



ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2021 - GENERELL INFORMASJON

Enheten

Organisasjonsnummer: 996 394 565
Organisasjonsform: Aksjeselskap
Foretaksnavn: DOF SUBSEA REDERI AS
Forretningsadresse: Thormøhlens gate 53C
5006 BERGEN

Regnskapsår

Årsregnskapets periode: 01.01.2021 - 31.12.2021

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: Knut Søråsdekkan
Dato for fastsettelse av årsregnskapet: 14.06.2022

Grunnlag for avgivelse

År 2021: Årsregnskapet er elektronisk innlevert
År 2020: Tall er hentet fra elektronisk innlevert årsregnskap fra 2021

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, 02.08.2023



Resultatregnskap

Beløp i: NOK	Note	2021	2020
RESULTATREGNSKAP			
Inntekter			
Operating revenue	5,20	690 000 000	908 000 000
Profit/loss from sale of non-current	9,20	28 000 000	0
Sum inntekter		718 000 000	908 000 000
Kostnader			
Payroll expenses	6,20	112 000 000	89 000 000
Depriciation		275 000 000	153 000 000
Nedskrivning av varige driftsmidler og immaterielle eiendeler		171 000 000	1 352 000 000
Other operating expenses	20,21	-12 000 000	338 000 000
Profit/loss from sale of non-current assets	9,20	0	12 000 000
Sum kostnader		546 000 000	1 944 000 000
Driftsresultat		172 000 000	-1 036 000 000
Finansinntekter og finanskostnader			
Financial income	7	265 000 000	18 000 000
Unrealised gain on derivative instruments and currency position	7	7 000 000	227 000 000
Sum finansinntekter		272 000 000	245 000 000
Financial expenses	7	23 000 000	476 000 000
Realised loss on financial derivatives and currency positions	7	74 000 000	187 000 000
Sum finanskostnader		97 000 000	663 000 000
Netto finans		175 000 000	-418 000 000
Ordinært resultat før skattekostnad		347 000 000	-1 454 000 000
Income tax expenses	8	4 000 000	18 000 000
Ordinært resultat etter skattekostnad		343 000 000	-1 472 000 000
Årsresultat		343 000 000	-1 472 000 000
Overføringer og disponeringer			
To other equity		343 000 000	-1 472 000 000
Sum overføringer og disponeringer		343 000 000	-1 472 000 000



Resultatregnskap

Beløp i: NOK	Note	2021	2020
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Balanse

Beløp i: NOK	Note	2021	2020
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Varige driftsmidler			
Tangible assets	9	3 811 000 000	4 148 000 000
Sum varige driftsmidler		3 811 000 000	4 148 000 000
Finansielle anleggsmidler			
Other non current assets	10	3 000 000	8 000 000
Sum finansielle anleggsmidler		3 000 000	8 000 000
Sum anleggsmidler		3 814 000 000	4 156 000 000
Omløpsmidler			
Varer			
Fordringer			
Trade receivables	11	16 000 000	33 000 000
Current receivables from Group companies	20	548 000 000	79 000 000
Other current receivables	12,18	21 000 000	29 000 000
Sum fordringer		585 000 000	141 000 000
Bankinnskudd, kontanter og lignende			
Cash and Cash equivalents	13,15	186 000 000	353 000 000
Sum bankinnskudd, kontanter og lignende		186 000 000	353 000 000
Sum omløpsmidler		771 000 000	494 000 000
SUM EIENDELER		4 585 000 000	4 650 000 000

BALANSE - EGENKAPITAL OG GJELD

Egenkapital

Innskutt egenkapital



Balanse

Beløp i: NOK	Note	2021	2020
Share capital	14	2 465 000 000	2 465 000 000
Sum innskutt egenkapital		2 465 000 000	2 465 000 000
Opptjent egenkapital			
Other equity	14	-1 192 000 000	-1 535 000 000
Sum opptjent egenkapital		-1 192 000 000	-1 535 000 000
Sum egenkapital		1 273 000 000	930 000 000
Sum langsiktig gjeld		0	0
Kortsiktig gjeld			
Current portion of debt	15	3 081 000 000	3 506 000 000
Leverandørgjeld		58 000 000	33 000 000
Tax payable	8	0	3 000 000
Current liabilities to Group companies	20	142 000 000	101 000 000
Other current liabilities	19	31 000 000	77 000 000
Sum kortsiktig gjeld		3 312 000 000	3 720 000 000
Sum gjeld		3 312 000 000	3 720 000 000
SUM EGENKAPITAL OG GJELD		4 585 000 000	4 650 000 000



To the General Meeting of DOF Subsea Rederi AS

Independent Auditor's Report

Opinion

We have audited the financial statements of DOF Subsea Rederi AS (the Company), which comprise the statement of financial position as at 31 December 2021, 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 financial statements comply with applicable statutory requirements, and
- the financial statements give a true and fair view of the financial position of the Company as at 31 December 2021, 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 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 the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), 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, Note 22, 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.

PricewaterhouseCoopers AS, Sandviksbodene 2A, Postboks 3984 - Sandviken, NO-5835 Bergen
T: 02316, org. no.: 987 009 713 MVA, www.pwc.no
Statsautoriserte revisorer, medlemmer av Den norske Revisorforening og autorisert regnskapsførerselskap



Independent Auditor's Report - DOF Subsea Rederi AS



Other Information

The Board of Directors (management) is responsible for the information in the Board of Directors' report. The other information comprises information in the annual report, but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the information in the Board of Directors' report.

In connection with our audit of the financial statements, our responsibility is to read the Board of Directors' report. The purpose is to consider if there is material inconsistency between the Board of Directors' report and the financial statements or our knowledge obtained in the audit, or whether the Board of Directors' report otherwise appears to be materially misstated. We are required to report if there is a material misstatement in the Board of Directors' report. We have nothing to report in this regard.

Based on our knowledge obtained in the audit, it is our opinion that the Board of Directors' report

- is consistent with the financial statements and
- contains the information required by applicable legal requirements.

Responsibilities of Management for the Financial Statements

The Board of Directors (management) is responsible for the preparation of financial statements that give a true and fair view 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.

(2)



Independent Auditor's Report - DOF Subsea Rederi AS



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 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>

Bergen, 14 June 2022
PricewaterhouseCoopers AS

Marius Kaland Olsen
State Authorised Public Accountant

(This document is signed electronically)



 Securely signed with Brevio

Revisjonsberetning

Signers:

Name	Method	Date
Olsen, Marius Kaland	BANKID	2022-06-15 15:45

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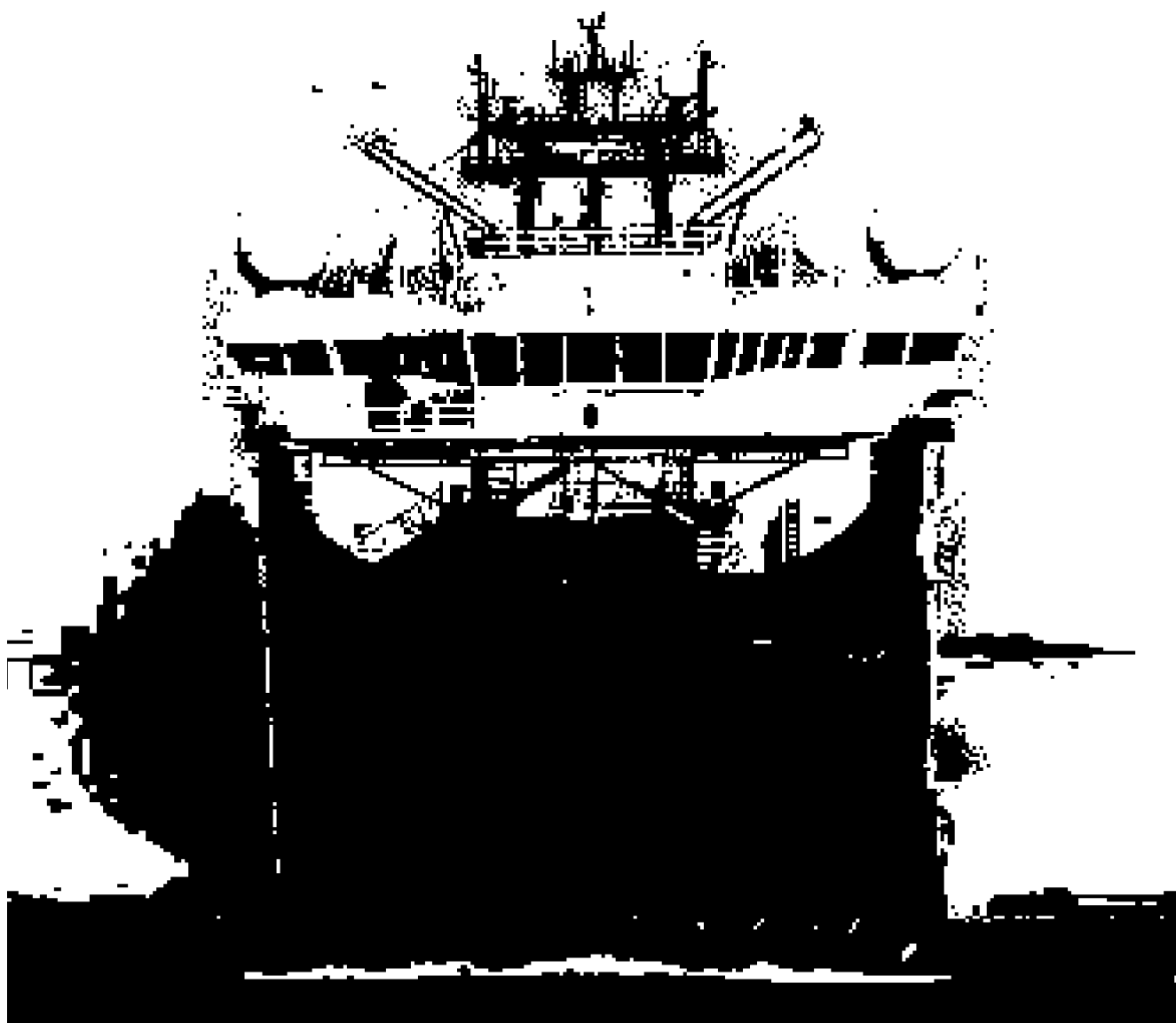


