Brønnøysundregistrene

ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2020 - GENERELL INFORMASJON

Enheten

Organisasjonsnummer:	990 512 663
Organisasjonsform:	Allmennaksjeselskap
Foretaksnavn:	DOF INSTALLER ASA
Forretningsadresse:	Alfabygget 5392 STOREBØ

Regnskapsår

Årsregnskapets periode:	01.01.2020 - 31.12.2020

Konsern

Morselskap i konsern:	Nei

Regnskapsregler

Regler for små foretak benyttet:	Nei
Benyttet ved utarbeidelsen av årsregnskapet til selskapet:	Forenklet IFRS

Årsregnskapet fastsatt av kompetent organ

Bekreftet av representant for selskapet:	Gustav Kvalsund Nybø
Dato for fastsettelse av årsregnskapet:	28.05.2021

Grunnlag for avgivelse

År 2020: Årsregnskapet er elektronisk innlevert

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

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

Brønnøysundregistrene, 20.07.2022

Resultatregnskap

Beløp i: NOK	Note	2020	2019
RESULTATREGNSKAP			
Inntekter			
Operating revenue	4, 11	155 000 000	197 000 000
Gain on sale of tangible assets		0	2 000 000
Sum inntekter		**155 000 000**	**199 000 000**
Kostnader			
Depreciation	7	55 000 000	65 000 000
Nedskrivning av varige driftsmidler og immaterielle eiendeler	7	357 000 000	111 000 000
Other operating expenses	11, 12	24 000 000	22 000 000
Sum kostnader		**436 000 000**	**198 000 000**
Driftsresultat		**-281 000 000**	**1 000 000**
Finansinntekter og finanskostnader			
Financial income	5, 11	5 000 000	11 000 000
Unrealised gain on financial instruments	5	6 000 000	0
Realised gain on financial instruments	5	32 000 000	5 000 000
Sum finansinntekter		**43 000 000**	**16 000 000**
Financial expenses	5, 11	89 000 000	82 000 000
Unrealised loss on financial instruments	5	0	23 000 000
Sum finanskostnader		**89 000 000**	**105 000 000**
Netto finans		**-46 000 000**	**-89 000 000**
Ordinært resultat før skattekostnad		**-327 000 000**	**-88 000 000**
Income tax expense	6	0	0
Ordinært resultat etter skattekostnad		**-327 000 000**	**-88 000 000**
Årsresultat		**-327 000 000**	**-88 000 000**
Overføringer og disponeringer			
To other equity		0	-25 000 000
To share premium		-327 000 000	-63 000 000
Sum overføringer og disponeringer		**-327 000 000**	**-88 000 000**

