Brønnøysundregistrene

ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2023 - GENERELL INFORMASJON

Enheten

Organisasjonsnummer:	930 914 657
Organisasjonsform:	Aksjeselskap
Foretaksnavn:	SKANDI HERA AS
Forretningsadresse:	Thormøhlens gate 53C 5006 BERGEN

Regnskapsår

Årsregnskapets periode:	16.02.2023 - 31.12.2023

Konsern

Morselskap i konsern:	Nei

Regnskapsregler

Regler for små foretak benyttet:	Ja
Benyttet ved utarbeidelsen av årsregnskapet til selskapet:	Regnskapslovens alminnelige regler

Årsregnskapet fastsatt av kompetent organ

Bekreftet av representant for selskapet:	Christoffer Lunde
Dato for fastsettelse av årsregnskapet:	06.06.2024

Grunnlag for avgivelse

År 2023: Årsregnskapet er elektronisk innlevert

År 2022: Tall er hentet fra elektronisk innlevert årsregnskap fra 2023

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, 04.07.2025

Resultatregnskap

Beløp i: USD	Note	2023	2022
RESULTATREGNSKAP			
Inntekter			
Salgsinntekt	6	3 789 000	
Sum inntekter		**3 789 000**	
Kostnader			
Avskrivning på varige driftsmidler og immaterielle eiendeler	8	1 495 000	
Annen driftskostnad	7	138 000	
Sum kostnader		**1 633 000**	
Driftsresultat		**2 156 000**	
Finansinntekter og finanskostnader			
Annen finansinntekt	9	29 000	
Verdiøkning andre finansielle instrumenter vurdert til virkelig verdi	9	1 202 000	
Sum finansinntekter		**1 231 000**	
Annen finanskostnad	9,12	1 097 000	
Sum finanskostnader		**1 097 000**	
Netto finans		**134 000**	
Ordinært resultat før skattekostnad		**2 290 000**	**0**
Ordinært resultat etter skattekostnad		**2 290 000**	**0**
Årsresultat		**2 290 000**	**0**
Overføringer og disponeringer			
Overføringer til/fra annen egenkapital		2 290 000	
Sum overføringer og disponeringer		**2 290 000**	

Balanse

Beløp i: USD	Note	2023	2022
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Varige driftsmidler			
Skip, rigger, fly og lignende	8	34 468 000	
Sum varige driftsmidler		**34 468 000**	
Sum anleggsmidler		**34 468 000**	**0**
Omløpsmidler			
Varer			
Fordringer			
Kundefordringer	11	59 000	
Andre fordringer		93 000	
Konsernfordringer	12	1 056 000	
Sum fordringer		**1 208 000**	
Bankinnskudd, kontanter og lignende			
13,14		1 203 000	
Sum bankinnskudd, kontanter og lignende		**1 203 000**	
Sum omløpsmidler		**2 411 000**	**0**
SUM EIENDELER		**36 879 000**	**0**
BALANSE - EGENKAPITAL OG GJELD			
Egenkapital			
Innskutt egenkapital			
Selskapskapital	15	14 540 000	
Annen innskutt egenkapital		2 290 000	
Sum innskutt egenkapital		**16 830 000**	

Balanse

Beløp i: USD	Note	2023	2022
Sum egenkapital		**16 830 000**	**0**
Gjeld			
Langsiktig gjeld			
Annen langsiktig gjeld			
Gjeld til kredittinstitusjoner	13	13 830 000	
Sum annen langsiktig gjeld		**13 830 000**	
Sum langsiktig gjeld		**13 830 000**	**0**
Kortsiktig gjeld			
Gjeld til kredittinstitusjoner	13	4 172 000	
Leverandørgjeld	16	142 000	
Kortsiktig konserngjeld	12,13	1 871 000	
Annen kortsiktig gjeld		34 000	
Sum kortsiktig gjeld		**6 219 000**	
Sum gjeld		**20 049 000**	**0**
SUM EGENKAPITAL OG GJELD		**36 879 000**	**0**

