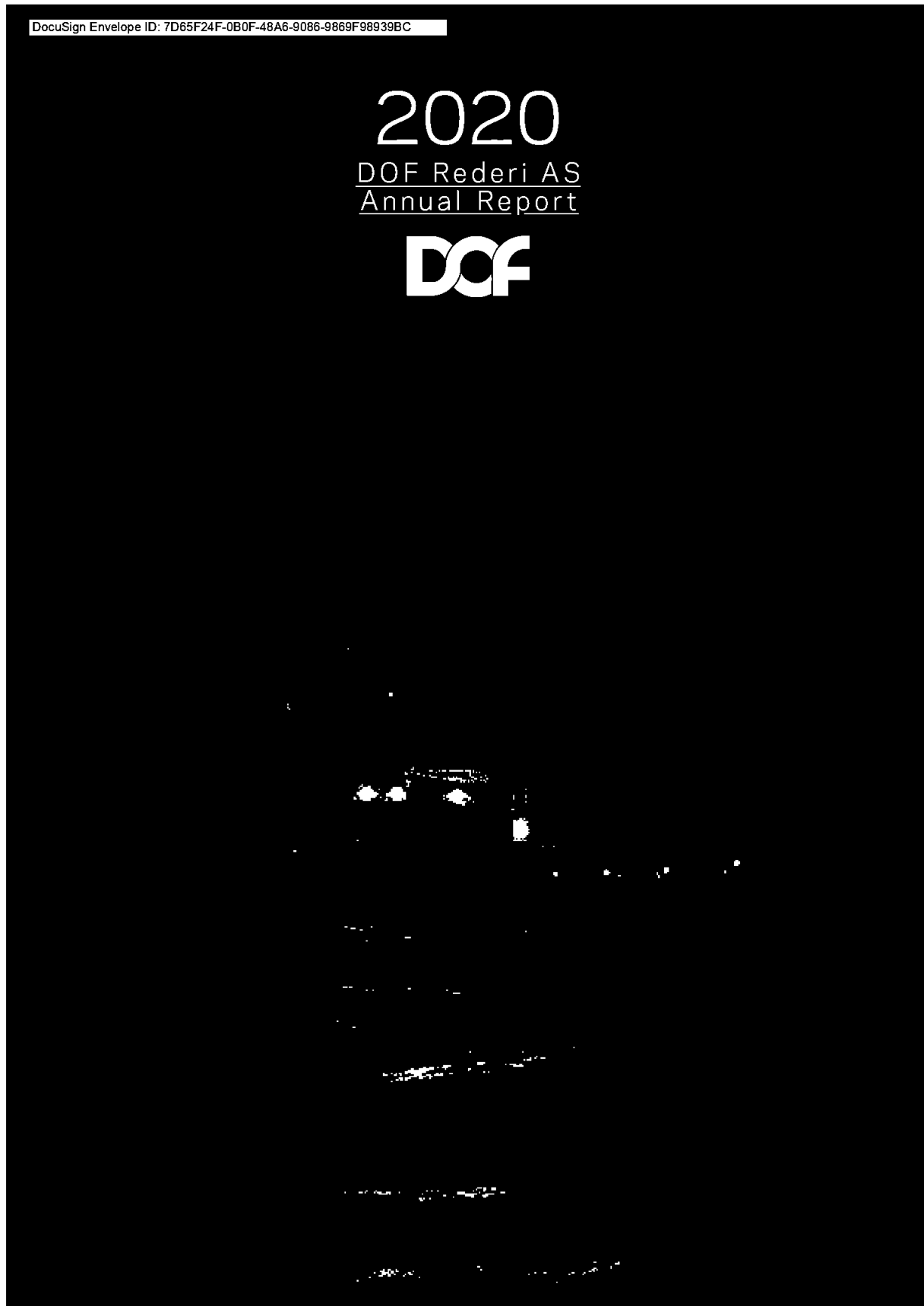
Torstein Kinden Helleland
Torstein Kinden Helleland



DocuSign Envelope ID: 7D65F24F-0B0F-48A6-9086-9869F98939BC

2020

DOF Rederi AS
Annual Report





DocuSign Envelope ID: 7D65F24F-0B0F-48A6-9086-9869F98939BC



DocuSign Envelope ID: 7D65F24F-0B0F-48A6-9086-9869F98939BC

2020

DOF REDERI AS ANNUAL REPORT





DocuSign Envelope ID: 7D65F24F-0B0F-48A6-9086-9869F98939BC



DocuSign Envelope ID: 7D65F24F-0B0F-48A6-9086-9869F98939BC

Index

Board of Directors Report	6
Statement of Profit or Loss	13
Statement of Comprehensive Income	13
Statement of Balance Sheet	14
Statement of Balance Sheet	15
Statement of Changes in Equity	16
Statement of Cash flows	17
Notes to the Financial Statements	18



DocuSign Envelope ID: 7D65F24F-0B0F-48A6-9086-9869F98939BC
REPORT OF THE BOARD OF DIRECTORS

Board of Directors Report DOF Rederi AS

Introduction

DOF Rederi AS ("The Company") is 100% owned by DOF ASA ("DOF").

The Company's head office is located at Storebø in Austevoll municipality.

The Company owned by year-end 19 offshore vessels as follows.

- 13 Platform Supply Vessels (PSV)
- 2 Anchor Handling Vessels (AHTS)
- 4 Subsea Vessels (Subsea)

DOF Management AS is responsible for the marine operation of the Company's vessels operating outside of Brazil, and Norskan Offshore Ltda. is responsible for the Company's vessels working in Brazil. Both DOF Management and Norskan are controlled by DOF.

Operations 2020

The oil service markets started positively in January and February 2020, but after the disruption of COVID-19 and the steep drop in the oil price in March the Company experienced a significant drop in utilisation and rate levels for its fleet. In addition, tenders were cancelled, and contracts were terminated during 2nd quarter. By end of 2nd quarter, the Company had 8 vessels in lay-up. From September and rest of the year the activity increased, but the markets were still impacted by an oversupply of vessels within the PSV and AHTS segments. The average utilisation of the Company's fleet was 71 % in 2020 compared to 77 % in 2019. The largest part of the fleet has operated in the North Sea. Two vessels have operated on firm contracts in Australia, and three vessels have operated on firm contracts in Brazil through the year. In addition, two vessels have operated on contracts in Latin-America during 1st half of the year. The main contract awards were a 2-year contract for the Skandi Vega with Equinor replacing the current contract of 6 months and a contract with approximately 400 days duration for the Skandi Caledonia. Two vessels have been sold after being in lay-up; Skandi Giant was sold and delivered to new owners

in Asia Pacific in 3rd quarter and Skandi Buchan was agreed sold and delivered to new owners in Europe. Skandi Hav (built 1983) was during 4th quarter recycled in Turkey.

Sustainability

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

The unforeseeable challenges brought by the COVID-19 pandemic resulted in the postponement of many sustainability-related improvement activities. However, towards the end of the year, several activities were resumed as the organisation adapted to new ways of working.

The DOF Group acts responsibly and ethically everywhere it operates, and the DOF Group's 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 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 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 the Group's operations consider the interests of all stakeholders.

The DOF Group promotes transparency and standard disclosure of information relating to key sustainability aspects. As part of this, the DOF Group reports according to CDP and the Global Reporting Initiative. Detailed reporting on these matters is included in the sustainability section in the Annual Report.



DocuSign Envelope ID: 7D65F24F-0B0F-48A6-9086-9869F98939BC
REPORT OF THE BOARD OF DIRECTORS

All the DOF Group companies are certified to ISO 9001:2015, ISO 14001: 2015, and ISO 45001:2018. The certificates are issued at Group (DOF ASA) level, and valid until December 2023

Employees

The market conditions required the organisation to adapt its capacity and posed a threat to the Group's human capital. At the end of 2020, the headcount in the DOF Group was 3,126 people, of which approximately 13% were women.

Equal opportunities and anti-discrimination

The DOF Group 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. The DOF Group's 'Equal Employment Opportunity' policy clearly states that the DOF Group is committed to be an equal opportunity employer. This means that all business units within the DOF Group will select and appoint the most suitable person for a position based on their attitude, skills and qualifications. The DOF Group also has a zero-tolerance policy for workplace harassments.

Human Rights and Labour standards

The DOF Group embraces practices consistent with international human rights standards and operates in compliance with fundamental as well as local labour standards. The DOF Group's policies and standards are based on International Labour Organisation (ILO) conventions, and they prohibit any use of forced or child labour. The DOF Group recognises and respects employees' right to freely associate, organise and collectively bargain, and the policies are compliant with working hour requirements as established by local laws.

Several initiatives have been taken during the year to ensure that slavery and human trafficking are not occurring within the supply chain nor in any part of the Group's activities. The Group's human rights and slavery statement is available on the Group's website. In 2020, Amnesty International ranked DOF in the top five global companies based in the Nordics with the best score related to human rights and responsible employer.

Health, safety, and the working environment

Throughout 2020, the DOF Group has experienced several COVID-19 cases among employees. Some cases resulted in hospitalisation, but there have not been any fatalities. Cases have been handled by regional emergency response teams, in close dialogue with the corporate emergency response team and company doctors.

The DOF Group strives to improve safety and environmental performance across all worksites, globally. The Group

experienced six Lost Time Incidents (LTIs) in 2020, which resulted in a Lost Time Incident Frequency (LTIFC) of 0.79 LTIs per million man-hours. Combined with 9 Medical Treatment Cases and four Restricted Workday Cases, the Total Recordable Frequency (TRFC) was 2.51 recordable incidents per million man-hours.

The DOF Group's ambition is to be an incident free organisation. Through the 'Safe the RITE way' program, the DOF Group has been able to establish a unified safety culture, as well as a stronger safety cooperation with clients, industry partners and suppliers. The aim for 2020 was to continue to develop the safety program. Going forward, the program will be strengthened by establishing a Safe the RITE way Council, consisting of representatives from executive management and the workforce.

In 2020, absence due to illness has been 3.28 per cent, which is above the DOF Group's target of 3 per cent. The working environment is monitored by various means of activities, including working environment surveys.

Business Integrity and Ethics

Integrity is the core of multiple aspects of the DOF Group's business model, both from an internal and external perspective. As one of the governing core values, the DOF Group has established integrity training throughout the organisation. This seeks to ensure sound business practices and decisions determined and executed in accordance with the DOF Group's Code of Business Conduct, promoting everyone to display professional competence, due-diligence, confidentiality and professional behaviour in everything we do on behalf of the DOF Group.