Resultatregnskap

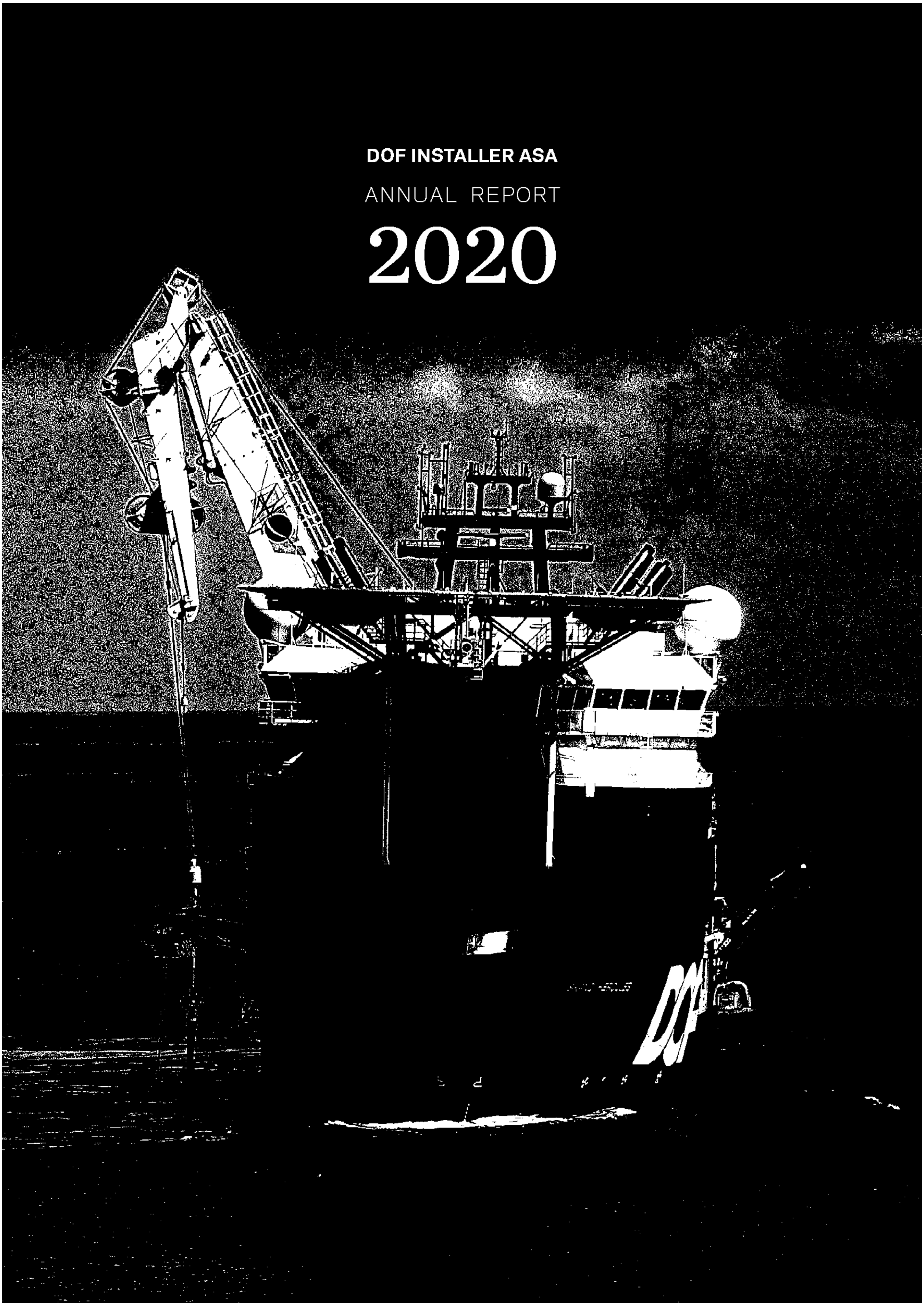
Beløp i: NOK	Note	2020	2019

Balanse

Beløp i: NOK	Note	2020	2019
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Varige driftsmidler			
Tangible assets	3, 7	1 491 000 000	1 889 000 000
Sum varige driftsmidler		**1 491 000 000**	**1 889 000 000**
Sum anleggsmidler		**1 491 000 000**	**1 889 000 000**
Omløpsmidler			
Varer			
Fordringer			
Current receivables from Group companies	10, 11	109 000 000	169 000 000
Other current receivables		1 000 000	4 000 000
Sum fordringer		**110 000 000**	**173 000 000**
Bankinnskudd, kontanter og lignende			
Unrestricted cash and cash equivalents	8, 10	507 000 000	334 000 000
Sum bankinnskudd, kontanter og lignende		**507 000 000**	**334 000 000**
Sum omløpsmidler		**617 000 000**	**507 000 000**
SUM EIENDELER		**2 108 000 000**	**2 396 000 000**
BALANSE - EGENKAPITAL OG GJELD			
Egenkapital			
Innskutt egenkapital			
Share capital	14, 15	34 000 000	34 000 000
Overkurs		682 000 000	1 010 000 000
Sum innskutt egenkapital		**716 000 000**	**1 044 000 000**
Opptjent egenkapital			

Balanse

Beløp i: NOK	Note	2020	2019
Other equity		0	0
Sum opptjent egenkapital		**0**	**0**
Sum egenkapital		**716 000 000**	**1 044 000 000**
Gjeld			
Langsiktig gjeld			
Annen langsiktig gjeld			
Gjeld til kredittinstitusjoner	8, 10	0	0
Sum annen langsiktig gjeld		**0**	**0**
Sum langsiktig gjeld		**0**	**0**
Kortsiktig gjeld			
Current portion of debt	8, 10	1 385 000 000	1 346 000 000
Leverandørgjeld	10	3 000 000	0
Current liabilities to group companies	10, 11	4 000 000	6 000 000
Sum kortsiktig gjeld		**1 392 000 000**	**1 352 000 000**
Sum gjeld		**1 392 000 000**	**1 352 000 000**
SUM EGENKAPITAL OG GJELD		**2 108 000 000**	**2 396 000 000**


DOF INSTALLER ASA
ANNUAL REPORT
2020

DOF Installer ASA Directors report

DOF Installer ASA (the Company) was founded in December 2006. Since its inception, the Company has been a supplier of vessels to the subsea and AHTS market. During the years of operation, the Company has taken delivery of five high-end subsea/AHTS vessels, of which two have been sold.

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

The Company has since Q2 2020 entered into standstill agreements (including deferral of interest payments and instalments) with its secured lenders. Debt restructuring proposals have been presented to the lenders and discussions to agree on a long-term refinancing of the Company and the DOF Subsea Group are ongoing. The Group is dependent on continued standstill agreements with its creditors until a long-term and sustainable financial solution is agreed to maintain as going concern.

In 2020, the Company's vessels have been operating in the North Sea, in the Far East and off the East Coast of Canada under charter contracts with the DOF Subsea Group. The operating revenue was NOK 155 million in 2020 compared to NOK 197 million in 2019. The operating profit before depreciation (EBITDA) was NOK 131 million (NOK 177 million), whilst the operating profit (EBIT) was negative NOK 281 million (NOK 1 million), after depreciation and impairment of NOK 412 million (NOK 176 million). Total assets amounted to NOK 2 108 million (NOK 2 396 million), of which NOK 1 491 million was non current assets (NOK 1 889 million in 2019). Total equity was NOK 716 million (NOK 1 044 million), and net interest bearing debt was NOK 774 million (NOK 900 million).

The Company's headquarters is located at Storebø in the municipality of Austevoll.

Business Overview & Strategy

The Company's core business is ownership of subsea/AHTS vessels, and at year-end the Company owned three vessels. The vessels have mainly been chartered to DOF Subsea Group where they have been utilised in the Subsea/IMR Projects segment. The vessels owned by the Company are among the most advanced subsea and AHTS vessels ever built with high bollard pull, offshore cranes and ROV capabilities. The vessels were built to comply with the highest international standards for Environment and Safety of Life at Sea. The vessels' size and capabilities make them suitable for global operations and create a good foundation for long-term relationships with the end users of the vessels. The Group will continue its strategy to be engaged in long-term industrial offshore relationships and secure backlog on Skandi Hercules and Skandi Skansen.

As part of DOF Subsea Group, DOF Installer ASA is working under the DOF Subsea Group's certification and Business Management System. During the year, DOF Management and DOF Subsea Canada have been responsible for the vessel management of the Company's vessels through ship management agreements.

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

Operational events

In 2020, the Company benefited from being part of the DOF Subsea Group, and the vessels have during the year been chartered mostly to the DOF Subsea Group.

Skandi Hercules has been chartered to DOF Subsea Group, where it has been utilised in the subsea market in the Asia Pacific (APAC) region. The core activity for the vessel has been mooring installation projects, both in New Zealand and Vietnam, in addition the vessel has conducted IMR work in Australia.

Skandi Skansen has been chartered to DOF Subsea Group where it has been utilised in the subsea market in the Atlantic region. In addition, the vessel has been working under time charter contracts to external clients. The vessel has performed mooring installation projects in Ghana and construction work in the North Sea. In second half of the year, Skandi Skansen was utilised under a trenching campaign for Subsea 7 on UK sector. In addition, Skandi Skansen conducted a mooring project, anchoring a fish farm in the Northern part of Norway.

Skandi Vinland is on a 12-year bareboat charter contract with DOF Subsea Canada where she is utilised under a 10-year IMR contract with Husky Energy off the East Coast of Canada.

The market

The markets in 2020 started positive in January and February, but after the disruptive events from COVID-19 and the steep drop in the oil price in March the Group and the Company experienced a drop in utilisations. The oil prices and the demand trend remain uncertain, as globally additional lockdown measures continue to be rolled out. However, the arrival of new COVID-19 vaccines and production cuts from OPEC+ countries have brightened the oil market outlook and since year end 2020 the oil price has reached a level above USD 60/ bbl. On the assumption that the activities in the OECD countries will come back to normal by year-end 2021, most analysts predict the oil demand to get back to 100 mb/d in 2022.