Brønnøysundregistrene

ÅRSREGNSKAP FOR REGNSKAPSÅRET 2023 - GENERELL INFORMASJON

Journalnummer:	2024 548017

Enheten

Organisasjonsnummer:	930 914 657
Organisasjonsform:	Aksjeselskap
Foretaksnavn:	SKANDI HERA AS
Forretningsadresse:	Thormøhlens gate 53C 5006 BERGEN

Regnskapsår

Årsregnskapets periode:	16.02.2023 - 31.12.2023

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Morselskap i konsern:	Nei

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Bekreftet av representant for selskapet:	Christoffer Lunde
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Brønnøysundregistrene, 16.07.2024

Brønnøysundregistrene
Postadresse: Postboks 900, 8910 Brønnøysund
Telefon: 75 00 75 00
E-post: firmapost@brreg.no Internett: www.brreg.no
Organisasjonsnummer: 974 760 673

Organisasjonsnr: 930 914 657
SKANDI HERA AS

RESULTATREGNSKAP

Beløp i: USD	Note	2023	2022
RESULTATREGNSKAP			
Inntekter			
Salgsinntekt	6	3 789 000	
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Sum overføringer og disponeringer		**2 290 000**	

Utskriftsdato 16.07.2024 Organisasjonsnr 930 914 657 Side 1 av 3

Organisasjonsnr: 930 914 657
SKANDI HERA AS

BALANSE

Beløp i: USD	Note	2023	2022
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Varige driftsmidler			
Skip, rigger, fly og lignende	8	34 468 000	
Sum varige driftsmidler		**34 468 000**	
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Varer			
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Gjeld			
Langsiktig gjeld			
Annen langsiktig gjeld			
Gjeld til kredittinstitusjoner	13	13 830 000	
Sum annen langsiktig gjeld		**13 830 000**	

Sum langsiktig gjeld		**13 830 000**	**0**
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Annen kortsiktig gjeld		34 000	
Sum kortsiktig gjeld		**6 219 000**	
Sum gjeld		**20 049 000**	**0**
SUM EGENKAPITAL OG GJELD		**36 879 000**	**0**

Organisasjonsnr: 930 914 657
SKANDI HERA AS

NOTEOPPLYSNINGER - SELSKAP

- alle poster oppgitt i hele tall

Note

Antall årsverk i regnskapsåret
0.00

Sum	Beløp

Balanseført verdi 31.12.	Varige driftsmidler	Immaterielle eiend.

Konsernregnskap

Morselskapet sitt navn

Forretningskontor for morselskapet

Begrunnelse for at datterselskap er utelatt fra konsolideringen

Samlet beløp - tilknyttet selskap	Årets	Fjorårets

Samlet beløp - foretak i samme konsern	Årets	Fjorårets

Samlet beløp - foretak i samme konsern	Årets	Fjorårets

Samlet beløp - felles kontrollert virksomhet	Årets	Fjorårets

Pantstillelse	Beløp

Beholdning av egne aksjer	Antall	Pålydende	Andel av aksjek.

Skandi Hera AS

Annual Report 2023

DOF Subsea

Skandi Hera AS

Amounts in USD thousand

Financial statements
Skandi Hera AS

Skandi HeraAS

Amounts in USD thousand

Statement of profit or loss

	Note	31.12.2023
Operating revenue	**6**	**3 789**
Other operating expenses	7	-138
Operating profit before depreciation and impairment (EBITDA)		**3 652**
Depreciation and impairment	8	-1 495
Operating profit (EBIT)		**2 156**
Financial income	9,	29
Financial expenses	9, 12	-1 097
Realised gain / loss on financial instruments	9,	55
Unrealised gain / loss on financial instruments	9	1 146
Net financial income		**134**
Profit before tax		2 290
Income tax expense	10	-
Profit for the year		**2 290**
Distribution of result		
Taken as other equity		2 290
Total distribution of profit (loss)		**2 290**

