



ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2020 - GENERELL INFORMASJON

Enheten

Organisasjonsnummer: 987 722 231
Organisasjonsform: Aksjeselskap
Foretaksnavn: DOF SUBSEA ROV AS
Forretningsadresse: Thormøhlens gate 53C
5006 BERGEN

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: Gustav Kvalsund Nybø
Dato for fastsettelse av årsregnskapet: 26.08.2021

Grunnlag for avgivelse

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

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

Brønnøysundregistrene, 20.07.2022



Resultatregnskap

Beløp i: NOK	Note	2020	2019
RESULTATREGNSKAP			
Inntekter			
Operating revenue	4, 14	199 000 000	196 000 000
Sum inntekter		199 000 000	196 000 000
Kostnader			
Depreciation	8	133 000 000	134 000 000
Nedskrivning av varige driftsmidler og immaterielle eiendeler	8	18 000 000	25 000 000
Other operating expenses	14,15	97 000 000	37 000 000
Sum kostnader		248 000 000	196 000 000
Driftsresultat		-49 000 000	
Finansinntekter og finanskostnader			
Financial income	6,14	3 000 000	5 000 000
Unrealised gain on financial derivatives and currency position	6,14	2 000 000	11 000 000
Sum finansinntekter		5 000 000	16 000 000
Financial expenses	6,14	35 000 000	35 000 000
Realised loss on financial derivatives and currency positions	6,14	13 000 000	8 000 000
Sum finanskostnader		48 000 000	43 000 000
Netto finans		-43 000 000	-27 000 000
Ordinært resultat før skattekostnad		-92 000 000	-27 000 000
Income tax expense	7	-41 000 000	3 000 000
Ordinært resultat etter skattekostnad		-51 000 000	-30 000 000
Årsresultat		-51 000 000	-30 000 000
Overføringer og disponeringer			
To other equity		-51 000 000	-30 000 000
Sum overføringer og disponeringer		-51 000 000	-30 000 000



Balanse

Beløp i: NOK	Note	2020	2019
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Contract cost	9	10 000 000	
Sum immaterielle eiendeler		10 000 000	
Varige driftsmidler			
Tangible assets	8	586 000 000	737 000 000
Sum varige driftsmidler		586 000 000	737 000 000
Finansielle anleggsmidler			
Receivables from Group companies	10, 14	28 000 000	62 000 000
Sum finansielle anleggsmidler		28 000 000	62 000 000
Sum anleggsmidler		624 000 000	799 000 000
Omløpsmidler			
Varer			
Fordringer			
Trade receivables		3 000 000	8 000 000
Current receivables from Group companies	14	52 000 000	66 000 000
Other current receivables		4 000 000	5 000 000
Sum fordringer		59 000 000	79 000 000
Sum omløpsmidler		59 000 000	79 000 000
SUM EIENDELER		683 000 000	878 000 000
BALANSE - EGENKAPITAL OG GJELD			
Egenkapital			
Innskutt egenkapital			
Share capital	12	306 000 000	306 000 000
Overkurs	12	14 000 000	14 000 000



Balanse

Beløp i: NOK	Note	2020	2019
Annen innskutt egenkapital	12	2 000 000	2 000 000
Sum innskutt egenkapital		322 000 000	322 000 000
Opptjent egenkapital			
Other equity		95 000 000	147 000 000
Sum opptjent egenkapital		95 000 000	147 000 000
Sum egenkapital		417 000 000	469 000 000
Gjeld			
Langsiktig gjeld			
Utsatt skatt	7	46 000 000	88 000 000
Sum avsetninger for forpliktelser		46 000 000	88 000 000
Annen langsiktig gjeld			
Lease liabilities	10	0	3 000 000
Sum annen langsiktig gjeld		0	3 000 000
Sum langsiktig gjeld		46 000 000	91 000 000
Kortsiktig gjeld			
Current portion of debt	13	176 000 000	280 000 000
Leverandørgjeld		6 000 000	4 000 000
Tax payable	7	0	0
Current liabilities to Group companies	14	37 000 000	32 000 000
Other current liabilities		1 000 000	2 000 000
Sum kortsiktig gjeld		220 000 000	318 000 000
Sum gjeld		266 000 000	409 000 000
SUM EGENKAPITAL OG GJELD		683 000 000	878 000 000



MOTTAT



Skattedirektoratet

Saksbehandler Torstein Kinden Helleland	Deres dato 21.12.2010	Vår dato 04.01.2011
Telefon 22078139	Deres referanse Petter O. Pharo	Vår referanse 2009/276917

DOF Subsea Holding
Thormøhlens gt. 53 C
5006 BERGEN

Dispensasjon fra kravet om utarbeidelse av årsregnskap og årsberetning på norsk språk

Det vises til brev av 21. desember 2010 samt telefonsamtaler i sakens anledning. Det søkes om tillatelse til å utarbeide årsregnskap og årsberetning på engelsk språk for selskapene listet opp i uthevet skrift nedenfor.

Bakgrunn

DOF Subsea Holding AS eier DOF Subsea AS med 100 %. DOF Subsea Holding AS er igjen eid med 51 % av DOF ASA og 49 % av First Reserve Corporation hjemmehørende i Luxemburg. Dette selskapet er igjen eid av det amerikanske selskapet First Reserve Corporation. DOF Subsea Holding AS og DOF Subsea AS fikk i vedtak av 17. juni 2009 (2009/276917) tillatelse til å utarbeide årsregnskap og årsberetning på engelsk språk.

Selskapene det her søkes om dispensasjon for er enten hel eller del eid av DOF Subsea AS eller inngår i et Joint venture med DOF Subsea AS. Aksjonærstrukturen er således begrenset. Selskapene driver virksomhet innen internasjonal shipping og subsea service. Selskapene har engelsk som arbeidsspråk. De aller fleste av selskapenes kunder, leverandører og andre brukere av regnskapet har engelsk som sitt naturlige språk. Dette gjelder også selskapenes långivere.

Det er en engelsk språklig versjon som utarbeides og benyttet for alle praktiske formål både internt og eksternt, mens den norske oversettelsen kun utarbeides for å tilfredsstille regnskapslovens krav. Nytteten i forhold til kostnaden ved å utarbeide et norsk årsregnskap og årsberetning, vurderes derfor som liten. Det søkes derfor om dispensasjon.