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DOF SUBSEA
REDERI AS
ANNUAL REPORT

2021





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Board of Directors report 2021

DOF Subsea Rederi AS (the Company) was founded in January 2011. During the years of operation the Company has been a provider of high-end subsea construction and survey vessels. The vessels are chartered to the DOF Subsea Group (the Group), where they are utilised in the Subsea/IMR Projects segment, and towards external charterers. The Company's fleet counts 9 vessels, which have been operating worldwide in the Far East, the North Sea, South America and North America. In 2021, the operating revenue was NOK 690 million (NOK 908 million in 2020) with an operating profit before depreciation and impairment (EBITDA) of NOK 619 million (NOK 469 million). The operating profit (EBIT) was NOK 172 million (loss of NOK 1 036 million). Total assets amounted to NOK 4 585 million (NOK 4 650 million) with an equity of NOK 1 273 million (NOK 930 million) and a net interest-bearing debt of NOK 2 445 million (NOK 3 043 million). The Company's headquarter is in Bergen, Norway.

In summary 2021 continued to be a challenging year with respect to COVID-19. During 2021 the O&G markets have improved and the demand for vessels has increased.

DOF Subsea Group (The Group) has since 2nd quarter 2020 entered into standstill agreements (including deferral of interest payments and instalments) with the majority of its secured and unsecured lenders. The discussions with the lenders have continued in 2021, and the progress has been good, but an agreed solution is not yet in place. 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.

Business overview and strategy

DOF Subsea Rederi AS' core business is ownership of subsea vessels. The vessels are chartered to the DOF Subsea Group and to external charterers, and by year-end seven of the Company's vessels were operating in the Subsea/IMR Projects segment while two vessels were operating in the Long-term Chartering segment on charter to external charterers.

DOF Subsea Rederi AS is a part of the DOF Subsea Group and is working under DOF Subsea AS' certification and Business Management System. In 2021 DOF Management and Norskan Offshore Ltd have provided the Company with ship management services.

For further reading about the Group reference is given to the 2021 integrated annual report for the DOF Subsea Group.

Operational events

In 2021, the majority of the Company's vessels have been on charter contracts within the DOF Subsea Group, operating in

the Subsea/IMR Projects segment. Skandi Hawk and Skandi Singapore have been operating in the Asia Pacific region. Skandi Achiever continued working on the DSV project for Petrobras in Brazil. In addition, Skandi Carla and Geoholm have worked for DOF Subsea Brasil on the PIDF project for Petrobras. The vessels started the mobilisation in December 2020 and commenced on the contract in Q1 2021. Skandi Acergy started working via DOF Subsea Chartering in April 2021, on charter to the Atlantic Region.

Two of the Company's vessels have been on long-term time charter contracts to external charterers during the year. Skandi Patagonia continued working for Total via DOF Rederi, and Skandi Africa continued for TechnipFMC via DOF Subsea Chartering.

Geosea continued working on a bareboat contract with N-Sea. In February 2022, N-Sea declared a purchase option to purchase the Geosea vessel from DOF Subsea Rederi, with estimated delivery in 3rd quarter 2022.

The market

The market outlook for 2022 has improved mainly based on new Covid variants have being contained and lighter measures being enforced. However, the geopolitical picture encourages a more conservative view to the otherwise promising 2022 outlook. The oil price has stabilised above levels above USD 100/ bbl in 2022, based on the market's response to the geopolitical instability and potential supply challenges. Based on external analysis the Company observes that the oil prices are likely to continue to climb, and the oil and gas macroenvironment continues to be dynamic.

Gas demand had a strong rebound in 2021, but growth is expected to moderately increase in 2022, up by 2.2%



y-o-y. Further gas demand gains in 2022 are expected to be strengthened by ongoing economic improvements, as well as coal-to-gas switching. However, exceptionally high gas prices and geopolitical instability may temper demand gains.

Total offshore capex is expected to rise 11.3% with both offshore deep-water and offshore shelf adding 14.2%. The five-year CAGR for capital expenditures towards 2026 is estimated at 4% with growth in all supply segments over the five-year period, according to Rystad Energy.

The overall offshore vessel market is expected to increase towards 2030. Offshore wind will continue to grow from 2025 towards 2030, taking up an increasingly larger share of the total global vessel demand. Spending on offshore installation segments is expected to increase by an average of 32% from 2021 to 2022. The pressure from a growing oil and gas price with growing offshore wind capex might increase the demand for AHTS and subsea vessels on short, medium and long term.

Social and environmental sustainability

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

The 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 2022, 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 to the external environment 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 social and environmental

sustainability, please find the DOF Integrated Annual Report on www.dof.com.

For further reading please also refer to the 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 2021. Management services in 2021 have been provided by other companies in the DOF ASA Group.

D&O insurance has been signed on behalf of the board members and executive management to protect against claims which may arise from the decisions and actions taken within the scope of their regular duties. The insurance policy is signed with international reputable companies.

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, a detailed and thorough budgeting process is carried out. There are established routines for 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 sufficient standard to fulfill the requirements of the Board of Directors for risk management and financial control. For further details on Corporate Governance, see the Corporate Governance section



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of the Annual Report for the DOF ASA Group.

Financial performance

The Company has prepared the financial statement in accordance with the Norwegian Accounting Act § 3-9 and Finance Ministry's prescribed regulations on simplified IFRS.

The Company's operating revenue was NOK 690 million compared to an operating revenue of NOK 908 million for 2020. Operating profit before depreciation and impairment (EBITDA) was NOK 619 million (NOK 469 million), whilst operating profit (EBIT) was NOK 172 million (loss of NOK 1 036 million). The depreciation and impairment amounted to NOK 447 million (NOK 1 505 million).

NOK million	2021	2020	Change
Operating revenue	690	908	-24 %
EBITDA	619	469	32 %

Net financial income was NOK 175 million (loss of NOK 418 million), the profit before tax was NOK 347 million (loss NOK 1 454 million) and the profit for the year was NOK 343 million compared with loss of NOK 1 472 million in 2019.

Total assets were NOK 4 585 million (NOK 4 650 million) where non-current assets amounted to NOK 3 814 million (NOK 4 156 million). Current assets were NOK 771 million (NOK 494 million), of which NOK 186 million (NOK 353 million) was cash and cash equivalents. 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.

Total equity was NOK 1 273 million (NOK 930 million), giving a book equity ratio of 28% compared to 20% in 2020. Non-current liabilities were NOK 0 million (NOK 0 million). Current liabilities were NOK 3 312 million (NOK 3 720 million), of which NOK 3 081 million (NOK 3 506 million) was current portion of debt to credit institutions. Debt to credit institution has been presented as current debt as an effect of not having a long-term financial solution in place or waivers covering more than 12 months after balance sheet date.

NOK million	2021	2020	Change
Tangible assets	3 811	4 148	-8 %
Total equity	1 273	930	37 %
NIBD	2 445	3 043	-20 %

Net cash flow from operating activities during the year was NOK 345 million (NOK 462 million). Cash flow from investing activities during the year was NOK -87 million (NOK -70

million), while the cash flow from financing activities was NOK -435 million (NOK -36 million).