A new Ethics Helpline was launched in 2019. The helpline is operated by a third-party company and provides a platform for reporting unacceptable conduct, when normal reporting lines cannot be used. The helpline allows for communication with the reporters even if they prefer to be anonymous, which can be essential during investigations.

Anti-corruption and anti-bribery

The DOF Group has a zero-tolerance policy for bribery and corruption. The DOF Group's policy is to conduct all business in an honest and ethical manner. The Code of Business Conduct sets clear expectations for all employees and is supplemented by internal training.

Compliance to Law

The DOF Group acknowledges the importance for its internal and external stakeholders of being a reliable partner, compliance therefore is a key topic for the DOF Group. Compliance



DocuSign Envelope ID: 7D65F24F-0B0F-48A6-9086-9869F98939BC
REPORT OF THE BOARD OF DIRECTORS

with both international and local laws and regulations and industry standards is important for the DOF Group. In 2020, there have been no significant fines or non-monetary sanctions for non-compliance with laws and/or regulations in the social and economic area.

External environment

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 the DOF Group is continuously challenged with the aim to improve environmental performance.

During 2020, the focus on energy efficiency has increased by implementing Key Performance Indicators (KPIs) related to environmental performance, e.g. energy consumption and CO₂ emissions. During the year, there have been no major spills to the external environment and no spills that resulted in fines or other non-monetary sanctions from local governments.

Climate change and emissions to the air

The DOF Group has several processes to ensure that direct and indirect climate influencing activities are kept at a minimum and consistent with the DOF Group's overall approach to climate change.

Defining and measuring environmental sustainability and risks associated with the DOF Group'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.

Through continued focus on technologically advanced vessels and an improved environmental culture on all levels of the organisation, the DOF Group strives to achieve the objective of a reduction in CO₂ emissions through reduced fuel consumption.

Continuous improvement of operations

Through the DOF Group's improvement program, the DOF Group has streamlined and systematised its improvement work. Based on thorough planning, improvement projects have been carried out through the DOF Group's value chain, focusing on standardisation and improved efficiency. The improvement initiatives will continue in 2021.

Risk Management and Compliance

The DOF Group's risk management and internal control are based on the principles in the Norwegian Code of Practise for Corporate Governance. The Board of Director's view is

that continuous improvement of the DOF Group's operations in a systematic manner is a necessity in order to manage risks and realise opportunities to ensure efficient operations in line with the stakeholder's expectations.

The DOF Group has established routines for weekly, monthly and quarterly reporting regarding operations, liquidity, financing, investments, HSEQ, HR, taxes and legal performance. Five-year financial forecasts including information on market assumptions are prepared on a regular basis. The DOF Group carries out annually detailed budget processes at all levels. Due to generally challenging markets and the DOF Group's weak financial position, the focus on liquidity, profit or loss forecast control and financial compliance control has been high during the year.

The operational and financial processes are standardised, and the same reporting and control structures are in use for all companies in the Group. These processes are integrated in the DOF Group's ERP system and supported by the DOF Group's policies, guidelines and standards in the Business Management System (BMS).

The DOF Group's due diligence processes have been strengthened in recent years and involve the global competence within legal, finance and CSR. The new vendor evaluation database allows management to assess the suppliers and subcontractors towards the Group's requirements for CSR. The process is built upon UN Global Compact guidelines and ISO standards. The new DOF Workbook is the foundation for all the training in the years to come. The modules have a holistic approach and will be the centre of compliance for all our activities as well as the Group stakeholders' expectations for DOF to be a leading company, aligning its activities with the UN's sustainability development goals.

Financing and capital structure

The Company's vessels are funded in one fleet loan facility, and by year-end the outstanding amount of this facility was NOK 3.4 billion.

The Board and Management have since 2nd quarter of 2019, been working on a long-term refinancing solution for the DOF Group which includes discussions with secured lenders and the bondholders. The refinancing discussions have continued into 2020 and are still ongoing. Since 2nd quarter 2020 the DOF Group has agreed standstill agreements (including waiver of financial covenants, interest payments and instalments) with its lenders. The current standstill agreements are applicable until the 31st of May 2021 with 91% of the secured lenders within the DOF ASA Group (excl.



DocuSign Envelope ID: 7D65F24F-0B0F-48A6-9086-9869F98939BC
REPORT OF THE BOARD OF DIRECTORS

DOF Subsea Group) and 88% of the secured lenders within the DOF Subsea Group. The Company has imposed unilateral standstill to the lender in the loan facility not participating in the standstill agreement.

The Company and the DOF Group's financial position are not sustainable, and a long-term financial solution is necessary to continue as going concern. Due to the ongoing debt restructuring of the Company the debt is classified as current debt. This classification is based on that standstill agreements for debt service with the banks and bondholders are less than 12 months.

The DOF Group will continue the dialogue with its creditors to secure a long-term financial solution for the Group. Various debt restructuring proposals have been discussed with the lenders. The proposed solutions include comprehensive restructuring of the Company's and the DOF Group's balance sheet and conversion of debt to equity.

The vessels constitute 87% of the Company's total assets, hence the Company's balance sheet is exposed to fluctuations in the valuations of these assets. Due to sustained challenging markets since 2015 the values of the Company's vessels have dropped significantly and by year end the fair market value of the fleet was below the outstanding secured debt.

The accounts

Operating income totalled NOK 759.5 million (NOK 789.8 million) and total operating expenses were NOK 489.5 million (NOK 533.1 million). The main reason for reduced revenue in 2020 versus 2019 is lower utilisation and vessels in lay-up.

The operating profit before depreciation (EBITDA) was NOK 270.0 million (NOK 256.7 million) and the operating profit (EBIT) was NOK -395.7 million (NOK -237.5 million). The Company's vessels have been impacted by declined values, hence impairments of NOK 478.6 million (NOK 254.0 million) have been booked in 2020. Net financial items are NOK - 230.9 million (NOK - 157.5 million). The Company's external debt is nominated in NOK.

Total balance is NOK 2,616.7 million (NOK 3,213.8 million) of which NOK 2,283.9 million (NOK 2,920.4 million) represent non-current assets (vessels) and NOK 332.8 million (NOK 293.4 million) are current assets. Total liabilities are NOK 3,528.2 million (NOK 3,496.5 million) and mainly comprise the fleet loan of NOK 3,373.5 million (NOK 3,308.7 million). The fleet loan is secured with a fleet mortgage comprising vessels owned by the Company and the sister company DOF (UK) Limited. The fleet loan has increased due

to standstill agreement (waiver of interest and instalments) applicable from May 2020.

The Company's net cash from operating activities after interest and taxes was NOK 277.4 million (NOK 101.3 million), of which NOK 73.9 million represent a positive cash impact of less interest paid due to standstill agreements. Net cash from investing activities was NOK - 30.1 million (NOK -124.2 million) and net cash from financing activities was NOK -132.5 million (NOK - 88.4 million).

Risks

The Company is exposed to financial and liquidity risk through its operations and the requirement for refinancing and periodical maintenance of existing vessels. A sustained weak market since 2015 has increased the refinancing risk for the Company significantly and in addition, the increased ESG requirements have in 2020 become an additional refinancing risk as several banks are more reluctant to provide funding to the oil and gas sector.

The Company operates its fleet globally and is exposed to various currency exposures, mainly in GBP and USD. All debt is nominated in NOK, hence the main risk is related to fluctuation in earnings. The Company aims to reduce the currency risk by entering into currency hedge contracts when applicable. The Company is further exposed to changes in interest rates as parts of the non-current liabilities have a floating rate of interest. The Group aims to reduce its interest rate exposure by entering into interest rate swap agreements. Due to the Company's financial position new hedge contracts or interest swap contracts have become challenging, hence the Company's currency and interest risk have increased.

The Company's credit risk has historically been low as the customers traditionally have had good financial capability to meet their obligations and have had high credit ratings. The sustained challenging market situation has resulted in changes to the credit ratings for some of the Company's customers, and thereby increased the credit risk.

The Company is exposed to market fluctuations which may result in lower utilisation and reduced earnings for the Company's vessels and services. Attempts are made to reduce this risk by entering into contracts that secure long-term charters for the main portion of the fleet, but the recent developments relating to the declined oil price has made such measures less effective. The market has further deteriorated in all regions where the Company operates and has negatively impacted the earnings and utilisation of the fleet. A continuing weak market will impact future earnings and utilisation



DocuSign Envelope ID: 7D65F24F-0B0F-48A6-9086-9869F98939BC
REPORT OF THE BOARD OF DIRECTORS

of the Company's fleet going forward. Also, the counter-party risk has increased, and contracts may be cancelled or not renewed if a sustained challenging market situation continues.

The DOF Group has a global organisation and operate vessels in several different tax jurisdictions. The income and profit from these operations are subject to income taxes and judgment may be involved when determining the taxable results. Tax authorities in different jurisdictions may challenge the calculation of taxes payable from prior periods through tax audits. Several tax audits have been conducted over the last couple of years, where some of the tax claims are disputed by the DOF Group. In general, attention from tax authorities is increasing, and the trend is that each individual country has increased focus on protecting their tax base.

Going concern

The annual report is prepared on the assumption of going concern. The Company's financial position is not sustainable as the equity is negative, and standstill agreements with the majority of the Company's and the DOF Group's creditors have continued since 2nd quarter 2020. The Company is dependent on a robust refinancing solution and a debt restructuring proposal has been presented to the lenders. The refinancing proposal currently discussed include a comprehensive restructuring of the Company and DOF Group's balance sheet which include softer terms and conversion of debt to equity. The dialogue with the lenders is constructive, but a refinancing solution is not yet in place. The Company is dependent on continued standstill agreements with its creditors until a long-term financial solution is agreed to maintain as going concern.

Events after balance date

Skandi Texel (PSV) has been sold and delivered to new owners in March.

Skandi Gamma (PSV) was in March awarded a 2-year contract plus 2x1 year options in the North Sea with startup in April. Two PSVs were further awarded contracts to support pipehaul operations in Guyana in 2021 and 2022 with expected commencements in 3rd quarter 2021 and duration of 150 days in 2021 and 270 days in 2022. The relevant vessels will be reactivated from lay-up for these contracts.

