



## ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2020 - GENERELL INFORMASJON

### Enheten

Organisasjonsnummer: 990 999 120  
Organisasjonsform: Aksjeselskap  
Foretaksnavn: DDW OFFSHORE AS  
Forretningsadresse: Oksenøyveien 10  
1366 LYSAKER

### 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: Nils Aarland  
Dato for fastsettelse av årsregnskapet: 19.08.2021

### 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, 19.08.2022



## Resultatregnskap

Beløp i: NOK	Note	2020	2019
<b>RESULTATREGNSKAP</b>			
<b>Inntekter</b>			
Salgsinntekt	4,14	110 769 000	218 949 000
Annen driftsinntekt		1 225 000	9 969 000
<b>Sum inntekter</b>		<b>111 994 000</b>	<b>228 918 000</b>
<b>Kostnader</b>			
Lønnskostnad	5	71 740 000	129 655 000
Avskrivning på varige driftsmidler og immaterielle eiendeler	9	38 385 000	49 453 000
Nedskrivning av varige driftsmidler og immaterielle eiendeler	9	165 018 000	98 000 000
Annen driftskostnad	6	66 531 000	125 434 000
<b>Sum kostnader</b>		<b>341 674 000</b>	<b>402 542 000</b>
<b>Driftsresultat</b>		<b>-229 680 000</b>	<b>-173 624 000</b>
<b>Finansinntekter og finanskostnader</b>			
Annen finansinntekt	7	947 000	2 044 000
<b>Sum finansinntekter</b>		<b>947 000</b>	<b>2 044 000</b>
Rentekostnad til foretak i samme konsern	7	59 030 000	70 304 000
Annen rentekostnad	7	193 163 000	26 868 000
Annen finanskostnad	7	-204 663 000	-18 726 000
<b>Sum finanskostnader</b>		<b>47 530 000</b>	<b>78 446 000</b>
<b>Netto finans</b>		<b>-46 583 000</b>	<b>-76 402 000</b>
<b>Ordinært resultat før skattekostnad</b>		<b>-276 263 000</b>	<b>-250 026 000</b>
<b>Ordinært resultat etter skattekostnad</b>		<b>-276 263 000</b>	<b>-250 026 000</b>
Ekstraordinære poster	8	18 622 000	1 000
<b>Årsresultat</b>		<b>-257 641 000</b>	<b>-250 025 000</b>
<b>Overføringer og disponeringer</b>			
Overføringer til/fra annen egenkapital		-257 640 000	-250 025 000
<b>Sum overføringer og disponeringer</b>		<b>-257 640 000</b>	<b>-250 025 000</b>