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

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

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

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

External environment

The DOF Subsea Group's environmental management system ensures that the operations are effectively managed, and that continuous improvement of environmental performance is achieved. The energy efficiency program of the Group is continuously challenged with the aim to improve environmental performance.

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

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

As of 31 December 2020, the Company's equity consists of a share capital of NOK 33 931 000 divided into 33 931 000 shares, each with a nominal value of NOK 1. The Company has 39 shareholders, where DOF Subsea AS is the main shareholder with 84.92% of the shares; the other main shareholders are Euroclear Bank S.A/N.V., Meteva AS and MP Pensjon PK.

The Board of Directors of DOF Installer ASA consists of two men and one woman. The Company had no employees during the year, and the Managing Director is employed in DOF Subsea AS.

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 costefficient solutions. In addition, focus on operational and financial reporting provides comprehensive information for decisionmaking and risk assessment.

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

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

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

Financial Performance

The operating revenue was NOK 155 million in 2020 compared to NOK 197 million in 2019. The operating profit before depreciation (EBITDA) was NOK 131 million (NOK 177 million). The operating profit (EBIT) was negative NOK 281 million (NOK 1 million). The depreciation and impairment amounted to NOK 412 million (NOK 176 million).

NOK million	2020	2019	Change
Operating revenue	155	197	-21%
EBITDA	131	177	-25%
Depreciation and impairment	-412	-176	134%
EBIT	-281	1	

Net financial loss was NOK 46 million (loss of NOK 88 million), and the loss before tax was NOK 327 million (NOK loss 88 million). The loss for the year was NOK 327 million (loss of NOK 88 million).

Total assets were NOK 2 108 million (NOK 2 396 million), where non current assets amounted to NOK 1 491 million (NOK 1 889 million). Current assets were NOK 616 million (NOK 507 million), of which NOK 506 million (NOK 334 million) was cash and cash equivalents.

Total equity was NOK 716 million (NOK 1 044 million). Current liabilities were NOK 1 391 million (NOK 1 352 million), of which NOK 1 384 million (NOK 1 346 million) was current portion of debt. The effect of not having a long-term financial solution in place or waivers covering more than 12 months after balance sheet date, has resulted in a reclassification of the Company's non current debt to credit institutions.

NOK million	2020	2019	Change
Tangible assets	1 491	1 889	-21%
Cash and cash equivalents	506	334	52%
Total equity	716	1 044	-31%
Net interest bearing debt	774	900	-14%

Net cash flow from operating activities during the year was NOK 160 million (NOK 22 million). Cash flow from investing activities during the year was NOK -15 million (NOK 3 million), while the cash flow from financing activities was nil (NOK -121 million).

Financing and capital structure

The Company's interest bearing debt by 31 December 2020 comprise secured debt of NOK 1 312 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 refinancing discussions have continued into 2020 and are still ongoing. Since 2nd quarter 2020 the Group has agreed standstill agreements (including full waiver of financial covenants, interest payments and instalments) with its lenders.

The current standstill agreements are applicable until the 31st of May 2021 with 88% of the secured lenders within the Group. The standstill agreements do not include the joint venture with TechnipFMC. The standstill agreements further assume payment of principal and interest of a NOK 100 million credit facility provided by certain lenders in March 2020. The outstanding amount of this facility is NOK 48 million by end of March 2021. The relevant Group companies have imposed unilateral standstill to the lenders not participating in the standstill agreements. One of the secured lenders has requested repayment of approximately USD 47 million and has enforced account pledge on the earnings account for the relevant vessel. Another secured lender has enforced account pledge for one loan facility. The bondholders in DOFSUB07, DOFSUB08 and DOFSUB09 have further accepted a standstill until the 31st of May 2021.

An Ad-hoc group of bondholders can extend the standstill until the 30th of June 2021.

BNDES has extended the standstill of the facility in DOF Subsea Brasil until the 10th of June 2021 as part of a governmental package.

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 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 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.

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 exciting 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 increased ESG requirements have in 2020 become an additional refinancing risk as several banks are more reluctant to provide funding to the oil and gas sector.

The Company'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 2020 the Company had on a stand-alone basis, liquidity to meet its expected financial obligations for the next 12 months. Cash and cash equivalents at period end and forecasted cash flows from operation in 2021 forms the basis for the liquidity forecast.

DOF Installer 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. The latest turbulence in the marked have set the proposed long-term financial solution on hold and the Group has been given waivers in order to find a short-term and long-term financial solution that are sufficiently robust taking the recent events into account. 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 Installer ASA.

The Company's loan agreements contain financial covenants. All covenants for the Company and the Group has been waived at period end 2020. 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.

Currency risk

The Company has global operations, and a significant portion of the income and costs are denominated in foreign currencies, mainly USD and CAD. Fluctuations in foreign exchange rates against the NOK have impact on the Company's financial statements. The company has a loan in CAD of 58 million equivalent to NOK 388 million. A 20% weakening of NOK against CAD will result in currency loss and a negative impact on the equity of NOK 78 million. The currency fluctuations in 2020 have been extreme and at levels never experienced before.

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

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

Interest risk

The Company's existing debt arrangements are long term loans partly at floating and fixed interest rates. Movements in interest rates will have effects on the Company's cash flow and financial condition. The Company's policy is to maintain part of its debt at fixed rates. Due to the current financial position of the Company, entering into new interest rate swaps have become more challenging. Hence, the Group's interest rate risk has increased.

Credit risk

The Company has established policies and guidelines for follow-up and collection of outstanding receivables. Historically, the portion of receivables not being collectable has been low. The sustained challenging market situation has resulted in changes to the credit ratings for some of the Company's customers, and thereby increased the credit risk. To reflect the increased risk of loss on receivables, the Company has booked a total loss provision of NOK 22 million in 2020. The impacts from Covid-19 and the challenging market situation, may increase the credit risk going forward. The Company continuously evaluates the financial strength and credit worthiness of customers and suppliers including DOF Subsea Group companies.

Market and price risk

The Company has limited direct financial exposure to changes in the prices of commodities and raw materials, such as oil and refined oil products. To the extent the Company has such risk exposure, it is managed and partly hedged through clauses in the Company's contracts.