Skandi Kvitsøy (PSV) has been awarded a 1-year contract plus 2x1 year options in the North Sea.

Skandi Admiral (AHTS built 1999) was delivered for recycling in April.

Allocation of annual result

The annual accounts show a net loss of NOK -628.7 million (NOK -394.3 million), and the Board of Directors proposes to allocate the amount from other equity.

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. Continued weak markets will increase the risk for reduced earnings and further strain the Company's financial position. If a robust long-term refinancing solution is not achieved the Company cannot be treated as going concern which again will require additional impairments of the Company's assets.

As mentioned above the Company and the DOF Group have entered into standstill agreements with the majority of its lenders and debt restructuring proposals are currently being discussed. The proposals include a conversion of debt to equity. The dialogue with the lenders is constructive, but a refinancing solution is not yet in place. The Group is dependent on continued standstill agreements with its creditors until a long-term financial solution is agreed to maintain as going concern.

The Company emphasizes that the information included in this annual report contains certain forward-looking statements that address activities or developments that the Company anticipates will or may occur in the future. The statements are based on assumptions and estimates, and some of them are beyond the Company's control and therefore subject to risks and uncertainties.



DocuSign Envelope ID: 7D65F24F-0B0F-48A6-9086-9869F98939BC
REPORT OF THE BOARD OF DIRECTORS

Storebø, May 21st, 2021
The Board of Directors for DOF Rederi AS

DocuSigned by:
Mons S. Aase
1F267AD0E308453...

Mons S. Aase
Chairman / Managing Director

DocuSigned by:
Møgster, Marianne
4FFAE83EC6AE43D...

Marianne Møgster
Director

DocuSigned by:
Hilde Drønen
1067037090BA45D...

Hilde Drønen
Director



DocuSign Envelope ID: 7D65F24F-0B0F-48A6-9086-9869F98939BC
FINANCIAL STATEMENTS / DOF REDERI AS

Financial Statements DOF Rederi AS



DocuSign Envelope ID: 7D65F24F-0B0F-48A6-9086-9869F98939BC
FINANCIAL STATEMENTS / DOF REDERI AS

Statement of Profit or Loss

Amounts in NOK thousand	Note	2020	2019
Operating income	5	759 491	789 846
Payroll expenses	6	280 499	287 156
Other operating expenses	7	225 056	245 989
Net gain (loss) on sale of tangible assets	11	-16 050	-
Operating expenses		489 505	533 145
Operating profit before depreciation and impairment - EBITDA		269 986	256 701
Depreciation	11	187 060	240 164
Impairment	11	478 621	254 000
Operating profit - EBIT		-395 695	-237 464
Finance income	8	1 516	4 561
Finance costs	8	-169 649	-168 381
Realised currency gain/loss	8	-42 492	1 291
Unrealised currency gain/loss	8	986	-2 380
Net change in unrealised gain/loss on derivatives	8	-21 257	7 367
Net financial items		-230 895	-157 542
Profit (loss) before taxes		-626 590	-395 005
Tax expense (income)	9	2 146	-753
Profit (loss) for the year	10	-628 736	-394 252

Statement of Comprehensive Income

Profit (loss) for the year	-628 736	-394 252
Other comprehensive income, net of tax	-	-
Total comprehensive income for the year net of tax	-628 736	-394 252



DocuSign Envelope ID: 7D65F24F-0B0F-48A6-9086-9869F98939BC
FINANCIAL STATEMENTS / DOF REDERI AS

Statement of Balance Sheet

Amounts in NOK thousand	Note	31.12.2020	31.12.2019
Assets			
Contract cost	12	14 631	-
Tangible assets	11,19	2 269 293	2 911 676
Non-current receivables	14	-	8 724
Total non-current assets		2 283 924	2 920 400
Trade receivables	15,25	82 888	182 008
Current receivables group companies	25	72 505	-
Other current assets	16,25	64 590	63 210
Current assets		219 983	245 218
Restricted deposits	17	25 637	25 023
Cash and cash equivalents	17	87 147	23 153
Cash and cash equivalents included restricted deposits		112 785	48 176
Total current assets		332 768	293 394
Total assets		2 616 692	3 213 794



DocuSign Envelope ID: 7D65F24F-0B0F-48A6-9086-9869F98939BC
FINANCIAL STATEMENTS / DOF REDERI AS

Statement of Balance Sheet

Amounts in NOK thousand	Note	31.12.2020	31.12.2019
Equity and liabilities			
Share capital	18	203 163	203 163
Other equity		-1 114 660	-485 924
Total equity		-911 497	-282 761
Debt to credit institutions	19	-	-
Other non-current liabilities	20,23	-	724
Non-current financial liabilities		-	724
Current debt to credit institution	19	3 373 549	3 308 722
Trade payable	21,25	113 191	132 347
Other current liabilities	22,23	41 449	11 470
Other current liabilities group companies	25	-	43 292
Current liabilities		3 528 188	3 495 831
Total liabilities		3 528 188	3 496 555
Total equity and liabilities		2 616 692	3 213 794

Storebø, May 21st, 2021
The Board of Directors for DOF Rederi AS

DocuSigned by:
Mons S. Aase
1F267AD0E388453...
Mons S Aase
Chairman

DocuSigned by:
Møgster, Marianne
4FFAE93EC5AE43D...
Marianne Møgster
Director

DocuSigned by:
Hilde Drønen
1067081050BA45D...
Hilde Drønen
Director



DocuSign Envelope ID: 7D65F24F-0B0F-48A6-9086-9869F98939BC
FINANCIAL STATEMENTS / DOF REDERI AS

Statement of Changes in Equity

Amounts in NOK thousand	Share capital	Other equity	Total equity
Balance at 01.01.2020	203 163	-485 925	-282 761
Profit (loss) for the year		-628 736	-628 736
Other comprehensive income			
Total comprehensive income for the year		-628 736	-628 736
Balance at 31.12.2020	203 163	-1 114 660	-911 497
	Share capital	Other equity	Total equity
Balance at 01.01.2019	203 163	-91 672	111 491
Profit (loss) for the year		-394 252	-394 252
Other comprehensive income			
Total comprehensive income for the year		-394 252	-394 252
Balance at 31.12.2019	203 163	-485 924	-282 761



DocuSign Envelope ID: 7D65F24F-0B0F-48A6-9086-9869F98939BC
FINANCIAL STATEMENTS / DOF REDERI AS

Statement of Cash flows

Amounts in NOK thousand	Note	2020	2019
Operating profit		-395 695	-237 464
Depreciation and impairment	11	665 681	494 164
Profit from sale on non-current assets	11	-16 050	-
Change in trade receivables		99 120	23 777
Change in trade payable		-19 156	-16 915
Change in other working capital		-7 945	3 825
Exchange rate effect on operating activities		8 739	-2 452
Cash from operating activities		334 695	264 935
Interest received		1 516	5 961
Interest paid		-56 691	-160 686
Tax paid		-2 146	-8 885
Net cash from operating activities		277 374	101 325
Sale of tangible asset	11	16 050	-
Purchase of tangible assets	11	-45 825	-274 162
Purchase of contract cost	12	-280	-
Payments received on long-term receivables		-	150 000
Net cash used in investing activities		-30 055	-124 162
Repayment of borrowings	19	-16 667	-61 691
Net change in intra group cash pool	25	-115 798	-26 698
Net cash flow from financing activities		-132 464	-88 389
Net changes in cash and cash equivalents		114 855	-111 226
Cash included restricted cash at the start of the period		48 176	158 038
Exchange gain/loss on cash and cash equivalents		-50 245	1 364
Cash included restricted cash at the end of the period	17	112 785	48 176

Restricted cash amounts to NOK 26 million (NOK 25 million) and is included in the cash. Changes in restricted cash is reflected in the cash flow.



DocuSign Envelope ID: 7D65F24F-0B0F-48A6-9086-9869F98939BC
FINANCIAL STATEMENTS / DOF REDERI AS

Notes to the Financial Statements

NOTE	Page
1 Corporate information	19
2 Accounting principles	19
3 Financial risk management	22
4 Accounting estimates and assessments	24
5 Operating income	25
6 Payroll expenses	25
7 Other operating expenses incl auditors remuneration	26
8 Financial income and expenses	26
9 Tax	27
10 Earnings per share	27
11 Tangible assets	28
12 Contract costs	29
13 Lease agreements	30
14 Non-current receivables	30
15 Trade receivable	30
16 Other current assets	31
17 Cash and cash equivalents	31
18 Share capital and share information	31
19 Interest bearing debt	31
20 Other non-current liabilities	33
21 Trade payables	33
22 Other current liabilities	33
23 Hedging activities	34
24 Guarantee commitments	34
25 Related parties	35
26 Contingencies	36
27 Subsequent events	36



DocuSign Envelope ID: 7D65F24F-0B0F-48A6-9086-9869F98939BC
FINANCIAL STATEMENTS / DOF REDERI AS

Notes to the Financial Statements

1 Corporate information

DOF Rederi AS is a limited company registered in Norway. The head office is located at Storebø in the municipality of Austevoll, Norway.

The company own offshore vessels for use in industrial offshore activities. The vessel comprise three business segments; Platform Supply Vessels (PSV), Anchor Handling Vessels (AHTS) and Subsea vessel and subsea engineer (Subsea).

The Annual Accounts were approved by the Board of Directors on May 21st 2021.

If not stated otherwise all amounts in the notes are in NOK thousand.

2 Accounting principles

Summary of significant accounting principles

The financial statements of the Company have been prepared and presented in accordance with simplified IFRS pursuant of the Norwegian Accounting Act.

The financial statements have been prepared in accordance with the historical cost convention with the following exceptions: financial instruments at fair value through profit or loss.

Going concern

The financial statements is prepared on the assumption of a going concern. However, the Company's financial position is not sustainable as the equity is negative, and standstill agreement with the majority of the Company's creditors have continued since 2nd quarter 2020.

The Company is dependent on a robust refinancing solution and has presented a debt restructuring proposal to the secured lenders. The refinancing proposal currently discussed include a comprehensive restructuring of the DOF Group's (the Group) balance sheet which include softer terms and conversion of debt. The dialogue with the lenders is constructive, but a refinancing solution is not yet in place. The Group is dependent on continued standstill agreements with its creditors until a long-term financial solution is agreed to maintain as going concern. This would also apply for DOF Rederi AS, and the Company would not continue as a going concern.