Skandi Hera AS

Amounts in USD thousand

Balance sheet

	Note	2023
Assets		
Tangible assets	8	34 468
Total non-current assets		**34 468**
Trade receivables	11	59
Current receivables from Group companies	12	1 055
Other current receivables		93
Current receivables		**1 208**
Unrestricted cash and cash equivalents	13, 14	**1 203**
Total current assets		**2 411**
Total assets		**36 879**

Skandi HeraAS

Amounts in USD thousand

Balance sheet

	Note	2023
Equity and liabilities		
Paid-in equity	15	14 540
Other equity		2 290
Total equity		**16 830**
Debt to credit institutions	13	13 830
Total non-current liabilities		**13 830**
Current portion of debt	13	4 172
Current liabilities to Group companies	12, 13	1 871
Trade payables	16	142
Other current liabilities		33
Total current liabilities		**6 219**
Total liabilities		**20 049**
Total equity and liabilities		**36 879**

Bergen, 26th of April 2024

The Board of Directors of Skandi Hera AS

Mons Aase (Apr 26, 2024 11:04 GMT+2)

Mons S. Aase
Chair

Hilde Drønen (Apr 26, 2024 11:29 GMT+2)

Hilde Drønen
Director

Martin Lundberg (Apr 29, 2024 19:08 GMT+2)

Martin Lundberg
Director

Skandi Hera AS

Amounts in USD thousand

Statement of changes in equity

Changes in equity	Share capital	Share premium	Total Paid-in equity	Other equity	Total equity
Establishment of the Company 16.02.2023	**3**	**5**	**8**	**-**	**8**
Foundation cost 03.05.2023	-	-5	-5	-	-5
Capital increase 26.05.2023	66	13 362	13 428	-	13 428
Capital increase 29.06.2023	22	1 086	1 108	-	1 108
Profit for the year	-	-	-	2 290	2 290
Total comprehensive income for the period	**-**	**-**	**-**	**2 290**	**2 290**
Equity at 31.12.2023	**92**	**14 448**	**14 540**	**2 290**	**16 830**

Skandi HeraAS

Amounts in USD thousand

Notes to the financial statements

Skandi Hera AS

Notes to the financial statements

Amounts in USD thousand

1 Corporate information and going concern

Skandi Hera AS, (the Company), was founded on 16th February 2023. The main purpose of the Company is to conduct business within the shipping-, offshore and energy sectors. The Company owns and operates a modern vessel: Skandi Hera. The office address for the Company is Thormølensgate 53C in Bergen, Norway.

The Company was acquired in May 2023, by DOF Group ASA (the Group). On the 3rd of May 2023, 100 % of the shares in the Company were purchased by Los Shipping I AS. Los Shipping I AS is 100 % owned by DOF Subsea AS and is a part of the Group.

The Company operates with the main currency in USD, therefore, the functional currency and the reporting currency is in USD.

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.

Also, in accordance with the rules for small entities, the Company has prepared the financial statement without a statement of cash flow and Board of Directors report. For additional information, please see the consolidated financial statement for the Group published at www.dof.com.

2 Financial risk management

The Company is exposed to various types of financial risk relating to its ongoing business operations: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. The Company's governing risk management strategy focuses on minimising the potential negative effects on the Company's results.

Credit and liquidity risk

Credit and liquidity risk arises from cash and cash equivalents, derivatives, financial instruments and deposit with banks as well as payment terms towards clients and suppliers. Liquidity risk management implies maintaining sufficient cash and marketable securities, and to maintain available funding through committed credit facilities.

The Company's counterparty credit risk has been low as the Company's end clients traditionally have had good financial capability to meet their obligations and have had high credit ratings. Historically, there have been no losses on trade receivables.

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.

Currency risk

The Company has global operations, and a significant portion of the costs are denominated in foreign currencies, mainly NOK. Fluctuations in foreign exchange rates will therefore have an impact on the Company's financial statements.