The Company is exposed to cost increases in general, including conversions and maintenance of vessels. The majority of the conversion contracts and class-dockings with the yards are based on fixed prices. The Company attempts to reduce price risk by signing contracts with suppliers with the necessary financial strength and expertise to complete projects in accordance with agreements.

The Company is exposed to market fluctuations which may result in lower utilisation and reduced earnings for the Company's vessels. Attempts are made to reduce this risk by entering into contracts that secure long-term charters for the fleet.

The market has further deteriorated in all regions where the vessels operates and has negatively impacted the earnings and utilisation of the fleet.

The oil price is an important driver for the global demand for vessels and services within the subsea industry. The development of the oil price over the last couple of years has reduced the demand for both subsea services and vessels.

Presentation of Company accounts

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

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 standstill agreements with the majority of the Group's creditors have continued since 2nd quarter 2020. The Group is dependent on a robust refinancing solution and has presented a debt restructuring proposal to the secured lenders and bondholders. The refinancing proposal currently discussed include a comprehensive restructuring of the Group's balance sheet which include softer terms and conversion of debt. The dialogue with the lenders is challenging, but constructive and a refinancing solution is not yet in place. The Group 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

Of the Company's total comprehensive loss for the year net of tax of NOK -327 million, NOK -327 million was covered by share premium.

Events after balance sheet date

On the 30th of April 2021 the Group agreed to extend the standstill agreements with the secured lenders representing in total 88 % of the secured debt of the Group excluding the joint venture with TechnipFMC and DOF Subsea Brasil Servicios Ltda. DOF Subsea AS has received confirmation from the ad hoc group of bondholders that they have agreed to further extend the suspension, deferral and standstill arrangement currently in place for the bond issues from 30 April to 31 May 2021.The stand-still from BNDES to DOF Subsea Brasil Servicios Ltda.has been extended to 10th of June 2021 for the vessel Skandi Salvador.

Outlook

The challenging markets are expected to continue in 2021. There are signs of increased activity from 2022, however the timing of a recovery is highly uncertain. Hence, future earnings and asset values are difficult to forecast. Continued weak markets will increase the risk for reduced earnings and further strain the Company's financial position. If a robust long-term refinancing solution is not achieved for the Company and the Group, the Company`s asset will be further impaired.

Skandi Hercules, Skandi Skansen and Skandi Vinland will mainly be working for the DOF Subsea Group, being utilised in the Subsea/IMR projects segment in the Asia Pacific region, Atlantic region and North America region.

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

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

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

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

Storebø, 28th May 2021

The Board of Directors of DOF Installer ASA

Mons S. Aase	Hilde Drønen	Jan Nore	Marianne Møgster
Chairman	Director	Director	Managing Director

DOF Installer ASA

Amounts in NOK million

Financial statements
DOF Installer ASA

DOF Installer ASA

Amounts in NOK million

Statement of comprehensive income

	Note	2020	2019
Operating revenue	4, 11	**155**	**197**
Other operating expenses	11, 12	-24	-22
Gain/loss on sale of tangible assets		-	2
Operating profit before depreciation (EBITDA)		**131**	**177**
Depreciation and impairment	7	-412	-176
Operating profit (EBIT)		**-281**	**1**
Financial income	5, 11	5	11
Financial expenses	5, 11	-89	-81
Realised net gain / loss on derivative instruments and currency position	5	32	5
Unrealised net gain / loss on derivative instruments and currency position	5	6	-22
Net financial income / loss		**-46**	**-88**
Profit / loss before tax		**-327**	**-88**
Income tax expense	6	-	-
Profit / loss for the year		**-327**	**-88**
Other comprehensive income / loss, net of tax		**-**	**-**
Total comprehensive income / loss for the year, net of tax		**-327**	**-88**

DOF Installer ASA

Amounts in NOK million

Statement of financial position

	Note	31.12.2020	31.12.2019
Assets			
Tangible assets	3, 7	1 491	1 889
Non-current assets		**1 491**	**1 889**
Current receivables from Group companies	10, 11	109	169
Other current receivables		1	4
Total current receivables		**110**	**173**
Unrestricted cash and cash equivalents	8, 10	506	334
Cash and cash equivalents		**506**	**334**
Current assets		**616**	**507**
Total assets		**2 108**	**2 396**

DOF Installer ASA

Amounts in NOK million

Statement of financial position

	Note	31.12.2020	31.12.2019
Equity and liabilities			
Paid-in equity	14, 15	716	1 044
Other equity		-	-
Total equity		**716**	**1 044**
Debt to credit institutions	8, 10	-	-
Non-current liabilities		**-**	**-**
Current portion of debt	8, 10	1 384	1 346
Trade payables	10	3	-
Current liabilities to Group companies	10, 11	4	6
Current liabilities		**1 391**	**1 352**
Total liabilities		**1 391**	**1 352**
Total equity and liabilities		**2 108**	**2 396**

Storebø, 28th May 2021

The Board of Directors of DOF Installer ASA

Mons S. Aase Chairman	Hilde Drønen Director	Jan Nore Director	Marianne Møgster Managing Director

DOF Installer ASA

Amounts in NOK million

Statement of changes in equity

Changes in equity	Share capital	Share premium	Paid-in equity	Other equity	Total equity
Equity at 01.01.2020	**34**	**1 010**	**1 044**	**-**	**1 044**
Profit / loss for the period	-	-327	-327	-	-327
Total comprehensive income for the period	**-**	**-327**	**-327**	**-**	**-327**
Equity at 31.12.2020	**34**	**682**	**716**	**-**	**716**
Equity at 01.01.2019	**34**	**1 072**	**1 106**	**25**	**1 131**
Profit / loss for the period	-	-63	-63	-25	-88
Total comprehensive income for the period	**-**	**-63**	**-63**	**-25**	**-88**
Equity at 31.12.2019	**34**	**1 010**	**1 044**	**-**	**1 044**