Segment reporting

The Company's primary reporting format is determined by business segment, and the company operates within three business segments:

- 1) PSV (Platform Supply vessel)
- 2) AHTS (Anchor Handling Tug Supply Vessel)
- 3) Subsea (Subsea vessel and subsea engineering)

The company's business is reported in the main geographical areas where the customers are located.

Conversion of foreign currency

The Company's financial statement are presented in Norwegian Kroner (NOK).

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the transaction date. Foreign exchange gains and losses resulting from the settlement of such transactions are presented as realised currency gain/loss under financial items. Similarly the conversion at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised as unrealised currency gain/loss.

Classification of assets and liabilities

Assets are classified as current assets when:

- the asset forms part of the entity's 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 statement of financial position date

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 within 12 months of the 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 statement of financial position date.

All other liabilities are classified as non-current liabilities.

Cash and cash equivalents

Cash and cash equivalents include cash on hand and deposits held at call with banks. Restricted deposits are classified separate from unrestricted bank deposits under cash and cash equivalents. Restricted deposits include deposits with restriction past twelve months.

Fuel reserves and other inventory

Fuel reserves and other inventory consists mainly of bunker onboard the vessels. Stock is valued at the lower of cost price and fair value. First-in-first-out method is used.

Trade receivables

Trade receivables are amounts due from customers for services performed in the ordinary course of business and classified as current assets. In addition to invoiced amounts, trade receivable also include accrued, not invoiced revenues when the amounts are independent on future performance. These are presented together with trade receivables and specified in the notes.

Trade receivable for which there are no significant financing component are recognised at nominal amounts less expected credit losses. The Company applies the simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivable and accrued, not invoiced revenue.

Tangible assets and contract cost

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. If



DocuSign Envelope ID: 7D65F24F-0B0F-48A6-9086-9869F98939BC
FINANCIAL STATEMENTS / DOF REDERI AS

significant, the total expenditure is separated into components which have different expected useful lives.

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

Depreciation commences when the asset is ready for use. The useful lives of tangible asset and the depreciation method are reviewed periodically in order to ensure that the method and period of depreciation are consistent with the expected pattern of financial benefits expected to be derived from the assets.

When tangible assets are sold or retired, their cost and accumulated depreciation and accumulated impairment loss are derecognised and any gain or loss resulting from their disposal is included in the profit and loss.

For vessels, residual value is determined based on estimated fair value at the end of their useful lives. The Company's accounting policy for residual values vessels in the PSV, AHTS and Subsea segments are described in note 4.

Impairment of assets

All assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Whenever the carrying amount of an asset exceeds its recoverable amount, an impairment loss is recognised.

The recoverable amount is the higher of an asset's net selling price and value in use. Where there are circumstances and evidence that impairment recognised in previous years no longer exists or has decreased, a reversal of the impairment is recognised.

For further information on the calculation see note 4 'accounting estimates and assessments'.

Periodic maintenance

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

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

Contract costs

Cost of obtaining a contract with customer and costs related to mobilisation of vessel, equipment and personnel are capitalised and amortised in line with the satisfaction of the performance obligation. These costs are defined as contract costs. Contract period is based on best estimates taken into consideration the initial agreed period with probability for options periods. A probability judgement is performed in assessing whether the option period shall be included in the contract period. Contract costs are classified and presented as other non-current assets. For further information about contract costs, refer to 'Revenue recognition'.

Debt

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

Fees paid on the establishment of debt are recognised as

transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

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

Debt is classified as current liability unless the borrowing involves an unconditional right to postpone payment of the liabilities for more than 12 months from statement of reporting period. The current portion of such debt includes undiscounted instalments due within the next 12 months.

Provisions

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

For onerous contracts provisions are made when unavoidable cost of meeting the obligations under the contract exceed the economic benefit to be received under the contract. The unavoidable costs under the contract are the lower of the cost of fulfilling the contract and any compensation or penalties arising from failure to fulfil the contract. Unavoidable cost are costs that would not incur for the entity if it did not have the contract.

Provisions are reviewed at the end of each reporting period and adjusted to the best estimate. When timing is significant for the amount of the obligation, it is measured at the present value. Subsequent increases in the amount of the obligation due to interest accretion are reported as interest costs.

Contingent assets and liabilities:

Contingent assets are not recognised in the accounts, but is disclosed in the notes to the accounts if there is a certain degree of probability that the company will benefit economically.

Contingent liabilities are defined as:

- possible liabilities resulting from past events, but where their existence relies on future events;
- liabilities which are not reported on the accounts because it is improbable that the commitment will result in an outflow of resources;
- liabilities which cannot be measured to a sufficient degree of reliability.

Contingent liabilities are not reported in the accounts, with the exception of contingent liabilities which originate from business combinations. Significant contingent liabilities are presented in the notes to the accounts, except for contingent liabilities with a very low probability of settlement.

Equity

Ordinary shares are classified as equity.

Transaction costs related to equity transactions, including tax effect of transaction costs, are directly charged against equity.

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



DocuSign Envelope ID: 7D65F24F-0B0F-48A6-9086-9869F98939BC
FINANCIAL STATEMENTS / DOF REDERI AS

Day rate contracts

A day rate contract is a contract where the Company is remunerated by the customer at an agreed daily rate for each day of use of the vessel, equipment, crew and other resources and service utilised on the contract. Such contracts may also include certain lump sum payments.

Under long-term chartering the Company delivers a vessel, including crew, to a client. The charterer determines, within the contractual limits, how the vessel is to be utilised. Under subsea/IRM Projects the Company utilises its vessels, equipment, crew and the onshore project organisation to perform tailor made services on the client's installations and/or assets.

The right to use the vessel fall in under the scope of IFRS 16 'Leases', and revenue is recognised over the lease period on a straight-line basis.

Distinct service components in a contract are accounted for separately from other promises in the contract. Where the contracts include multiple performance obligations, the transaction price is allocated to each performance obligation based on the stand-alone selling prices. Revenue is recognised over time as the services are provided. The stage of completion for determining the amount of revenue to recognise is assessed based on input or an output method. The method applied is the one that most faithfully depicts the Company's progress towards complete satisfaction of the performance obligation. Progress is usually measured based on output methods such as days.

The Company does not recognise revenue during periods when the underlying vessel is off-hire. When the vessel is off-hire, expenses may be incurred and paid by the Company.

Costs incurred relating to future performance obligations are deferred and recognised as assets in the balance sheet. The costs incurred will be expensed in line with the satisfaction of the performance obligation.

Contract cost

Cost incurred relating to future performance obligations are deferred and recognised as assets in the statement of balance sheet. The nature of the asset is incremental cost of obtaining a contract and will be recovered by the revenue over the contract period. Costs related to contract and future performance obligation longer than 12 months are classified and presented as other non-current assets. All other costs for future performance are presented as other current assets. Contract costs incurred will be expensed and presented as operational expenses in line with the satisfaction of the performance obligation.

Variation orders

Additional contract revenue arising from variation orders is recognised when it is probable that the client will approve the variation and the amount of revenue arising from the variation can be reliably measured.

Mobilisation

In contracts where the Company is remunerated for mobilisation or demobilisation of vessel the remuneration is classified as prepayment and amortised over the contract time.

Interest income

Interest income is recognised using the effective interest method.

The shipping tonnage tax regime

The Company is organised in compliance with the tax regime for shipping companies in Norway. This scheme entails no tax on profits or tax on dividends from companies within the scheme. Net

finance, allowed for some special regulations, will continue to be taxed on an ongoing basis. In addition tonnage tax is payable, which is determined based on the vessel's net weight. This tonnage tax is presented as an operating expense.

Current and deferred income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting date in the countries where the Company's operate and generate taxable income. Permanent establishment of the operation will be dependent of the Company's vessels amount operating in the period. Tax is calculated in accordance with the legal framework in those countries in which the Company or vessels with permanent establishment operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

The Company periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the accounts. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised on the balance sheet to the extent it is probable that the future taxable profit will be available against which the temporary differences can be utilised.

Deferred tax is calculated on the basis of temporary differences related to investments in subsidiaries and associated companies, except when the company has control of the timing of the reversal of the temporary differences, and it is probable that reversal will not take place in the foreseeable future.

Both tax payable and deferred tax are recognised directly in equity, to the extent they relate to items recognised directly in equity. Similarly any tax related to items reported as other comprehensive income is presented together with the underlying item.

Financial assets

The Company classifies its financial assets in the following categories: fair value through other comprehensive income (FVOCI), fair value through profit and loss (FVTPL), and amortised cost. The classification of financial assets under IFRS 9 is generally based on the business model in which a financial instrument is managed and its contractual cash flow characteristics. Classification of financial assets is determined at initial recognition and is not reclassified subsequently unless the Company changes its business model for managing financial assets.

A financial asset shall be measured at amortised cost if both of the following conditions are met and it is not designated at FVTPL:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and



DocuSign Envelope ID: 7D65F24F-0B0F-48A6-9086-9869F98939BC
FINANCIAL STATEMENTS / DOF REDERI AS

interest on the principal amount outstanding.

A financial asset shall be measured at FVOCI if both of the following conditions are met and it is not designated at FVTPL:

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets (see note 23). On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable-rate features;
- prepayment and extension features; and
- terms that limit the Company's claim to cash flows from specified assets

a) Financial assets at FVTPL

The assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss. However, see note 23, for derivatives designated as hedging instruments.

b) Financial assets at amortised cost

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

c) Impairment

The Company assesses at the end of each reporting period the expected credit losses for a financial asset or a group of financial assets. See the separate paragraph in this note regarding trade receivables.

Derivative financial instruments

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured on a continuous basis at their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Company has various types of hedging relationships that are not documented as hedge accounting and measured at their fair value with the resulting gain or loss recognised immediately in the profit and loss.

The full fair value of a hedging derivative is classified as a

non-current asset or liability when the remaining maturity of the hedged item is more than 12 months, and as a current asset or liability when the remaining maturity is less than 12 months. Trading derivatives are classified as a current asset or liability.

Subsequent events

New information and other events that provide evidence of conditions that existed at end of the reporting period is included in the accounts. Events occurring after the reporting period, which do not impact the Company's financial position, but which have a significant impact on future periods, are disclosed in the notes to the accounts.