Selskaper eid 100 % av DOF Subsea AS

Det søkes om dispensasjon for følgende heleide selskaper:

DOF Subsea Norway AS	org.nr. 888 131 442
Geo Rederi AS	org.nr. 988 562 300
Geo Rederi II AS	org.nr. 987 722 231
Geoconsult AS	org.nr. 988 131 393
DOFCON AS	org.nr. 989 583 395
DOF Subsea Rederi II AS	org.nr. 995 921 723
Geosund AS	org.nr. 992 067 942
CSL Norge AS	org.nr. 994 192 841

CSL Norge AS er 100 % eid av CSL UK Ltd som igjen er eid 100 % av DOF Subsea AS.

Postadresse	Besøksadresse	Sentralbord
Postboks 9200 Grønland 0134 Oslo	Se www.skatteetaten.no Org. nr: 996250318	800 80 000 Telefaks
	For elektronisk henvendelse se www.skatteetaten.no	22 17 08 60



Selskaper del eid av DOF Subsea AS gjennom et brasiliansk selskap
Det søkes om dispensasjon for følgende del eide selskaper:

Geograph Shipping II AS	org.nr. 895 276 502
DOF Subsea Shipowning AS	org.nr. 995 251 582
DOF Subsea Rederi AS	org.nr. 995 251 558
Geoholm AS	org.nr. 995 251 647
Skandi Neptun AS	org.nr. 992 318 155
DOF Subsea ROV AS	org.nr. 992 755 717

DOF Subsea Rederi AS er morselskapet for selskapene nevnt her og eier disse 100 %. DOF Subsea Rederi AS er eid av det brasilianske holding selskapet Norskan Offshore S.A. DOF Subsea AS har en eierandel på 38 % i dette selskapet. Eierandelen vil bli økt til 100 %. Regnskapsmessig blir selskapene behandlet som datterselskaper og blir konsolidert i regnskapet til DOF Subsea AS.

Selskaper som inngår i Joint venture mellom DOF Subsea AS og Technip Norge AS
Det søkes om dispensasjon for følgende selskaper:

TECHDOF DA	org.nr. 992 546 034
DOFCON Brasil AS	org.nr. 991 562 214
DOFTECH DA	org.nr. 991 652 086

TECHDOF DA eier 100 % av DOFCON Brasil AS. TECHDOF DA og DOFTECH DA er eid av DOF Subsea Rederi AS og Technip Norge AS med 50 % hver. Eierskapet blir administrert gjennom Technip France i Frankrike, noe som innebærer at regnskapene utarbeides på engelsk.

Skattedirektoratets vurdering og konklusjon

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

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

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

Det fremgår således at et av hovedformålene med regnskapsloven er å bidra til "informative regnskaper for ulike grupper av regnskapsbrukere". Regnskapsbrukere vil omfatte, jf. uttalelsen i proposisjonen, blant andre investorer, kreditorer, ansatte og lokalsamfunnet. Offentlige myndigheter må også anses som en sentral regnskapsbruker, idet ulike myndigheter, som lignings- og tilsynsmyndigheter, benytter regnskapene som et verktøy i sin kontrollvirksomhet.



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


Som nevnt ovenfor er det særlig hensynet til brukerne av regnskapsinformasjon som skal vurderes ved en dispensasjonssøknad. Det fremgår av søknaden at selskapene har en begrenset aksjonærstruktur. Selskapene opererer inne en bransje med sterk internasjonal karakter og arbeidsspråket er engelsk. Alle sentrale aktører innen de bransjer selskapene driver, antas å måtte beherske og benytte engelsk språk.

Skattedirektoratet gir på bakgrunn av en helhetsvurdering de overnevnte selskaper dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk språk, jf. regnskapsloven § 3-4 tredje ledd.

Dispensasjonen forutsetter at engelsk språk benyttes i stedet ved utarbeidelsen, og at øvrige opplysninger som vedtaket baserer seg på, heller ikke endres vesentlig.

Vennligst oppgi vår referanse ved henvendelser i anledning saken.

Med hilsen


Jan Hoelstad
seniorrådgiver
Rettsavdelingen, foretaksskatt
Skattedirektoratet


Torstein Kinden Helleland



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DOF SUBSEA ROV AS

ANNUAL REPORT

2020



Board of Directors report 2020

DOF Subsea ROV AS (the Company) was founded in December 2004. The Company owns and operates 46 ROVs, 2 AUVs and one AXTech Multi purpose handling system. The ROVs are mainly on contracts with companies in the Group where they are utilised globally in the Group's Subsea/IMR Projects segment.

In summary, 2020 has been a challenging year due to the continued downturn in the markets. In addition, the COVID-19 virus has had a major impact on the Company's operations.

The Group has, since Q2 2020, entered into standstill agreements (including deferral of interest payments and instalments) with its secured lenders. Debt restructuring proposals have been presented to the lenders and discussions to agree on a long-term refinancing of the DOF Subsea Group are ongoing. The Group is dependent on continued standstill agreements with its creditors until a long-term and sustainable financial solution is agreed to maintain as going concern. The Company has not been part of the standstill agreements and have paid interest and installment in line with the loan agreements. However, the Company's ROVs are an integrated part of the Group's operation and the Company is therefore dependent on a long-term sustainable financial solution for the Group.

In 2020, the operating revenue was NOK 199 million (NOK 196 million in 2019) with an operating profit before depreciation (EBITDA) of NOK 102 million (NOK 158 million). The operating profit (EBIT) was NOK -49 million (was zero). The total assets amounted to NOK 683 million (NOK 878 million) with an equity of NOK 417 million (NOK 468 million) and a net interest-bearing debt of NOK 124 million (NOK 225 million).

The Company's headquarter is in Bergen, Norway.

Business overview and strategy

DOF Subsea ROV AS's core business is ownership and rental of ROVs and subsea equipment. By year-end 2020 the Company owned 46 ROVs, 2 AUVs and one AXTech Multi purpose handling system. The ROVs and the equipment are leased to the DOF Subsea Group, DOF ASA companies and to external parties.

DOF Subsea ROV AS is a part of the DOF Subsea Group and is working under DOF Subsea AS' certification and Business Management System.

For further reading reference is given to the annual report for the parent company DOF Subsea AS and the DOF Subsea Group.

Operational events 2020

The Company owns ROVs and subsea equipment that are leased to the DOF Subsea Group, DOF ASA Group companies and external parties.

The market

The oil prices and the demand trend remain uncertain, as globally

additional lockdown measures continue to be rolled out. However, the arrival of new COVID-19 vaccines and production cuts from OPEC+ countries have brightened the oil market outlook and since year end 2020 the oil price has reached a level above USD 60/bbl. On the assumption that the activities in the OECD countries will come back to normal by year-end 2021, most analysts predict the oil demand to get back to 100 mb/d in 2022.