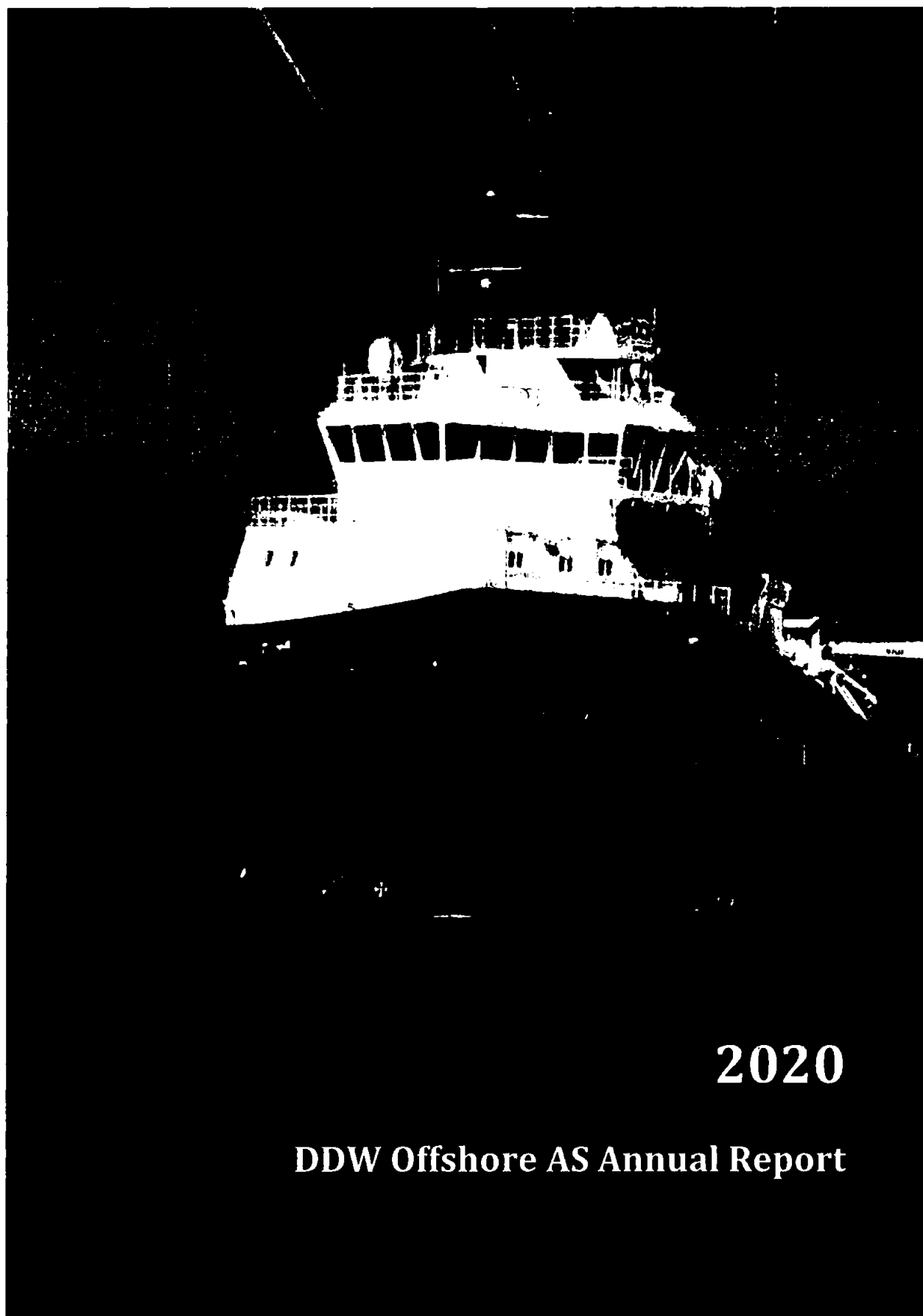
## Balanse

Beløp i: NOK	Note	2020	2019
<b>BALANSE - EIENDELER</b>			
<b>Anleggsmidler</b>			
<b>Immaterielle eiendeler</b>			
<b>Varige driftsmidler</b>			
Skip, rigger, fly og lignende	9	388 993 000	592 396 000
<b>Sum varige driftsmidler</b>		<b>388 993 000</b>	<b>592 396 000</b>
<b>Sum anleggsmidler</b>		<b>388 993 000</b>	<b>592 396 000</b>
<b>Omløpsmidler</b>			
<b>Varer</b>			
<b>Fordringer</b>			
Kundefordringer	13	4 857 000	90 442 000
Andre fordringer	10	97 445 000	19 105 000
<b>Sum fordringer</b>		<b>102 302 000</b>	<b>109 547 000</b>
<b>Bankinnskudd, kontanter og lignende</b>			
Bankinnskudd, kontanter og lignende	16	29 326 000	32 450 000
<b>Sum bankinnskudd, kontanter og lignende</b>		<b>29 326 000</b>	<b>32 450 000</b>
<b>Sum omløpsmidler</b>		<b>131 628 000</b>	<b>141 997 000</b>
<b>SUM EIENDELER</b>		<b>520 621 000</b>	<b>734 393 000</b>
<b>BALANSE - EGENKAPITAL OG GJELD</b>			
<b>Egenkapital</b>			
<b>Innskutt egenkapital</b>			
Selskapskapital	11	500 000	500 000
Annen innskutt egenkapital		-203 054 000	-553 695 000
<b>Sum innskutt egenkapital</b>		<b>-202 554 000</b>	<b>-553 195 000</b>
<b>Sum egenkapital</b>		<b>-202 554 000</b>	<b>-553 195 000</b>



## Balanse

Beløp i: NOK	Note	2020	2019
<b>Gjeld</b>			
<b>Langsiktig gjeld</b>			
<b>Annen langsiktig gjeld</b>			
Gjeld til kredittinstitusjoner	12	452 664 000	0
Langsiktig konserngjeld	13,14	53 016 000	184 931 000
Øvrig langsiktig gjeld	15	200 652 000	0
<b>Sum annen langsiktig gjeld</b>		<b>706 332 000</b>	<b>184 931 000</b>
<b>Sum langsiktig gjeld</b>		<b>706 332 000</b>	<b>184 931 000</b>
<b>Kortsiktig gjeld</b>			
Kortsiktig andel av gjeld	12	0	993 404 000
Leverandørgjeld	14	12 321 000	95 108 000
Annen kortsiktig gjeld		4 523 000	14 146 000
<b>Sum kortsiktig gjeld</b>		<b>16 844 000</b>	<b>1 102 658 000</b>
<b>Sum gjeld</b>		<b>723 176 000</b>	<b>1 287 589 000</b>
<b>SUM EGENKAPITAL OG GJELD</b>		<b>520 622 000</b>	<b>734 394 000</b>



**2020**

**DDW Offshore AS Annual Report**



## Board of Directors Report DDW Offshore AS

### Introduction

DDW Offshore AS (The Company) owns five Anchor Handling Tug Vessels (AHTS), all with the STX AH08 design and built at Aker Yards' shipyard in Vietnam (now Vard Vung Tau).

In October 2020, due to the financial restructuring of DOF ASA, the 50% shareholder in the Company, and its incapacity in supporting the Company further, Akastor AS took over DOF ASA's share of ownership in the company and is now the 100% owner of the shares in DDW Offshore AS. The company changed name from DOF Deepwater to DDW Offshore following that transaction.

The restructuring of DDW Offshore involved i.a. the following principles: 1) Akastor ownership: DOF transferred all of its shares in DOF Deepwater to Akastor; 2) Debt restructuring: 50% of the debt in DOF Deepwater was converted to equity and the remaining 50% remained on existing terms, including a parent company guarantee from Akastor ASA, albeit with certain adjustments that include i.a. no fixed instalments except an upfront repayment of NOK 20 million, Maturity Date being 3 years after closing, i.e. on October 9, 2023; 3) Profit split: at time of divestment of the vessels, which is planned to take place on or around Maturity Date, the sales proceeds after transaction costs shall be shared 50/50 between the lenders and DDW Offshore.

### Ship Management

DOF Management AS, a company controlled by DOF ASA, has continued to be the commercial, technical and operational manager of the five vessels for the entire year 2020.

### Operations 2020

The market conditions over the last years have been challenging for most OSV owners. Average utilization for the Company's fleet was 27.5% during 2020 (66% in 2019), with all vessels experiencing periods in lay-up, particularly from Q2 onwards, as the COVID-19 pandemic had significant effects through reduced activity levels, and cancellation of ongoing and planned projects across the industry.

Skandi Atlantic and Skandi Emerald both achieved 100 % utilization throughout Q1, as both vessels supported drilling operations with OMV in New Zealand, however with the onset of COVID-19, the campaign was cut short and both vessels were redelivered in Q2. Thereafter, Skandi Atlantic secured a Call Off agreement with Esso to support activities in the Bass Strait, resulting in pockets of utilization in Q2 and Q4. whilst Skandi Emerald was contracted to tow a general cargo vessel from New Zealand to Singapore, providing partial utilization in Q3 and Q4.

Skandi Peregrino completed her contract with Equinor in Brazil on 10th April 2020, after having supported the Norwegian Operator's operations on the Peregrino field since delivery in 2010. Thereafter, the vessel mobilized to Norway for lay-up, where it remained for the rest of the year.

Similarly, Skandi Pacific departed Argentina for lay-up in Norway in Q1, following resolution of a protracted disagreement with a local Seaman's Union.

Skandi Saigon commenced operations in Italy with Saipem in early January 2020, supporting pipelay operations on the TAP Project, and remained there until project completion in May. Thereafter, the vessel also repatriated to Norway for lay-up alongside Skandi Peregrino and Skandi Pacific.