DOF Installer ASA

Amounts in NOK million

Statement of cash flows

	Note	2020	2019
Operating profit (EBIT)		-281	1
Depreciation and impairment	7	412	176
Impairment on receivables		-15	-
Profit/loss from sale of non-current assets		-	-2
Change in trade receivables		-	-
Change in trade payables		3	-2
Changes in other working capital		62	-85
Exchange rate effect on operating activities		5	1
Cash flow from operating activities		**186**	**88**
Interest received		5	11
Interest paid		-31	-78
Net cash flow from operating activities		**160**	**22**
Purchase of tangible assets	7	-15	-5
Sale of tangible assets	7	-	8
Cash flow from investing activities		**-15**	**3**
Proceeds of non-current debt		-	-
Installments on non-current debt		-	-121
Dividend paid	16	-	-
Cash flow from financing activities		**-**	**-121**
Net change in cash and cash equivalents		**145**	**-96**
Cash and cash equivalents at 01.01		**334**	**426**
Exchange rate gain / loss on cash and cash equivalents		27	4
Cash and cash equivalents at 31.12		**506**	**334**

DOF Installer ASA

Amounts in NOK million

Contents

DOF Installer ASA

Amounts in NOK million

Notes to the financial statements

1 Corporate information and going concern

Corporate information

DOF Installer ASA (the Company) was founded 4th of December 2006. The main purpose of the Company is to conduct business within the shipping-, offshore- and energy sectors. The Company owns modern high-end subsea and AHTS vessels: Skandi Hercules, Skandi Skansen and Skandi Vinland.

The office address for the Company is at Storebø, in the municipality of Austevoll, Norway.

The vessels have mainly been chartered to the DOF Subsea Group, where they have been utilised in the Subsea/IMR Projects segment. The vessels owned by the Company are among the most advanced subsea and AHTS vessels ever built with high bollard pull, offshore cranes and ROV capabilities. The vessels were built to comply with the highest international standards for Environment and Safety of Life at Sea. The vessels' size and capabilities make them suitable for global operations and create a good foundation for long-term relationships with the end users of the vessels. The Company has 39 shareholders, where DOF Subsea AS is the main shareholder with 84.92% of the shares; the other main shareholders are Euroclear Bank S.A/N.V., Meteva AS and MP Pensjon PK.

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

2 Financial risk management

The Company is exposed to various types of financial risk relating to its ongoing operations: market risk (including price, currency risk, interest rate risks), contract risk (contract fulfilment, credit an liquidity risks) and operational risk (downtime, cost overruns risks). The Company's governing risk management strategy focuses on minimising the potential negative effects on the Company's results. The primary risks managed using derivative instruments are foreign currency risk and interest rate risk. Please refer to note 17 'Accounting policies', for information on derivative financial instruments and hedging activities.

Currency risk

The Company has global operations, and a significant portion of the income and costs are denominated in foreign currencies, mainly USD and CAD. Fluctuations in foreign exchange rates against the NOK have impact on the Company's financial statements. The company has a loan in CAD of 58 million equivalent to NOK 388 million. A 20% weakening of NOK against CAD will result in currency loss and a negative impact on the equity of NOK 78 million. The currency fluctuations in 2020 have been extreme and at levels never experienced before.

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

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

Interest risk

The Company's existing debt arrangements are long term loans partly at floating and fixed interest rates. Movements in interest rates will have effects on the Company's cash flow and financial condition. The Company's policy is to maintain part of its debt at fixed rates. Due to the current financial position of the Company, entering into new interest rate swaps have become more challenging. Hence, the Group's interest rate risk has increased.

Credit risk

The Company has established policies and guidelines for follow-up and collection of outstanding receivables. Historically, the portion of receivables not being collectable has been low. The sustained challenging market situation has resulted in changes to the credit ratings for some of the Company's customers, and thereby increased the credit risk. To reflect the increased risk of loss on receivables, the Company has booked a total loss provision of NOK 22 million in 2020. The impacts from Covid-19 and the challenging market situation, may increase the credit risk going forward. The Company continuously evaluates the financial strength and credit worthiness of customers and suppliers including DOF Subsea Group companies.

Capital structure and equity

The main objective in managing the Company's capital structure is to ensure that the Company maintains the best possible credit rating, thereby achieving favourable terms and conditions for the long-term funding of the Company's operations and investments. The Company manages its capital structure and carries out all necessary changes, based on continuous assessments of the economic conditions under which the operations take place.

The Company has established common financial covenants on all long-term funding which imply minimum consolidated cash, minimum total equity and minimum value adjusted equity ratio for the DOF Subsea Group. On a quarterly basis, the DOF Subsea Group measures its total equity and value adjusted equity ratio by receiving fair market valuations of the total fleet from several independent brokers. All financial covenants are suspended through the standstill agreements.

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 refinancing discussions have continued into 2020 and are still ongoing. Since 2nd quarter 2020 the Group has agreed standstill agreements (including full waiver of financial covenants, interest payments and instalments) with its lenders.

The current stand-still agreements are applicable until the 31st of May 2021 with 88% of the secured lenders within the Group. The standstill agreements do not include the joint venture with TechnipFMC. The standstill agreements further assume payment of principal and interest of a NOK 100 million credit facility provided by certain lenders in March 2020. The outstanding amount of this facility is NOK 48 million by end of March 2021. The relevant Group companies have imposed unilateral standstill to the lenders not participating in the standstill agreements. One of the secured lenders has requested repayment of approximately USD 47 million and has enforced account pledge on the earnings account for the relevant vessel. Another secured lender has enforced account pledge for one loan facility. The bondholders in DOFSUB07, DOFSUB08 and DOFSUB09 have further accepted a standstill until the 31st of May 2021. An Ad-hoc group of bondholders can extend the standstill until the 30th of June 2021.

BNDES has extended the standstill of the facility in DOF Subsea Brasil until the 10th of June 2021 as part of a governmental package.

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 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 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.

The foreign exchange sensitivity analysis demonstrates the currency effect of financing in CAD.

See also note 8 'Interest-bearing debt' for further information about debt to credit institution

3 Accounting estimates and assessments

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

Debt to credit institutions

Debt to credit institutions has been presented as current debt as result of not having a long-term financial solution in place or waivers covering more than 12 months after balance sheet date.

Agreement on a new long-term financing solution or waiver of more than 12 months duration, will result in changes in presentation of debt to credit institutions.

For further information about debt to credit institutions, see note 8 'Interest-bearing debt'.

Depreciation of vessels

The carrying amount of the Company's vessels represents 70% 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 17 'Accounting policies' for further information about tangible assets.

Useful life of vessels

The depreciation of vessels depends on the vessels' estimated useful life in the Company. Estimated useful life is 20 years based on strategy, past experience and knowledge of the types of vessels the Company owns. There will always be risk of events like breakdown and obsolescence which may result in a shorter useful life than anticipated. From time to time the Company may own vessels older than 20 years. The useful life will then be estimated individually.