The capex cuts in the global offshore industry have been far more than expected, falling by 29% in 2020. Only a few projects were sanctioned, and total investments dropped by approximately USD 140 billion. Most of the oil companies have started to increase their capex budgets and the total number of FIDs (Final investment decisions). According to Rystad Energy, greenfield capex sanctioning is expected to increase by more than 30% in 2021 and 70% in 2022 and 30% in 2023. Brazil and Norway are expected to be the strongest subsea regions over the next three years.

The offshore drilling market with close to 50 rigs being retired from the market in 2020, the sector as a whole is expected to be focused on restructuring through 2021. With the assumption on a successful rebalancing of the market a positive impact on rates should at the earliest be expected in 2022.

The OSV sector remain oversupplied and the outlook for 2021 is negative. As for the drilling sector, most of the companies are focusing on closing ongoing restructuring agreements, including disposal of assets. The utilisation rates are expected to be higher in 2021 versus 2020, but there is high uncertainty on rate levels.

In 2020 the energy transition has become high on the agenda and several of the large oil companies are expected to play a key role as these companies have extensive experience in project management and key technologies. Several "green" contracts have been signed lately and new targets both in terms of CO2 emissions and revenue contributing from green activities have accelerated the energy transition. In addition, various JVs and partnerships have been set up with technological/ industrial companies to reinforce and develop the new competencies. Renewables (Offshore Wind) are expected to surpass oil & gas investments in 2023 and 2024 which may increase demand for AHTS and subsea vessels longer term.

External environment

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



During the year, the focus on energy efficiency has increased by implementing key performance indicators related to environmental performance, e.g. energy consumption and CO₂ emissions. There have been no major spills and no spills that resulted in fines or other non-monetary sanctions from local governments.

The Group promotes transparency and standard disclosure of information relating to key sustainability aspects. As part of this, the Group reports key environmental performances through the Carbon Disclosure Project and the Global Reporting Initiative. For detailed reporting on these matters please find the DOF ASA Group's integrated Annual Report on www.dof.com.

For further reading please also refer to the 2020 integrated Annual Report for the DOF Subsea Group on www.dofsubsea.com.

Shareholders, Board of Directors and employees

DOF Subsea AS owns 100% of the shares in the Company. The Board of Directors consists of two women and one man and there were no employees at year-end 2020. Management services in 2020 have been provided by other companies in the DOF ASA Group.

Corporate governance

Risk management and internal control is based on principles established in the Norwegian Code of Practice for Corporate Governance, available at www.nues.no.

The Board of Directors is responsible for ensuring a satisfactory monitoring of risk and internal control. This includes focus on business opportunities and establishing cost efficient solutions. In addition, focus on operational and financial reporting provides comprehensive information for decision making and risk assessment.

Both operational and financial processes are standardised, and the same reporting and control structures are in use for all companies within the Group. These processes are integrated in the Group's ERP system and supported by Group policies, guidelines and standards in the Business Management System. To strengthen the awareness surrounding the Groups compliance activities, an overall guideline and a training program have been developed, using E-learning followed up by workshops and training.

Every year, the Management carries out a detailed and thorough budgeting process. The next year's budget is submitted to and approved by the Board of Directors. The Board of Directors receives weekly, monthly and quarterly operational and financial reports, including information on investments, financing, cash flow, liquidity, HSEQ, HR, Tax and Legal performance.

The Board of Directors is of the opinion that the Company's reporting procedures and quality are at a high standard and sufficient to fulfil the requirements of the Board of Directors for risk management and financial control. For further details on Corporate Governance, see the Corporate Governance section of the 2020

integrated Annual Report for the DOF ASA Group.

Financial performance

The Company has achieved an operating revenue for the fiscal year 2020 of NOK 199 million (NOK 196 million). Operating profit before depreciation (EBITDA) was NOK 102 million (NOK 158 million). Other operating expenses includes NOK 65 million (NOK 12 million) in loss provision on receivables from Group companies.

Depreciation and impairment for the year amounted to NOK 152 million (NOK 159 million). Net financial loss was NOK 43 million (NOK 26 million), including an impairment of NOK 21 million (NOK 22 million) on a loan towards Group companies. Loss before tax was NOK 92 million (NOK 27 million). Loss after tax for the year was NOK 51 million (NOK 30 million).

The Company's total assets amounted to NOK 683 million (NOK 878 million), whereas NOK 586 million relates to tangible assets (NOK 737 million).

Total equity was NOK 417 million (NOK 468 million) and total liabilities was NOK 266 million (NOK 409 million). The equity ratio was 61 % compared to 53 % in 2019.

Cash flow from operations was NOK 103 million (NOK 166 million). Net cash flow from investing activities was NOK 3 million (NOK -31 million). Net cash flow from financing activities was NOK -106 million (NOK -135 million). As a result, the Company's net cash flow for the year was NOK 0 million (NOK 0 million).

The Company is part of the DOF Subsea Group's cash pooling system and has at all times access to cash available in the cash pool.

Financial and liquidity risk

The Company is exposed to financial and liquidity risk through its operations and the requirement for financing of new ROVs. A sustained weak market since 2014 has increased the financing risk for the Company significantly, and the Group has since 2019 experienced that regular refinancing has been impossible. The increased ESG requirements have in 2020 become an additional financing risk as several banks are more reluctant to provide funding to the oil and gas sector.

The Company's financing, capital structure and liquidity are monitored closely. Liquidity risk is monitored on short, medium and long-term, focusing on funding and liquidity requirements. At the end of 2020 the Company has not available liquidity to meet its expected financial obligations for the next 12 months, if the stand still agreements for the Group are not prolonged.

The Company is a part of the DOF Subsea Group and as such dependent on the parent company's performance and the parent company guarantee obligations. During 2019 the Group faced financial difficulties and since end of 2019 the Group has had waivers on



instalment payments in order to find a long-term financial solution. If a short-term and long-term financial solution is not obtained for the Group and the parent company goes in default, this will lead to a cross default in the Company.

The Company has not been part of the Group's standstill agreements and have paid interest and installment in line with the loan agreements. However, the Company's ROVs are an integrated part of the Group's operation and the Company is therefore dependent on a long-term sustainable financial solution for the Group.

Currency risk

The Company has global operations, and a significant portion of the income and costs are denominated in foreign currencies, mainly USD, GBP and CAD. Fluctuations in foreign exchange rates against the NOK have impact on the Company's financial statements. The company had at year-end a loan in USD which has been fully repaid in 2021 at an exchange rate close to the exchange rate at year end 2020. The currency fluctuations in 2020 have been extreme and at levels never experienced before.

