



BOA OFFSHORE AS



ANNUAL REPORT

2019

BOA OFFSHORE AS

GROUP

BOARD'S ANNUAL REPORT FOR 2019

Nature and location of activities:

Boa Offshore AS is the parent company of the Boa Offshore Group ("Group"). The Group is comprised of several ship owning companies within the following segments; tugboats, barges and offshore vessels. The tugboat activity, including salvaging, is mainly operating along the Norwegian coast and the North Sea. The barge fleet consists of larger barges, and the offshore department manages offshore supply vessels within construction and oil exploration, operating worldwide. The management is located in Trondheim. The group has also an office in Houston, operating part of the Groups fleet in the Gulf of Mexico.

Work environment:

At year-end the Group had approx. 252 employees and, in the opinion of the Board, a good work environment. The total absenteeism rate for the year was around 2.8 %.

Equal opportunity:

The Group operates within a sector that historically has been dominated by men. This is also the case among our staff, in which men form the majority of sailing personnel. Consequently, the percentage of women in leading positions is small.

The company aims to ensure that any discrimination based on gender, religion or nationality is subject to immediate follow-up by the management staff onboard the vessels and onshore ensuring conditions guarantees equal opportunity.

The ratio among men and woman in administration onshore is approx. 23 % women and 77 % men. There are two top positions in the Group management held by women.

For the Group, the distribution among the employees is about 8 % women and about 92 % men.

Health, safety, the environment and quality:

The goal of the Group's health, safety, the environment and quality policy is 'zero tolerance' when it comes to injury to persons, damage to ships, work-related illness and environmental damage. This can be achieved by establishing a good work environment and work routines both onboard the vessels and onshore. The risk factors linked to the company's operations are continuously identified and the necessary risk-reducing measures implemented. The Group has established procedures for dealing with accidents and other emergency situations and meets international requirements concerning safeguards against acts of terrorism. The Group aims to be known in the market for providing high-quality services and in accordance with national and international laws and regulations.

To achieve these goals, the Group has established an integrated health, safety, environment and quality control system that is used by both the onshore organisations and those onboard the vessels. The system meets all relevant requirements with regard to international standards as well as requirements and guidelines developed by branch organisations within the offshore and shipping sectors. The system undergoes continuous improvements based on reports from users and annual reviews by customers, authorities and the organisation itself.

The goal for the future with regard to the integrated health, safety, the environment and quality system is to achieve combined certification pursuant to the requirements of the ISM code, environment standard 14000 and ISO 9001:2000 quality standard. Parts of this certification are now introduced.

Over the last year it has been none serious work-related injury among employees nor contracted personnel. The Group is continuously working to reduce the number of work related injuries.

External environment:

The machinery on the vessels run on fuel and, apart from the emissions from this machinery, the Board does not believe that the ships pollute the external environment beyond what is normal for this type of maritime activity. The Group is continuously working to reduce discharge to sea and air.

Continued operations:

To ensure continued operations, a proposal for restructuring of the Boa Offshore Group was initiated in November 2016. The proposal was presented to and discussed with the Group's largest creditors and a final agreement with the financial creditors was entered into in July 2017. The restructuring included for the outstanding Boa Group corporate bonds extended maturity dates to December 2020 with full amortization holiday until maturity, PIK interests and future cash-sweeps. Applied for both the outstanding corporate bonds and bank debt of the Boa Group, all guarantees except Taubåtkompaniet AS' guarantee for the Boa Offshore Sub bond was discharged. Intercompany loans were discharged or significantly reduced as a part of the solution.

In May 2020 an amendment to the restructuring agreement has been agreed with bank and bond creditors and the maturity dates for the loans have been extended to December 2024.

Boa Offshore AS has booked debt according to both Boa Offshore Unsec Bond and Boa Offshore Sub Bond at face value. Both bonds contain provisions that this debt must only be repaid on certain terms. Boa Offshore Unsec Bond shall only be repaid if and to the extent that the company receives (i) net income from certain specific potential sources of income or (ii) funds to be used for repayment of a residual claim with a nominal value of MNOK 116.5 plus interest. If the remaining claim is not met within 30 years, all amounts outstanding under the bond loan agreement shall be waived. The bond loan's total outstanding with accrued interest constitutes the upper limit for potential repayments. Boa Offshore Sub Bond contains similar mechanisms. This means that the relevant creditors will not be able to claim payment on outstanding amounts unless the company receives corresponding funds.

Based on the implemented financial restructuring, the agreement with the creditors, it is the opinion of the Board that there is no significant uncertainty about continued operations, and the annual accounts for 2019 for the company and the Group were drawn up under the assumption of continued operations.

Since the end of February the condition of the oil & gas market has changed dramatically for the worse as a consequence of the global emergence of the COVID-19 pandemic.

In the short to medium term this has a direct impact on Boa Offshore's business segments through contracts potentially being paused, cancelled or re-negotiated. In May the contract for Boa Sub C was cancelled by the client, although Boa has disputed the validity of this. The contract for Boa Barges and Boa Tugs at the Tortue Field in Senegal/Mauretania has also been delayed by one year, where a certain compensation for the delay is outlined. The worsened market conditions will also make it more difficult to obtain new contracts. In the longer term the timing of a potential recovery remains uncertain until more clarity surrounding the COVID-19 situation persists. Please see the *Future Development* section for further details.