Financing and capital structure

The Company's interest-bearing debt by 31 December 2021 was NOK 3 040 million. The Board and Management have, since the second quarter of 2019, been working on a long-term refinancing solution for the Company and the Group which includes discussions with secured lenders and the bond holders.

The restructuring of the Group's debt has been ongoing in 2021 and standstill agreements have been agreed until the 15th of June 2022 with 95% of the secured lenders in the DOF Subsea Group. The BNDES facilities in DOF Subsea Brasil Ltda. has been served according to refinancing agreements signed in February 2020. The standstill agreements 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 was NOK 47 million by the end of the year.

The relevant Group companies have imposed unilateral standstill to the secured lenders not participating in the standstill agreements. One of the DOF Subsea Rederi AS secured lenders has previously requested repayment of a facility of USD 47 million, and in the 3rd quarter this facility was prepaid at a significant discount. Another secured lender has enforced an account pledge for one loan facility in DOF Subsea.

The ad hoc group of bondholders in DOFSUB07, DOFSUB08 and DOFSUB09 have accepted a standstill until the 15th of June 2022.

The Company and the Group will continue the dialogue with its creditors to secure a long-term financial solution for the Group. The refinancing proposal currently discussed include a comprehensive restructuring of the Group's balance sheet which include softer terms on the loan facilities and conversion of substantial amounts of debt to equity in the parent company.

Risk

The Company and the Group has limited exposure to Russia and Ukraine, however the general risk has increased following the invasion of Ukraine and the impact on the world economy. The Covid pandemic may further impact the Group's results going forward.

Climate risk

The Company and the Group's ability to manage GHG



Emissions is a key component of the organisation's ESG profile. Providing a vessel fleet and services with reduced GHG emissions can become a value proposition for clients and investors or negatively impact upon competitiveness of the organisation against peers. The main concern is the Group's ability to meet changing stakeholder expectations associated with Greenhouse Gas emission from ships, including Nitrogen Oxides, Sulphur Oxides and Particulate Matter in harbour areas.

Financial and liquidity risk

The Company is exposed to financial and liquidity risk through its operations, periodical maintenance and the requirement for refinancing of existing vessels. A sustained weak market since 2014 has increased the refinancing risk for the Company significantly, and the Group has since 2019 experienced that regular refinancing has been impossible.

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. From the 4th quarter 2019 the Company has a temporary deferral of loan repayments and instalments as part of the work to reach a long-term financial solution.

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 parent company faced financial difficulties and since October the Group have had waivers on instalment payment in order to find a long-term financial solution. If the parent company goes in default, this will lead to a cross default in DOF Subsea Rederi AS.

The Company's loan agreements contain financial covenants. All covenants for the Company and the Group has been waived until 15th of June 2022.

Currency risk

The Company has global operations, and a significant portion of the income and costs are denominated in foreign currencies, mainly USD. Fluctuations in foreign exchange rates against NOK have impact on the Company's financial statement. The company has loan in USD equivalent to NOK 3 040 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 long term loans at floating and fixed interest rates. Movements in interest rates will have effects on the Company's cash flow and financial condition. 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. Companies in the Group are dependent on a robust refinancing solution to maintain as a going concern. The group has in 2021 established payment plans that reduces the risk for losses on internal accounts receivables and the accumulated loss provision of NOK 183 million related to internal accounts receivables has been reversed in 2021. Based on potential risk of loss related to the cash pool receivable towards DOF Subsea AS a loss provision of NOK 35 million is recognised in period. The Company continuously evaluates the financial strength and credit worthiness of customers and suppliers including Group companies.

Market and price risk

The Company is exposed to cost increases in general, including conversions and maintenance of vessels. 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 have resulted in lower utilisation and reduced earnings for the Company's vessels and services due to continuing challenging markets since 2015. The Group's strategy is to continue its focus on long-term contracts for its fleet, however, during the last five years most of the clients prefer shorter term contract renewals. There are signs of improved markets, but both the price and utilisation risks are applicable.

Going concern

The financial statements for the Company have been prepared on the basis of going concern assumption in accordance with



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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.

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 Group's financial position is not sustainable, and there is material uncertainty related to going concern. Rolling short-term standstill agreements with the majority of the Group's lenders have been in place since 2nd quarter 2020 and the current standstill agreements are applicable until 15th of June 2022. The Group is on short-term dependent on an extension of standstill periods and on longer term dependent on a robust refinancing solution to continue as going concern. The restructuring proposals being discussed with the secured lenders and bondholders include conversion of debt to equity. The dialogue with the lenders is constructive, but a refinancing solution is not yet in place. The Group and the Company are 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.

Allocation of the result

The Company's profit for the year was NOK 343 million in 2021. The Board of Directors recommends that the profit for the year is allocated to other equity.

Events after balance date

Assets

The current charterer of Geosea, owned by DOF Subsea Rederi AS, has exercised its purchase option, with estimated delivery in 3rd quarter 2022.

New contracts

Technip FMC has exercised its option for skandi Africa until February 2024. The contract between DOF Subsea Rederi AS and DOF Subsea Chartering AS is extended accordingly.

Finance

In 2022 the Company has converted NOK loan of 167 million to USD loans.

On 31st of May 2022, DOF ASA and DOF Subsea Group have agreed to further extend the principal and interest suspension agreements with, or received extensions of similar concessions from, secured lenders representing in total 95 % of the secured debt of companies within the Group (excluding DOF Subsea Brasil Servicos Ltda.) until 15th of June 2022. The ad hoc group of bondholders in DOF Subsea AS have agreed to further extend the standstill agreement until the 15th of June 2022, in accordance with the resolution in the bondholders' meeting held 29 April 2022. The extensions of the standstill periods will facilitate the Group's continued dialogue with its secured lenders and the bondholders under the Group's bonds regarding a long-term financial restructuring of the DOF group.

Outlook

The O&G markets have improved as several regions have seen increased activity in all the Group's segments towards end of the year and a high tender activity has continued into 2022. The current situation in Eastern-Europe has however created instability in the world economy and it is difficult to predict how the market will respond to this situation going forward.

The Group's financial position is further not sustainable. If a robust long-term refinancing solution is not achieved for the Group, the Company cannot continue as going concern. If the Company cannot be treated as going concern the valuation of the assets will be further revised and will result in significant impairment of the Company's asset.

The annual report is prepared on the assumption of going concern and this assumption is based on agreed standstill agreements (applicable until 15th of June 2022) with the majority of the Group's lenders. The debt restructuring currently discussed include soft terms on the loan facilities and conversion of substantial amounts of debt to equity. The dialogue with the lenders has continued to be constructive and progress has been made so far into 2022. There are still some issues pending, and a refinancing solution is not yet in place.

In parallel with the ongoing debt restructuring, the management and Board have continued the focus on operational and cost efficiency improvements and on implementation of new technology and digital solutions. In response to the ongoing shift in the energy markets and future customer requirements, the Group has a strong forward-looking focus on developing strategic opportunities and new lines of business utilising the Group's combined fleet, services, and competence within the limitations of the financial position due to the debt restructuring of the Group.

The Company emphasizes that the information included



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DOF Subsea Rederi Annual Report 2021

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, 14th of June 2022

The Board of Directors of DOF Subsea Rederi AS

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Mons S. Aase
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Mons S. Aase
Chairman

DocuSigned by:
Hilde Drønen
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Hilde Drønen
Director

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Marianne Møster
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Marianne Møster
Director



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DOF Subsea Rederi AS

Amounts in NOKmillion

Financial statements DOF Subsea Rederi AS



DOF Subsea Rederi AS

Amounts in NOKmillion

Statement of comprehensive income

	Note	2021	2020
Operating revenue	5, 20	690	908
Payroll expenses	6, 20	-112	-89
Other operating expenses	20, 21	12	-339
Profit / loss from sale of non-current assets	9, 20	28	-12
Operating profit before depreciation and impairment (EBITDA)		619	469
Depreciation and impairment	9	-447	-1 505
Operating (loss)/profit (EBIT)		172	-1 036
Financial income	7	265	18
Financial expenses	7	-23	-477
Realised gain / loss on derivative instruments and currency position	7	-74	-187
Unrealised gain / loss on derivative instruments and currency position	7	7	227
Net financial income / loss		175	-418
Profit / loss before tax		347	-1 454
Income tax expense	8	-4	-18
Profit / loss for the year		343	-1 472
Other comprehensive income / loss net of tax		-	-
Total comprehensive income / loss for the year net of tax		343	-1 472



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DOF Subsea Rederi AS

Amounts in NOK million

Statement of financial position

	Note	2021	2020
Assets			
Tangible assets	9	3 811	4 148
Non-current receivables from Group companies	20	-	-
Other non-current assets	10	3	8
Total non-current assets		3 814	4 156
Trade receivables	11	16	33
Current receivables from Group companies	20	548	79
Other current receivables	12, 18	21	29
Current receivables		585	141
Cash and cash equivalents	13, 15	186	353
Total current assets		771	494
Total assets		4 585	4 650