The Company aims to be naturally hedged by matching income and costs for the relevant currencies. In addition, the Company has a derivative strategy using derivatives to reduce the exchange rate risk exposure. However, due to the current financial position, entering into forward contracts or commercial transactions have become more challenging. Hence, the Company's liquidity risk has increased if the currencies fluctuate.

The Company's debt is denominated in NOK and USD.

Interest risk

The Company's existing debt arrangements are at floating 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 part of its debt at fixed rates. Due to the current financial position of the Company, entering into new interest rate swaps have become more challenging. Hence, the Company's interest rate risk has increased.

Credit risk

The Company has established policies and guidelines for follow-up and collection of outstanding receivables. Historically, the portion of receivables not being collectable has been low. 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. To reflect the increased risk of loss on receivables, a loss provision of NOK 65 million has been recognised on "current receivables from Group companies" and NOK 21 million on intercompany loan booked under "receivables from Group companies". The impacts from Covid-19 and the challenging market situation, may increase the credit risk going forward. The Company continuously evaluates the financial

strength and credit worthiness of customers and suppliers including DOF Subsea Group companies.

Market and price risk

The Company is exposed to cost increases in general, including conversions and maintenance of equipment. The Company attempts to reduce price risk by signing contracts with suppliers with the necessary financial strength and expertise to complete projects in accordance with agreements.

The Company is exposed to market fluctuations which may result in lower utilisation and reduced earnings for the Company's assets. Attempts are made to reduce this risk by entering into contracts that secure long-term utilisations of the ROVs, AUV's and other equipment. The market has further deteriorated in all regions where the Company's assets operates and has negatively impacted the earnings and utilisation of assets.

The oil price is an important driver for the global demand for ROVs, AUV's and other equipment within the subsea industry. The development of the oil price over the last couple of years has reduced the demand for the Company's subsea equipment.

Going concern

The financial statements for the Company have been prepared on the basis of going concern assumption in accordance with the Norwegian Accounting Act § 3-3a. However, the events described below give rise to significant doubt on the Company's ability to continue as going concern.

The Company's operations are an integrated part of the Group's operation and the Company's operation is therefore dependent on a long-term sustainable financial solution for the Group. Further, DOF Subsea AS is guarantor for the Company's debt and the long-term financial solution for the Company will be affected by the work to find a long-term financial solution for DOF Subsea AS.

The Group's financial position are not sustainable and standstill agreements with the majority of the Group's creditors have continued since 2nd quarter 2020. The Group is dependent on a robust refinancing solution and has presented a debt restructuring proposal to the secured lenders and bondholders. The refinancing proposal currently discussed include a comprehensive restructuring of the Group's balance sheet which include softer terms and conversion of debt. The dialogue with the lenders is challenging, but constructive and 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. If the Company cannot be treated as 'going concern', the valuation of the Company's asset will be further revised. Valuation of asset without the going concern assumption will result in impairment of the Company's assets.



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DOF Subsea ROV AS Annual Report 2019

Allocation of the result

The Company's loss for the year was NOK 51 million in 2020. The Board of Directors recommends that the loss for the year is allocated to other equity.

The Board of Directors propose to the annual General Meeting that a group contribution of NOK 74 million is distributed as a taxable group contribution to the parent company DOF Subsea AS.

Events after balance date

The restructuring of the Group's debt is ongoing and standstill agreements have been agreed until the 31st of August 2021 with 88% of the secured lenders within the DOF Subsea Group. The standstill agreements do not include the DOFCON Brasil JV and DOF Subsea Brasil. The standstill agreements further assume payment of principal and interest of a NOK 100 million credit facility provided by certain lenders in March 2020. The outstanding amount of this facility is NOK 48 million by end of June. The relevant Group companies have imposed unilateral standstill to the lenders not participating in the standstill agreements. One of the secured lenders has requested repayment of approximately USD 47 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. The bondholders in DOFSUB07, DOFSUB08 and DOFSUB09 have further accepted a standstill until the 31st of August 2021. An Ad-hoc group of bondholders can extend the standstill until the 30th of September.

On the 15th January 2021, DOF Subsea ROV entered into a contract with Forum Energy Technologies (UK) Ltd. to purchase two new ROVs (Perry XLX-C 200 HP ROV Systems), for a total purchase price of GBP 4.8 mill. The 2 new ROVs will be delivered in September 2021.

Outlook

The challenging markets are expected to continue in 2021. There are signs of increased activity from 2022, however the timing of

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 for the Group, the Company's asset will be further impaired.

ROVs on hire the DOF Subsea Group will be utilised in the Subsea/IMR Projects segment where the management is working on strengthening the contract backlog for the segment.

Despite continued challenging markets the Company will maintain its strategy to secure long-term contracts and is actively working on keeping the firm employment of the fleet of ROVs as high as possible. The Company will further continue to adapt its capacity to the challenging markets. However, a continuing weak market will further reduce the backlog, reduce the earnings and increase the liquidity risk for the Company.

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

The Company emphasize 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.

The Board of Directors confirms that, to the best of its knowledge, the information contained in the Annual Report, gives a true and fair view of the Company's results, financial position, assets and liabilities.

Bergen, 26 August 2021

The Board of Directors of DOF Subsea ROV AS

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Mons S. Aase

Chairman

DocuSigned by:

Marianne Møgster

Director

DocuSigned by:

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Hilde Drønen

Director



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DOF Subsea ROV AS



DOF Subsea ROV AS

Amounts in NOK million

Statement of comprehensive income

	Note	2020	2019
Operating revenue	4, 14	199	196
Other operating expenses	14, 15	-97	-38
Operating profit before depreciation (EBITDA)		102	158
Depreciation	8	-133	-134
Impairment	8	-18	-25
Operating profit (EBIT)		-49	-
Financial income	6, 14	3	5
Financial expenses	6, 14	-35	-34
Realised gain / loss on financial derivatives and currency positions	6, 14	-13	-8
Unrealised gain / loss on financial derivatives and currency positions	6, 14	2	11
Net financial income / loss	6, 14	-43	-26
Profit / loss before tax		-92	-27
Income tax expense	7	41	-3
Profit / loss for the year		-51	-30
Other comprehensive income / loss, net of tax		-	-
Total comprehensive income / loss for the year, net of tax		-51	-30



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DOF Subsea ROV AS

Amounts in NOK million

Statement of financial position

	Note	2020	2019
Assets			
Tangible assets	8	586	737
Receivables from Group companies	10, 14	27	62
Contract costs	9	10	-
Non-current assets		624	799
Trade receivables		3	8
Current receivables from Group companies	14	53	67
Other current receivables		4	5
Total current receivables		59	79
Restricted cash	11	-	-
Unrestricted cash and cash equivalents	11	-	-
Cash and cash equivalents		-	-
Total current assets		59	79
Total assets		683	878