Should the weak market conditions prevail, Boa Offshore can reduce operating cost significantly by laying up vessels. Another measure is to pursue work in alternative markets, although these markets are also negatively impacted. In sum, all companies of the Boa Offshore Group should have sufficient liquidity in the short to medium term.

Review of annual accounts:

The operating profit for the Group in 2019 was MNOK -0.6, compared to MNOK -76.4 in 2018. In 2019, ship value impairment losses of MNOK 70.2 were made. It is the board's view that in today's market these valuations are associated with uncertainty.

Net financial items were MNOK -203.0, compared to MNOK -204.8 in 2018.

The Group had in 2019 a net tax income of MNOK 4.9, compared to a net tax expense of MNOK 12.8 in 2018.

The profit for the year was a loss of MNOK 198.8 compared to MNOK 294.0 in 2018.

Total year end assets were MNOK 2 735, compared to MNOK 3 245 the previous year. The equity on December 31, 2019

was MNOK -628, compared with MNOK -366 on December 31, 2018. Booked value of equity for the Group is negative, however the value adjusted equity ratio for Boa Offshore AS per 31.12.2019 was 8.9 %. This is based on two independent ship broker valuations.

Financial risk:

Market risk:

The Group companies are susceptible to changes in currency rates considering that the Group's earnings and long-term financing is partly in foreign currency. However, this market risk is to a certain degree reduced by the Group also having certain operating costs in the same currency. The Group continuously considers entering into forward contracts and other agreements in order to reduce the currency risk. By 31.12.2019 the total of the group's interest-bearing debt was MNOK 2 796 where of MNOK 569 is secured by interest rate swap agreements or fixed rate.

Credit risk:

The Group companies are exposed to the risk that the contracting parties will not have the financial means to meet their obligations. No agreements have been entered into or other financial means established to minimize the Group companies credit risk.

Liquidity risk:

The Group's liquidity position as of 31.12.2019 is MNOK 241. Boa Offshore AS is financed by equity and debt. The parent company has a bond of MNOK 423 and a subordinated bond of MNOK 41 both listed at Oslo Stock Exchange ABN. The total of outstanding bonds as of 31.12.2019 for the company was MNOK 463. Out of this 134 MNOK is interest bearing debt with PIK-interests. Total outstanding bonds for the Group is MNOK 1 769 where MNOK 1 443 is interest bearing. The group has in addition loan to financial institutions of MNOK 1 325.

Appropriation of profits:

The year-end result of the parent company, Boa Offshore AS, was MNOK -324.6. The Board proposes the following distribution:

Transferred from other equity	MNOK	324.6
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Events after the balance sheet date:

In May 2020 an amendment to the restructuring agreement has been agreed with bank and bond creditors and the maturity dates for the loans have been extended to December 2024.

No other events have taken place after the end of the financial year that would materially affect the evaluation of the Group's profit and loss account or balance sheet as per December 31, 2019.

Future development:

The short to medium term outlook for Boa Offshore's oil & gas related business has changed dramatically for the worse over the last months as a consequence of the global spread of the COVID-19 pandemic and following lock-down of most countries and economies world-wide. The COVID-19 virus spread caused an estimated short-term demand contraction of oil of at least 20% from the 2019 demand level close to 100 million barrels per day, resulting in the Brent spot oil price dropping from above USD60 per barrel at the start of the year to around USD20 per barrel in mid April. The rapid drop seems to be braced to some extent by OPEC and allies reaching a production cut agreement on April 13th. Moreover, since April a number of countries and economies have started to gradually re-open giving support to an increase in Brent oil prices to current level around USD30 per barrel.

In addition to the drop in oil prices the COVID-19 virus has also led to significant logistical and procurement challenges curbing activities. E&P budgets are estimated to come down around 30% in 2020 compared with 2019 levels. A number of sanctioned developments will be postponed, new sanctioning will be paused, and Brownfield and maintenance activities will be postponed for the above-mentioned reasons.

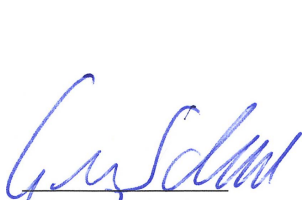
When oil demand and subsequently oil prices and activity recover again depends on when the virus spread significantly slows and/or development of medical treatments for the virus. For the time being this is still uncertain, despite signals that certain countries and economies are modestly and partly re-opening.

Boa Offshore's Barge and Tug segments are exposed to more industries and demand drivers than oil and gas and remain relatively more stable and robust. However, due to the general economic contraction and above-mentioned logistical challenges it is expected that these two segments also will be negatively impacted by COVID-19 to a certain extent. Nevertheless, Boa Barges has a relatively robust backlog for 2020-21, and Boa Tugs has seen satisfactory activities this spring after a weaker winter period.

The AHTS vessels Boa Jarl and Boa Bison were awarded contracts by The Norwegian Defense Logistic Organization (FLO) in October 2019. The duration of the agreement is 5 years, with the option to extend the agreement for another 5 years. Both vessels commenced this contract in January 2020.