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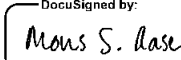
Amounts in NOKmillion

Statement of financial position

	Note	2021	2020
Equity and liabilities			
Paid-in equity	14	2 465	2 465
Other equity	14	-1 192	-1 535
Total equity		1 273	930
Debt to credit institutions	15	-	-
Total non-current liabilities		-	-
Current portion of debt	15	3 081	3 506
Trade payables		58	33
Current liabilities to Group companies	20	142	101
Tax payable	8	-	3
Other current liabilities	19,	32	76
Total current liabilities		3 312	3 720
Total liabilities		3 312	3 720
Total equity and liabilities		4 585	4 650

Bergen, 14th of June 2022

The Board of Directors of DOF Subsea Rederi AS

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Mons S. Aase
Chairman

DocuSigned by:

1667061090BA45D...
Hilde Drønen
Director

DocuSigned by:

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Marianne Møgster
Director



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DOF Subsea Rederi AS

Amounts in NOK million

Statement of changes in equity

Changes in equity	Share capital	Other equity	Total equity
Equity at 01.01.2021	2 465	-1 535	930
Profit for the year	-	343	343
Other comprehensive income net of tax	-	-	-
Total comprehensive income net of tax	-	343	343
Dividend	-	-	-
Equity at 31.12.2021	2 465	-1 192	1 273
Equity at 01.01.2020	2 465	-63	2 402
Loss for the year	-	-1 472	-1 472
Other comprehensive income net of tax	-	-	-
Total comprehensive income net of tax	-	-1 472	-1 472
Dividend	-	-	-
Equity at 31.12.2020	2 465	-1 535	930



DOF Subsea Rederi AS

Amounts in NOK million

Statement of cash flows

	Note	2021	2020
Operating profit (EBIT)		172	-1 036
Depreciation and impairment	9	447	1 505
Profit/(loss) from sale of non-current assets	9	-28	12
Provision loss on revenue from Group companies	20	-183	171
Change in trade receivables		17	-3
Change in trade payables		25	20
Changes in other working capital		-45	-63
Exchange rate effect on operating activities		9	-36
Cash flow from operating activities		414	570
Interest received	7	3	20
Interest and other finance costs paid	7	-65	-104
Tax paid	8	-7	-25
Net cash flow operating activities		345	462
Sale of tangible assets	9	82	91
Purchase of tangible assets	9	-165	-70
Ourchase of intangible assets	10	-5	
Changes in other non-current receivables		-	-91
Cash flow from investing activities		-88	-70
Proceeds from non-current liabilities	15	-	-
Instalments on non-current liabilities	15	-425	-36
Dividend paid		-	-
Cash flow from financing activities		-425	-36
Net change in cash and cash equivalents		-168	355
Cash and cash equivalents at 01.01		353	1
Exchange rate gain / loss on cash and cash equivalents		1	-3
Cash and cash equivalents at 31.12		186	353



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DOF Subsea Rederi AS

Amounts in NOK million

Notes to the financial statements

1 Corporate information

DOF Subsea Rederi AS, the Company, was founded 5th of January 2011. The main purpose of the Company is to conduct business within the shipping-, offshore and energy sectors. The Company owns and operates a modern fleet of vessels: Skandi Patagonia, Skandi Carla, Skandi Achiever, Geosea, Geoholm, Skandi Acergy, Skandi Singapore, Skandi Hawk and Skandi Africa.

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

DOF Subsea Rederi 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.

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 Group's financial position is not sustainable, and there is material uncertainty related to going concern. Rolling short-term standstill agreements with the majority of the Group's lenders have been in place since 2nd quarter 2020 and the current standstill agreements are applicable until 15th of June 2022. The Group is on short-term dependent on an extension of standstill periods and on longer term dependent on a robust refinancing solution to continue as going concern. The restructuring proposals being discussed with the secured lenders and bondholders include conversion of debt to equity. The dialogue with the lenders is constructive, but a refinancing solution is not yet in place. The Group and the Company are dependent on continued standstill agreements with its creditors until a long-term financial solution is agreed to maintain as going concern.

Without continued standstill agreements or a long-term financing solution in place, the Company and the Group can no longer present financial statements on the assumption of going concern. If the Group 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 significant 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.

Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors.

The Company has only one business segment, Chartering of vessels.

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 liabilities 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



DOF Subsea Rederi AS

Amounts in NOK million

- 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 assets 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.

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 its 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. The depreciable amount equals historical cost less residual value.

Depreciation commences when the asset is ready for its intended 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 profit or loss.

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. For further information about Contract Costs, refer to "Revenue recognition".

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 losses recognised previously no longer exists or has decreased, a reversal of the impairment loss is recognised, except for goodwill. For further information on the

calculation see note 4 'Accounting estimates and assessments'.

Periodic maintenance of tangible assets

Periodic maintenance is related to major inspection and overhaul costs which occur at regular intervals over the life of an asset. The expenditure is capitalised when it is probable that the Company will derive future financial benefits from upgrading the assets. Periodic maintenance is depreciated on a straight-line basis until the vessel is due for its next periodic maintenance. When new vessels are acquired, a portion of the cost price is classified as periodic maintenance based on best estimates. Intervals between periodic maintenance are calculated on the basis of past experience. The estimated life of each periodic maintenance program is 5 years.

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

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, the fee is recognised as a prepayment 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.

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.

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.

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.

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



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DOF Subsea Rederi AS

Amounts in NOK million

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 an input or 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. In contracts where the Company is remunerated for maintenance days the revenue is recognised over the contract period. The maintenance days are recognised as receivables, and invoiced during off-hire.

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

Mobilisation

In contracts where the Company is remunerated for mob- 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.

Contract Costs

Costs incurred relating to future performance obligations are deferred and recognised as assets in the statement of financial position. The nature of the asset is incremental costs of obtaining a contract, that would not have incurred if the contract had not been obtained, and will be recovered by the revenue over the contract period. Costs related to contracts and future performance obligation longer than 12 months are classified and presented as Other non-current assets. All other costs for future performance are presented as other current assets. Contract costs incurred will be expensed and presented as Operational expenses in line with the satisfaction of the performance obligations.

Current and deferred income tax

The Company is compliant to special tax rules for ship owners in the Norwegian Taxation Act (§ 8-10 - § 8-20). The Norwegian tonnage tax scheme is approved as legal state aid under the EU guidelines for a 10-year period, from 1 January 2018 until 31 December 2027. These tax rules stipulate certain requirements which will have to be met. A failure to meet such requirements may have an adverse effect on the effective tax rate of the Company.

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 payable tonnage tax is determined based on the vessel's net weight. This tonnage tax is presented as an operating expense.

Derivative financial instruments and hedging activities

The Company uses derivative financial instruments to manage certain exposures to fluctuations in foreign currency exchange rates and interest rates. Foreign exchange derivatives are utilised to manage foreign exchange risk related to projected future sales. Interest rate swaps are utilised to manage interest rate risk by converting from floating to fixed interest rates. Derivative financial instruments are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at fair value through profit or loss. The Company has currently not applied hedge accounting for any hedging activities.

The fair values of various derivative instruments used for hedging purposes are disclosed in note 17 'Financial instruments and hedging activities'.

Derivates are carried as assets when the fair value is positive and as liabilities when the fair value is negative. The full fair value of a derivative is classified as a non-current asset or liability when the remaining maturity of the 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 current assets or liabilities.

Events after period end

New information and other events that provide evidence of conditions that existed at the 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.

Use of estimates

The preparation of financial statements in conformity with simplified IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 4 'Accounting estimates and assessments'. 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.

New standards, amendments and interpretations adopted

No new standards, amendments or interpretations have been adopted by the Company in 2021.

New standards, amendments and interpretations not yet adopted

New standards and amendments mandatory for annual reporting periods after 31 December 2021 is expected to not be significant for the Company.



DOF Subsea Rederi AS

Amounts in NOK million

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, periodical maintenance and the requirement for refinancing of existing vessels. A sustained weak market since 2014 has increased the refinancing risk for the Company significantly, and the Group has since 2019 experienced that regular refinancing has been impossible.

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. From the 4th quarter 2019 the Company has a temporary deferral of loan repayments and instalments as part of the work to reach a long-term financial solution.

At the end of 2021 the Company does not have available liquidity to meet its expected financial obligations for the next 12 months if the stand still agreements 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 parent company faced financial difficulties and since October the Group have had waivers on instalment payment 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 DOF Subsea Rederi AS.