## Sustainability

Supporting sustainable operations is important for Akastor. Akastor use key performance indicators in Environment, Social and Governance (ESG) to measure Sustainability. Akastor publish its targets and results in the annual ESG report, available on Akastor.com.

Akastor's ESG strategy is based on four main priorities: working against corruption, respecting human rights, addressing health and safety and minimizing adverse impact on the environment.

DOF Management AS, was the commercial, technical and operational manager of DDW Offshore's five vessels for the entire year 2020, and has ensured to act responsibly and ethically everywhere DDW Offshore AS vessels operates. DOF Management AS' 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 DDW Offshore's reputation.

'Safe the RITE way' is the guiding philosophy by which DOF Management AS, help DDW Offshore to 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.

### Equal opportunities and anti-discrimination

Akastor is committed to equal opportunity and non-discrimination. This commitment is described in Akastor's Code of Conduct. DOF Management has in DDW Offshore operations implemented The DOF Group's 'Equal Employment Opportunity' policy, which clearly states that the company is committed to be an equal opportunity employer. This means that DOF, on behalf of DDW Offshore, will select and appoint the most suitable person for a position based on their attitude, skills and qualifications.

### Human Rights and Labour standards

Akastor embraces practices consistent with international human rights standards and operates in compliance with fundamental as well as local labour standards. Akastor's policies and standards are based on International Labour Organisation (ILO) conventions, and they prohibit any use of forced or child labour. Akastor 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.

### Health, safety, and the working environment

DDW Offshore strives to improve safety and environmental performance across all worksites, globally. DDW Offshore experienced zero Lost Time Incidents (LTIs) in 2020, which resulted in a Lost Time Incident Frequency (LTIFC) of zero LTIs per million man-hours. With zero Medical Treatment Cases and zero Restricted Workday Cases, the Total Recordable Frequency (TRFC) was zero recordable incidents per million man-hours.

### Business integrity and ethics

High integrity is a valuable safeguard against corruption and unethical conduct, and is a key pillar in a sustainable, value based business. Training and awareness-raising are in place throughout Akastor to ensure that all representatives of Akastor recognize integrity risks and know when to raise a concern and how to respond to unacceptable practices.

Whistleblowing is an important channel for receiving information about negative issues so that they can be properly corrected and followed up with. The whistleblowing channel is operated by a third-party company and provides a platform for reporting unacceptable conduct, when normal reporting lines cannot be used. The whistleblowing channel allows for communication with the reporters even if they prefer to be anonymous, which can be essential during investigations. For more information and access to the whistleblowing channel, see Akastor.com.

### Anti-corruption and anti-bribery

Akastor has a zero-tolerance policy for bribery and corruption. The Akastor policy is to conduct all business in an honest and ethical manner. The Code of Conduct sets clear expectations for all employees and is supplemented by internal training. There have been no confirmed incidents of corruption during 2020.



## External environment

DDW Offshore focus on energy efficiency and aim to improve environmental performance. The results are reported in the annual Akastor ESG Report. In 2020, total CO<sub>2</sub> for the DDW Offshore fleet was 23 366t CO<sub>2</sub>. 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

DDW Offshore's focus on energy efficiency is aimed to ensure that direct and indirect climate influencing activities are kept at a minimum and consistent with the Akastor overall approach to climate change. DDW Offshore was fully owned by Akastor from October 2020 and is in the process of establishing an ESG roadmap for the future.

## Financial Performance

The Company's revenue in 2020 totalled NOK 112 million (NOK 229 million), with an operating profit before depreciation and finance (EBITDA) of NOK -26 million (NOK -26 million).

The operating profit amounted to NOK -230 million (NOK -174 million) and was impacted by depreciation and impairment of a total of NOK 203 million (NOK 147 million). The basis for the impairment is fair market values received from two independent brokers and value in use (VIU) calculations.

Net financial items in 2020 totalled NOK -47 million (NOK -76 million), of which the net realised, and unrealised currency loss amounted to NOK 12 million (NOK -8 million). Net interest costs were NOK -56 million (NOK -68 million).

The Company reported a loss after tax for 2020 of NOK -258 million (NOK -250 million).

The balance sheet at year-end 2020 totalled NOK 521 million (NOK 734 million). Non-current assets comprise vessels totally NOK 389 million (NOK 592 million).

The Company reported net interest-bearing debt of NOK 423 million (NOK 961 million) as of 31 December 2020.

Cash flow from operating activities for the Group was NOK -49 million (NOK -76 million). Net cash flow from investing activity was NOK 0 million (NOK -21 million). Net cash flow from financing activities was NOK 51 million (NOK 90 million) and include contribution from shareholders of NOK 78 million (NOK 120 million) and debt repayment of NOK 27 million (NOK 29 million).

## Financing and Capital Structure

As described under "Introduction", DDW Offshore's bank financing was restructured in October 2020. 50% of the bank debt, representing DOF ASA portion, was converted to equity and the remaining debt, representing the portion guaranteed by Akastor ASA, was converted from NOK to USD for a total amount of USD 53 million. Akastor AS owns 100% of the shares in DDW Offshore AS after the restructuring.

The achieved refinancing solution is robust and does not encompass any scheduled debt down payment before maturity on October 9, 2023.

Per year end 2020 the Company's equity is NOK -203 million (NOK -553 million).

## Risks

The Company is exposed to financial and liquidity risks through its operations, its interest bearing debt and periodical maintenance of the fleet. A sustained weak market and the impacts from COVID-19 have increased the financial and liquidity risk for the Company in 2020.

The Company operates globally and is exposed to foreign exchange risk arising from various currency exposures, basically with respect to USD, AUD and NOK. The Company aims to achieve a natural hedge between cash inflows and cash outflows through forward contracts and similar instruments as appropriate, or to secure the debt funding in



equivalent currency as the committed earnings from the charter contracts. Currency fluctuations may have negative impacts on both the liquidity and the solidity for the Company.

The Company is exposed to changes in interest rates as the main part of the Company's liabilities have a floating rate of interest.

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. The Company seeks to mitigate this risk as much as commercially possible through measures such as parent company guarantees, bank guarantees or other securities, or by seeking to "frontload" payment structures in order to seek to remain cash positive throughout.