For Boa OCV, Boa Sub C has until May been working on a 1-year term contract in West Africa, which mentioned above now has been cancelled. The Boa Deep C is currently idle in Norway after finalizing a medium-term contract in Asia in 1Q20. Despite the current weak market conditions there are a few short-term contracts out in the market at low dayrates.

Trondheim, 15. May 2020



Georg Scheel

Chairman of the Board



Svein Sivertsen

Board member

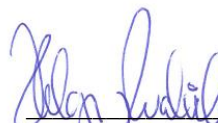


Oddvar Sørtømme
Board member



Torbjørn Vik

Board member



Helge Kvalvik
CEO

Income statement

Boa Offshore AS

Figures in 1 000 NOK

Parent company				Group	
2019	2018	Operating income and operating expenses	Note	2019	2018
950	2 690	Total operating income	2	980 322	937 552
1 546	1 868	Operating cost ships		489 904	502 568
171	269	Payroll expenses	3, 9, 15	234 866	252 274
0	0	Depreciation	4	146 119	162 053
0	0	Write down fixed assets	4	70 168	34 000
1 139	1 324	Other operating expenses	3, 15	39 914	63 080
2 856	3 461	Total operating expenses		980 971	1 013 976
-1 906	-772	Operating result		-649	-76 424
		Financial income and expenses			
0	25 812	Income from subsidiaries		0	0
28 222	27 707	Interest income from group companies	15	5 969	6 645
98	68	Other interest income		1 791	936
365	852	Other financial income		51 665	29 198
318 000	39 500	Write down of other financial fixed assets		0	0
2 483	2 445	Interest expense to group companies	15	0	0
2 020	2 114	Other interest expenses		200 489	200 033
31 148	1 169	Other financial expenses		61 921	41 549
-324 966	9 212	Financial result		-202 986	-204 804
-326 873	8 440	Result before tax		-203 635	-281 228
-2 312	81	Tax on ordinary result	12	-4 860	12 780
-324 561	8 359	Profit for the year		-198 775	-294 008
0	0	Minority share		-2 667	-3 677
324 561	-8 359	From other equity	8	198 775	294 008
-324 561	8 359	Net brought forward		-198 775	-294 008

Balance sheet

Boa Offshore AS

Figures in 1 000 NOK

Parent company				Group	
31.12.2019	31.12.2018		Note	31.12.2019	31.12.2018
		Fixed assets			
		Intangible assets			
0	0	Deferred tax asset	12	1 751	0
<u>0</u>	<u>0</u>	Total intangible assets		<u>1 751</u>	<u>0</u>
		Tangible fixed assets			
0	0	Buildings and land		1 897	1 897
0	0	Vessels		1 988 220	2 370 911
0	0	Equipment and other movables		4 724	6 762
<u>0</u>	<u>0</u>	Total tangible fixed assets	4	<u>1 994 840</u>	<u>2 379 569</u>
		Financial fixed assets			
154 614	472 659	Investments in subsidiaries	5	0	0
365 205	352 500	Loans to group companies	6, 11	112 378	112 905
0	0	Investments in shares	5	1 772	1 772
0	0	Other receivables	6, 9	15 317	16 179
<u>519 819</u>	<u>825 158</u>	Total financial fixed assets		<u>129 466</u>	<u>130 855</u>
<u>519 819</u>	<u>825 158</u>	Total fixed assets		<u>2 126 057</u>	<u>2 510 424</u>
		Current assets			
0	0	Inventories		3 807	6 059
		Receivables			
2 694	497	Trade receivables		150 035	271 963
21 985	46 148	Loans to group companies	11	1 370	2 729
241	5 669	Other receivables		212 523	151 678
<u>24 920</u>	<u>52 315</u>	Total receivables		<u>363 928</u>	<u>426 370</u>
		Investments			
0	0	Other financial instruments		362	362
<u>0</u>	<u>0</u>	Total investments		<u>362</u>	<u>362</u>
6 119	8 544	Cash and bank deposits	2, 14	241 234	302 229
<u>31 039</u>	<u>60 859</u>	Total current assets		<u>609 331</u>	<u>735 020</u>
<u>550 858</u>	<u>886 017</u>	Total assets		<u>2 735 388</u>	<u>3 245 444</u>

Balance sheet

Boa Offshore AS

Figures in 1 000 NOK

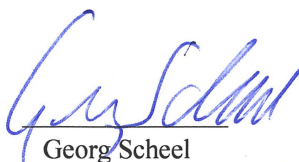
Parent company				Group	
31.12.2019	31.12.2018	Equity and liabilities	Note	31.12.2019	31.12.2018
		Restricted equity			
2 500	2 500	Share capital	7, 8	2 500	2 500
74 447	74 447	Share premium	8	74 447	74 447
3 106	3 106	Other restricted equity	8	3 106	3 106
80 053	80 053	Total restricted equity		80 053	80 053
		Retained earnings			
-170 994	153 566	Other equity	8	-708 127	-446 161
-170 994	153 566	Total retained earnings		-708 127	-446 161
-90 942	233 619	Total equity		-628 074	-366 109
0	0	Minority share		-13 628	-10 961
		Liabilities			
		Provisions			
0	0	Deferred tax	12	0	1 173
0	0	Total provisions		0	1 173
		Other long term liabilities			
462 005	474 347	Bonds	10, 13	1 768 855	2 052 067
0	0	Liabilities to financial institutions	10, 13	1 324 969	1 302 569
139 539	167 738	Liabilities to subsidiaries	11	0	0
28 032	0	Other long term liabilities	10, 13	25 162	0
629 576	642 084	Total other long term liabilities		3 118 986	3 354 636
		Current liabilities			
-71	2 472	Trade creditors		64 325	132 743
12 117	7 118	Liabilities to subsidiaries	11	0	0
0	0	Tax payable	12	496	569
42	139	Public duties payable		7 060	5 876
136	585	Other short term liabilities		172 596	116 555
12 224	10 314	Total short term liabilities		244 477	255 744
641 800	652 399	Total liabilities		3 363 462	3 611 553
550 858	886 017	Total liabilities and equity		2 735 388	3 245 444