Residual value of vessels

The level of depreciation depends on the calculated residual value. Residual value is determined based on the estimated fair value at the end of the asset's useful life. According to the Company's strategy, the policy is not to own vessels with an age above 20 years. Consequently, the residual value differs from salvage value, and the Company has to estimate the residual value of the vessels when they reach an age of 20 years. The estimate of residual value is based on a market valuation of a charter free vessel, and the current fair value forms a basis for the estimate. However, this fair value is discounted to reflect the fair value of the vessel as if it was of an age and in the condition expected at the end of its useful life (20 years). The evaluation of residual value is done on a yearly basis or upon significant changes in market values.

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. After the evaluation, the Company has concluded that the average of the broker estimates is considered reliable.

Value in use

Estimated cash flows are based on next year's budgets per vessel, and forecasted earnings going forward. The budget process is a detailed and thorough bottom-up budgeting process at all levels of the organisation, with approval procedures on all levels within the Company. Estimated

Amounts in NOK million

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 continue until maturity. 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. It is expected to be a weak market the next 1-2 years, and gradually normalise to historical average levels thereafter. The Weighted Average Cost of Capital (WACC) is used as a discount rate and reflects a normalised capital structure for the industry. The WACC represents the rate of return the Company is expected to pay to its sources of finance for cash flows with similar risks. Cash flows are calculated after tax and discounted with an after tax discount rate. 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.

4 Operating revenue

Geographical distribution of operating revenue 2020	Norway	Singapore	Canada	UK	Total
Distribution of operating revenue	57	40	58	-	155

Geographical distribution of operating revenue 2019	Norway	Singapore	Canada	UK	Total
Distribution of operating revenue	56	74	55	12	197

Geographical distribution of revenue from contracts with customers is based on the location of clients. The Company's vessels operate in the Subsea/IMR Projects market through third parties.

DOF Installer ASA

Amounts in NOK million

5 Financial income and expenses

Financial income and expenses	2020	2019
Interest income	5	11
Financial income	**5**	**11**
Interest expenses	-71	-77
Impairment of loans to Group companies	-15	-
Other financial expenses	-3	-4
Financial expenses	**-89**	**-81**
Realised gain / loss on debt	-	-1
Realised gain / loss on derivative financial instruments	-	-
Realised gain / loss on currencies	32	5
Realised gain / loss on financial instruments	**32**	**5**
Unrealised gain / loss on debt	7	-21
Unrealised gain / loss on derivative financial instruments	-	-
Unrealised gain / loss on currencies	-1	-1
Unrealised gain / loss on financial instruments	**6**	**-22**
Net financial income / loss	**-46**	**-88**

6 Tax

Financial income within tonnage tax regime	2020	2019
Net taxable financial income	-12	-15
Unrecognised tax losses	12	15
Basis for deferred tax		
Tax loss carry forward	-170	-158
Tax loss not included as deferred tax asset	170	158
Basis for calculating deferred tax / tax asset (-)	**-**	**-**

The 2019 figures has 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 regulation and current tax loss carry forward. Therefore deferred tax asset is not recognised in the statement of comprehensive income.

The Company has temporary differences relating to 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.

DOF Installer ASA Amounts in NOK million

7 Tangible assets

2020	Vessels	Periodical maintenance	Total
Cost at 01.01	2 591	95	2 685
Additions	5	10	15
Cost at 31.12	**2 596**	**105**	**2 701**
Depreciation at 01.01	-359	-61	-420
Depreciation for the year	-33	-22	-55
Depreciation at 31.12	**-392**	**-83**	**-475**
Impairment at 01.01	-377	-	-377
Impairment for the year	-357	-	-357
Impairment 31.12	**-734**	**-**	**-734**
Book value at 31.12	**1 469**	**22**	**1 491**
Asset lifetime (years)	12-20	2.5-5	
Depreciation schedule	*)	Linear	

2019	Vessels	Periodical maintenance	Total
Cost at 01.01	2 591	94	2 685
Additions	4	1	5
Disposals	-4	-	-4
Cost at 31.12	**2 591**	**95**	**2 686**
Depreciation at 01.01	-316	-39	-355
Depreciation for the year	-43	-22	-65
Depreciation at 31.12	**-359**	**-61**	**-420**
Impairment at 01.01	-266	-	-266
Impairment for the year	-111	-	-111
Impairment 31.12	**-377**	**-**	**-377**
Book value at 31.12	**1 854**	**34**	**1 889**
Asset lifetime (years)	12-20	2.5-5	
Depreciation schedule	*)	Linear	

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

The vessels have been assessed for impairment on an individual basis as separate cash generating units. The impairment testing of the vessels resulted in impairment losses of NOK 108 million in Q4 and NOK 357 million in 2020. The weak marked is prolonged compared to previous periods, including the uncertainty regarding DOF Subsea Group's financial position.

Impairment

Impairment tests are performed every quarter. Based on the impairment tests performed impairment of NOK 158 million was recognised related Skandi Hercules, NOK 170 million related to Skandi Skansen and NOK 30 related to Skandi Vinland. For further information please see note 3 'Accounting estimates and assessments'.

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 NOK 68 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 40 million. Negative effect on net future cash flows with 20% will result in an additional impairment of the vessels with NOK 270 million.

DOF Installer ASA has vessels with an avarage age below 10 years, 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 vessel rates. Changes in these assumptions would have considerable effects on the net present value of the vessels.

DOF Installer ASA

Amounts in NOK million

8 Interest-bearing debt

	31.12.2020	31.12.2019
Debt to credit institutions	-	-
Other non-current debt	-	-
Total non-current interest-bearing debt	**-**	**-**
Debt to credit institutions	1 306	1 273
Other current debt	50	50
Total current interest-bearing debt	**1 355**	**1 323**
Total non-current and current interest-bearing debt	**1 355**	**1 323**
Cash and cash equivalents	506	334
Interest-bearing receivables from Group companies	75	90
Total net interest-bearing debt	**774**	**900**

Current portion of debt in the statement of financial position includes accrued interest. Accrued interest expenses are excluded in the figures above.