The Company is exposed to market fluctuations which may result in lower utilisation and reduced earnings for the Group's vessels and services. The recent developments relating to the declined oil price has resulted in lower utilisation rates and earnings for the Company's vessels. Also, the counter-party risk has increased, and contracts may be cancelled or not renewed if a sustained challenging market situation continues.

Tax authorities in different jurisdictions may challenge the calculation of taxes payable from prior periods through tax audits. 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 accounts are prepared on the assumption of a going concern.

While the restructuring of the company was finalized in Q4 2020 and two vessels have been contracted to OceanPact in March 2021 (see description under *Events after Balance Date* below), three vessels were without employment at year-end and the company might require funding from its parent company, Akastor AS, in 2021 to meet its cash flow requirements. The company's bank debt is guaranteed by Akastor ASA.

## Events after Balance Date

---

In March 2021, DDW Offshore AS entered into bareboat charter agreements with OceanPact Servicios Maritimos S.A. ("OceanPact"), a Brazilian subsea and logistic company, for the two AHTS vessels Skandi Saigon and Skandi Pacific for a period of 26 months. As part of the agreements, a forward sale of the vessels has been agreed whereby OceanPact shall purchase the vessels at the end of the charter period for USD 9 million per vessel. The vessels will work for Petrobras, supporting the company's production activities on the Brazilian continental shelf. Commencement under the two charter agreements is expected to take place in Q2 2021. In addition, the Company secured a 40 day job for Skandi Atlantic in Australia to start in April 2021.

## Allocation of Annual Result

---

The annual accounts show a net loss of NOK -258 million (NOK -250 million), and the Board of Directors proposes to allocate this figure against other reserves.

## Outlook

---

Going into 2021, the activity levels are improved as compared to the same time last year, with increased tendering, particularly in the APAC and Brazilian Regions. However daily rates and utilisation rates remain relatively low, as compared to historic fixing levels.

In addition to securing two 26-months contracts with OceanPact in Brazil, the Company secured a 40 day job for Skandi Atlantic in Australia to start in April 2021. Skandi Peregrino and Skandi Emerald are still in wam lay-up, respectively in Norway and Singapore per today.



The Company will continue its strategy to secure the three remaining vessels on term contracts. The Board of Directors expects the market conditions to remain challenging in 2021. Despite some higher utilisation in Brazil and Australian areas, the timing of a recovery is still uncertain.



Lysaker, August 19, 2021  
The Board of DDW Offshore AS

Paal E. Johnsen  
Chairman

Bruce Lethuillier  
Managing Director

Karl Erik Kjelstad  
Director

Eirik Thomassen  
Director

**DDW OFFSHORE AS****Statement of Profit or Loss**

Amounts in NOK thousand

	Note	2020	2019
Sales income	4, 14	110,769	218,949
Other operating income		1,225	9,969
<b>Operating income</b>		<b>111,995</b>	<b>228,918</b>
Payroll expenses	5	71,740	129,655
Other operating expenses	6	66,531	125,434
<b>Operating expenses</b>		<b>138,271</b>	<b>255,088</b>
<b>Operating profit before depreciation - EBITDA</b>		<b>-26,276</b>	<b>-26,171</b>
Depreciation	9	38,385	49,453
Impairment loss	9	165,018	98,000
<b>Operating profit - EBIT</b>		<b>-229,680</b>	<b>-173,623</b>
Finance income	7	947	2,044
Finance costs	7	-59,030	-70,304
Realized gain (loss) on currencies	7	-193,163	-26,868
Unrealized gain (loss) on currencies	7	204,663	18,726
Net change in unrealized gain (loss) on derivatives	7	-	-
<b>Net financial items</b>		<b>-46,582</b>	<b>-76,402</b>
<b>Profit (loss) before taxes</b>		<b>-276,262</b>	<b>-250,025</b>
Tax expense (income)	8	-18,622	-1
<b>Profit (loss) of the year</b>		<b>-257,640</b>	<b>-250,025</b>

**Statement of Comprehensive Income**

Profit (loss) for the year	-257,640	-250,025
Other comprehensive income, net of tax	-	-
<b>Total comprehensive income for the year net of tax</b>	<b>-257,640</b>	<b>-250,025</b>



## DDW OFFSHORE AS

### Statement of Balance sheet

Amounts in NOK thousand

	Note	31/12/2020	31/12/2019
<b>Assets</b>			
Deferred tax assets		-	-
<b>Intangible assets</b>		-	-
Vessels	9	388,993	592,396
<b>Tangible assets</b>		<b>388,993</b>	<b>592,396</b>
<b>Non-current assets</b>		<b>388,993</b>	<b>592,396</b>
Trade receivables	13	4,857	90,442
Other receivables	10	97,445	19,105
<b>Current assets</b>		<b>102,303</b>	<b>109,548</b>
Cash and cash equivalents	16	29,326	32,450
<b>Cash and cash equivalents</b>		<b>29,326</b>	<b>32,450</b>
<b>Current assets</b>		<b>131,629</b>	<b>141,998</b>
<b>Total Assets</b>		<b>520,622</b>	<b>734,394</b>




## DDW OFFSHORE AS

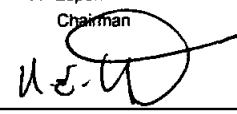
## Statement of Balance sheet

Amounts in NOK thousand

	Note	31/12/2020	31/12/2019
<b>Equity and liabilities</b>			
Share capital	11	500	500
Other equity		-203,054	-553,695
<b>Equity</b>		<b>-202,554</b>	<b>-553,195</b>
<b>Non-current liabilities</b>			
Debt to credit institutions	12	452,664	-
Non-current liabilities group companies	13, 14	53,016	184,931
Other non-current liabilities	15	200,652	-
<b>Non-current liabilities</b>		<b>706,332</b>	<b>184,931</b>
<b>Current liabilities</b>			
Debt to credit institutions	12	-	993,404
Trade payable	13	12,321	95,108
Other current liabilities		4,523	14,146
<b>Current liabilities</b>		<b>16,845</b>	<b>1,102,659</b>
<b>Total liabilities</b>		<b>723,176</b>	<b>1,287,589</b>
<b>Total equity and liabilities</b>		<b>520,622</b>	<b>734,394</b>