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DOF Subsea ROV AS

Amounts in NOK million

Equity and liabilities	Note	2020	2019
Paid-in equity	12	322	322
Other equity		95	147
Total equity		417	468
Debt to credit institutions	13	-	-
Lease liabilities	10	-	3
Deferred taxes	7	46	88
Non-current liabilities		46	91
Current portion of debt	13	176	280
Trade payables		6	4
Tax payable	7	-	-
Current liabilities to Group companies	14	36	33
Other current liabilities		1	2
Current liabilities		220	318
Total liabilities		266	409
Total equity and liabilities		683	878

Bergen, 26 August 2021

The Board of Directors of DOF Subsea ROV AS

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Mons S. Aase
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Chairman

DocuSigned by:
Marianne Møgster
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Director

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Hilde Drønen
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Director



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DOF Subsea ROV AS

Amounts in NOK million

Statement of changes in equity

Changes in equity	Share capital	Other paid-in capital	Paid-in equity	Other equity	Total equity
Equity at 01.01.2020	306	15	322	147	468
Profit for the year	-	-	-	-51	-51
Total comprehensive income / loss for the year	-	-	-	-51	-51
Group contributions given	-	-	-	-63	-63
Group contributions received	-	-	-	63	63
Equity at 31.12.2020	306	15	322	95	417
Equity at 01.01.2019	306	15	322	188	510
Profit for the year	-	-	-	-30	-30
Total comprehensive income / loss for the year	-	-	-	-30	-30
Group contributions	-	-	-	-15	-15
Tax effect from group contribution	-	-	-	3	3
Equity at 31.12.2019	306	15	322	147	468

The Board of Directors propose to the annual General Meeting that a group contribution of NOK 74 million is distributed as a taxable group contribution to the parent company DOF Subsea AS.



DOF Subsea ROV AS

Amounts in NOK million

Statement of cash flows

	Note	2020	2019
Operating profit (EBIT)		-49	-
Depreciation and impairment	8,9	152	159
Change in trade receivables		5	3
Change in trade payables		2	-
Changes in other working capital	14	18	14
Exchange rate effect on operating activities		-8	3
Cash flow from operating activities		120	179
Interest received	6	-	1
Interest paid	6	-16	-12
Tax paid	7	-1	-2
Net cash flow operating activities		103	166
Sale of tangible assets	8	1	-
Purchase of tangible assets	8	-2	-31
Purchase of contract costs	9	-11	-
Changes in other receivables and liabilities		15	-
Cash flow from investing activities		3	-31
Instalments on non-current liabilities	13	-106	-120
Group contribution paid		-	-15
Cash flow from financing activities		-106	-135
Net change in cash and cash equivalents		-	-
Cash and cash equivalents at 01.01	11	-	-
Exchange rate effect on cash and cash equivalents		-	-
Cash and cash equivalents at 31.12	11	-	-

Leasing arrangements are presented net as gross cash flow would include effects of financing that did not represent cash flows for the Company. This affects Proceeds from non current debt and purchase of tangible assets.



DOF Subsea ROV AS

Amounts in NOK million

Notes to the financial statements

1 Corporate information and going concern

DOF Subsea ROV AS, the Company, was founded in December 2004. The main purpose of the Company is to own and rent ROV systems to companies in the DOF Subsea Group and external customers within the shipping-, offshore and energy sectors.

The office address for the Company is Thormøhlensgate 53C in Bergen, Norway.

DOF Subsea ROV AS is 100% owned by DOF Subsea AS.

Going concern

The financial statements for the Company have been prepared on the basis of going concern assumption in accordance with the Norwegian Accounting Act § 3-3a. However, the events described below give rise to significant doubt on the Company's ability to continue as going concern.

The Company's operations are an integrated part of the Group's operation and the Company's operation is therefore dependent on a long-term sustainable financial solution for the Group. Further, DOF Subsea AS is guarantor for the Company's debt and the long-term financial solution for the Company will be affected by the work to find a long-term financial solution for DOF Subsea AS.

The Group's financial position are not sustainable and standstill agreements with the majority of the Group's creditors have continued since 2nd quarter 2020. The Group is dependent on a robust refinancing solution and has presented a debt restructuring proposal to the secured lenders and bondholders. The refinancing proposal currently discussed include a comprehensive restructuring of the Group's balance sheet which include softer terms and conversion of debt. The dialogue with the lenders is challenging, but constructive and 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. If the Company cannot be treated as 'going concern', the valuation of the Company's asset will be further revised. Valuation of asset without the going concern assumption will result in impairment of the Company's assets.

2 Accounting policies

Summary of significant accounting principles

The financial statements of the Company have been prepared in accordance with the Norwegian Accounting Act § 3-9 and Finance Ministry's prescribed regulations on simplified IFRS. Principally this means that recognition and measurement complies with the International Financial Reporting Standards (IFRS) and presentation and note disclosures are in accordance with the Norwegian Accounting Act and generally accepted accounting principles. The financial statements have been prepared in accordance with the historical cost convention with the following exception: financial instruments at fair value through profit or loss are subsequently carried at fair value.

The fiscal year is the same as the calendar year.

Group companies

DOF ASA companies are defined as DOF ASA and its subsidiaries excluding companies within the DOF Subsea Group. DOF Subsea AS companies are defined as DOF Subsea AS and its subsidiaries. Group companies are defined as both DOF ASA and DOF Subsea AS companies.

Conversion of foreign currency

a) Foreign currency

The functional currency is NOK. The statements are presented in NOK million.

b) Transactions and balances

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 operating 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 after the reporting period

All other assets are classified as non-current assets.

Liabilities are classified as current when:

- the liability forms part of the entity's operating cycle, and is expected to be realised or consumed over the course of the entity's normal operations; or
- the liability is held for trading; or
- settlement of the liability has been agreed upon within 12 months after the reporting period; or
- the entity does not have an unconditional right to postpone settlement of the liability until at least 12 months after the reporting period

All other liabilities are classified as non-current liabilities.

Trade receivables

Trade receivables are amounts due from customers for services performed in the ordinary course of business. Contract asset are presented together with trade receivables. A contract asset is the right to consideration in exchange for services transferred to the customer. If the Company performs by transferring services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.



DOF Subsea ROV AS

Amounts in NOK million

Trade receivables are recognised initially at nominal amount. An impairment analysis is performed at each reporting period to measure expected credit losses.

Tangible assets

Tangible assets are recognised at cost less accumulated depreciation and accumulated impairment losses. The cost of tangible assets comprises its purchase price, borrowing costs and any directly attributable costs of bringing the asset to operating condition. If significant, the total expenditure is separated into components which have different expected useful lives.