Interest risk

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

Price risk

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

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

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

Inflation risk and supply management

The Company is exposed to increases in costs in general. The effects of the Covid pandemic and the geopolitical instability have resulted in a general higher inflation, hence increased costs on vessel maintenance, services, and salaries. In addition, the logistics and supply management have become more challenging and more costly. The Company has focus on early planning to mitigate the risk of not receiving deliveries on time and sign agreements with the main suppliers at fixed prices.

3 Climate Risk

Climate Risk and Impairment test

The impairment test for vessels has included an analysis of which measures will be necessary to achieve the Group's decarbonisation targets. The technical and commercial feasibility of decarbonisation measures have, in general, a high degree of uncertainty in comparison to conventional maintenance and upgrade programs for vessels. Cash flow effects related to risk and opportunities in a climate risk context, therefore, come with a higher degree of uncertainty. For further information about the Group's decarbonisation strategy, see the chapter "Our Planet" and section "Decarbonisation" in the Integrated Annual Report for the Group.

For cash flow, the key climate change risks for operations comprise cost increases following the risk of introduction of carbon pricing, a contraction in carbon-intensive operations in a push to decarbonise the economy, as well as increasing severity and rate of occurrence of extreme weather events. Nevertheless, there remains uncertainty around the form and the trajectory these risks shall take and what effect this will have on cash flows. In the current impairment model, the Group has, therefore, not included any costs linked to a potential tax on GHG emissions.

A general transformation to a low-carbon economy can also affect future revenue for the Group's vessels. There will be risks and opportunities in the energy transition to a low-carbon economy. However, limited knowledge is available about future cash flow effects on revenue. Hence, it has not been possible to quantify or measure these effects. The impairment test has, therefore, not included any potential effect on future income cash flow related to energy transition.

Climate Risk and Useful Lives of Vessels

The business model is founded on the principle of maximising the value of vessel assets across its operational lifespan. With a greater appreciation of climate change risks and circular economy, the Group and the Company seeks to extend assets' operational and economic life for as long as possible. With this objective comes increased business sustainability through maximising material value and reduced exposure to asset write-down. The principles of maximising material value across an asset's useful life are a fundamental component of DOF's decarbonisation strategy and how the organisation generates value.

The residual value has been set to zero after 30 years as the cost of increasing environmental requirements related to the disposal of vessels is estimated to offset the scrap value of the steel. The useful life and residual value of vessels are based on knowledge of the market and years of operation of these types of vessels.

The economic life of the vessels will in a climate risk & opportunities context be dependent on the ability to reach and to meet the markets and the stakeholder's expectation to sustainable operation. Additionally, the growing emphasis on the circular economy will positively impact both the economic and useful life of the Group's vessels.

A short or longer economic life might affect the value of the Group's vessels and equipment as well as future depreciation.

4 Accounting estimates and assessments

When preparing the annual accounts, estimates and assessments have been in use. Bases for these estimates and assessments may change and impact assets, liabilities, equity and result.

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

Depreciation of vessel

The carrying amount of the Company's vessel represents 93% of the total statement of financial position. Consequently, policies and estimates linked to the vessel 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 18 'Accounting policies' for further information about tangible assets.

Residual value of vessels

The level of depreciation depends on the calculated residual value. Residual value after 30 years is set to zero based on an assumption that environmental requirements related to disposal of the vessels are estimated to offset scrap value of steel.

Useful life and periodic maintenance

The level of depreciation depends on the calculated residual value. Residual value after 30 years is set to zero based on an assumption that environmental requirements related to disposal of vessels are estimated to offset the scrap value of the steel.

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

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 costs 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. 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. When value in use calculations have lower value than broker estimates, value in use has been used in the impairment test.

Value in use

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

For vessels fixed on long-term contracts, the assumption is that the contracts run up until end of contract. Options held by the customers are not assumed to be exercised, unless the options are at or below current market rates. For vessels without a contract, assumptions derived from the evaluation of broker estimates, combined with other market information are considered when estimating future revenues.