Lysaker, 19 August 2021  
The Board of DDW Offshore AS

  
Paal Espen Johnsen  
Chairman

  
Karl Erik Kjelstad  
Director

  
Bruce Nicolas Lethuillier  
Managing Director

  
Eirik Thomassen  
Director



## Statement of changes in equity

Amounts in NOK thousands

	Share capital	Share premium	Agreed, not registered endowment capital	Other equity	Total equity
<b>Balance at 01.01.2020</b>	<b>500</b>	-	-	<b>-553,695</b>	<b>-553,195</b>
Profit (loss) for the year		-		-257,640	<b>-257,640</b>
Group contribution				66,023	<b>66,023</b>
<b>Total comprehensive income for the year</b>	-	-	-	<b>-191,617</b>	<b>-191,617</b>
Share issues	0	542,257			542,258
<b>Total transactions with owners</b>	<b>0</b>	<b>542,257</b>	-	-	<b>542,258</b>
<b>Balance at 31.12.2020</b>	<b>500</b>	<b>542,257</b>	-	<b>-745,312</b>	<b>-202,554</b>
<b>Balance at 01.01.2019</b>	<b>500</b>	-	-	<b>-303,671</b>	<b>-303,171</b>
Profit (loss) for the year		-		-250,025	<b>-250,025</b>
Other comprehensive income for the year					-
<b>Total comprehensive income for the year</b>		-	-	<b>-250,025</b>	<b>-250,025</b>
<b>Balance at 31.12.2019</b>	<b>500</b>	-	-	<b>-553,695</b>	<b>-553,195</b>



## Statement of Cash flows

Amounts in NOK thousand	Note	2020	2019
Operating profit		-229,680	-173,623
Depreciation and impairment	9	203,403	147,453
Change in trade receivables		86,212	-22,646
Change in trade payable		-82,787	26,106
Change in other working capital		5,437	5,580
Exchange rate effect on operating activities		260	-727
<b>Cash from operating activities</b>		<b>-17,154</b>	<b>-17,858</b>
Interest received		264	850
Interest paid		-32,179	-52,622
Other financial income/cost		471	-6,199
Tax paid	8	-	1
<b>Net cash from operating activities</b>		<b>-48,597</b>	<b>-75,828</b>
Purchase of tangible assets	9	-	-20,801
<b>Net cash used in investing activities</b>		<b>-</b>	<b>-20,801</b>
Proceeds from borrowings		78,015	120,000
Repayment of borrowings		-26,562	-29,179
Debt conversion		-521,354	-
Proceeds from shareholders loan		-219,300	-
Increase in share capital		740,654	-
<b>Net cash flow from financing activities</b>		<b>51,453</b>	<b>90,821</b>
<b>Net changes in cash and cash equivalents</b>		<b>2,856</b>	<b>-5,808</b>
<b>Cash included restricted cash at the start of the period</b>	15	<b>32,450</b>	<b>38,374</b>
Exchange gain/loss on cash and cash equivalents		-5,980	-116
<b>Cash included restricted cash at the end of the period</b>	15	<b>29,326</b>	<b>32,450</b>



## Notes to the accounts

### 1 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 annual accounts are prepared on the assumption of a going concern.

While the restructuring of the company was finalized in Q4 2020 and two vessels have been contracted to OceanPact in March 2021 (ref Events after Balance Date below), three vessels were without employment at year end and the company might require funding from its parent company, Akastor AS in 2021 to meet its cash flow requirements. The company's bank debt is guaranteed by Akastor ASA, please refer to Note 12 for more information about the bank debt.

#### Conversion of foreign currency

The Company's financial statement is 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 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 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 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.

#### Cash and cash equivalents

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



## Notes to the accounts

### 1 Accounting principles (continued)

---

#### 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 includes accrued, not invoiced revenues when the amounts are independent on future performance. Accrued revenue under lump sum contracts are normally classified as contract assets. These are presented together with trade receivables and specified in the notes.

Trade receivables are recognised initially at nominal value and subsequently measured at amortised cost. Discounting is ignored if insignificant. 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 asset comprises its purchase price, borrowing costs and any directly attributable costs of bringing the asset to working condition. If 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.

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 AHTS segment are described in note 3.

Contract costs and ordinary costs related to mobilization are capitalized and amortized over the contract period. Contract period is based on best estimates taken into consideration normally initial agreed period and probability for optional periods. A probability judgment is performed in assessing whether the option period shall be included in the contract period.

#### 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 recognized in previous years no longer exists or has decreased, a reversal of the impairment is recognised.

For further information on the calculation see note 3 'accounting estimates and assessments.

#### Periodic maintenance

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

The cost of major modernisation, upgrading and replacement of parts of tangible assets are included in the asset's carrying amount when it is probable that the Company will derive future financial benefits from upgrading the assets. See note 3 for further discussion of periodic maintenance.

#### 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 or 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.



## Notes to the accounts

### 1 Accounting principles (continued)

---

#### 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 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.

#### 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 statement. The costs incurred will be expensed in line with the satisfaction of the performance obligation.



## Notes to the accounts

### 1 Accounting principles (continued)

---

#### *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.

#### **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.

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 substantively 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, see note 3.

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**

From 1 January 2018 the Company classifies its financial assets at 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 interest on the principal amount outstanding.

All financial assets not classified as measured at amortised cost are measured at FVTPL. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost 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:



## Notes to the accounts

### 1 Accounting principles (continued)

---

- \* 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 Group'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 income, are recognised in profit or loss.

#### 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.

#### 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 income statement.

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 3. 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 flows 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 Income Statement



## Notes to the accounts

### 2 Financial risk management

---

The Company is exposed to a variety of financial risks: Market risk (including foreign exchange 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 company identifies, evaluates and hedges financial risks. The Board approves the principles of overall risk management as well as policies covering specific areas, such as currency exchange risk, interest risk and credit risk.

#### Market risk

##### *Foreign exchange risk*

The Company operates globally and is exposed to foreign exchange risk arising from various currency exposures, basically with respect to USD, GBP and NOK.