Depreciation is calculated on a modified 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 assets 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 statement of comprehensive income.

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 in the statement of comprehensive income. 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, reversals of impairment will be recognised.

Indicator tests for ROVs include evaluation of subsea/ oil market conditions, contract coverage and an evaluation of other observable indications of impairment. If indication of impairment is present, a value in use calculation is performed. All ROVs are divided into one group of ROVs. The group of ROVs is identified as a separate cash generating unit. Value in use calculation is performed for the group of ROVs.

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

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 Group 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.

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 optional periods. A probability judgment 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.

Leases

Where assets are financed through finance leases, under which substantially all the risks and rewards of ownership are transferred to the Company, the assets are treated as if they had been purchased outright. The amount included in the cost of tangible assets represents the aggregate of the capital elements payable during the lease. The corresponding obligation, reduced by the appropriate proportion of lease or hire purchase payments made, is included in debt to credit institutions. The amount included in the cost of property, plant and equipment is depreciated on the basis described in the preceding paragraphs and the interest element of lease payments made is included in interest expense in the statement of comprehensive income.

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Company as lessee, are classified as operating leases. Payments made under operating leases (net of an incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

Lease income from operating leases where the Company is a lessor is recognised as operating revenue on a straight-line basis over the lease term. Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of the underlying asset and recognised as expense over the lease term on the same basis as lease income. The respective leased assets are included in the balance sheet based on their nature.

Debt

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

Fees paid on the establishment of debt are recognised as transaction costs of the debt to the extent that it is probable that some or all of the liability will be drawn. In this case, the fee is deferred until the drawdown occurs. To the extent there is no evidence that it is probable that some or all of the liability will be drawn down, the fee is recognised as a pre-payment for liquidity services and amortised over the period of the liability to which it relates.

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



DOF Subsea ROV AS

Amounts in NOK million

Debt is classified as a current liability unless it involves an unconditional right to postpone payment of the liability for more than 12 months from the 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, it is probable (more than 50%) that a settlement will be required and a reliable estimate can be made of the obligation amount.

Revenue recognition

The Company recognises income in line with the transfer of promised goods or services to customers in an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. Operating revenue is shown net of discounts, value-added tax and other taxes on gross rates.

The Company's operating revenue primarily consists of lease earnings and is recognised as income in line with the performance of the service in accordance with IFRS 16 'Leases'.

Interest income

Interest income is recognised using the effective interest method.

Current and deferred income tax

The tax charge in the income statement includes both payable taxes for the period and changes in deferred tax.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the statement of financial position date.

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 financial statements per IAS 12 'Income taxes'.

Deferred tax assets are recognised in the statement of financial position on the basis of unused tax losses carried forward or deductible temporary differences to the extent that it is probable there will be sufficient future earnings available against which the loss or deductible can be utilised.

The Company periodically evaluates tax positions where applicable tax regulation is subject to interpretation. Provisions are recognised on the basis of amounts expected to be paid to the tax authorities.

The Company is liable for withholding tax on revenue in Brazil. Tax withheld in Brazil is presented as tax expense.

Tax reduction on group contributions given and tax on group contribution received, taken directly to equity, are booked directly against tax in the statement of financial position (offset against payable taxes if the group contribution has affected payable taxes, and offset against deferred taxes if the group contribution has affected deferred taxes). Group contribution is booked in the year when it is approved by the annual general meeting.

Events after period end

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

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. Changes in accounting estimates are recognised in profit or loss for the period in which they occur. 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 flows is prepared in accordance with the indirect model.

3 Financial risk management

The Company's risk management is conducted in line with policies and guidelines approved by the Group's Board of Directors. Accordingly, financial risk is identified, evaluated and risks are managed if appropriate. The Company has adopted the Group's written policies for governing risk management and defined principles for specific areas such as the currency risk, interest rate risk and credit and liquidity risk.

Financial and liquidity risk

The Company is exposed to financial and liquidity risk through its operations and the requirement for financing of new ROVs. A sustained weak market since 2014 has increased the financing risk for the Company significantly, and the Group has since 2019 experienced that regular refinancing has been impossible. The increased ESG requirements have in 2020 become an additional financing risk as several banks are more reluctant to provide funding to the oil and gas sector.

The Company's financing, capital structure and liquidity are monitored closely. Liquidity risk is monitored on short, medium and long-term, focusing on funding and liquidity requirements. At the end of 2020 the Company has not available liquidity to meet its expected financial obligations for the next 12 months, if the stand still agreements for the Group are not prolonged.

The Company is a part of the DOF Subsea Group and as such dependent on the parent company's performance and the parent company guarantee obligations. During 2019 the Group faced financial difficulties and since end of 2019 the Group has had waivers on instalment payments in order to find a long-term financial solution. If a short-term and long-term financial solution is not obtained for the Group and the parent company goes in default, this will lead to a cross default in the Company.

The Company has not been part of the Group's standstill agreements and have paid interest and installment in line with the loan agreements. However, the Company's ROVs are an integrated part of the Group's operation and the Company is therefore dependent on a long-term sustainable financial solution for the Group.

Currency risk

The Company has global operations, and a significant portion of the income and costs are denominated in foreign currencies, mainly USD, GBP and CAD. Fluctuations in foreign exchange rates against the NOK have impact on the Company's financial statements. The company had at year-end a loan in USD which has been fully repaid in 2021 and exchange rate loss to the exchange rate at year end 2020. The currency fluctuations in 2020 have been extreme and at levels never experienced before.



DOF Subsea ROV AS

Amounts in NOK million

The Company aims to be naturally hedged by matching income and costs for the relevant currencies. In addition, the Company has a derivative strategy using derivatives to reduce the exchange rate risk exposure. However, due to the current financial position, entering into forward contracts or commercial transactions have become more challenging. Hence, the Company's liquidity risk has increased if the currencies fluctuate.

The Company's debt is denominated in NOK and USD.

Interest risk

The Company's existing debt arrangements are debt at floating 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 part of its debt at fixed rates. Due to the current financial position of the Company, entering into new interest rate swaps have become more challenging. Hence, the Company's interest rate risk has increased.

Credit risk

The Company has established policies and guidelines for follow-up and collection of outstanding receivables. Historically, the portion of receivables not being collectable has been low. 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. To reflect the increased risk of loss on receivables, a loss provision of NOK 65 million has been recognised on "current receivables from Group companies" and NOK 21 million on intercompany loan booked under "receivables from Group companies". The impacts from Covid-19 and the challenging market situation, may increase the credit risk going forward. The Company continuously evaluates the financial strength and credit worthiness of customers and suppliers including DOF Subsea Group companies.