The Weighted Average Cost of Capital (WACC) is used as a discount rate and reflects a normalised capital structure for the industry. The WACC represents the rate of return the Group is expected to pay to its sources of finance for cash flows with similar risks. Cash flows are calculated after tax and discounted with an after-tax discount rate. The nominal WACC used in the value in use calculations is 11,2%.

Sensitivity analysis or 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.

5 Accounting policies

Summary of significant accounting principles

The financial statements of the Company have been prepared and presented in accordance with the Norwegian Accounting Act, and generally accepted accounting principles for small entities.

The fiscal year is the same as the calendar year.

Group companies

Group companies are defined as both DOF Group ASA and DOF Subsea AS companies.

Segment reporting

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

Amounts in USD thousand

Conversion of foreign currency

a) Foreign currency

The functional currency is USD. The statements are presented in USD thousand.

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 within12 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 and classified as current assets. In addition to invoiced amounts, trade receivable also includes accrued, not invoiced revenues when the amounts are independent of future performance. Accrued not invoiced revenues is recognised if the Company performs by transferring services to a customer before the customer pays consideration or before invoice can be issued.

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

Tangible assets

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

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

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

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

For vessels, residual value is determined based on estimated fair value today as if the asset was at the end of its useful life. Useful life and economic life of the Company's vessel is estimated to be 30 years. For further information on depreciation policy see note 4 'accounting estimates and assessments'.

Residual value of vessels

The level of depreciation depends on the calculated residual value. Residual value after 30 years is set to zero based on an assumption that environmental requirements related to disposal of the vessels are estimated to offset scrap value of steel.

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

Periodic maintenance of tangible assets

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

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

Debt

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

Fees paid on the establishment of debt are recognised as transaction costs of the debt to the extent that it is probable that some or all of the liability will be drawn. In this case, the fee is deferred until the drawdown occurs. To the extent there is no evidence that it is probable that some or all of the liability will be 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 statement of financial position. The costs incurred will be expensed in line with the satisfaction of the performance obligation.

Contract cost

Cost of obtaining contracts with customers and costs related to mobilisation of vessels, equipment and personnel are capitalised as contract cost. Amortisation is done in line with the agreed contract period and includes the probability judgement in assessing whether the option period shall be included. Contract costs are recognised as intangible assets and the amortisation is presented as operating expenses.

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 tax is calculated at relevant tax rates on the basis of the temporary differences which exist between accounting and tax values, and any carry-forward losses for tax purposes at year-end. Tax enhancing or tax reducing temporary differences, which are reversed or may be reversed in the same period, have been eliminated. The disclosure of deferred tax benefits on net tax reducing differences which have not been eliminated, and carry-forward losses, is based on estimated future earnings. Deferred tax and tax benefits which may be shown in the statement of financial position are presented net. Deferred tax is reflected at nominal value.

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

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 Norwegian Accounting Act, and generally accepted accounting principles requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 4 'Accounting estimates and assessments'. Changes in accounting estimates are recognised in profit or loss for the period in which they occur. If the changes also apply to future periods, the effect of the change is distributed over current and future periods.

New standards, amendments and interpretations

No new standards, amendments or interpretations have been adopted by the Company in 2023.

New standards, amendments and interpretations not yet adopted

New standards and amendments mandatory for annual reporting periods after 31 December 2023 is expected to not be significant for the Company.

6 Operating revenue

The Company's vessel operates in the chartering of Subsea market in Norway.