Liabilities secured by mortgage	2020	2019
Debt to credit institutions	1 312	1 283
Book value of assets pledged as security	1 491	1 889

The restructuring of the Company's and the Group's long-term debt is ongoing and standstill agreements have been agreed until the 31st of May 2021 with 88% of the secured lenders within the DOF Subsea Group. The standstill agreements do not include the joint venture with TechnipFMC. The standstill agreements further assume payment of principal and interest of a NOK 100 million credit facility provided by certain lenders in March 2020. The outstanding amount of this facility is NOK 48 million by end of March 2021. The relevant Group companies have imposed unilateral standstill to the lenders not participating in the standstill agreements. One of the secured lenders has requested repayment of approximately USD 47 million and has enforced account pledge on the earnings account for the relevant vessel. Another secured lender has enforced account pledge for one loan facility. The bondholders in DOFSUB07, DOFSUB08 and DOFSUB09 have further accepted a standstill until the 31st of May 2021. An Ad-hoc group of bondholders can extend the standstill until the 30th of June 2021.

BNDES has extended the standstill of the facility in DOF Subsea Brasil until the 10th of June 2021 as part of a governmental package.

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.

8 Interest-bearing debt (continued)

Financial covenants

The financial covenants are suspended through the standstill agreements. However, the loan agreements of the Company and the Group include the following covenants (based on the proportionate consolidation method of accounting for joint ventures):

- The fair value of the Company's vessels shall always be at least 110-125% of the outstanding loan amount

In addition to the above-mentioned financial covenants, the guarantor (DOF Subsea AS) on a consolidated basis should fulfil the waived covenants (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 time
- 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

The DOF Subsea AS 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.

Amounts in NOK million

9 Fair value estimation

For those financial and tangible assets and liabilities, which have been recognized at fair value in the Statements of Financial Position, the measurement hierarchy and valuation methods described below have been applied. There have been no transfers between fair value levels.

Measurement level 1 (Quoted, unadjusted prices in active markets for identical assets and liabilities). Not in use for any assets or 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 end of the reporting period. The forward exchange rate is based on the relevant currency's interest rate curves. The fair value of interest swaps is determined by the present value of future cash flows, which is also dependent on the interest curves.

Measurement level 3 (Techniques which use inputs which have significant effect on the recorded fair value that are not based on observable market 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 and adjusted for for any excess values in the firm existing contracts.

10 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.

31.12.2020	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 other current receivables	-	109	109	75
Unrestricted cash	-	506	506	506
Total financial assets	**-**	**615**	**615**	**581**
Liabilities				
Current portion of debt	-	1 384	1 384	1 355
Trade payables and other current liabilities	-	7	7	-
Total financial liabilities	**-**	**1 391**	**1 391**	**1 355**

31.12.2019	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	-	172	172	90
Unrestricted cash	-	334	334	334
Total financial assets	**-**	**505**	**505**	**424**
Liabilities				
Current portion of debt	-	1 346	1 346	1 323
Trade payables and other current liabilities	-	6	6	-
Total financial liabilities	**-**	**1 352**	**1 352**	**1 323**

Prepayments and non-financial liabilities are excluded from the disclosures above.

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 is 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.

Amounts in NOK million

11 Related parties

DOF ASA is the owner of DOF Subsea AS with a 100% holding. DOF Installer ASA is owned 84.92% by DOF Subsea AS.

DOF Management and DOF Subsea Canada delivers ship management services on the Company's vessels.

The transactions and balances are as follow:

Operating revenue	2020	2019
DOF Subsea Group	156	195
Total	**156**	**195**

Operating expenses		
DOF Subsea Group other operating expenses	-11	-15
DOF Subsea Group impairment trade receivable	-7	-
Total	**-18**	**-15**

Gain on sale tangible assets		
DOF Subsea Group	-	2
Total	**-**	**2**

Net financial loss		
Interest income from DOF Subsea Group companies	3	6
Guarantee expenses to DOF Subsea Group companies	-9	-13
Impairment of loans to DOF Subsea Group companies	-15	-
Other financial expenses including foreign exchange gain / loss	6	-1
Total	**-15**	**-7**

Current receivables from Group companies		
Loan to DOF Subsea Group companies	90	90
Impairment of loans to DOF Subsea Group companies	-15	-
Trade receivables and other current receivales to DOF Subsea Group companies	41	79
Impairment on trade receivales to DOF Subsea Group companies	-7	-
Total	**109**	**169**

Current liabilities to Group companies		
DOF Subsea Group	4	6
Total	**4**	**6**

The outstanding balance at period end is mainly in NOK, USD and CAD. Period end balances arising from sales related to DOF Subsea Group Companies is included in current receivables from Group companies with NOK 34 million in 2020 and NOK 49 million in 2019.

For further information see the financial statements for DOF ASA and DOF Subsea AS at www.dof.com and www.dofsubsea.com.

12 Remuneration to Board of Directors, Executives and Auditor

The Company has no employees. No salaries or other remuneration have been paid to the members of the Board of Directors or Managing Director. No loans or guarantees have been provided for the members of the Board of Directors, Managing Director or close associates.

Specification of auditor's fee (excl. VAT), amounts in NOK	2020	2019
Fee for audit of financial statements PWC	272 500	184 500
Total	**272 500**	**184 500**

DOF Installer ASA

Amounts in NOK million

13 Contingencies

The Company is not involved in any legal disputes or on-going legal matters involving potential losses.

14 Earnings per share

Basis for calculating earnings per share	2020	2019
Profit / loss attributable to shareholders	-327	-88
Weighted average number of outstanding shares	33 931 000	33 931 000
Weighted average number of outstanding shares, diluted	33 931 000	33 931 000
Basic and diluted earnings per share (NOK)	**-9.64**	**-2.58**

15 Share capital and share information

Share capital

The share capital in the Company at year end was NOK 33 931 000 comprising 33 931 000 shares, each with a nominal value of NOK 1.

Shareholder overview

The members of the Board of Directors and senior executives own shares in related companies, and thus have indirect ownership stakes in DOF Installer ASA. Please refer to the DOF Subsea AS' Annual Report for further information.