Market and price risk

The Company is exposed to cost increases in general, including conversions and maintenance of equipment. The Company attempts to reduce price risk by signing contracts with suppliers with the necessary financial strength and expertise to complete projects in accordance with agreements.

The Company is exposed to market fluctuations which may result in lower utilisation and reduced earnings for the Company's assets. Attempts are made to reduce this risk by entering into contracts that secure long-term utilisations of the ROV's, AUV's and other equipment. The market has further deteriorated in all regions where the Company's assets operates and has negatively impacted the earnings and utilisation of assets.

The oil price is an important driver for the global demand for ROV's, AUV's and other equipment within the subsea industry. The development of the oil price over the last couple of years has reduced the demand for the Company's subsea equipment.



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DOF Subsea ROV AS

Amounts in NOK million

4 Segment information

Country 2020	Norway	Brazil	Canada	US	Other	Total
Operating revenue	119	27	16	22	15	199
Country 2019	Norway	Brazil	Canada	US	Other	Total
Operating revenue	110	39	18	14	15	196

The Company's operating revenue is mainly generated by rental of ROV systems to DOF Subsea Group companies, DOF ASA companies and external parties within the shipping and energy sector.

5 Number of employees

The Company has no employees.

6 Financial income and expenses

Financial income and expenses	2020	2019
Interest income	3	5
Financial income	3	5
Guarantee expenses to Group companies	-2	-3
Interest expenses	-12	-10
Impairment of loans to Group companies	-21	-22
Financial expenses	-35	-34
Realised currency gain / loss on loans	-9	-8
Realised currency gain / loss on working capital	-4	-
Realised gain / loss on financial derivatives and currency positions	-13	-8
Unrealised currency gain/loss on loans	7	12
Unrealised currency gain/loss on working capital	-4	-1
Unrealised gain / loss on financial derivatives and currency positions	2	11
Net financial income / loss	-43	-26



DOF Subsea ROV AS

Amounts in NOK million

7 Tax

Income tax expense	2020	2019
Current tax on profit for the year, Norway	16	-
Current tax on profit for the year, foreign countries	1	2
Change in deferred tax	-51	1
Impact on change in tax rate	-	-
Adjustment of prior years to deferred tax	-7	-
Total income tax expense	-41	3

Reconciliation of nominal and effective tax rate	2020	2019
Profit before tax	-92	-27
Tax calculated at domestic tax rate 22%	20	-6
Tax effect of:		
Effect of different tax regimes	1	2
Impact on change in tax rate	-	-
Permanent differences and unrecognised expenses	20	7
Total income tax expense	41	3

Basis for deferred tax		
Non-current assets	248	323
Tax position related to sold assets	-	20
Tax position related to contract receivable	-	-13
Tax position related to leasing	-3	-6
Tax position related to current receivables	-120	-
Other differences	10	1
Total temporary differences	136	325
Taxable profit / Tax loss carryforward	74	64
Basis for calculating deferred tax / tax asset (-)	210	389
Total deferred tax / tax asset (-) recognised	46	88

Deferred tax	2020	2019
At 01.01	88	87
Income statement change	-35	1
Adjustment of prior years	-7	-
At 31.12	46	88



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DOF Subsea ROV AS

Amounts in NOK million

8 Tangible assets

2020	ROVs	Machinery and other equipment	Right-of-use asset	Total
Cost at 01.01	1 413	248	8	1 668
Reclassifications	19	-19	-	-
Additions	1	1	-	2
Disposals internal	-	-1	-	-1
Cost at 31.12	1 433	228	8	1 669
Depreciation at 01.01	-811	-90	-3	-904
Depreciation for the year	-132	-1	-	-133
Depreciation at 31.12	-943	-91	-3	-1 037
Impairment at 01.01	-4	-19	-5	-28
Impairment for the year	-	-18	-	-18
Impairment at 31.12	-4	-38	-5	-47
Book value at 31.12	486	100	-	586
Lease assets included in book value	232	59	-	292
Asset lifetime (years)	10-12	5-15	12	
Depreciation schedule	Linear	Linear	Linear	

2019	ROV	Machinery and other equipment	Right-of-use asset	Total
Cost at 01.01	1 332	215	-	1 547
Additions	81	33	8	121
Cost at 31.12	1 413	248	8	1 668
Depreciation at 01.01	-700	-69	-	-768
Depreciation for the year	-111	-21	-3	-134
Depreciation at 31.12	-811	-90	-3	-903
Impairment at 01.01	-3	-	-	-3
Impairment for the year	-	-19	-5	-25
Impairment at 31.12	-3	-19	-5	-28
Book value at 31.12	600	137	-	737
Lease assets included in book value	433	30	-	463
Asset lifetime (years)	10-12	5-15	12	
Depreciation schedule	Linear	Linear	Linear	

9 Contract cost

31.12.2020	Contract cost	Total
Net booked value 01.01	-	-
Additions	11	11
Impairment	-1	-1
Net booked value 31.12	10	10



DOF Subsea ROV AS

Amounts in NOK million

10 Leasing

The Company's assets held under finance leases include several ROVs. In addition to the lease payments, the Company is also committed to maintaining and insuring the assets. The assets held under finance leases are as follows:

Financial leases	2020	2019
Cost at 01.01	688	703
Implementation of IFRS 16 leases	-	8
Additions	2	111
Disposals	-240	-134
Cost at 31.12	449	688
Depreciation at 01.01	-217	-204
Depreciation IFRS 16 lease	-	-3
Depreciation for the year	-50	-56
Depreciation eliminated on disposals	118	46
Currency translation differences	-	-
Depreciation at 31.12	-149	-217
Impairment at 01.01	-8	-3
Impairment for the year IFRS 16 lease	-	-5
Impairment for the year	-	-
Impairment at 31.12	-8	-8
Book value at 31.12	292	463

Leased assets that are purchased from the Group after the end of the lease period are included in disposals. ROVs under finance leases are recognised as part of tangible assets, please refer to note 8 'Tangible assets'.

Overview of future minimum lease payments	Within 1 year	2-5 years	After 5 years	Total
Minimum lease amounts falling in the periods	57	104	-	161

For information on repayment of lease debt please refer to note 13 'Interest-bearing debt'.

11 Cash and cash equivalents

Cash and cash equivalents	2020	2019
Restricted deposits	-	-
Bank deposits	-	-
Cash pooling system deposit DOF Subsea AS	45	15

Pricing on deposits in the respective currencies is based on the Group's internal transfer pricing policy.