Skandi Hera AS

Amounts in USD thousand

7 Remuneration to Board of Directors, Executives, and Auditor

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

Specification of auditor's fee (excl. VAT), amounts in USD	2023
Fee for audit of financial statements	6
Fee for attestation services	4
Total	**10**

8 Tangible assets

2023	Vessel	Periodical maintenance	Total
Additions	35 297	665	35 962
Cost at 31.12	**35 297**	**665**	**35 962**
Depreciation for the year	-1 328	-167	-1 495
Depreciation at 31.12	**-1 328**	**-167**	**-1 495**
Book value at 31.12	**33 969**	**499**	**34 468**
Asset lifetime (years)	30	2.5-5	
Depreciation schedule	Linear	Linear	

The residual value has been set to zero after 30 years.

Additions

During the year, the Company acquired one vessel, Skandi Hera from parent company, LOS Shipping I AS; and one ROVs from DOF Subsea ROV AS. The ROV is a part of the vessel in the table above.

Sensitivity analysis

The Company has a relatively new vessel and as a result future cash flow for a long period of time. The key assumptions in a discounted cash flow calculation for vessels are utilisation and charter rates. Changes in these assumptions would have considerable effects on the net present value of the vessels in a value in use calculation.

9 Financial income and expenses

Financial income and expenses	2023
Interest income	29
Financial income	**29**
Interest expenses	-1 266
Other financial expenses	170
Financial expenses	**-1 096**
Realised gain on currencies	55
Realised gain on financial instruments	**55**
Unrealised gain on currencies	1 146
Unrealised gain on financial instruments	**1 146**
Net financial income	**134**

Amounts in USD thousand

10 Tax

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.

11 Trade receivables

Trade receivables	2023
Trade receivables at nominal value	59
Trade receivables at 31.12	**59**

12 Related parties

Skandi Hera AS is owned 100% by LOS Shipping I AS. LOS Shipping I AS is 100 % owned by DOF Subsea AS and is a part of the DOF Group. DOF Group delivers ship management services on the Company's vessel.

The transactions and balances are as follow:

	2023
Operating revenue from Group companies	
DOF Group Companies	3 789
Total	**3 789**
Operating expense from Group companies	
DOF Group Companies	-97
Total	**-97**
Financial expense from Group companies	
DOF Group Companies	-69
Total	**-69**
Current receivables from Group companies	
DOF Group Companies	1 055
Total	**1 055**
Current liabilities from Group companies	
DOF Group Companies	1 871
Total	**1 871**

Skandi Hera AS

Amounts in USD thousand

13 Interest bearing debt

Non-current interest bearing debt	2023
Debt to credit institutions	13 830
Total non-current interest bearing debt	**13 830**
Current interest bearing debt	
Debt to credit institutions	4 000
Current debt to Group companies	1 808
Total current interest bearing debt	**5 808**
Total non-current and current interest bearing debt	**19 638**
Cash and cash equivalents	1 203
Net interest bearing debt	**18 435**

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

Debt repayment profile	2024	2025	2026	2027	2028	Total
Debt to credit institutions	4 000	4 000	4 000	4 000	2 000	18 000
Debt to Group companies	-		1 808	-	-	1 808
Total repayment	**4 000**	**4 000**	**5 808**	**4 000**	**2 000**	**19 808**

Liabilities secured by mortgage	2023
Liabilities to credit institutions	17 830
Liabilities to Group companies	1 808
Book value of assets pledged as security for debt to credit institutions	35 671
Average rate of interest of debt to credit institutions	5,14%

Financial covenants in loan agreements

The Company's long-term financing agreements include the financial covenants that the Company shall have at all times fee liquidity of at least USD 1 million, and book equity ratio shall at all times be a minimum 20 %. The Company was in compliance with the financial covenants at year-end 2023.

14 Cash and cash equivalents

The Company has no restricted deposits at year-end 2023.

Amounts in USD thousand

15 Share capital and share information

Share capital

The share capital in the Company at 31 December 2023 was NOK 1 000 000 (USD 91 615) comprising 1 000 shares, each with a nominal value of NOK 1 000.

Shareholder overview

LOS Shipping I AS own 100 % of the shares per 31.12.2023.