Use of estimates

The preparation of financial statements in conformity with simplified IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 4. Changes in accounting estimates are recognised for the period in which they occurred. If the changes also apply to future periods, the effect of the change is distributed over current and future periods.

Statement of cash flows

The statement of cash flow is prepared in accordance with the indirect model.

Government grants

The Company recognises grants when it is reasonably secured that it will comply with the required conditions for the grant and the grant will be received. The Company receive grants related to net salary scheme for vessel. Government grants are presented as a deduction in the Payroll expenses in the profit and loss.

3 Financial risk management

Financial risk factors

The Company is exposed to various types of financial risk relating to its ongoing business operations: Market risk (including foreign exchange risk, currency risk, interest rate risk and price risk), credit -and liquidity risk and capital structure risk. The Company's overall risk management seeks to minimise potential adverse effects of the Company's financial performance.

The Group has had a policy to partly hedge interest rate risk and foreign exchange risk, however the financial situation limits the Group in this respect. This will increase the interest risk and foreign exchange risk going forward.

Market risk

Foreign exchange risk

The Company operates parts of its fleet globally and is to a certain extent exposed to foreign exchange risk arising from various currency exposures, basically NOK, USD and GBP. Foreign exchange risk arises from future commercial transactions, contractual obligations (assets), liabilities and investments in foreign operations.

The Company's reporting currency is NOK. Foreign exchange risk arises when future commercial transactions, contractual obligations (assets) and liabilities are denominated in a currency which is not functional currency. The Company aims to achieve a



DocuSign Envelope ID: 7D65F24F-0B0F-48A6-9086-9869F98939BC
FINANCIAL STATEMENTS / DOF REDERI AS

natural hedge between cash inflows and cash outflows and manages remaining foreign exchange risk through forward contracts and similar instruments as appropriate. However, due to the current financial position for the Company, new forward contracts have become more challenging. Hence, the Company's liquidity risk has increased.

Foreign exchange rate changes in receivables, liabilities and currency swaps are recognised as a financial income/expense in the statement of comprehensive income profit and loss statement. Fluctuation in foreign exchange rates will therefore have an effect on the future results and balances. The Company's external debt is in NOK.

Interest risk

The Company's existing debt arrangements are long term loans both with floating and fixed interest rates. Movements in interest rates will have effects on the Company's cash flow and financial condition. The Company's policy is to maintain parts of its debt at fixed interest rates.

The Company manages its interest risk by using floating-to-fixed interest rate swaps. Such interest swaps have the economic effect of conversion from floating to fixed interest rates. Under the interest rate swaps, the Company agrees with other parties to exchange, at specified intervals the difference between fixed interest rates and floating interest rates calculated by reference to the agreed amounts. Due to the Company's financial position the banks are reluctant to enter into any interest rate swap contracts and the Group's exposure to volatility in interest rates has increased.

Derivatives are classified as a current asset or liabilities. The full fair value of a hedging derivative is classified as a non-current asset or liability if the remaining maturity of the hedged items is more than 12 months and, as a current asset or liabilities, if the maturity of the hedged items is less than 12 months

Price risk

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

- The demand for the Company's vessels is sensitive to changes in the oil industry, for example oil price movements, exploration and general activity level within the offshore energy industry. This can affect both the pricing and the utilisation of the Company's assets.
- The costs of construction of new assets and replacements of assets are sensitive to changes in market prices.

The Company attempts to reduce price risk by long-term contracts and frame agreements with key suppliers.

The Company is exposed to market fluctuations which may result in lower utilisation and earnings from its vessels. Attempts are made to reduce this risk by entering into contracts that secure long-term charters for the main portion of the fleet. The markets in 2020 have continued to be challenging which has negatively impacted the earnings and utilisation of the Company's fleet. Also, the counter-party risk has increased and contracts may be cancelled or not renewed if a sustained challenging market situation continues.

Credit and Liquidity risk

Credit and liquidity risk arises from cash and cash equivalents, derivatives, financial instruments and deposit with banks as well as payment terms towards clients and suppliers. Liquidity risk management implies maintaining sufficient cash and marketable securities, and to maintain available funding through committed credit facilities. The Company has a policy of limiting the credit exposure to any single financial institution and bank, and actively

manages its exposure in order to achieve this.

The Company's credit risk has historically been low as the Company's customers traditionally have had good financial capability to meet their obligations and have had high credit ratings. The sustained challenging market situation has resulted in changes to the credit ratings for some of the Group's customers, and thereby increased the credit risk. Historically, the portion of receivables not being collectable has been low. The impacts from Covid-19 and a challenging market may increase the credit risk going forward.

The Company has waived all main financial covenants. The Group initiated a process to secure a long-term refinancing solution for the Group in 2019, however after the disruptive events in 1st quarter 2020, standstill agreements were agreed in 2nd quarter 2020 to secure sufficient liquidity for the Group. The Group is dependent on extension of the existing standstill agreements until a long-term solution has been agreed.

The Company has routines to report cash flow forecasts on a regular basis in order to monitor the future cash position.

The Company's loan agreements include terms, conditions and covenants, see note 19.

Capital structure and equity

The restructuring of the Company's long-term debt is ongoing and standstill agreements have been agreed until the 31st of May 2021 with 91% of the secured lenders within the DOF ASA Group (excl. DOF Subsea Group) and 88% of the secured lenders within the DOF Subsea Group. The DOF Subsea standstill agreements further assume payment of principal and interest of a NOK 100 million extraordinary credit facility provided by certain lenders in March 2020. The relevant group companies have imposed unilateral standstill to the secured lenders not participating in the standstill agreements. One of the DOF Subsea secured lenders has requested repayment of approximately USD 46 million and has enforced account pledge on the earnings account for the relevant vessel. Another secured lender has enforced account pledge for one loan facility in DOF Subsea.

The Company's financial position is not sustainable, and a long-term financial solution is necessary to continue as going concern. Due to the ongoing debt restructuring of the Group, the vast majority of the Group's secured and unsecured debt has in accordance with IFRS, been classified as current debt as per 31st of December 2020. This classification is based on that standstill agreements for debt service with the banks and bondholders are less than 12 months. The Group will continue the dialogue with its creditors to secure a long-term financial solution for the Group. Various debt restructuring proposals have been discussed with the secured lenders and the bondholders. The proposals include comprehensive restructuring of the Group's balance sheet, including conversion of debt.

Under normal circumstances the main objective when managing the capital structure is to ensure that the Company is able to sustain an acceptable credit rating and thereby achieve competitive terms and conditions for long term funding suitable for the Company's operations and growth. The Company manages its own capital structure and carries out all necessary amendments to the capital structure, based on continuous assessments of the economic conditions under which the operations take place and the short and medium to long term outlook. The Company monitors its capital structure by evaluating the loan to value ratio on its vessels, and the ratio of debt to equity.



DocuSign Envelope ID: 7D65F24F-0B0F-48A6-9086-9869F98939BC
FINANCIAL STATEMENTS / DOF REDERI AS

4 Accounting estimates and assessments

When preparing the annual accounts in accordance with simplified IFRS, the company management has applied estimates based on best judgement and conditions considered to be realistic. Situations or changes may occur in the markets which may result in changes to the estimates, thereby impacting the Company's assets, liabilities, equity and result.

Assessments, estimates and assumptions which have a significant effect on the accounts are summarised below:

Vessels

The carrying amount of the Company's vessels represents 87% of the total balance. Consequently, policies and estimates linked to the vessels have a significant impact on the Company's financial statements. Depreciation is calculated on a straight-line basis over the useful life of the asset. Depreciable amount equals historical cost less residual value.

Useful life of vessels

The level of depreciation depends on the vessels estimated useful lives. The Company has from 01.01.2018 changed the period of the useful life, due to the market expectation for these vessel. Useful life for these vessel are 30 years. Useful life of older vessel is individually assessed. There will always be a certain risk of events like breakdown, obsolescence e.g. with older vessels, which may result in a shorter useful life than anticipated.

Residual value of vessels

The level of depreciation depends on the calculated residual value. Assumptions concerning residual value are made on the basis of knowledge of the market for second hand vessels. The estimate of residual value is based on a market value of a charter free vessel, and today's fair value forms a basis for the estimate. Fair values are adjusted to reflect the value of the vessels as if it had been of an age and in the condition expected at the end of the useful life. Residual value of the vessels have been changed as from 1 January 2018 and are estimated based upon the latest available steel-price and the lightweight of the vessels.

Useful life of investments related to periodical maintenance

Periodic maintenance is related to major inspections and overhaul costs which occur at regular intervals over the life of an asset. The expenditure is capitalised and depreciated until the vessel enters the next periodical maintenance. Estimated life of each periodical maintenance program is normally 5 years. When new vessels are acquired, a portion of the cost price is classified as periodic maintenance based on best estimates.

Impairment of assets

Vessels

For the purposes of assessing impairment for vessels, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units, "CGU"). Each vessel together with associated contracts is considered as a separate CGU.

Fair value less cost to sell

For vessels, fair value less cost to sell is based on an average of the brokers' estimates, taken into account sales commission. For vessels older than 10 years within the PSV and AHTS segment the Company has used the lower value in the range of broker estimates. All vessels in the Company are assessed by obtaining independent broker estimates. The brokers' estimates are based on the principle of 'willing buyer and willing seller'. Broker estimates include mounted equipment and assume that the vessels are without any charter contracts (i.e. charter-free basis). The Company

adjusts for positive or negative value in associated contracts.

Due to a limited number of vessel transactions in the current market, the brokers' estimates only to a limited extent represent the results of transactions in the market. Because of this, the broker estimates are more influenced by the judgement of each broker. For this reason, the Company has sought to substantiate the broker valuations, inter alia with value in use calculations or tests of reasonableness of implicit rates and other assumptions derived from the valuations.

After the evaluation, the Company has concluded that the broker estimates are considered reliable.

Value in use

Estimated cash flows are based on next year's budgets per vessel, and forecasted earnings going forward. The budget process is a detailed and thorough bottom-up budgeting process at all levels of the organisation, with approval procedures on all levels within the Company. Estimated future cash flows are based on historical performance per vessel, in combination with current market situation and future expectations. Critical assumptions in the assessment are related to income rates, utilisation, operational and capital expenditure.