The amounts in the cash pooling system deposit of the DOF Subsea Group are recognised as current receivables/liabilities to Group companies.



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DOF Subsea ROV AS

Amounts in NOK million

12 Share capital and share information

Share capital

The share capital in the Company at 31 December 2020 was NOK 306 240 thousand comprising 264 000 shares, each with a nominal value of NOK 1160.

Shareholder overview

Shareholders at 31.12.2019 / 31.12.2020	No. of shares	Proportion of ownership	Share capital
DOF Subsea AS	264 000	100%	306

Senior executives and the Board members own shares in related companies, and thus have indirect ownership stakes in DOF Subsea ROV AS. Please refer to the DOF ASA annual report for further information.

Board of Directors	Title
Mons S. Aase	Chairman
Marianne Møgster	Director
Hilde Drønen	Director

13 Interest bearing debt

DOF Subsea AS is guarantor for the Company's debt and the long-term financial solution for the Company will be affected by the work to find a long-term financial solution for DOF Subsea AS and the DOF Subsea Group. The Board of Directors and the Management in the DOF Subsea Group are working on a long-term financial solution. DOF Subsea Group has not a long-term financial solution in place or waivers covering more than 12 months after balance sheet date. This has resulted in a reclassification of the company's non-current debt to credit institutions as of 31 December 2020.

Non-current interest bearing debt	2020	2019
Debt to credit institutions	-	-
Lease liabilities	-	3
Total non-current interest bearing debt	-	3

Current interest bearing debt	2020	2019
Debt to credit institutions	173	276
Debt to group companies	20	20
Lease liabilities	3	3
Total current interest bearing debt	196	299

Total non-current and current interest bearing debt	2020	2019
	196	302

Current receivables from Group companies	45	15
Other interest bearing assets	27	62
Net interest bearing debt	124	225

Current portion of debt in the statement of financial position includes accrued interest expenses which are excluded in the current interest bearing debt above.

Liabilities secured by mortgage	2020	2019
Liabilities to credit institutions	173	276
Book value of assets pledged as security for debt to credit institutions	331	525

Liabilities to credit institutions are secured with parent company guarantee. Leased ROVs are pledged as collateral for debt to leasing companies.



DOF Subsea ROV AS

Amounts in NOK million

14 Related parties

DOF ASA is the only shareholder in DOF Subsea AS with a 100% holding at 31.12.2020. DOF Subsea ROV AS is owned 100% by DOF Subsea AS.

The operating revenue from DOF Subsea Group and DOF ASA companies is related to ROV hire. The Company purchases management services from DOF Subsea AS.

The Company has guarantee agreement with DOF Subsea AS, consequently the company pays an annual guarantee fee related to the loan facilities.

All balances arising from sales/purchases of goods/services from Group companies are current.

Operating revenue	2020	2019
DOF Subsea Group	115	131
DOF ASA	44	18
Total	158	149

Operating expenses	2020	2019
DOF Subsea Group	-18	-21
Impairment on receivables to Group companies	-65	-12
DOF ASA	-6	-7
Total	-89	-40

Net Financial result	2020	2019
DOF Subsea Group	-5	-3
Impairment of loans to Group companies	-21	-22
DOF ASA	-	4
Total	-26	-21

Non-current receivables from group companies	2020	2019
DOF ASA	27	62
Total	27	62

Current receivables from Group companies	2020	2019
DOF Subsea Group	53	54
DOF ASA	-	12
Total	53	67

Current liabilities to Group companies	2020	2019
DOF Subsea Group	31	24
DOF ASA	5	9
Total	36	33

The Company has in 2020 recognised impairment loss of NOK 65 million on current receivables from Group companies and an impairment loss of NOK 21 million on loan to Group companies.

For further information see the financial statements for DOF ASA and DOF Subsea AS.



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DOF Subsea ROV AS Annual Report | 2020 FINANCIAL STATEMENTS

DOF Subsea ROV AS

Amounts in NOK million

15 Remuneration to Board of Directors, Executives, and Auditor

No salaries or other remuneration have been paid to the Company's Board of Directors. No loans or guarantees have been provided for the Company's Board of Directors or close associates.

Specification of auditor's fee (excl. VAT), amounts in NOK	2020	2019
Fee for audit of financial statements	184 200	123 000
Total	184 200	123 000

16 Events occurring after period end

The restructuring of the Group's debt is ongoing and standstill agreements have been agreed until the 31st of August 2021 with 88% of the secured lenders within the DOF Subsea Group. The standstill agreements do not include the DOFCON Brasil JV and DOF Subsea Brasil. The standstill agreements further assume payment of principal and interest of a NOK 100 million credit facility provided by certain lenders in March 2020. The outstanding amount of this facility is NOK 48 million by end of June. The relevant Group companies have imposed unilateral standstill to the lenders not participating in the standstill agreements. One of the secured lenders has requested repayment of approximately USD 47 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. The bondholders in DOFSUB07, DOFSUB08 and DOFSUB09 have further accepted a standstill until the 31st of August 2021. An Ad-hoc group of bondholders can extend the standstill until the 30th of September.

On the 15th January 2021, DOF Subsea ROV entered into a contract with Forum Energy Technologies (UK) Ltd. to purchase two new ROVs (Perry XLX-C 200 HP ROV Systems), for a total purchase price of GBP 4.8 mill. The 2 new ROVs will be delivered in September 2021.



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To the General Meeting of DOF Subsea ROV AS

Independent Auditor's Report

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of DOF Subsea ROV AS, which comprise the statement of financial position as at 31 December 2020, the 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 1 in the financial statements and the Board of Directors' report, which indicates that the Company is dependent on that DOF Subsea Group is able to secure a long-term solution with banks and to secure satisfactory financing and liquidity for the Group. As stated in Note 1 and the Board of Directors' report, these events or conditions, along with other matters as set forth in Note 3 and 16 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 DOF Subsea 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 significant lower value than their carrying amount. Our opinion is not modified in respect of this matter.

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State authorised public accountants, members of The Norwegian Institute of Public Accountants, and
authorised accounting firm*



Independent Auditor's Report - DOF Subsea ROV 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 for the Financial Statements

The Board of Directors (management) is 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/revisionsberetninger>

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Independent Auditor's Report - DOF Subsea ROV AS



Report on Other Legal and Regulatory Requirements

Opinion on the Board of Directors' report

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

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, 26 August 2021
PricewaterhouseCoopers AS

Sturle Døsen
State Authorised Public Accountant

(This document is signed electronically)

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 Securely signed with Brevio

Revisjonsberetning

Signers:

Name	Method	Date
Døsen, Sturle	BANKID	2021-08-26 15:43

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