The Company's loan agreements contain financial covenants. All covenants for the Company and the Group has been waived at period end 2021. The Company has a temporary deferral of payment of interest and instalments with its secured lenders in order to reach a long-term financial solution.

See also note 15 'Interest-bearing debt', for further information about debt to credit institution.

Currency risk

The Company has global operations, and a significant portion of the income and costs are denominated in foreign currencies, mainly USD. Fluctuations in foreign exchange rates against NOK have impact on the Company's financial statement. The company has loan in USD equivalent to NOK 3 040 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 loans at floating interest rates. Movements in interest rates will have effects on the Company's cash flow and financial condition. 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. Companies in the group are dependent on a robust refinancing solution to maintain as a going concern. The group has in 2021 established payment plans that reduces the risk for losses on internal accounts receivables and the accumulated loss provision of NOK 183 million related to internal accounts receivables has been reversed in 2021. Based on potential risk of loss related to cash pool receivable towards DOF Subsea AS a loss provision of NOK 35 million is recognised in period. The Company continuously evaluates the financial strength and credit worthiness of customers and suppliers including Group companies.

4 Accounting estimates and assessments

Valuations, estimates and assumptions with a significant effect on the financial statements are summarised below:

Debt to credit institutions and bondholders

The effect of not having a long-term financial solution in place or waivers covering more than 12 months after balance sheet date, has as of 31 December 2021 resulted in a reclassification of non-current debt to credit institutions to current portion of debt, as the Company has been unable to finalise refinancing of existing loan agreements. Agreement on a new long-term financing solution or waiver of more than 12 months duration, will result in change in presentation of debt to credit institutions.

For further information about debt to credit institutions, see note 15 'Interest-bearing debt'.

Depreciation of vessels

The carrying amount of the Company's vessels represents 89% of the total statement of financial position. Consequently, policies and estimates linked to the vessels have a significant impact on the Company's financial statements. Depreciation is calculated on a modified straight-line basis over the estimated useful life of the asset. Depreciable amount equals historical cost less residual value. Please see note 2 'Accounting policies' for further information about tangible assets.

Useful life and residual value

The depreciation of vessels depends on the vessels' estimated useful life in the Group. Useful life and economic life of the Groups vessels is estimated to be 30 years. The Group has reassessed useful life of vessels in 2021. From 01.01.2021 useful life of vessels in the Group has changed from 20 years to 30 years. The residual value has been set to zero after 30 years as the cost of increasing environmental requirements related to disposal of vessels are estimated to offset the scrap value of the steel.

Useful life and residual value of vessels is based on knowledge of the



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DOF Subsea Rederi AS Annual Report | 2021 FINANCIAL STATEMENTS

DOF Subsea Rederi AS

Amounts in NOK million

market and years of operations of these types of vessels. In addition, impact of climate risk has been considered when determining economic life.

Impairment of Vessels

For the purposes of assessing impairment of 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 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 contract 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. The Company has deemed it necessary to perform separate calculations for all vessels to support the broker estimates.

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 Group. 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 charter rates, utilisation, operational and capital expenditure.

For vessels fixed on long-term contracts, the assumption is that the contracts run up until end of contract. Options held by the customers are not assumed to be exercised, unless the options are at or below current market rates. For vessels without a contract, assumptions derived from the evaluation of broker estimates, combined with other market information are considered when estimating future revenues. The Company and the Group has seen increased activity during 2021 and high tender activity into 2022. It is however too early to conclude on a market recovery, hence, future earnings are difficult to forecast. The market is expected to be a weak for the next 1-2 years, and gradually normalised to sustainable 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 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. The nominal WACC used in the value in use calculations is 9.3%.

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

Current and non-current receivables from Group companies

An impairment analysis is performed to measure expected credit losses on receivables from group companies. The Group companies' financial position is not sustainable. The Group companies are dependent on a robust refinancing solution to maintain as a going concern. The Group has in 2021 established payment plans that reduced the risk for losses on internal accounts receivables and the accumulated loss provision of NOK 183 million related to internal accounts receivables has been reversed in 2021. In addition impairment on other current receivables has been reversed with NOK 197 million in 2021. Based on potential risk for loss related to the cash pool receivable towards DOF Subsea AS a loss provision of NOK 35 million is recognised in period.



DOF Subsea Rederi AS

Amounts in NOK million

5 Operating revenue

Country

2021	Norway	Brazil	Philippines	Singapore	United Kingdom	Other	Total
Operating revenue	382	183	42	32	18	33	690
2020	Norway	Saudi Arabia	Brazil	Philippines	Singapore	Other	Total
Operating revenue	521	128	110	63	44	42	908

The Company has only one business segment. Geographical distribution of revenue from contracts with customers is based on the location of clients. In 2020 the Company has received NOK 110 million in cancellation fee for two contracts that were cancelled. The cancellation fee is included in total operating revenue above.

6 Payroll expenses

The Company has no employees. Payroll expenses relates to crew hire from other companies. The Company's vessels are operated by DOF Management AS, DOF Management Pte. Ltd. and Norskan Offshore Ltda.

7 Financial income and expenses

Financial income and expenses	2021	2020
Interest income	15	18
Gain on settlement of loan facility	250	-
Financial income	265	18
Interest expenses	-170	-182
Other financial expenses *)	147	-295
Financial expenses	-23	-477
Realised gain / loss on derivative financial instruments	-	-67
Realised gain / loss on currencies	-74	-120
Realised gain / loss on derivative instruments and currency position	-74	-187
Unrealised gain / loss on derivative financial instruments	28	-40
Unrealised gain / loss on currencies	-22	267
Unrealised gain / loss on derivative instruments and currency position	7	227
Net financial income / loss	175	-418

*) Other financial expenses includes an impairment of cash pool receivable towards DOF Subsea AS for NOK 35 million and reversal of impairment on loan to DOF Subsea Rederi III AS of NOK 197 million. (2020: write down of loan to DOF Subsea Rederi III AS of NOK 251 million)



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DOF Subsea Rederi AS Annual Report | 2021 FINANCIAL STATEMENTS

DOF Subsea Rederi AS

Amounts in NOK million

8 Tax

Financial income within tonnage tax regime	2021	2020
Net taxable financial income	225	-65
Unrecognised tax losses/ (- gain)	-225	65
Basis for deferred tax		
Tax loss carry forward	-244	-469
Tax loss and total temporary differences not included as deferred tax asset	244	469
Basis for calculating deferred tax / tax asset (-)	-	-

The 2020 figures have been adjusted to agree with final tax returns.

The Company is registered within the shipping tonnage tax regime. It is unlikely that the Company will have a future taxable income due to tonnage tax regulations and current tax loss carry forward. Therefore deferred tax asset is not recognised in the statement of financial position. The Company has temporary differences relating to unrealised currency loss on loans in foreign currencies, and unrealised effects on financial instruments. The tax effects of unrealised financial items are dependent on the future relation between financial assets and total assets. This future relation cannot be estimated reliably.

Recognised tax expense NOK 4 million and tax payable NOK 0 million in 2021 relates to countries outside Norway.

9 Tangible assets

2021	Vessels	Periodical maintenance	ROVs	Total
Cost at 01.01	7 228	744	127	8 099
Additions	4	161	-	165
Disposals	-323	-44	-	-367
Cost at 31.12	6 909	860	127	7 897
Depreciation at 01.01	-867	-590	-79	-1 535
Depreciation for the year	-189	-77	-11	-276
Depreciation eliminated on disposals	61	43	-	104
Depreciation at 31.12	-995	-623	-90	-1 708
Impairment at 01.01	-2 415	-	-	-2 415
Impairment for the year	-171	-	-	-171
Impairment eliminated on disposals	208	-	-	208
Impairment at 31.12	-2 378	-	-	-2 378
Book value at 31.12	3 537	237	37	3 811
Asset lifetime (years)	30	2.5-5	12	
Depreciation schedule	Linear**	Linear	Linear	

** Useful life and residual value

The company has reassessed useful life of vessels from 20 years to 30 years with effect from 01.01.2021. The residual value has been set to zero after 30 years. In 2020, the residual value was determined based on estimated fair value after 20 years. The change in useful life and residual value have in total increased annual depreciations.