For vessels fixed on firm long-term contracts, the assumption is that the contracts run up until expiry of the contracts. Options held by the customers are not assumed to be exercised, unless the options are at or below current market rates. For vessels without contract, assumptions derived from the evaluation of broker estimates, combined with other market information are considered when estimating future revenues. It is expected to be a weak market for the next 1-2 years, gradually normalise to historical average levels thereafter. Due to the current market situation there is a high level of uncertainty related to the estimates.

The Weighted Average Cost of Capital (WACC) is used as a discount rate, and reflects a normalised capital structure for the industry. The WACC represents the rate of return the Company is expected to pay to its sources of finance for cash flows with similar risks. Cash flows are calculated after tax and discounted with an after tax discount rate. The nominal WACC used in the value in use calculations are ranging from 9%-9.3%.

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

Tax risk

Changes in tax regimes may adversely affect the Company's cash flow and financial conditions. The company is subject to special tax rules for ship owners in the Norwegian Taxation Act. These tax rules stipulate certain requirements which will have to be met. A failure to meet such requirements may have an adverse effect on the effective tax rate of the Company. The Company is also subject to transfer pricing regulations in various jurisdictions which might impose the tax risk for the Company.



DocuSign Envelope ID: 7D65F24F-0B0F-48A6-9086-9869F98939BC
FINANCIAL STATEMENTS / DOF REDERI AS

5 Operating income

Business segment

DOF Rederi AS operates within three business segments in terms of strategic areas of operation and vessel types. The three different business segments are: PSV (Platform Supply Vessel), AHTS (Anchor Handling Tug Supply Vessel) and Subsea (Subsea vessel and subsea engineering).

2020					
Business segment	PSV	AHTS	Subsea	Other	Total
Freight revenues	447 980	119 668	172 415	-	740 063
Other operating income	10 209	3 852	5 367	-	19 429
Total operating income	458 189	123 520	177 782	-	759 491

2019					
Business segment	PSV	AHTS	Subsea	Other	Total
Freight revenues	518 164	78 817	143 483	-	740 465
Other operating income	10 262	34 229	4 877	14	49 381
Total operating income	528 426	113 046	148 360	14	789 846

Geographical	2020		2019	
	NOK	Ratio %	NOK	Ratio %
Norway	466 780	61 %	494 998	63 %
Brazil	111 021	15 %	28 197	4 %
Australia	76 488	10 %	31 112	4 %
United Kingdom	72 332	10 %	119 817	15 %
Netherlands, The	20 561	3 %	38 508	5 %
United States	6 901	1 %	6 673	1 %
Guyana	3 305	0 %	62 644	8 %
Egypt	-	0 %	4 406	1 %
Other	2 103	0 %	3 492	0 %
Total operating income	759 491	100 %	789 846	100 %

6 Payroll expenses

	2020	2019
Payroll and other remunerations	225 112	217 305
Hired personnel	17 004	34 957
Travel costs	22 120	25 525
Other personnel costs	16 262	9 370
Total	280 499	287 156

Government grants related to the net salary scheme for vessels are reported as a reduction in payroll costs of NOK 50 042 thousand (NOK 48 104 thousand).

The Company has no employees, but hire crew personnel from affiliated company DOF Management AS and external parties.

The Company is not obligated to have an occupational pension scheme in accordance with mandatory occupational pension regulations.

There were no loans and guarantees issued to related parties.

There were no remunerations or other compensations paid to Board members as at 31 Dec 2020 and 31 Dec 2019. Managing Director (hereafter MD) has not received any remunerations or payroll from the Company.

Bonus agreement is in force for MD, based on the DOF ASA Group's result.

Please see further disclosures regarding MD remunerations and compensations in DOF ASA Consolidated Financial Statement for FY 2020.



DocuSign Envelope ID: 7D65F24F-0B0F-48A6-9086-9869F98939BC
FINANCIAL STATEMENTS / DOF REDERI AS

7 Other operating expenses incl auditors remuneration

Other operating expenses consists of:	2020	2019
Maintenance and repair services	76 442	91 455
Management fees for ship management	33 569	42 668
Consultant fees	3 256	1 330
Corporate management fees	14 611	12 867
Electronic communication expenses	21 184	21 726
Insurance related expenses	23 284	24 204
Other expenses	52 710	51 738
Total	225 056	245 989

Specification of auditor's fee:	2020	2019
Audit	903	615
Attestation services	-	22
Tax consultation	50	270
Other Services	-	40
Total	953	908

Auditor's fees are exclusive VAT.

8 Financial income and expenses

	2020	2019
Interest income Group companies	658	3 320
Other interest income	858	1 241
Financial income	1 516	4 561
Interest costs Group companies	-16 745	-18 094
Other interest costs	-138 314	-148 616
Other financial costs	-14 589	-1 671
Financial costs	-169 649	-168 381
Net gain/(loss) on currency derivatives	-2 626	-679
Net gain/(loss) on cash	-50 245	1 364
Net gain/(loss) on operational capital	10 380	607
Net realized gain/loss on currencies	-42 492	1 291
Net gain/(loss) on operational capital	986	-2 380
Net unrealized gain/loss on currencies	986	-2 380
Net change in unrealized gain/loss on interest swap	-21 257	7 367
Net change in unrealized gain/loss on derivatives	-21 257	7 367
Total	-230 895	-157 542



DocuSign Envelope ID: 7D65F24F-0B0F-48A6-9086-9869F98939BC
FINANCIAL STATEMENTS / DOF REDERI AS

9 Tax

The Company is organised in compliance with the tax regime for shipping companies in Norway. This scheme entails no tax on profits or tax on dividends from companies within the scheme. Net finance, allowed for some special regulations, will continue to be taxed on an ongoing basis. In addition tonnage tax is payable, which is determined based on the vessel's net weight. This tonnage tax is presented as an operating expense.

The tax consists of:	2020	2019
Tax payable abroad	2 146	5 292
Change in deferred tax	-	-
Adjustment in respect to prior years	-	-6 045
Tax cost/(income)	2 146	-753
Reconciliation of nominal and effective tax rate		
Profit before tax	-626 590	-395 005
Estimated tax cost	0 %	0 %
Reason for difference between actual tax cost and estimated tax cost		
Tax payable abroad	2 146	5 292
Change in deferred tax	-	-
Adjustment in respect to prior years	-	-6 045
Deviation from estimated tax cost	2 146	-753
Taxable finance income (loss)	-51 583	-889
Finance loss	-51 583	-28 594
Basis of deferred tax	31.12.2020	31.12.2019
Finance loss - carried forward	-278 962	-227 379
Finance loss not included in basis for calculation of deferred tax due to shipping tax regime	278 962	227 379
Basis for calculation deferred tax	-	-
Net deferred tax *	-	-

10 Earnings per share

Ordinary earnings per share are calculated based on the annual result payable as the relationship between the annual result for the year to the shareholders and the weighted average of outstanding ordinary shares throughout the financial year. There are no instrument that allow the possibility of dilution.

Basis for calculation of earning per share	2020	2019
Profit for the year	-628 736	-394 252
Earnings per share (NOK)	-9 284	-5 822
Average number of shares	67 721	67 721



DocuSign Envelope ID: 7D65F24F-0B0F-48A6-9086-9869F98939BC
FINANCIAL STATEMENTS / DOF REDERI AS

11 Tangible assets

2020	Vessels	Contract costs	Periodic maintenance	Total
Acquisition cost as of 01.01.2020	5 718 796	25 693	365 130	6 109 619
Reclassifications	-	-25 693	-	-25 693
Additions	2 072	-	43 753	45 825
Disposals	-109 388	-	-8 976	-118 364
Acquisition cost as of 31.12.2020	5 611 480	-	399 907	6 011 387
Depreciation as of 01.01.2020	1 280 495	3 166	154 664	1 438 325
Reclassification	-	-3 166	-	-3 166
Depreciation for the year	120 534	-	66 527	187 061
Depreciation on disposals for the year	-21 938	-	-4 377	-26 315
Depreciation 31.12.2020	1 379 090	-	216 815	1 595 905
Impairment 01.01.2020	1 759 617	-	0	1 759 617
Impairment	473 833	-	4 788	478 621
Impairment on disposal for the year	-87 450	-	-4 600	-92 049
Impairment 31.12.2020	2 146 001	-	188	2 146 189
Book value 31.12.2020	2 086 389	-	182 904	2 269 293
Depreciation period	30-35 years*)	3-5 years	30-60 months	
Depreciation method	Linear*)	**	Straight line	
2019	Vessels	Contract costs	Periodic maintenance	Total
Acquisition cost as of 01.01.2019	5 578 097	9 689	326 857	5 914 643
Additions	140 699	25 693	107 770	274 162
Disposals	-	-9 689	-69 497	-79 187
Acquisition cost as of 31.12.2019	5 718 796	25 693	365 130	6 109 619
Depreciation as of 01.01.2019	1 125 381	4 682	147 285	1 277 348
Depreciation for the year	155 114	8 173	76 877	240 164
Depreciation on disposals for the year	-	-9 689	-69 497	-79 187
Depreciation 31.12.2019	1 280 495	3 166	154 664	1 438 326
Impairment 01.01.2019	1 505 617	-	-	1 505 617
Impairment	254 000	-	-	254 000
Impairment 31.12.2019	1 759 617	-	-	1 759 617
Book value 31.12.2019	2 678 684	22 526	210 466	2 911 676
Depreciation period	30-35 years*)	3-5 years	30-60 months	
Depreciation method	Linear*)	**	Straight line	

* Residual value and depreciation period are described in note 4 Account estimates and assessments
** Contract costs are depreciated during the contract period.

Impairment

The continued weak market during the year has had a negativ impact on both earnings and utilisation of the Company's fleet, in addition to the vessel values. The weakening market has resulted in impairment of vessels and equipment totaling NOK 479 million in 2020 (NOK 254 million).



DocuSign Envelope ID: 7D65F24F-0B0F-48A6-9086-9869F98939BC
FINANCIAL STATEMENTS / DOF REDERI AS

11 Tangible assets (continued)

For the Company 21 vessels have been impaired during the year which is divided in the following segments;

Age	Number of vessel impaired			Book value 31.12.2020 impaired vessels			Impairment			Total
	PSV	AHTS	CSV	PSV	AHTS	CSV	PSV	AHTS	CSV	
0-10 years	4	1	1	631 236	553 264	189 250	62 000	68 000	33 000	163 000
11-15 years	3	0	3	303 923	-	278 525	55 500	-	118 000	173 500
15+ years	6	2	1	159 894	-	-	101 000	36 522	4 600	142 121
Total	13	3	5	1 095 052	553 264	467 775	218 500	104 522	155 600	478 621

For further information see note 4 Accounting estimates and assessments.