Balance sheet

Boa Offshore AS

Trondheim, 15.05.2020

The board of Boa Offshore AS



Georg Scheel

Chairman of the board



Torbjørn Vik

Member of the board



Oddvar Nicolai Sørtømme

Member of the board



Svein Sivertsen

Member of the board



Helge Kvalvik

CEO

Consolidated Cash Flow Statement

Boa Offshore AS

Figures in 1 000 NOK

2019	2018			2019	2018
		Cash flow from operating activities			
-326 873	8 440	Profit before income taxes		-203 635	-281 228
2 004	1 974	Payment in kind bonds (PIK-bonds)		136 167	145 999
0	-25 812	Gain on investments in subsidiaries		0	0
2 312	-81	Income tax paid		2 712	-779
0	0	Depreciation and write-down		216 287	196 053
0	0	Gain on sale of tangible fixed assets		0	-2 200
45	0	Gain on sale of financial fixed assets		-22 658	0
318 000	39 500	Write-down of financial fixed assets		0	0
0	0	Changes in inventories		2 252	104
-2 196	-435	Changes in trade receivables		121 928	-94 898
5 428	-1 938	Changes in other receivables		-54 902	-13 001
-2 543	-850	Changes in trade creditors		-68 419	74 197
16 522	-33 285	Changes in receivables from group companies		1 886	27 634
-779	173	Changes in other short-term liabilities		9 377	10 611
11 920	-12 313	Net cash flow from operating activities	A	140 995	62 492
		Cash flow from investing activities			
0	0	Sale of tangible fixed assets		0	0
0	0	Purchase of tangible fixed assets		-131 415	-53 268
0	0	Net cash flow from investing activities	B	-131 415	-53 268
		Cash flow from financing activities			
0	0	Raised long term liabilities		49 537	0
-14 345	-20 704	Paid in long term liabilities		-66 711	-58 085
0	19 592	Group contribution		0	0
0	0	Cash impact from sale of subsidiary		-53 401	0
-14 345	-1 111	Net cash flow from financing activities	C	-70 575	-58 085
-2 425	-13 425	Net changes in cash and cash equivalents	A+B+C	-60 995	-48 861
8 544	21 969	Cash and cash equivalent start at period		302 229	351 090
6 119	8 544	Cash and cash equivalents at end of period		241 234	302 229

Note 1 Accounting principles

The annual accounts are established in accordance with the Norwegian Accounting Act of 1998 and generally accepted accounting principles.

Consolidation principles

The consolidated financial statement comprises Boa Offshore AS and subsidiaries, where the company has controlling interest as a result of legal or actual control. The consolidated accounts are established in accordance with uniform accounting principles for similar transactions within all companies included in the consolidated financial statement. All essential transactions and outstanding accounts between companies within the group are eliminated. Investments in companies in which the group has considerable influence (associates and joint ventures) are valued in the consolidated financial statement in accordance with the equity method. Considerable influence generally means that the group owns 20 to 50 percent of the voting capital.

Principle rule for recording and categorising assets and debts

Assets intended for long-term ownership or usage are categorised as fixed assets. Other assets are categorised as current assets. Debts to be paid back within a year are also categorised as current assets. Similar criteria are used to categorise short-term and long-term debts.

Fixed assets are valued at purchase cost, and depreciated over the economic lifetime. If the actual value of the fixed assets is lower than the booked value and the decrease in value is not expected to be temporary, devaluation to the actual value is carried out. Fixed assets are depreciated linearly.

Current assets are recorded at the lowest of historical cost and net realisable value.

Other long-term and short-term debts are recognised at nominal value.

Assets and debt in foreign currency

Money items in foreign currency are converted at the rate applicable on the balance sheet date.

Capitalised interests

Interest related to ships under construction are capitalized.

Shares in associates, joint ventures and subsidiaries

Investments in subsidiaries are valued according to the cost method and written down at the actual value if the decrease in value is not temporary, and it is considered necessary in accordance with generally accepted accounting principles. Dividend from subsidiaries are recorded as other financial income. The same applies to investments in associates and joint ventures.

Other shares classified as fixed assets

Shares and investments in general partnerships and limited partnerships in which the company does not have considerable influence are valued according to the cost method. Investments are written down at the actual value if the decrease in value is not expected to be temporary. Profits received from the companies are recognised as other financial income.

Bonds classified as fixed assets

Bonds are recognised at purchase cost. Bonds are written down at the actual value if the decrease in value is not expected to be temporary.