Shareholders at 31.12.2020	No. shares	Shareholding and voting shares
DOF SUBSEA AS	28 815 295	84.92%
Euroclear Bank S.A/N.V.	1 501 800	4.43%
METEVA AS	630 000	1.86%
MP PENSJON PK	508 190	1.50%
AS CLIPPER	366 100	1.08%
AS STRAEN	364 915	1.08%
EUROMAR AS	331 900	0.98%
PROFUND AS	321 380	0.95%
AS AUDLEY	225 750	0.67%
SUNDT AS	140 000	0.41%
SNIPTIND INVEST AS	129 560	0.38%
LANDE EIENDOM INVEST AS	75 000	0.22%
LEIF INGE SLETTHEI AS	69 500	0.20%
BARQUE AS	56 500	0.17%
BYGGEVIRKSOMHET AS	56 000	0.17%
Total	**33 591 890**	**99.00%**
Other shareholders	339 110	1.00%
Total number of shares	**33 931 000**	**100%**

Board of Directors	Title
Mons S. Aase	Chairman
Jan Nore	Director
Hilde Drønen	Director
Management group	**Title**
Marianne Møgster	Managing Director

DOF Installer ASA

Amounts in NOK million

16 Events occurring after period end

On the 30th of April the Group agreed to extend the standstill agreements with the secured lenders representing in total 88 % of the secured debt of the Group excluding the joint venture with TechnipFMC and DOF Subsea Brasil Servicios Ltda. DOF Subsea AS has received confirmation from the ad hoc group of bondholders that they have agreed to further extend the suspension, deferral and standstill arrangement currently in place for the bond issues from 30 April to 31 May 2021.The standstill from BNDES to DOF Subsea Brasil Servicios Ltda.has been extended to 10th of June 2021 for the vessel Skandi Salvador.

17 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 Group companies are defined as DOF Subsea AS and its subsidiaries. Group companies are defined as DOF ASA 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 and Managing Director.

The Company operates in the Subsea/IMR Project market through third parties.

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
- the entity does not have an unconditional right to postpone settlement of the liability until at least 12 months after the reporting period

All other liabilities are classified as non-current liabilities.

Trade receivables

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

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 tangibe 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.

For vessels, residual value is determined based on estimated fair value today as if the asset was at the end of its useful life. According to the Group's strategy, it intends not to own vessels older than 20 years. For further information on depreciation policy see note 3 'Accounting estimates and assessments'.

Contract costs and costs related to mobilisation are capitalised and amortised over the contract period. 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.

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 3 'Accounting estimates and assessments'.

Periodic maintenance

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 consolidated 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 drawndown, 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 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 consolidated 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

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 tonnage tax is payable, which 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.

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 consolidated financial statements are disclosed in note 3 '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 flow 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 2020.

New standards, amendments and interpretations not yet adopted

New standards and amendments mandatory for annual reporting periods after 31 December 2020 is expected to not be significant for the Company.

DOF Installer ASA

Amounts in NOK million

18 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 (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. 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".
Equity ratio	Equity ratio is defined as total equity divided by total assets at the reporting date.

pwc

To the General Meeting of DOF Installer ASA

Independent Auditor's Report

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of DOF Installer ASA, which comprise the financial position as at 31 December 2020, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements are prepared in accordance with law and regulations and give a true and fair view of the financial position of the Company as at 31 December 2020, and its financial performance and its cash flows for the year then ended in accordance with simplified application of international accounting standards according to section 3-9 of the Norwegian Accounting Act.

Basis for Opinion

We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company as required by laws and regulations, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the financial statements and the Board of Directors' report, which indicates that the Company is dependent on that DOF Subsea Group is able to secure a long-term solution with banks and to secure satisfactory financing and liquidity for the Group. As stated in Note 1 and the Board of Directors' report, these events or conditions, along with other matters as set forth in Note 2 and 16 and the Board of Directors' report, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. There is a risk that DOF Subsea Group will not reach an agreement with the lenders, and in such an event the company could be forced to realise its assets at a significantly lower value than their carrying amount. Our opinion is not modified in respect of this matter.

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

Independent Auditor's Report - DOF Installer ASA

pwc

Other information

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

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and the Managing Director for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Independent Auditor's Report - DOF Installer ASA

pwc

Report on Other Legal and Regulatory Requirements

Opinion on the Board of Directors' report

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

Opinion on Registration and Documentation

Based on our audit of the financial statements as described above, and control procedures we have considered necessary in accordance with the International Standard on Assurance Engagements *(ISAE) 3000, Assurance Engagements Other than Audits or Reviews of Historical Financial Information*, it is our opinion that management has fulfilled its duty to produce a proper and clearly set out registration and documentation of the Company's accounting information in accordance with the law and bookkeeping standards and practices generally accepted in Norway.

Bergen, 28 May 2021
PricewaterhouseCoopers AS

Sturle Døsen
State Authorised Public Accountant

(This document is signed electronically)

DOF Installer ASA
Alfabygget
5392 Storebø
NORWAY

MOTTATT

Norwegian Directorate of Taxes

Inquiries to	Your date	Our date
Torstein Kinden Helleland	07.08.2013	15.08.2013
Telephone	Your reference	Our reference
22078139	Petter O. Pharo	2013/595413

DOF SUBSEA AS
Thormøhlens gate 53C
5006 BERGEN

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

Dear Mr Petter O. Pharo

With reference to your letter of 7 August 2013, you apply for permission to keep annual accounts and directors' report in English language. The application in question concerns the companies mentioned below.

DOF Installer ASA **org. nr. 990 512 663**
TECHDOF Brasil AS **org. nr. 912 176 673**

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 previous decisions 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

Postal address
P.O. Box 9200 Grønland
0134 Oslo
For elektronisk henvendelse se www.skatteetaten.no

Visiting address:
See www.skatteetaten.no
Org.nr: 996250318

Telephone
800 80 000
Telefax
22 17 08 60

are foreign/international companies or institutions. The companies' users, who are not foreign/international companies or institutions, master and use English language. The annual report and financial statements of the companies are required to be prepared each year in the Norwegian language only in order to satisfy the requirements of the Norwegian Accounting Act.

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

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

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

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

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

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

As mentioned above it is particularly the consideration of the users of the account information which has to be taken into consideration when considering the application for permission. In this assessment, the Directorate of Taxes has emphasized that other group companies have in decisions been given permission to make the directors' report and annual accounts in English language. The companies operates in highly international branch, where English is the common languages used. Internal, English is also only language used for reporting purpose. Furthermore, it is emphasized that non in the Board of directors speaks Norwegian.

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

Best regards

Rune Tystad

Rune Tystad
Senior Adviser
Rettsavdelingen, foretaksskatt
Norwegian Directorate of Taxes

Torstein Kinden Helleland