Sensitivity analyses of impairment

While testing the reasonableness of the broker estimates the Company has applied a nominal WACC after tax in the range of 9.0 - 9.3 %.

The valuation of the vessels are sensitive for changes in WACC, USD/NOK rate and earnings. Negative changes in WACC with 50 basis points will result in an additional impairment of the vessels with NOK 49 million and a drop in USD/NOK 0,50 will result in an additional impairment of the vessels with approx. NOK 12 million. Negative effect on net future cash flows with 20% will result in an additional impairment of the vessels with approx NOK 405 million.

12 Contract costs

2020	Total Contract Cost
Acquisition cost as of 01.01.2020	-
Reclassifications	25 693
Additions	280
Disposals	-
Acquisition cost as of 31.12.2020	25 973
Depreciation as of 01.01.2020	-
Reclassification	3 166
Depreciation for the year	8 176
Depreciation on disposals for the year	-
Depreciation 31.12.2020	11 342
Impairment 01.01.2020	-
Impairment	-
Impairment on disposal for the year	-
Impairment 31.12.2020	-
Book value 31.12.2020	14 631
Depreciation period	3-5 years

Contract cost are depreciated during the contract period.

The Group has presented and recognised contract cost as intangible asset in accordance with policies described in note 2 'Accounting policies'. The main part of the contract costs is related to mobilisation of vessels, equipment and offshore personnel.

In previous reporting periods, the contract costs have been included in tangible assets. Contract costs have been reclassified from tangible assets to other non-current assets. Amortisation of contract costs are recognised over the contract period of the related contract.



DocuSign Envelope ID: 7D65F24F-0B0F-48A6-9086-9869F98939BC
FINANCIAL STATEMENTS / DOF REDERI AS

13 Lease agreements

As of 31 Dec 2020 the Company has no lease agreements where they acts as a lessee.

14 Non-current receivables

	2020	2019
Financial derivatives	-	8 724
Total	-	8 724

15 Trade receivable

	2020	2019
Trade receivable at nominal value	75 902	164 419
Earned, not invoiced income	9 192	20 299
Provision for bad debts	-2 205	-2 711
Total	82 888	182 008

The Companys credit exposure is mainly towards customers who historically have had good financial capability to meet their obligations. The Companys credit risk to clients is considered low, and losses have historically been low. The current demanding market have increased the credit risk, however it is still considered to be acceptable.

	Total	Not matured	<30d	30-60d	60-90d	>90d
2020	75 902	60 736	13 296	6	-	1 864
2019	164 419	124 515	18 988	7 575	1 186	12 155

Trade receivable divided on currencies:

	2020			2019		
	Currency	NOK	Ratio %	Currency	NOK	Ratio %
NOK		42 269	51 %		53 317	29 %
USD	2 699	23 029	28 %	10 815	94 960	52 %
GBP	911	10 606	13 %	1 247	14 463	8 %
AUD	1 060	6 984	8 %	2 528	15 588	9 %
Other currencies			0 %		3 680	2 %
Total		82 888	100 %		182 008	100 %

Trade receivable from 3rd parties (including earned, not invoiced income) totaling NOK 75 733 thousands pr. 31.12.2020 (NOK 128 674 thousand pr. 31.12.2019).



DocuSign Envelope ID: 7D65F24F-0B0F-48A6-9086-9869F98939BC
FINANCIAL STATEMENTS / DOF REDERI AS

16 Other current assets

	2020	2019
Fuel reserves and other consumables	15 379	18 860
Prepaid expenses	34 004	36 269
Insurance claims	15 207	180
Government taxes (VAT and other tax refund)	-	7 901
Total	64 590	63 210

17 Cash and cash equivalents

	2020	2019
Restricted deposits *	25 637	25 023
Bank deposits	87 147	23 153
Total	112 785	48 176

* A non-current loan has been provided by Eksportfinans and are invested as a restricted deposit in DNB. The cash deposit totals NOK 8 million at year end 2020. The repayment terms on the loan from Eksportfinans is equivalent with the reduction on the deposit. The loan is fully repaid in February 2021.

18 Share capital and share information

DOF Rederi AS share capital is totaling NOK 203 163 thousands and consists of 67 721 shares, each with nominal value of NOK 3 000.

All company's shares have the same rights and there are not existing rights that could result for new shares issue.

DOF ASA owns 100% of the shares in the company.

DOF ASA has its headquarters at Storebø in Austevoll commune in Norway.

Consolidated financial statements can be acquired by visiting DOF ASA Group web page. www.dof.com.

19 Interest bearing debt

Liabilities to credit institutions

The Board and Management in the parent company DOF ASA have, since the second quarter of 2019, been working on a long-term refinancing solution for the DOF ASA Group (the Group) which includes discussions with secured lenders and the bond holders.

The refinancing discussions have continued into 2020 and are still ongoing. Since 2nd quarter 2020 the Group has agreed standstill agreements (including waiver of financial covenants, interest payments and instalments) with its lenders. The current standstill agreements are applicable until the 31st of May 2021 with 91% of the secured lenders within the DOF ASA Group. The relevant Group companies have imposed unilateral standstill to the secured lenders not participating in the standstill agreements.

The Group will continue the dialogue with its creditors to secure a long-term financial solution for the Group. Various debt restructuring proposals have been discussed with the secured lenders and the bondholders. The proposals include comprehensive restructuring of the Group's balance sheet, including conversion of debt.

The Company's debt are, in accordance with IFRS, classified as current debt at the 31st of December 2020. The classification is based on the Company's financial situation and standstill agreements of debt service with the banks.

The long-term external financing of the Company is mortgaged loans, secured with the company's vessels, in addition to one vessel owned by DOF (UK) Limited, (100% owned by DOF ASA). All financial covenants related to the mortgaged loans are measured against the guarantor DOF ASA.



DocuSign Envelope ID: 7D65F24F-0B0F-48A6-9086-9869F98939BC
FINANCIAL STATEMENTS / DOF REDERI AS

19 Interest bearing debt (continued)

As part of the current standstill agreement the following financial covenants have been waived in DOF ASA per 31.12.2020:

- The Group shall on a consolidated basis have a book equity of at least NOK 3,000 million.
- The Group (excluding DOF Subsea AS and its subsidiaries) shall at all times have available cash of at least NOK 500 million.
- The fair market value the vessels shall at all times be at least 100% of outstanding debt.

Other main financial covenants in DOF ASA are the following:

- Certain change of control clauses related to Møgster Offshore AS ownership in DOF ASA.
- DOF ASA shall be listed on the Oslo Stock Exchange.

In addition, normal terms and conditions for this type of loans apply, such as full insurance of the Group's vessels and restrictions regarding changes of classification, management and ownership of the vessels.

Non-current interest bearing liabilities	2020	2019
Debt to credit institutions	-	-
Total non current interest bearing liabilities	-	-
Current interest bearing liabilities		
Current liabilities to credit institutions	3 373 549	3 308 722
Total current interest bearing liabilities	3 373 549	3 308 722
Total interest bearing liabilities	3 373 549	3 308 722
Average rate of interest	4,16 %	4,92 %
Liabilities secured by mortgage	2020	2019
Debt to credit institutions	3 372 716	3 298 847
Total liabilities	3 372 716	3 298 847
Assets provided as security		
Book value of assets pledged as security*	2 336 120	2 978 502
Total assets provided as security	2 336 120	2 978 502

* includes one vessel owned by DOF (UK) Limited.

For loans issued directly to ship-owning subsidiaries of DOF ASA, a parent company's guarantee has been issued for the nominal amount of the loans in addition to interest accrued at any given time.

All debt are in NOK currency.



DocuSign Envelope ID: 7D65F24F-0B0F-48A6-9086-9869F98939BC
FINANCIAL STATEMENTS / DOF REDERI AS

20 Other non-current liabilities

	2020	2019
Financial derivatives	-	724
Total	-	724

21 Trade payables

	2020	2019
Trade payable at nominal value	53 911	89 747
Accrued expences	59 280	42 600
Total	113 191	132 347

Trade payables divided on currencies:

	2020			2019		
	Currency	NOK	Ratio %	Currency	NOK	Ratio %
NOK		61 460	54 %		40 590	31 %
USD	4 235	36 135	32 %	9 001	79 031	60 %
AUD	1 617	10 654	9 %	853	5 262	4 %
EUR	169	1 770	2 %	517	5 102	4 %
GBP	71	827	1 %	172	1 991	2 %
Other currencies		2 344	2 %		371	0 %
Total		113 191	100 %		132 347	100 %

22 Other current liabilities

	2020	2019
Accrued interests	27 879	10 603
Financial derivatives	13 257	-
Provision Crr option	-	867
Other liabilities	313	-
Total	41 449	11 470



DocuSign Envelope ID: 7D65F24F-0B0F-48A6-9086-9869F98939BC
FINANCIAL STATEMENTS / DOF REDERI AS

23 Hedging activities

As of 31 December 2020, the Company has 7 interest rate swap contracts. The table below displays the fair value of obligations and rights as of 31 December 2020 and 31 December 2019.

The table below displays the fair value of derivative financial instruments as of 31 December 2020;

	2020		2019	
	Assets	Liabilities	Assets	Liabilities
Interest rate swaps	-	13 257	8 724	724
Foreign exchange contracts	-	-	-	-
Total	-	13 257	8 724	724

Derivatives are classified as a current asset or liabilities. The full fair value of a hedging derivative is classified as a non-current asset or liability if the remaining maturity of the hedged items is more than 12 months and, as a current asset or liabilities, if the maturity of the hedged items is less than 12 months.

24 Guarantee commitments

The company has no guarantee commitments other than its non-current liabilities per end December 2020.



DocuSign Envelope ID: 7D65F24F-0B0F-48A6-9086-9869F98939BC
FINANCIAL STATEMENTS / DOF REDERI AS

25 Related parties

Further description of the related parties and company's relations to those:

Møgster Offshore AS owns 32,7% of DOF ASA. Laco AS is major shareholder in Møgster Offshore AS.