Investments classified as floating assets

Market-based financial instruments, including shares included in a trading portfolio, are recognised at the actual value on the balance sheet date.

Receivables

Accounts receivable and other receivables are entered at nominal value after deducting the provision for expected losses. The provision for losses is based on an individual assessment of the separate claims.

Notes to 2019 annual report

Bank deposits, cash, etc.

This category includes cash, bank deposits and other forms of payment with an expiration date that is shorter than three months from purchase.

Revenue

Revenues from the sale of services are recognised in the income statement according to the project's level of completion. Revenues are booked at the net sales value at the time of the transaction.

Expenses

Expenses are recognised in the same period as the related revenues. In those instances in which there is no clear connection between expenses and revenues, the distribution is determined based on discretionary criteria. Other exceptions from the classification principle are disclosed when relevant.

Pensions

Contribution pension plan

The company has a contribution-based obligatory company pension scheme for onshore personnel. This is expensed at date of payment.

Performance-based scheme

The company also has a performance-based company pension scheme for maritime personnel. The liability is valued annually and the balance is classified as long-term provisions (receivables) in the balance sheet.

Government subsidies

The group receives a subsidy from the Norwegian Maritime Directorate in connection with the employment of Norwegian maritime personnel. The subsidy is entered as a reduction under the group's salary costs.

Taxes

Tax expenses are grouped with operating profit before tax. Taxes are recognised directly in equity to the extent that they relate to equity transactions.

The Ship Owning companies is taxed by the Norwegian shipowning tax regime.

Tax cost includes taxes payable (tax on this years taxable income and interest surplus), tonnage tax and change in net deferred taxes.

Deferred tax and deferred tax benefits are entered in net amounts on the balance sheet.

Miscellaneous

All figures in the notes are quoted in NOK 1 000.

Note 2 Segments**Group**

Company	Segment	Operating income	EBITDA	Cash
Boa OCV AS	OCV	242 837	41 709	113 188
Boa SBL AS	Seismic	23 983	5 546	0
Boa Barges AS	Barge	165 760	89 802	27 462
Boa Barges LLC	Barge	131 537	18 720	5 134
Boa Tugs AS	Tugs	383 198	14 707	15 958
T.A. Kittilsen Shipping AS	Tugs	32 952	5 333	281
Boa AHTS Holding AS	AHTS	0	-46 492	2 531
Boa Offshore AS	Other	950	-1 906	6 119
Boa Management AS	Other	138 697	10 423	47 204
Other/elimination	Other	-139 593	77 796	23 357
Sum		980 322	215 638	241 234

Note 3 Personnel compensation, number of employees and loans to employees etc.

	Parent company		Group	
	2019	2018	2019	2018
Salaries	0	0	141 131	163 142
Employer's national insurance contribution	0	0	11 488	17 476
Pension contribution	0	0	4 004	5 324
Other personnel expenses	0	0	38 275	3 908
Hired in staff	171	269	39 968	62 424
Total personnel costs	171	269	234 866	252 274

Number of man-labour years employed	0	0	252	281
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Management remuneration*		Salary	Pension cost	Other
CEO		2 985	29	4 680
Board of Directors	parent company			171
	group			171

**Loan and securities to shareholders,
management personnel and
employees**

	Amount	Interest rate	Securities
Employees	5 353	0 - 4 %	Security in fixed assets

Auditor	Parent company	Group
Audit fee for 2019 to Deloitte AS was NOK	320	1 339
Fee for audit related services was NOK	17	447
Fee paid to Deloitte Advokatfirma AS was NOK	171	547

Note 4 Fixed assets**Group**

	Vessels	Periodic maintenance	Land	Equipment	Sum
Acquisition cost on 01.01	4 497 336	330 698	1 897	24 926	4 854 856
Additions	13 953	119 261	0	310	133 525
Disposals	-648 490	-51 721	0	0	-700 211
Transfers	43	0	0	-41	2
Acquisition cost on 31.12	3 862 842	398 238	1 897	25 195	4 288 172
Accumulated depreciation 01.01	2 216 606	240 575	0	18 106	2 475 287
Acc. depreciation disposals	-358 596	-39 647	0	0	-398 242
Depreciation this year	107 377	36 377	0	2 365	146 119
Write-down this year	69 990	178	0	0	70 168
Accum. depreciation 31.12.	2 035 378	237 483	0	20 471	2 293 332
Book value	1 827 464	160 755	1 897	4 724	1 994 840
Economic life	27-30 years	2,5-10 years		5 years	
Depreciation schedule	Linear	Linear		Linear	

Annual lease amount on fixed assets not included on the balance sheet

147 262

In 2019 vessels have been written off with NOK 69.902.000,-. By the end of 2019, two independent broker values are obtained to determine net selling price for the vessels. Brokers' estimate assume the vessels are without charter contracts, immediately available for sale in the market and that a willing seller and a willing buyer exist. In cases where there is uncertainty regarding book value against net selling price, a calculation for value in use is done by discounting future cash flows to present value at the balance sheet date. Due to reduced liquidity in the market for vessels, there is an increased uncertainty about the estimated ship values in today's market.