The Company's reporting currency and functional currency is NOK. Foreign exchange risk arises when future commercial transactions, contractual obligations (assets), liabilities and investments are in different currencies than the presentation currency. The Company aims to achieve a natural hedge between cash inflows and cash outflows and manages remaining foreign exchange risk through forward contracts and similar instruments as appropriate.

Currency changes in receivables, liabilities and currency swaps are recognized as a financial income/expense in the profit and loss statement. Fluctuation in foreign exchange rates will therefore have an effect on the future results and balances.

##### *Interest rate risk*

The Company's existing debt arrangements are long term loans with floating interest. Movements in interest rates will have effects on the Company's cash flow and financial condition.

The Company manages its interest risk by using floating-to-fixed interest rate swaps from time to time. Such interest swaps have the economic effect of conversion from floating to fixed interest rates. Through 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.

##### *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 capital expenditures on assets are sensitive to changes in market prices.

The Company is exposed to market fluctuations which may result in lower utilisation and reduced earnings for its vessels and services. Attempts are made to reduce this risk by entering into contracts that secure long-term charters for the fleet. The market has further deteriorated in all regions and has negatively impacted the earnings and utilisation of the fleet. Also, the counter-party risk has increased and contracts may be cancelled or not renewed if a sustained challenging market situation continues.



## Notes to the accounts

### **2 Financial risk management (continued)**

---

#### **Credit and liquidity risk**

Credit and liquidity risk arises from cash and cash equivalents, derivate, financial instruments and deposit with banks as well as payments 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's credit risk has historically been low with exposure mainly towards customers with a good financial capability to meet their obligations. The sustained challenging market situation has resulted in changes to the credit ratings for some customers, and thereby increased the credit risk. Historically, the portion of receivables not being collectable has been acceptable, however during 2019 a loss from receivable was recognised with NOK 55 million. The impacts from Covid-19 and a low oil price may increase the credit risk going forward.

The Company's loan agreements include terms, conditions and covenants, see note 12.

#### **Capital structure and equity**

The main objective when managing the capital structure is to ensure that the Company is well positioned to remain as a market player and thereby secure revenue in a more normalised market in the future. The Company manages its capital structure and carries out necessary amendments to the capital structure based on continuous assessments of its funding requirements.

For additional details see note 12.



## Notes to the accounts

### 3 Accounting estimates and assessments

When preparing the annual accounts in accordance with simplified IFRS, the Company 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 75 % of the total balance as of 31.12.2020. 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 useful life for the AHTS, due to the market expectation for these vessels. Useful life for these vessels is 30 years. Useful life of older vessels 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 for AHTS 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. 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 coming years, and gradually normalised 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 is 9.4%.

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**

Changes in tax regimes may adversely affect the Company's cash flow and financial conditions. The Company is subject to ordinary tax rules in the Norwegian Taxation Act.

The Company is subject to transfer pricing regulations in various jurisdictions which might impose the tax risk for the



## Notes to the accounts

### 4 Operating income

#### *Business segment*

The Company operates within one business segment in terms of strategic areas of operation and vessel types. The business segments is AHTS (Anchor Handling Tug Supply Vessel).

#### *Geographical areas*

The Company conducts its business activities in countries within different regions of the world. The overview below is based on the location of its customers.

#### **Geographical areas**

<b>Freight revenues per country</b>	<b>2020</b>	<b>2019</b>
Argentina	-	66,718
Brazil	15,970	49,809
Australia	10,087	-
Egypt	-	-
Norway	-	-
Hellas	-	-
New Zealand	59,303	102,422
Other	25,409	-
<b>Total sales income</b>	<b>110,769</b>	<b>218,949</b>

### 5 Payroll and auditor's remuneration

The Company has no employees, but leases crew from other group companies and external companies.

The Company is not obliged to have an occupational pension plan (Obligatorisk Tjenestepensjon).

There were no remunerations or other compensations paid to Board members as at 31 Dec 2020 and 31 Dec 2019.

There were no loans and guarantees issued to related parties.

Managing Director has not received any remunerations or payroll from the Company.

<b>Payroll expenses consists of:</b>	<b>2020</b>	<b>2019</b>
Payroll and other remunerations	64,753	111,780
Travel expenses	4,225	6,097
Courses and training costs	212	492
Other personnel costs	2,550	11,286
<b>Total</b>	<b>71,740</b>	<b>129,655</b>

<b>Specification of auditor's fee</b>	<b>2020</b>	<b>2019</b>
Audit	175	173
Fee for other services	-	68
<b>Total</b>	<b>175</b>	<b>241</b>

Auditor's fees are exclusive VAT.



## Notes to the accounts

### 6 Operating expenses

Operating expenses consists of:	2020	2019
Technical cost	15,235	23,757
IT vessel cost	3,950	4,289
Management fee	12,276	12,008
Insurance cost	3,184	3,576
Bunkers cost	18,708	10,399
Breakdown cost	182	1,155
Audit and other consultant fees	5,624	610
Loss on bad debt	-1,905	54,760
Other cost	9,277	14,880
<b>Total</b>	<b>66,531</b>	<b>125,434</b>

### 7 Financial income and expenses

	2020	2019
Interest income	947	2,044
<b>Financial income</b>	<b>947</b>	<b>2,044</b>
Interest costs Group companies	-3,222	-5,626
Interest costs	-53,876	-57,615
Realised gain (loss) on interest swaps	-	-
Other financial costs	-1,932	-7,063
<b>Financial costs</b>	<b>-59,030</b>	<b>-70,304</b>
Net gain (loss) on currency derivatives	204	-
Net gain (loss) on non-current debt	-198,319	-26,853
Net gain (loss) on operational capital	4,953	-15
<b>Net realized gain (loss) on currencies</b>	<b>-193,163</b>	<b>-26,868</b>
Net gain (loss) on non-current debt	205,318	19,564
Net gain (loss) on operational capital	-655	-839
<b>Net unrealized gain/loss on currencies</b>	<b>204,663</b>	<b>18,726</b>
<b>Total</b>	<b>-46,582</b>	<b>-76,402</b>