Møgster Management AS delivers administration services to DOF ASA. Møgster Management AS is owned by Laco AS, which is major shareholder for Møgster Offshore AS.

Austevoll Eiendom AS is subsidiary of the Laco AS. DOF ASA leases premises from Austevoll Eiendom AS.

Brødrene Birkeland AS is subsidiary of the Laco AS. DOF Rederi leases quay berth from Brødrene Birkeland AS.

Fitjar Mekaniske Verksted AS delivers maintenance services to the company's vessels. Fitjar Mekaniske Verksted AS is owned by Laco AS.

Remunerations for Board members and Managing Director are disclosed in the note 6.

Intercompanies and loans balances with DOF Group companies are disclosed below.

The Company was engaged in the following transactions with related parties:

	2020	2019
a) Sales of services		
- Affiliated company (rental of the vessel)	183 712	124 082
- Affiliated company (sale equipment)	471	-
Total	184 183	124 082

b) Purchase of services and goods

- Parent company (corporate fees)	14 611	12 867
- Affiliated companies (management services)	35 144	43 617
- Affiliated company (IT services)	7 002	7 520
- Affiliated company (Vessel repairs)	138	366
- Affiliated company (Quay berth)	1 999	1 219
- Affiliated company (Rental of the vessel ROV)	67 070	41 897
- Affiliated companies (back to back)	149 512	210 992
Total	275 475	318 479

c) Loans to/from companies in the same Group and intra-group balances

Specification of the intra-group balances	2019	2018
Trade receivable from companies in the group	5 485	53 334
Current receivables from companies in the group*	95 871	-
Loan to intra-group companies (non-current)	-	-
Total	101 357	53 334
Other current liabilities group companies*	4 650	48 149
Trade payable to companies in the group	55 695	86 802
Total	60 345	134 951

* Current receivables and liabilities group companies include deposits under Group's cash pool.

** Loan to the group companies and loan from group companies are interest-bearing. Please see note 8 for further details regarding interest costs.



DocuSign Envelope ID: 7D65F24F-0B0F-48A6-9086-9869F98939BC
FINANCIAL STATEMENTS / DOF REDERI AS

26 Contingencies

The Company has no contingent liabilities per end December 2020.

27 Subsequent events

New contracts

Skandi Kvitsey has been awarded a long term contract in the North Sea by a multinational energy company. The charter contract will commence in 1st quarter 2021 for a duration of 1 year firm plus 2 x 1 year options.

Skandi Gamma (PSV) was in March awarded a 2-year contract plus 2x1 year options in the North Sea with startup in April.

Two PSVs were further awarded contracts to support pipehaul operations in Guyana in 2021 and 2022 with expected commencements in 3rd quarter 2021 and duration of 150 days in 2021 and 270 days in 2022. The relevant vessels will be reactivated from lay-up for these contracts.

Vessels

Skandi Buchan and Skandi Texel have been sold in 2021. Skandi Buchan was delivered to new owner in January and Skandi Texel was delivered to new owner in March. Skandi Admiral (AHTS built 1999) was delivered for recycling in April.

Financing

On the 30th of April the Group agreed to extend the standstill agreements with the secured lenders representing in total 91% of the secured debt of DOF ASA and its subsidiaries and in total 88% of the secured debt of companies within the DOF Subsea Group (excluding the DOFCON JV and DOF Subsea Brasil Servicos Ltda).



DocuSign Envelope ID: 7D65F24F-0B0F-48A6-9086-9869F98939BC
INDEPENDENT AUDITOR'S REPORT

PDF of report to be added here.



DocuSign Envelope ID: 7D65F24F-0B0F-48A6-9086-9869F98939BC
INDEPENDENT AUDITOR'S REPORT

PDF of report to be added here.



DocuSign Envelope ID: 7D65F24F-0B0F-48A6-9086-9869F98939BC
INDEPENDENT AUDITOR'S REPORT

PDF of report to be added here.



DocuSign Envelope ID: 7D65F24F-0B0F-48A6-9086-9869F98939BC



DocuSign Envelope ID: 7D65F24F-0B0F-48A6-9086-9869F98939BC

DOF ASA
Alfabygget
5392 Storebø
NORWAY
Phone: +47 56 18 10 00
Fax: +47 56 18 10 06
management@dof.com

NORWAY

DOF Subsea AS
Thormøhlensgate 53 C
5006 Bergen
NORWAY
Phone: +47 55 25 22 00
Fax: +47 55 25 22 01
info@dofsubsea.com

DOF Subsea Norway AS
Thormøhlensgate 53 C
5006 Bergen
NORWAY
Phone: +47 55 25 22 00
Fax: +47 55 25 22 01
info@dofsubsea.com

DOF Management AS
Alfabygget
5392 Storebø
NORWAY
Phone: +47 56 18 10 00
Fax: +47 56 18 10 06
management@dof.com

ANGOLA

DOF Subsea Angola
Belas Business Park-Talatona
Edifício Bengo, 1º Andar
Sala 106/107, Luanda
REPUBLIC OF ANGOLA
Phone: +244 222 43 28 58
Fax: +244 222 44 40 68
Mobile: +244 227 28 00 96
+244 277 28 00 95
angola@dofsubsea.com

ARGENTINA

DOF Management Argentina S.A.
Peron 315, piso 1, Oficina 6-b
1038 - Buenos Aires
ARGENTINA
Phone: +5411 4342 4531
fgarcia@seaworks.com.ar

AUSTRALIA

DOF Subsea Australia Pty Ltd
5th Floor, 181 St. Georges Tce
Perth WA 6000
AUSTRALIA
Phone: +61 8 9278 8700
Fax: +61 8 9278 8799
asia-pacific@dofsubsea.com

DOF Management Australia
5th Floor, 181 St. Georges Tce
Perth WA 6000
AUSTRALIA
Phone: +61 3 9556 5478
Mobile: +61 418 430 939
management@dof.com

BRAZIL

NorSkan Offshore Ltda
Rua Lauro Muller
116, 17 andar
Torre do Rio Sul - Botafogo
Rio de Janeiro, R.J.
BRAZIL - CEP: 22290-160
Phone: +55 21 2103-5700
Fax: +55 21 2103-5717

Rua Fiscal Juca, 330
Q: W2 - L: 0001
Loteamento Novo Cavaleiros
Vale Encantado - Macaé/RJ
BRAZIL - CEP 27933-450
Phone: +55 21 21 03 57 00
Fax: +55 21 21 03 57 17
office@norskan.com.br

DOF Subsea Brasil Serviços Ltda
Rua Fiscal Juca, 330
Q: W2 - L: 0001
Loteamento Novo Cavaleiros
Vale Encantado - Macaé/RJ
BRAZIL - CEP 27933-450
Rua Lauro Müller, 116
Salas 2802 a 2805
Torre do Rio Sul
22290-160, Botafogo
Rio de Janeiro, R.J.
BRAZIL
Phone: +55 22 21 23 01 00
brasil@dofsubsea.com

CANADA

DOF Subsea Canada
26 Allston Street
Mount Pearl, Newfoundland
CANADA, A1N 0A4
Phone: +1 709 576 2033
Fax: +1 709 576 2500
can@dofsubsea.com

SINGAPORE

DOF Management Pte Ltd
460 Alexandra Road # 15-02
PSA Building, 119963
SINGAPORE
Phone: +65 6568 1001
Fax: +65 6561 2431
management@dof.com

DOF Subsea Asia Pacific Pte Ltd
460 Alexandra Road # 15-02
PSA Building, 119963
SINGAPORE
Phone: +65 6561 2780
Fax: +65 6561 2431
asia-pacific@dofsubsea.com

UK

DOF (UK) Ltd
Horizons House, 81-83 Waterloo
Quay Aberdeen, AB11 5DE
UNITED KINGDOM
Phone: +44 1224 586 644
Fax: +44 1224 586 555
info@dofman.co.uk

DOF Subsea UK Ltd
Horizons House, 81-83 Waterloo
Quay Aberdeen, AB11 5DE
UNITED KINGDOM
Phone: +44 1224 614 000
Fax: +44 1224 614 001
uk@dofsubsea.com

USA

DOF Subsea USA Inc
5365 W. Sam Houston Parkway N
Suite 400
Houston Texas 77041
USA
Phone: +1 713 896 2500
Fax: +1 713 726 5800
infoUS@dofsubsea.com



DocuSign Envelope ID: 7D65F24F-0B0F-48A6-9086-9869F98939BC



DocuSign Envelope ID: 7D65F24F-0B0F-48A6-9086-9869F98939BC



DocuSign Envelope ID: 7D65F24F-0B0F-48A6-9086-9869F98939BC

DOF ASA
Alfabygget
5392 Storebø
NORWAY
www.dof.com





To the General Meeting of DOF Rederi AS

Independent Auditor's Report

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of DOF Rederi AS, which comprise the balance sheet as at 31 December 2020, the statement of profit or loss, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the 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 simplified application of international accounting standards according to section 3-9 of the Norwegian Accounting Act.

Basis for Opinion

We conducted our audit in accordance with 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 2 in the financial statements and the Board of Directors' report, which indicates that the DOF Group including the Company is dependent on a long-term solution with banks and bondholders to secure satisfactory financing and liquidity for the Company. As stated in Note 2 and the Board of Directors' report, these events or conditions, along with other matters as set forth in Note 2 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. There is a risk that the DOF Group will not reach an agreement with the lenders, and in such an event the Company could be forced to realise its assets at a significantly lower value than their carrying amount. Our opinion is not modified in respect of this matter.

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 - DOF Rederi AS



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.

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 and the Managing Director for the Financial Statements

The Board of Directors and the Managing Director (management) are responsible for the preparation and a true and fair view of the financial statements in accordance with simplified application of International Accounting Standards according to the Norwegian Accounting Act section 3-9, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

(2)



Independent Auditor's Report - DOF Rederi AS



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.

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.

Bergen, 21 May 2021
PricewaterhouseCoopers AS

Sturle Døsen
State Authorised Public Accountant

(This document is signed electronically)



 Securely signed with Brevio

Revisjonsberetning

Signers:

Name
Døsen, Sturlø

Method
BANKID

Date
2021-05-21 12:28

This document package contains:
- Closing page (this page)
- The original document(s)
- The electronic signatures. These are not visible in the document, but are electronically integrated.



This file is sealed with a digital signature. The seal is a guarantee for the authenticity of the document.