Note 5 Shareholdings in subsidiaries, associated companies and joint ventures

Group	Year of acquisition	Office address	Share	Equity Dec. 31 2019	Results 2019
Subsidiaries (Norwegian)					
Boa Shipping AS		2000 Trondheim	100 %	-162 402	-24 484
Boa OCV AS		2002 Trondheim	100 %	-444 077	-126 977
Boa SBL AS *		2008 Trondheim	100 %	0	-19 310
T.A. Kittilsen Shipping AS		1998 Brevik	100 %	-2 123	-2 931
Nye Kystlink AS		2012 Trondheim	100 %	0	31 608
Boa IMR AS		2014 Trondheim	63 %	66 898	-7 215
Tier subsidiaries (Norwegian)					
Boa Barges AS		2008 Trondheim	100 %	210 400	-113 092
Boa Tugs AS		2008 Trondheim	100 %	90 659	-9 020
Boa Management AS		2017 Trondheim	100 %	2 287	-5 682
Boa AHTS Holding AS		2012 Trondheim	100 %	-326 552	-133 537
Boa Crewing 1 AS		2017 Trondheim	100 %	1 505	707
Boa Crewing 2 AS		2017 Trondheim	100 %	2 930	650
Subsidiaries (foreign)					
Boa Marine S.A		2006 Gdynia i Polen	100 %	367	85
Rederi AB		2005 Sverige	100 %	1 007	0
Boa Tugs AB		2011 Sverige	100 %	-139	-36
Boa Offshore LLC		2011 USA	100 %	-22 534	952
Tier subsidiaries (foreign)					
Boa Barges LLC		2015 USA	100 %	20 595	18 720
Boa Marine Management LLC		2016 USA	100 %	-18 874	1 203
Boa Marine LLC		2016 USA	100 %	-40	0

Group Company	Share	Acq. costs	Book value	Market value
Midnor Bestik (foundation)	0,50 %	10	10	10
EMGS ASA		135	4	4
Nio Inc.		10	0	0
Åfjord Utvikling AS	3 %	6	6	6
Taklift AS	10 %	250	250	250
Åfjord Sparebank		1 974	1 502	1 502
Sum		2 384	1 772	1 772

Note 6 Long-term receivables

	Parent company		Group	
	2019	2018	2019	2018
Receivables from group companies	365 205	352 500	112 378	112 905
Other long-term receivables	0	0	15 317	16 179
Sum	365 205	352 500	127 695	129 084

Note 7 Shareholder information

	Shares	Equity share	Voting share
Taubåtkompaniet AS	2 000	100,00 %	100,00 %
Total number of shares	2 000	100,00 %	100,00 %

The company's share capital is NOK 2 500 000, distributed among 2 000 shares of par value NOK 1 250.

The company has only one class of shares.

The company Boa Offshore AS and its subsidiaries is a part of the group Taubåtkompaniet AS.
The groups financial statement can be distributed from the office in Trondheim.

Note 8 Shareholder's equity

Parent company					
	Share capital	Share premium	Other restricted equity	Other equity	SUM
Equity 01.01.	2 500	74 447	3 106	153 566	233 619
Profit of the year				-324 561	-324 561
Equity 31.12.	2 500	74 447	3 106	-170 994	-90 942

Group					
	Share capital	Share premium	Other restricted equity	Other equity	SUM
Equity 01.01.	2 500	74 447	3 106	-446 161	-366 109
Profit of the year				-198 775	-198 775
Other changes				-63 191	-63 191
Equity 31.12.	2 500	74 447	3 106	-708 127	-628 074

Note 9 Pension costs and net pension liabilities

The company is obliged to have a company pension scheme in accordance with the Norwegian Pension Act. for all employees.

The company has performance-based pension schemes for a total of 68 persons, hereby 13 retired. These schemes entitle the employee to certain future payments. This primarily depends on the number of years of employment, the salary level upon reaching retirement age and the size of the contribution from the National Insurance. These obligations are covered through an insurance company.

Pension cost

	2019	2018
Net present value of pension build-up this year	1 174	1 265
Interest costs for pension obligation	277	228
Return on pension funds	-535	-440
Estimated deviation recorded	150	165
Administrative costs	205	213
Change of pensionplan recorded	0	0
Accrued employer's contribution	158	179
Net costs after employer's contribution	1 429	1 610

Pension obligation

	2019	2018
Pension obligation	-11 567	-10 905
Pension funds (at market value)	12 773	11 842
Accrued employer's contribution	170	132
Deferred obligation for (losses)/profits	3 833	3 372
Net pension funds	5 209	4 441

Financial assumptions

	2019	2018
Interest rate	2,3 %	2,6 %
Expected return	3,8 %	4,3 %
Salary increase	2,3 %	2,8 %
G-regulation	2,0 %	2,5 %
Regulation of continuous pension	0,5 %	0,8 %
Employer's contribution rate	14,1 %	14,1 %
Voluntary resignation before the age of 40	0,0 %	0,0 %
Voluntary resignation after the age of 40	0,0 %	0,0 %

Actuary predictions for demographic factors and resignations are based on commonly used assumptions within the insurance industry.