## Notes to the accounts

**8 Tax**

<b>Tax income (expense) comprises;</b>	<b>2020</b>	<b>2019</b>
<b>Current tax on profit for the year</b>		
Change in deferred taxes	-18,622	-
Tax payable abroad	-	-1
<b>Tax income (expense)</b>	<b>-18,622</b>	<b>-1</b>
<b>Reconciliation of nominal and effective tax rate</b>		
Profit before tax	-276,262	-250,025
Tax calculated at domestic tax rates 22% (22%)	-60,778	-55,006
Tax effect of:		
Tax effect on non-deductible expenses	496	-
Tax effect on items not included in deferred tax	60,281	55,006
Tax effect of other items/group contribution	-18,622	-
Effect of tax abroad	-	-
<b>Total tax income (expense)</b>	<b>-18,622</b>	<b>-1</b>

**Deferred tax**

<b>Basis of deferred tax</b>	<b>2020</b>	<b>2019</b>
Fixed assets	-393,286	-317,230
Trade receivables	-52,483	-
<b>Total temporary differences</b>	<b>-445,769</b>	<b>-317,230</b>
Loss carried forward	-862,739	-827,393
Limiting interests deductibility group companies	-228,790	-203,314
- hereof tax deficit not included in basis for calculation of deferred tax/deferred tax a:	1,537,298	1,347,937
<b>Basis for calculation of deferred tax/deferred tax assets (-)</b>	<b>0</b>	<b>0</b>
<b>Total deferred tax/deferred tax assets (-)</b>	<b>-</b>	<b>-</b>
Deferred tax / deferred tax assets (-) 01.01	0	0
<b>Deferred tax/deferred tax assets (-) 31.12</b>	<b>0</b>	<b>0</b>



## Notes to the accounts

**9 Tangible assets**

<b>2020</b>	<b>Vessels</b>	<b>Contract costs</b>	<b>Periodic maintenance</b>	<b>Total</b>
Acquisition cost 01.01.2020	1,865,638	19,417	142,688	2,027,743
Additions	-	-	-	-
Disposals	-	-	-	-
<b>Acquisition cost 31.12.2020</b>	<b>1,865,638</b>	<b>19,417</b>	<b>142,688</b>	<b>2,027,743</b>
Depreciation 01.01.2020	359,782	18,479	113,287	491,548
Depreciation for the year	22,588	938	14,859	38,385
Depreciation on disposals for the year	-	-	-	-
<b>Depreciation 31.12.2020</b>	<b>382,370</b>	<b>19,417</b>	<b>128,146</b>	<b>529,933</b>
Impairment 01.01.2020	940,403	-	3,396	943,799
Impairment for the year	165,018	-	-	165,018
<b>Impairment 31.12.2020</b>	<b>1,105,421</b>	<b>-</b>	<b>3,396</b>	<b>1,108,817</b>
<b>Book value 31.12.2020</b>	<b>377,847</b>	<b>-0</b>	<b>11,146</b>	<b>388,993</b>
<b>2019</b>	<b>Vessels</b>	<b>Contract costs</b>	<b>Periodic maintenance</b>	<b>Total</b>
Acquisition cost 01.01.2019	1,865,988	19,417	121,538	2,006,943
Additions	-350	-	21,151	20,801
Disposals	-	-	-	-
<b>Acquisition cost 31.12.2019</b>	<b>1,865,638</b>	<b>19,417</b>	<b>142,688</b>	<b>2,027,743</b>
Depreciation 01.01.2019	332,232	14,728	95,135	442,095
Depreciation for the year	27,550	3,751	18,152	49,453
Depreciation on disposals for the year	-	-	-	-
<b>Depreciation 31.12.2019</b>	<b>359,782</b>	<b>18,479</b>	<b>113,287</b>	<b>491,548</b>
Impairment 01.01.2019	842,403	-	3,396	845,799
Impairment for the year	98,000	-	-	98,000
<b>Impairment 31.12.2019</b>	<b>940,403</b>	<b>-</b>	<b>3,396</b>	<b>943,799</b>
<b>Book value 31.12.2019</b>	<b>565,454</b>	<b>938</b>	<b>26,005</b>	<b>592,396</b>
Depreciation period	30 years *)	3 years **)	30 - 60 months	
Depreciation method	Linear *)		Linear	

\*) Residual value and depreciation period are described in note 3 "Accounting estimates and assessments".

\*\*\*) Contract costs are depreciated during the contract period.

The tangible assets is pledged against debt to credit institution, see note 12.



## Notes to the accounts

### 9 Tangible assets (continued)

#### Impairment:

The continued weak market during the year has had a negative impact on both earnings and utilisation of the Company's fleet, in addition to vessels values. The weakening market has resulted in impairment of vessels and equipment totaling NOK 165 million (NOK 98.0 million).

The impairment tests have resulted in impairment of all five vessels totaling NOK 165 million as follows:

<i>Vessel</i>	<i>Impairment</i>	<i>Basis for recoverable amount</i>	<i>Segment</i>
Skandi Peregrino	51,820	Fair value less cost to sale	AHTS
Skandi Atlantic	18,408	Fair value less cost to sale	AHTS
Skandi Emerald	31,292	Fair value less cost to sale	AHTS
Skandi Pacific	31,089	Fair value less cost to sale	AHTS
Skandi Saigon	32,409	Fair value less cost to sale	AHTS
<b>Total</b>	<b>165,018</b>		

For further information see note 3 Accounting estimates and assessments.

The sudden negative market development in 2020, caused by Covid-19 and the sharp decline in oil price, has resulted in a drop in the vessels values, hence impairments have been booked in first quarter 2020.

### 10 Other current receivables

	<b>2020</b>	<b>2019</b>
Prepaid expenses	1,021	1,748
Insurance claims receivables	-	640
Owning VAT	243	562
Stock of operational consumables	10,209	10,623
Prepaid crewcost	1,327	1,424
Other current receivables	-	4,108
Group Contribution	84,645	-
<b>Other current receivables at 31.12</b>	<b>97,445</b>	<b>19,105</b>

All other current receivables is due within one year.