Shareholders at 31.12	Total shares	Share capital	Ownership/Vote share
LOS Shipping I AS	1 000	91 615	100%

Board of Directors	Title
Mons S. Aase	Chair
Hilde Drønen	Board member
Martin Lundberg	Board member

Share capital	No. of shares	Share capital
Share capital at establishment of the Company 16.02.2023	1 000	2 856
Share capital 31.12.2023	1 000	91 615

DOF Group ASA is the ultimate parent company and has its headquarters at Storebø in Austevoll municipal in Norway. For further information see the consolidated financial statement for DOF Group ASA at www.dof.com.

16 Trade payables

Trade payables	2023
Supplier	142
Trade payables at 31.12	**142**

17 Contingencies

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

18 Events after period end

In 2024, Skandi Hera, chartered to DOF Subsea Group, was awarded a Substantial Subsea Engineering Procurement Removal and Disposal (EPRD) contract from A/S Norske Shell in the Atlantic region.

Skandi Hera AS
Thormøhlens gate 53 C
5006 Bergen
NORWAY

DOF Subsea

Skandi Hera AS Annual Report 2023

Final Audit Report 2024-04-29

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By:	Patricia Colgren (patricia.colgren@dof.com)
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To the General Meeting of Skandi Hera AS

Independent Auditor's Report

Opinion

We have audited the financial statements of Skandi Hera AS (the Company), which comprise the balance sheet as at 31 December 2023, the statement of profit or loss and statement of changes in equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion the financial statements comply with applicable statutory requirements, and the financial statements give a true and fair view of the financial position of the Company as at 31 December 2023, and its financial performance for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.

Basis for Opinion

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

Responsibilities of the Board of Directors for the Financial Statements

The Board of Directors (management) is responsible for the preparation of financial statements that give a true and fair view in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, 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. The financial statements use the going concern basis of accounting insofar as it is not likely that the enterprise will cease operations.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.For further description of Auditor's Responsibilities for the Audit of the Financial Statements reference is made to: https://revisorforeningen.no/revisjonsberetninger

Bergen, 26 April 2024
PricewaterhouseCoopers AS

Marius Kaland Olsen
State Authorised Public Accountant
(This document is signed electronically)

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

Securely signed with Brevio

Revisjonsberetning 2023

Signers:

Name	***Method***	***Date***
Olsen, Marius Kaland	BANKID	2024-04-29 12:35

The Norwegian Tax Administration

Our date	Your date	Case officer
23.11.2023	22.09.2023	Vibeke Horne
800 80 000	Your reference	Telephone
skatteetaten.no	AR570561425	+4748123176
Org. nr:	Our reference	Postal address
974761076	2023/5575945	P.O. Box 9200 Grønland 0134 Oslo

LOS SHIPPING I AS
Att.Hilde Drønen
Thormøhlens gate 53C
5006 BERGEN
Norge

Callers from abroad, please call +47 22 07 70 00

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

With reference to your letter of 22 September 2023 with respect to the above matter regarding

LOS Shipping I AS	**org. no 917 751 862**
Skandi Hera AS	**org. no 930 914 657**
Skandi Darwin AS	**org. no 930 914 673**

Based on a total evaluation, the view of the tax office is that the mentioned companies 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 the decision is based on, does not change significantly.

A copy of this letter must be sent to the Register of Company Accounts in Brønnøysund together with the financial statements. It is incumbent on the companies to document by this letter that the permit is granted.

Background
The companies are part of an international group. The group owns and operates a modern fleet of offshore-/subsea vessels and owns engineering capacity to service the subsea market.

The working language for the company group is English.

Condition for the permission
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."

One of the main goals 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 prepared 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 tax office has emphasized that the companies are part of an international group. Furthermore, all key players and partners in this industry understand and use English.

Please state "our reference" (see above) in all written communication with the Norwegian Tax Authorities.

Yours sincerely,

Vibeke Horne
The Norwegian Tax Administration

This document has been electronically approved and therefore has no handwritten signatures.

Page 2 / 2