Note 10 Long-term debts**Parent company**

Instalments of debt falling due more than 5 years from the balance date:

	2020	2021	2022	2023	→
Instalments	0	0	0	0	490 037

The bonds in Boa Offshore AS are booked at gross amounts. After the 2017 restructuring the gross amount covered maximum payments to creditors towards Restclaim, TBK Asset Realization and Legal Claims. When TBK Asset Realization and Legal Claims are realized, the gross debt can be reduced to the remaining Restclaim.

Group

Instalments of debt falling due more than 5 years from the balance date:

	2020	2021	2022	2023	→
Instalments	80 765	116 965	99 311	100 215	2 724 599

Note 11 Outstanding accounts with companies within the same group

Parent company	Long term liabilities		Short term liabilities	
	2019	2018	2019	2018
Boa Barges AS	0	0	4 790	0
Boa Barges LLC	0	0	2 242	0
Boa Marine Services SA.	0	0	0	188
Boa OCV AS	139 599	139 738	0	0
Boa Offshore LLC	0	0	0	2 242
Boa Management AS	0	0	5 085	4 689
Boa PSV AS	0	0	0	0
Boa SBL AS	0	28 060	0	0
Rederi AB	-60	-60	0	0
Boa Tugs AS	0	0	0	0
Sum	139 539	167 738	12 117	7 118

	Long term receivables		Short term receivables	
	2019	2018	2019	2018
Boa Barges AS	0	0	0	7
Boa IMR AS	17 747	16 837	19 943	13 289
Det Nordenfjeldske Dampskibsselskab AS	0	5 928	0	0
Boa OCV AS	0	0	0	17
Boa Offshore LLC	0	0	1 099	1 099
Boa Management AS	36 129	9 130	-698	25 114
Boa Crewing 2 AS	2 062	1 957	0	0
Boa SBL AS	0	0	0	6
Boa Shipping AS	174 970	158 943	0	8
Boa Tugs AB	209	198	0	0
Boa Tugs AS	0	0	0	3
NFDS AS	2 676	0	0	0
Boa AHTS Holding AS	151	151	1 641	1 620
Nye Kystlink AS	0	27 114	0	4 109
T. A. Kittilsen Shipping AS	21 559	25 265	0	873
Taubåtkompaniet AS	109 702	106 976	0	4
Sum	365 205	352 500	21 985	46 148

Group	Long term receivables		Short term receivables	
	2019	2018	2019	2018
Boa Eiendom AS	0	0	-4	95
Det Nordenfjeldske Dampskibsselskab AS	2 676	5 928	802	776
Taubåtkompaniet AS	109 702	106 976	571	1 858
Sum	112 378	112 905	1 370	2 729

Group	Long term debt		Short term debt	
	2019	2018	2019	2018
Taubåtkompaniet AS	0	0	0	0
Sum	0	0	0	0

Note 12 Tax**Parent company**

This years tax:	2019	2018
Changes in deferred tax	0	0
Tax payable abroad	0	81
Tax previous years	-2 312	0
This years tax expense	-2 312	80

This years tax basis:	2019	2018
Result before tax	-326 873	8 440
Permanent differences	339 448	13 816
Changes in timing differences	-5 517	-6 896
Group contribution	0	25 812
This years tax basis	7 059	41 172

Temporary differences:	2019	2018
Tangible fixed assets	0	0
Receivables	0	0
Profit and loss account	-22 066	-27 583
Short term liabilities	0	0
Tax losses carried forward	-351 851	-358 910
Net temporary differences	-386 493	-386 493
Net deferred tax	0	0

Net deferred tax asset is not booked on the balance sheet.

Note 12 Tax, continuing.**Group:**

This years tax:	2019	2018
Changes in deferred tax	-2 924	11 895
Tax payable Norway	276	346
Tonnage tax	224	223
Tax previous years	-2 397	-1
Tax payable US	-39	317
This years tax expense	-4 860	12 780
This years tax basis, ordinary taxation:	2019	2018
Result before tax	-203 636	-281 228
-Result before tax taxed by the Norwegian shipowning tax regime.	258 063	191 326
Permanent differences	9 751	-689
Changes in timing differences	-13 691	-98 158
Reduction interest deduction	0	47 200
Utilized loss carried forward	-44 446	-22 596
This years tax basis	6 041	-164 144
Calculation of tax base for the year shipping taxation:	2019	2018
Profit and loss account	1 203	1 504
Financial result	-30 840	-46 377
Tax base for the year	-29 637	-44 873
Tax payable in balance:	2019	2018
Calculated tonnage tax	224	223
Taxes payable	272	346
Tax payable in balance	496	569
Temporary differences:	2019	2018
Tangible fixed assets	-54 649	-76 259
Receivables	-3 687	-3 712
Profit and loss account	34 846	43 558
Short term liabilities	5 347	4 579
Tax losses carried forward	-1 503 198	-1 088 600
Net temporary differences	-1 521 341	-1 120 435
Temporary differences not included	-1 513 384	-1 125 767
Net temporary differences	-7 957	5 332
Net deferred tax	1 751	-1 173

The shipowning companies in the group are taxed in accordance with the Norwegian shipowning tax regime.