### 11 Share capital and share information

<b>Shareholders structure</b>	<b>Total shares</b>	<b>Nominal value</b>	<b>Vote share</b>
Akastor AS	200	NOK 2,502	100%



## Notes to the accounts

### 12 Debt to credit institutions

In October 2020, due to the financial restructuring of DOF ASA, the 50% shareholder in the Company, and its incapacity in supporting the Company further, Akastor AS took over DOF ASA's share of ownership in the company and is now the 100% owner of the shares in DDW Offshore AS.

The restructuring of DDW Offshore (previously named DOF Deepwater before the restructuring) involved i.a. the following principles:

- 1) Akastor ownership: DOF transferred all of its shares in DOF Deepwater to Akastor;
- 2) Debt restructuring: 50% of the debt in DOF Deepwater was converted to equity and the remaining 50% remained on existing terms, including a parent company guarantee from Akastor ASA, albeit with certain adjustments that include i.a. no fixed instalments except an upfront repayment of NOK 20 million, Maturity Date being 3 years after closing, i.e. on October 9, 2023;
- 3) Profit split: At time of divestment of the vessels, which is planned to take place on or around Maturity Date, the sales proceeds after transaction costs shall be shared 50/50 between the lenders and DDW Offshore.

Overview of debt to credit institutions	2020	2019
Debt to credit institutions (incl. current portion)	452,664	993,404
Fees paid on establishment of loan facilities	-	-
<b>Total debt to credit institutions (incl. current portion)</b>	<b>452,664</b>	<b>993,404</b>
<b>Average rate of interest (incl. borrowing costs)</b>	<b>5.09%</b>	<b>6.26%</b>

The following table shows the maturity of the Company's financial obligation based on contractual, undiscounted cash flows.

Installment and interest profile*	2021	2022	2023	Total
Debt to credit institutions *	-	-	452,664	452,664
Interest	20,279	20,279	15,210	55,768
<b>Total</b>	<b>20,279</b>	<b>20,279</b>	<b>467,873</b>	<b>508,432</b>

\* Amortised cost is excluded in the instalment profile

The Company's vessels are pledged as a security for the debt to credit institutions.

### 13 Intra - group balances

	2020	2019
<b>Current receivables</b>		
Trade receivable	-	70,852
Group contribution receivable	84,645	-
<b>Current liabilities</b>		
Trade payable	-	59,653
Other current liabilities	-	-
<b>Non-current liabilities</b>		
Non - current liabilities*	53,015	184,931

\* The non - current liabilities from group companies is a loan from the company's shareholders. The loan is subordinated to the company's bank debt and in accordance with the agreement with its lenders, see note 12.



## Notes to the accounts

### 14 Related parties

The shareholder of the Company is Akastor AS as of 31 Dec 2020. Other affiliated companies are DOF group companies.  
Remunerations for Board members and Managing Director are disclosed in the note 5 and intercompany balances with Akastor Group companies (DOF Group companies in 2019) are disclosed in the note 13.

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

	2020	2019
<b>a) Sale of the services</b>		
- Affiliated companies (vessel hire bareboat)	41,588	50,734
- Affiliated companies (vessel hire timecharter)	9,938	67,305
- Affiliated companies (vessel fuel consumption)	30	-1,018
<b>Total</b>	<b>51,556</b>	<b>117,021</b>
<b>b) Purchase of services and goods</b>		
- Affiliated companies (management services)	15,079	13,810
- Affiliated company (construction supervision fees)	-	-
- Affiliated company (IT services)	1,773	1,601
- Affiliated company (Tech.cost)	-35	2,211
<b>Total</b>	<b>16,817</b>	<b>17,621</b>

Sales of services and purchase of services and goods from related parties companies were based on arm length principle.

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

#### Specification of the Intra-group balances

	2020	2019
Loan from Akastor AS	53,015	97,341
Loan from DOF ASA	-	87,590
<b>Liabilities to companies in the group</b>	<b>53,015</b>	<b>184,931</b>
- Interest costs to shareholders companies	3,222	5,626
<b>Total</b>	<b>3,222</b>	<b>5,626</b>

\* Loans from group companies are interest-bearing. Interest for the loans is calculated based on commercial conditions. Please refer to note 13 for more details of other Intra - Group balances.

### 15 Other non-current liabilities

	2020	2019
<b>Other non-current liabilities</b>	<b>200,652</b>	<b>-</b>

Other non-current liabilities are related to profit split where the company is obliged to share 50 percent of the sales proceeds after transaction costs to the lenders at the time of divestment of the vessels. Please see note 12 Debt to credit institutions for more information about the restructuring of the company.



## 16 Cash and cash equivalents

---

	2020	2020
<b>Cash and cash equivalents</b>	29,326	32,450

There were not any restricted cash as of 31.12.2020 and 31.12.2019

## Notes to the accounts

### 17 Subsequent events

---

#### Vessel

In March 2021, DDW Offshore AS entered into bareboat charter agreements with OceanPact Servicios Maritimos S.A. ("OceanPact"), a Brazilian subsea and logistic company, for the two AHTS vessels Skandi Saigon and Skandi Pacific for a period of 26 months. As part of the agreements, forward sale of the vessels has been agreed whereby OceanPact shall purchase the vessels at the end of the charter period. The vessels will work for Petrobras, supporting the company's production activities on the Brazilian continental shelf. Commencement under the two charter agreements is expected to take place in Q2 2021.



To the General Meeting of DDW Offshore AS

## *Independent Auditor's Report*

### *Report on the Audit of the Financial Statements*

---

#### *Opinion*

We have audited the financial statements of DDW Offshore 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 accounts, 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.

---

#### *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.

---

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 - DDW Offshore AS



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*

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.

(2)



Independent Auditor's Report - DDW Offshore AS



Bergen, 19 August 2021  
**PricewaterhouseCoopers AS**

Sturle Døsen  
State Authorised Public Accountant

(This document is signed electronically)



 Securely signed with Brevio

Revisjonsberetning

**Signers:**

<b>Name</b>	<b>Method</b>	<b>Date</b>
Døsen, Sturle	BANKID	2021-08-19 15:34

**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.



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.

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

### 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 <a href="http://www.skatteetaten.no">www.skatteetaten.no</a>	800 80 000
0134 Oslo	Org. nr: 996250318	Telefax
For elektronisk henvendelse se <a href="http://www.skatteetaten.no">www.skatteetaten.no</a>		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