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DOF Subsea Rederi Annual Report 2021

DOF Subsea Rederi AS

Amounts in NOK million

2020	Vessels	Periodical maintenance	ROVs	Total
Cost at 01.01	7 581	694	127	8 402
Additions	5	65	-	70
Disposals	-327	-15	-	-342
Reallocation	-31	-	-	-31
Cost at 31.12	7 228	744	127	8 099
Depreciation at 01.01	-837	-528	-68	-1 433
Depreciation for the year	-67	-75	-11	-153
Depreciation eliminated on disposals	23	13	-	36
Reallocation	14	-	-	14
Depreciation at 31.12	-867	-590	-79	-1 535
Impairment at 01.01	-1 267	-	-	-1 267
Impairment for the year	-1 352	-	-	-1 352
Impairment eliminated on disposals	204	-	-	204
Impairment at 31.12	-2 415	-	-	-2 415
Book value at 31.12	3 946	154	48	4 148
Asset lifetime (years)	20	2.5-5	12	
Depreciation schedule	*)	Linear	Linear	

*) Residual value varies based on market valuation of the vessel

Impairment

2021	Impairment	Basis for recoverable amount
Vessel		
Skandi Patagonia	-65	Fair value less cost of disposal
Skandi Africa	-63	Fair value less cost of disposal
Skandi Hawk	-21	Value in use
Skandi Carla	-17	Fair value less cost of disposal
Geoholm	-5	Fair value less cost of disposal
Total impairment of vessels	-171	
2020		
Vessel		
Skandi Acergy	-273	Value in use
Skandi Singapore	-256	Value in use
Skandi Achiever	-243	Value in use
Skandi Hawk	-144	Value in use
Skandi Africa	-127	Value in use
Geoholm	-109	Value in use
Skandi Patagonia	-97	Value in use
Skandi Carla	-58	Value in use
Geograph	-45	Fair value less cost of disposal
Total impairment of vessels	-1 352	

21



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DOF Subsea Rederi AS Annual Report | 2019 FINANCIAL STATEMENTS

DOF Subsea Rederi AS

Amounts in NOK million

The drop in fair market values has stabilised for the majority of the fleet in 2021. The market conditions are expected to remain challenging, and the timing of market recovery remain uncertain. A continuing weak market and high volatility in currencies may increase the risk for further impairment of the vessels going forward.

Contract costs have been reclassified from tangible assets to other non-current assets, refer to note 10 for further details.

For further information see note 4 'Accounting estimates and assessments' and for further information about measurement level see note 16 'Fair value estimation'

Sensitivity analysis of impairment

Impairment tests are highly USD sensitive and a drop in USD/NOK of NOK 0.5 will result in an additional impairment of NOK40 million all else equal.

While testing the reasonableness of the broker estimates the Company has applied a nominal WACC after tax of 9.3%. An increase in WACC with 50 basis points will result in an additional impairment of the vessels with NOK 14 million. Negative effect on net future cash flows with 20 % will result in an additional impairment of the vessels with NOK 429 million.

DOF Subsea Rederi AS has a new fleet of vessels and as a result, the future cash flows for the vessels are long. The key assumptions in a discounted cash flow calculation of vessels are utilisation and charter rates. Changes in these assumptions would have considerable effects on the net present value of the vessels.

10 Contract costs

31.12.2021	Contract costs	Total
Net booked value 01.01	8	8
Additions	5	5
Amortisation	-10	-10
Net booked value 31.12	3	3

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

11 Trade receivables

Trade receivables	2021	2020
Trade receivables at nominal value	16	33
Contract assets	-	-
Trade receivables at 31.12	16	33

12 Other current receivables

Other current receivables	2021	2020
Prepaid expenses and insurance claims	12	13
Fuel reserves and other inventory	9	16
Other current receivables at 31.12	21	29



DOF Subsea Rederi AS

Amounts in NOK million

13 Cash and cash equivalents

Cash and cash equivalents	2021	2020
Bank deposits	186	353
Cash pooling system deposit DOF Subsea AS	212	69
Total cash and cash equivalents	398	422

The Company has reclassified a negative bank account of NOK 16 million, which is presented as part of debt from credit institutions. The Company also has NOK 175 million restricted cash which is presented as part of debt from credit institutions. Some lenders have exercised their right to set off cash balances toward the outstanding loans. The Company has therefore chosen to present all restricted cash serving as security for loans, net of debt to credit institutions.

The Company is part of the Group's cash pooling system and has at all times access to cash available in the Group's cash pool. For further reading about liquidity risk, please refer to note 3 'Financial risk management'. 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.

14 Share capital and share information

Share capital

The share capital in the Company at 31 December 2021 was NOK 2 465 100 000 comprising 2 400 shares, each with a nominal value of NOK 1 027 125.

Shareholder overview

Shareholders at 31.12.2020 / 31.12.2021	No. of shares	Proportion of ownership	Share capital
DOF Subsea AS	2 400	100%	2 465

The members of the Board of Directors and senior executives owns shares in related companies, and thus have indirect ownership stakes in DOF Subsea Rederi AS. Please refer to the DOF ASA annual report for further information. From January 4th 2021 the Company no longer has a Managing director .

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

15 Interest bearing debt

The Board and Management have since the 2nd quarter 2019 been working on a long-term refinancing solution for the Company and the Group which included discussions with the banks, the bondholders, and the main shareholders.

The restructuring of the company and the Group's debt is ongoing and standstill agreements have been agreed until the 15th of June 2022 with 95% of the secured lenders within the Group. The standstill agreement do not include the joint venture with Technip FMC. The BNDES standstill agreement for DOF Subsea Brasil Ltda has been served in accordance with the refinancing agreements signed in February 2020.

The DOF Subsea standstill agreements 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 was NOK 47 million by end of December.

The relevant Group companies have imposed unilateral standstill to the secured lenders not participating in the standstill agreements. One of DOF Subsea Rederi AS secured lenders has previously requested repayment of a facility of USD 47 million, and in the 3rd quarter this facility was prepaid at a significant discount. Another secured lender has enforced an account pledge for one loan facility in DOF Subsea.

The ad hoc group of bondholders in DOFSUB07, DOFSUB08 and DOFSUB09 have approved extension of the standstill agreement until the 15th of June 2022.



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DOF Subsea Rederi AS Annual Report | 2021 FINANCIAL STATEMENTS

DOF Subsea Rederi AS

Amounts in NOK million

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

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

Non-current interest bearing debt	2021	2020
Debt to credit institutions	-	-
Total non-current interest bearing debt	-	-
Current interest bearing debt		
Debt to credit institutions	3 040	3 465
Total current interest bearing debt	3 040	3 465
Total non-current and current interest bearing debt	3 040	3 465
Net interest bearing debt		
Cash and cash equivalent	186	353
Receivables from Group companies	197	-
Cash pooling system deposit DOF Subsea AS	212	69
Net interest bearing debt	2 445	3 043

Current portion of debt in the statement of financial position includes accrued interest expenses. Accrued interest NOK 40 million (NOK 41 million) are excluded in the current interest bearing debt above. Internal accrued interest, guarantee fees and other non-interest bearing liabilities are excluded in the current interest bearing debt to Group companies.

Liabilities secured by mortgage	2021	2020
Liabilities to credit institutions	2 936	3 307
Book value of assets pledged as security for debt to credit institutions	3 774	4 100
Average rate of interest*	4.14%	3.77%

*Calculated on external debt

The Vessel Skandi Carla and Skandi Acergy are pledged as security for the parent company DOF Subsea AS.

The company has no guarantees to Group companies or external parties.

Other non-current liabilities, with the exception of non-current loans, have nominal value equivalent to fair value of the liability.

Financial covenants

As part of the current standstill agreements the following covenants have been waived for the Company and the Group (based on the proportionate consolidation method of accounting for joint ventures):

- The Group shall have available cash of at least NOK 500 million at all times
- The Group shall have value-adjusted equity to value-adjusted assets of at least 30%
- The Group shall have book equity of at least NOK 3 000 million at all times
- The Group shall have positive working capital at all times, excl. current portion of debt to credit institutions
- The fair value of the Group's vessels shall always be at least 110-130% of the outstanding loan amount

In addition to the above-mentioned financial covenants, the loan agreements are also subject to the following conditions:

- The Group's assets shall be fully insured
- There shall not be any change to classification, flag, management or ownership of the vessels without the prior written approval of the banks
- DOF ASA shall be the principal shareholder in DOF Subsea AS, and own a minimum of 50.1% of the shares
- DOF Subsea AS shall not merge, demerge or divest activities without the prior written approval of the lenders



DOF Subsea Rederi AS

Amounts in NOKmillion

- DOF Subsea AS shall report financial information to the banks and Oslo Stock Exchange on a regular basis
- The Group's ships shall be operated in accordance with applicable laws and regulations

The Group has further received waiver for the financial covenants as guarantor for two facilities in the joint venture with TechnipFMC. If waivers are not extended, it is a significant risk that the Company and the Group will be in breach of its covenants.

16 Fair value estimation

Measurement level 1 (Quoted, unadjusted prices in active markets for identical assets and liabilities)

Measurement level 2 (Techniques for which all inputs which have significant effect on the recorded fair value are observable, directly and indirectly)

The fair value of forward exchange contracts is determined using the forward exchange rate at the balance sheet date. The forward exchange rate is based on the relevant currency's interest rate curves. The fair value of currency swaps is determined by the present value of future cash flows, which is also dependent on the interest rate curves.