Note 13 Pledges and guarantees, etc.**Parent company:**

Book debt secured by pledge:	2019	2018
Debts to credit institutions	0	0
Accrued interest	0	0
Total	0	0

Book value of pledged assets:	2019	2018
Cash deposits	0	0
Total	0	0

Book value of assets mortgaged for debt for group companies:

	2019	2018
Shares	0	0
Total	0	0

Guarantee liabilities	14 727	14 508
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Group:

Book debt secured by pledge:	2019	2018
Debts to credit institutions	2 631 819	2 880 289
Accrued interest	28 937	20 864
Total	2 660 756	2 901 152

Banker's guarantee	17 755	0
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Book value of pledged assets:	2019	2018
Cash deposits	143 182	196 301
Accounts receivables	70 086	68 829
Vessels	1 972 256	2 332 000
Shares/bonds	230 654	230 654
Other	0	38 811
Total	2 416 177	2 866 596

Guarantee liabilities	14 727	14 508
Pledge for other group companies	0	150 000
Booked pledge for other group companies	150 000	0

Note 14 Bank deposits

	Parent company		Group	
Restricted deposits	2019	2018	2019	2018
Employees' tax deduction	623	622	4 922	5 232
Other restricted deposits	16	21	96 653	150 892
Total	639	643	101 575	156 124

Note 15 Intercompany transactions

The owner of the company is Taubåtkompaniet AS, with 100 % of the shares. Ole T Bjørnevik is controlling Boa Holding AS.

Management remunerations are mentioned in note 3, and the outstanding accounts with group companies are mentioned in note 9. Mortgages and guarantees are mentioned in note 11.

Parent company:

Operating transactions:	2019	2018
Income		
- Mother company	0	0
- Subsidiary	0	0
- Other group companies	0	0
Total revenue from operating transactions	0	0
Services		
- Mother company	0	0
- Subsidiary	6 671	4 323
- Other group companies	0	0
Total expenses from operating transactions	6 671	4 323
Finance transactions:		
Group contribution and dividend		
- Subsidiary	0	25 812
Interest income		
- Mother company	5 721	6 302
- Subsidiary	22 253	21 062
- Other group companies	248	343
Other financial income		
- Subsidiary	0	0
- Other group companies	0	0
Income from guarantee commission		
- Subsidiary	0	0
Total income from finance transactions	28 222	53 519
Interest expense		
- Subsidiary	2 066	2 445
- Other group company	416	0
Write-down shares		
- Subsidiary	318 000	39 500
Total expenses from finance transactions	320 483	41 945

Service to group companies are priced at the same conditions as for external parts. Services to group companies are management and crew hire. These services are priced at cost + 2,5% to 10%.

Financial transactions are priced at the same conditions as for external parts.

Note 15 Intercompany transactions, continuing.**Group:**

Operating transactions:	2019	2018
Income		
- Mother company	1 723	2 041
- Other group companies	221	821
Total revenue from operating transactions	1 943	2 861
Services		
- Mother company	5 000	5 000
- Other group companies	0	0
Total expenses from operating transactions	5 000	5 000
Finance transactions:		
Interest income		
- Mother company	5 721	6 302
- Other group companies	248	343
Other financial income		
- Other group companies	0	31 887
Total income from finance transactions	5 969	38 532
Interest expense		
- Other group companies	0	0
Total expenses from finance transactions	0	0

Service to group companies are priced at the same conditions as for external parts. Services to group companies are management and crew hire. These services are priced at cost + 2,5% to 10%.

Financial transactions are priced at the same conditions as for external parts.

Note 16 Events after the balance sheet date

In May 2020 an amendment to the restructuring agreement has been agreed with bank and bond creditors and the maturity dates for the loans have been extended to December 2024.

Since the end of February the condition of the oil & gas market has changed dramatically for the worse as a consequence of the global emergence of the COVID-19 pandemic.

In the short to medium term this has a direct impact on Boa Offshore's segments through contracts potentially being paused, cancelled or re-negotiated. In May the contract for Boa Sub C was cancelled by the client, although Boa has disputed the validity of this. The contract for Boa Barges and Boa Tugs at the Tortue Field in Senegal/Mauretania has also been delayed by one year, where a certain compensation for the delay is outlined. The worsened market conditions will also make it more difficult to obtain new contracts. In the longer term the timing of a potential recovery remains uncertain until more clarity surrounding the COVID-19 situation persists.

To the General Meeting of Boa Offshore AS

INDEPENDENT AUDITOR'S REPORT

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Boa Offshore AS showing a loss of TNOK 324.561 in the financial statements of the parent company and a loss of TNOK 198.775 in the financial statements of the group. The financial statements comprise:

- The financial statements of the parent company Boa Offshore AS (the Company), which comprise the balance sheet as at 31 December 2019, the income statement and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and
- The consolidated financial statements of Boa Offshore AS and its subsidiaries (the Group), which comprise the balance sheet as at 31 December 2019, the income statement and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion:

- The financial statements are prepared in accordance with the law and regulations.
- The accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2019, and its financial performance and its cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.
- The accompanying consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2019, and its financial performance and its cash flows 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 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 and the Group as required by laws and regulations, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

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

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

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

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 in accordance with law and regulations, including fair presentation of the financial statements 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 and the Group'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 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.

As part of an audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error. We design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's or the Group's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company and the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company and the Group to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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, 15 May 2020
Deloitte AS

**Helge-Roald Johnsen**

State Authorised Public Accountant (Norway)