Measurement level 3 (Techniques which use inputs which have significant effect on the recorded fair value that are not based on observable markets data)

The fair value of the Company's assets are assessed by obtaining independent quarterly broker estimates from recognised brokers within the industry. Net sales value is calculated based on an average of the brokers' values, taken into account sales commission. This is further adjusted for any excess values in the incumbent contract.

17 Financial instruments and hedging activities

The table below displays the fair value of financial derivatives as of 31 December:

Non-current and current portion	Measurement level	2021		2020	
		Assets	Liabilities	Assets	Liabilities
Interest rate swaps - cash flow hedges	2	-	6	-	35
Foreign exchange contracts cash flow hedges	2	-	-	-	-
Total		-	6	-	35
Non-current portion					
Interest rate swaps - cash flow hedges	2	-	-	-	-
Foreign exchange contracts cash flow hedges	2	-	-	-	-
Non-current portion		-	-	-	-
Current portion					
		-	6	-	35

As of 31 December the Company held the following interest rate derivatives:

Instruments	Fixed rate	Floating rate	Notional amount	Effective from	Maturity date
31.12.2021					
Interest rate swaps - NOK	1.68%-1.92%	NIBOR 3m	1 000	2018	2023
31.12.2020					
Interest rate swaps - NOK	0.85%-1.92%	NIBOR 3m-6m	1 750	2016-2018	2021-2023

The Group did not hold any foreign exchange rate derivatives in 2020 or 2021.



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DOF Subsea Rederi AS Annual Report | 2021 FINANCIAL STATEMENTS

DOF Subsea Rederi AS

Amounts in NOK million

18 Financial instruments - by category

This note gives an overview of the carrying value of the Company's financial instruments and the accounting treatment of these instruments. The table is the basis for further information regarding the Company's financial risk.

31.12.2021	Financial instruments at fair value through profit and loss	Financial instruments measured at amortised cost	Total	Of which included in net interest bearing debt
Assets				
Trade receivables and other current receivables	-	564	564	409
Unrestricted cash	-	186	186	186
Current derivatives	-	-	-	-
Total financial assets	-	750	750	595
Liabilities				
Current portion of debt to credit institutions	-	3 081	3 081	3 040
Current derivatives	6	-	6	-
Trade payables and other current liabilities	-	224	224	-
Total financial liabilities	6	3 305	3 311	3 040
<hr/>				
31.12.2020	Financial instruments at fair value through profit and loss	Financial instruments measured at amortised cost	Total	Of which included in net interest bearing debt
Assets				
Trade receivables and receivables from Group companies	-	112	112	69
Unrestricted cash	-	353	353	353
Current derivatives	-	-	-	-
Total financial assets	-	465	465	422
Liabilities				
Current portion of debt to credit institutions	-	3 506	3 506	3 465
Current derivatives	35	-	35	-
Trade payables and other current liabilities	-	175	175	-
Total financial liabilities	35	3 681	3 716	3 465

The company's cash pooling system is included in the net interest-bearing debt. Trade receivables, other current receivables, and all interest-bearing debt are measured at amortised cost.

The carrying amount of cash and cash equivalents is approximately equal to fair value since these instruments have a short term to maturity. Similarly, the carrying amount of trade receivables and trade payables are approximately equal to fair value since they are entered into at standard terms and conditions. For further information on financial instruments, please refer to accounting policies.

19 Other current liabilities

	2021	2020
Other current liabilities		
Accrued expenses and prepaid income	26	41
Derivative financial instruments	6	35
Other current liabilities at 31.12	32	76

Skandi Patagonia operates in Argentina under a long-term contract with Total Austral. The contract ends 31.12.2025. Crew on the vessel 31.12.2025 has during the contract period earned the right to compensation that will be payable when the contract ends. Earned right to compensation as of 31.12.2021 is estimated to NOK 24 million and is presented as other current liabilities.



DOF Subsea Rederi AS

Amounts in NOKmillion

Right to compensation is based on assumption about salary level, turnover and changes in local regulations. Changes in assumption will have affect on estimated liabilities.

20 Related parties

DOF ASA is the sole shareholder in DOF Subsea AS with a 100 % ownership stake. DOF Subsea Rederi AS is owned 100% by DOF Subsea AS.

The Company purchases management services from DOF Management AS and Norskan Offshore Ltda. for its vessels, and has guarantee agreements with DOF Subsea AS.

Operating revenue	2021	2020
DOF Subsea Group	495	577
DOF ASA	132	145
Total	627	723

Operating expenses		
DOF Subsea Group	-55	285
DOF ASA	119	59
Total	64	344

Net finance result		
DOF Subsea Group	140	299
DOF ASA	-	-
Total	140	299

Current receivables from Group companies		
DOF Subsea Group	788	670
Bad debt provision	-272	-594
DOF ASA	33	26
Bad debt provision	-	-22
Total	548	79

Current liabilities to Group companies		
DOF Subsea Group	121	93
DOF ASA	21	9
Total	142	101

(Profit)/Loss on sale of tangible assets		
DOF Subsea Group	-9	12
Total	-9	12



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DOF Subsea Rederi AS

Amounts in NOK million

Accumulated loss provision of NOK 183 million related to internal accounts receivables has been reversed in 2021, change in loss provision is included in operating expenses. The Company has also reversed provision of NOK 197 million on current loan to group company and recognised loss on short term receivable NOK 35 million to Group companies in 2021, which is included in net finance result.

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

21 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. From January 4th 2021 the Company no longer has a Managing director.

Specification of auditor's fee (excl. VAT)*	2021	2020
Fee for audit of financial statements	235 503	218 241
Fee for other tax consultancy	40 000	-
Fee for attestation	-	-
Total	275 503	218 241

*) Amounts in NOK

22 Events occurring after period end

Sale of vessels

The current charterer, N-Sea Survey, of MV Geosea, has exercised its purchase option, with estimated delivery in 3rd quarter 2022.

New contracts

Technip FMC has exercised its option for skandi Africa until February 2024. The contract between DOF Subsea Rederi AS and DOF Subsea Chartering AS is extended accordingly.

Finance

In 2022 the Company has converted NOK loan of 167 million to USD loans.

On 31st of May 2022, DOF ASA and DOF Subsea AS have agreed to further extend the principal and interest suspension agreements with, or received extensions of similar concessions from, secured lenders representing in total 95 % of the secured debt of companies within the Group (excluding DOF Subsea Brasil Servicos Ltda.) until 15th of June 2022. The ad hoc group of bondholders in DOF Subsea AS have agreed to further extend the standstill agreement until 15th of June 2022, in accordance with the resolution in the bondholder's meeting held 29 April 2022. The extensions of the standstill periods will facilitate the Group's continued dialogue with its secured lenders and the bondholders under the Group's bonds regarding a long-term financial restructuring of the DOF group.



DOF Subsea Rederi AS

Amounts in NOK million

23 Performance measurement definitions

Alternative performance measurements:

The Company presents alternative performance measurements (APM) that are regularly reviewed by management and aim to enhance the understanding of the Company's performance. APMS are calculated consistently over time and are based on financial data presented in accordance with IFRS and other operational data as described in the table below.

Measure	Description	Reason for including
Operating profit before depreciation and impairment (EBITDA)	EBITDA is defined as operating profit, including profit from sale of non-current assets, before impairment of tangible and intangible assets, depreciation of tangible assets and amortisation of contract assets. EBITDA represents earnings before interest, tax, depreciation and amortisation, and is a key financial parameter for the Company.	This measure is useful in evaluating operating profitability on a more variable cost basis as it excludes depreciation, impairment and amortisation expenses related primarily to capital expenditures and acquisitions that occurred in the past. EBITDA shows operating profitability regardless of capital structure and tax situations with the purpose of simplifying comparison in the same industry.
Operating profit (EBIT)	EBIT represents earnings before interest and tax	EBIT shows operating profitability regardless of capital structure and tax situations.
Net interest-bearing debt	Net interest-bearing debt consists of both current and non-current interest-bearing liabilities less interest-bearing financial assets, cash and cash equivalents. Non-current receivables from joint ventures are not included in net interest-bearing debt. Cash and cash equivalents will include restricted cash. Current interest-bearing debt includes interest-bearing debt related to asset held for sale.	Net interest-bearing debt is a measure of the Company's net indebtedness that provides an indicator of the overall statement. It measures the Company's ability to pay all interest-bearing liabilities within available interest-bearing financial assets, cash and cash equivalents, if all debt matured on the day of the calculation. It is therefore a measurement of the risk related to the Company's capital structure
Working capital	The working capital position of the Company is equal to current assets less current liabilities.	It is a measure of the Company's liquidity and efficiency, and demonstrates the Company's ability to pay its current liabilities.
Other definitions	Description	
Market value	Calculated average vessel value between two independent brokers' estimates based on the principle of "willing buyer and willing seller".	



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DOF Subsea Rederi AS

Amounts in NOKmillion

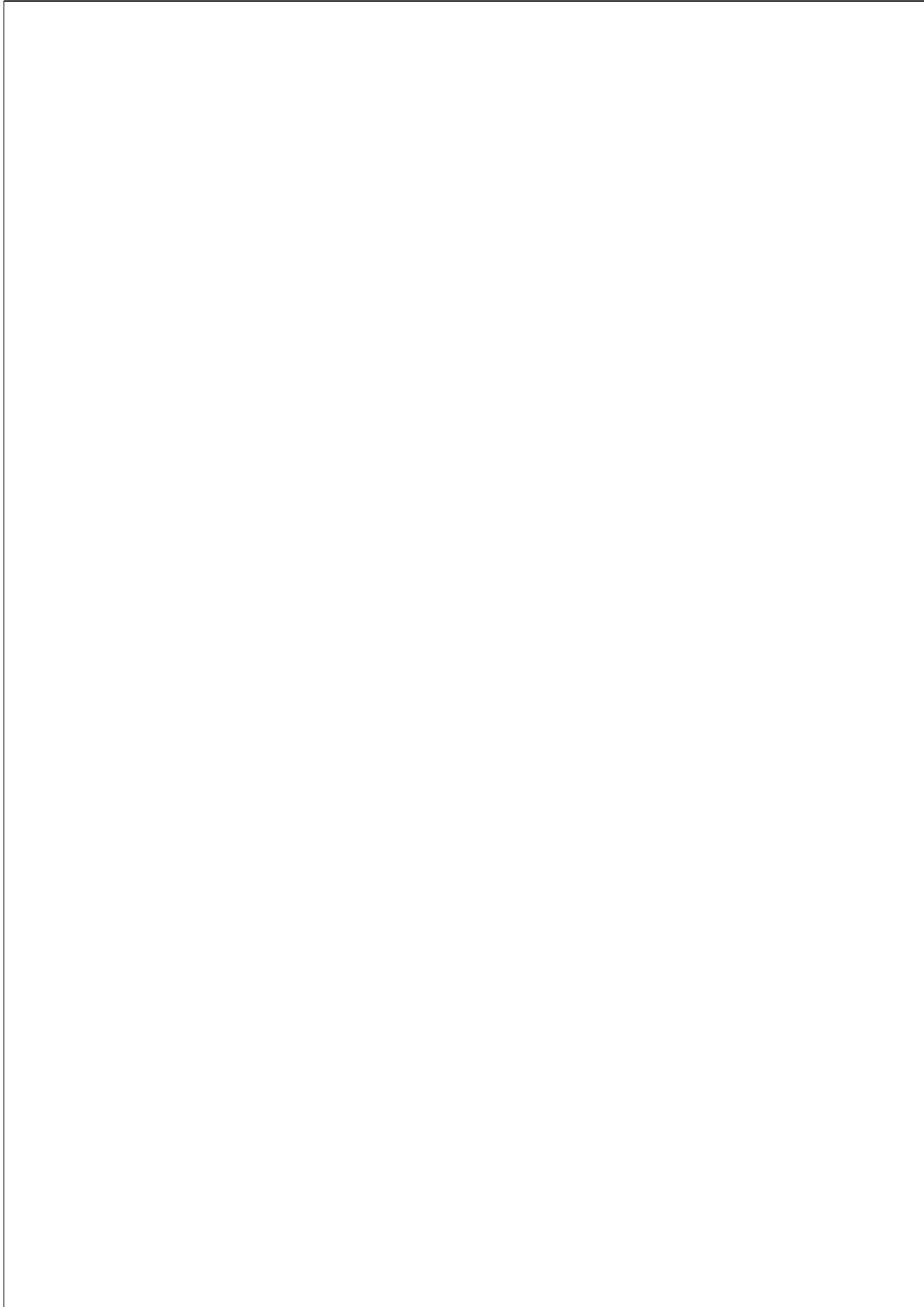


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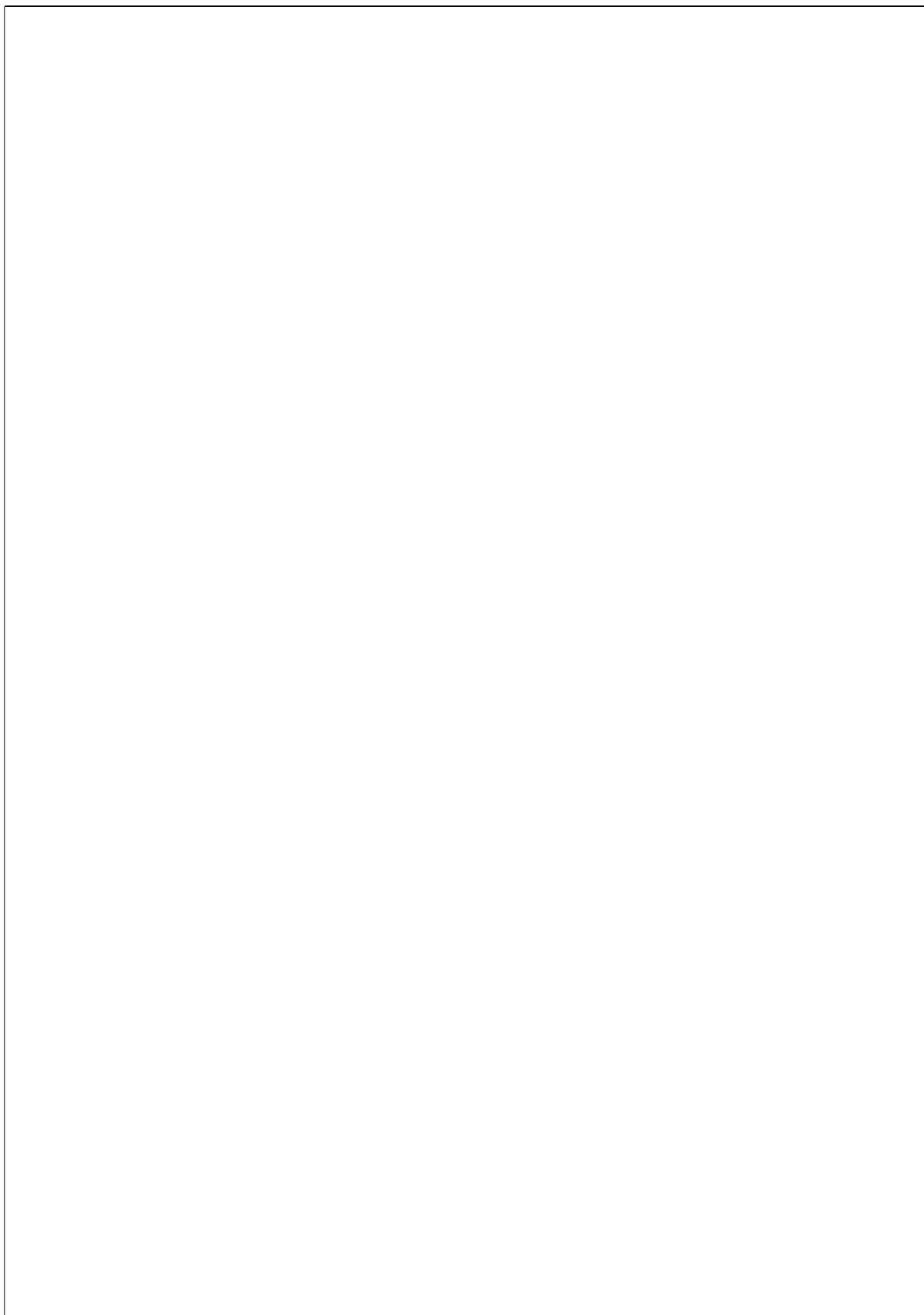
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Directorate of Taxes

Inquiries to Torstein Kinden Helleland	Your date 01.12.2011	Our date 20.12.2011
Telephone 22078139	Your reference Petter O. Pharo	Our reference 2009/276917

DOF Subsea Holding
Thormøhlens gate 53 C
5006 BERGEN

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

Dear Mr Petter O. Pharo

With reference to your letter of 1 December 2011, you apply for permission to keep annual accounts and directors' report in English language. The application in question concerns the companies mentioned below.

DOF Subsea Chartering AS	org. nr. 995 962 349
DOF Subsea ROV Holding AS	org. nr. 997 301 242
DOF Subsea Rederi AS	org. nr. 996 394 565

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 above mentioned companies are subsidiaries of 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 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

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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
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