



BOA OFFSHORE AS



SECOND QUARTER

2020

A large red and white ship, likely a container ship, is shown from a low angle, emphasizing its massive scale. The ship's hull is painted bright red with a wide white horizontal stripe. The upper part of the ship, including the bridge and various antennas, is white. The ship is positioned on a calm blue sea under a clear blue sky with a few wispy clouds. A yellow mooring bollard with the number '117' is visible in the foreground, connected to the ship by a blue rope.

Content

CEO's Report /3/

Income Statement /7/

Balance Sheet /8/

Cash Flow Report /10/

Consolidated Income Statement /12/

Consolidated Balance Sheet /13/

Consolidated Cash Flow Report /15/

Notes /16/

CEO's Report

GENERAL INFORMATION

The unaudited interim report is prepared in accordance with NGAAP.

Net cash flow from financing activities was mNOK -20,3 (mNOK -67,0).

Net change in cash was mNOK 31,9 (mNOK -51,0).

NATURE AND LOCATION OF ACTIVITIES

Boa Offshore AS is the parent company of the Boa Offshore Group ("Group"). The company invests in shipping and offshore related companies. The Group is comprised of several ship owning companies within the following segments; tugboats, barges and offshore vessels. The tugboat activity, including salvaging, operates along the Norwegian coast and the North Sea. The barge fleet consists of larger barges operated internationally, and the offshore department manages offshore support vessels within construction, operating worldwide. The management is located in Trondheim.

BALANCE SHEET 30.06.2020

Total assets per 30.06.2020 were mNOK 2 799 (mNOK 2 824 per 30.06.2019). Interest bearing debt was mNOK 2 666 (mNOK 2 696), and the equity mNOK -282 (mNOK -403).

Cash and Cash equivalents per 30.06.2020 were mNOK 313 (mNOK 267 per 30.06.2019).

The booked value of equity for the Group is negative, however the value adjusted equity ratio for Boa Offshore per 30.06.2020 was 17,7 percent. This is based on two independent ship broker valuations. The NIBD/EBITDA ratio was 12,57 (EBITDA last 12 months/4 quarters).

REVIEW OF SECOND QUARTER 2020 ACCOUNTS

Operating income in the period was mNOK 168,2 (mNOK 200,2 in the same period 2019).

EBITDA for the period was mNOK 56,6 (mNOK 65,2).
Operating expenses were mNOK 147,6 (mNOK 173,0).
Operating Profit/EBIT was mNOK 20,6 (mNOK 27,1).
Net financial items were mNOK 251,9 (mNOK -31,1).
Profit before tax was mNOK 272,4 (mNOK -4,0).

FINANCIAL RISK

Interest risk

The Group companies are exposed to interest rate fluctuations on long-term debt. By 30.06.2020 the total of the group's interest-bearing debt was mNOK 2 666 where of 1 314 is fixed with non-cash PIK interest and another mNOK 569 is secured by interest rate swap agreements or fixed rates.

CASH FLOW IN THE PERIOD

Net cash flow from operating activities was mNOK 136,8 (mNOK 64,0).

Net cash flow from investing activities was mNOK -84,6 (mNOK -48,0).

Currency risk

The Group companies are exposed to currency risk as revenues and costs are denominated in various currencies. Substantial parts of the earnings in the Group are in USD and EUR.

However this currency risk is to a certain degree reduced by the companies also having certain operating costs denominated in USD and EUR. The Group companies continuously monitor the currency markets and reduce currency exposure when appropriate by entering into forward agreements or other financial contracts to reduce currency risk.

Liquidity risk

The Groups liquidity position as per 30.06.2020 is mNOK 313. The parent company has a bond of mNOK 411 and a subordinated bond of mNOK 15 outstanding, both listed at Oslo Stock Exchange Nordic ABN. The total of outstanding bonds for the company was mNOK 426 of which mNOK 135 is interest bearing with non-cash PIK interest. The parent company has also a liability to former subsidiary SBL Recovery AS of mNOK 28. The total of outstanding bonds for the group as of 30.06.2020 was mNOK 1 649 whereof mNOK 1 287 is interest bearing (all with non-cash PIK interest). The group has in addition loan to financial institutions of mNOK 1 352 with various maturities between 2021 and 2025.

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.

EVENTS IN THE PERIOD

In April and May 2020 an amendment to the restructuring agreement was agreed with bank and bond creditors and the maturity dates for the loans were extended to December 2024 / January 2025. In addition to the TBK Assets Realization distribution (see below) a Senior Rest Claim distribution of mNOK 2,0 was paid 25 May 2020.

Restructuring effects for the company was a net gain of mNOK 12,4 and a positive equity effect of mNOK 100,7. For the group the effect was a net gain of mNOK 84,0 and a positive equity effect of mNOK 172,3.

Restructuring effects for Boa OCV AS was a net gain/positive equity effect of mNOK 157.

EVENTS AFTER THE BALANCE SHEET DATE

The enforcement proceedings against Fevamotinico S.à.r.l (Fevamotinico) for the claim awarded to BOA IMR

AS (BOA IMR) by an arbitration award of 5 October 2017, was settled in a consent order in England. Following the consent order, Ferrexpo Plc (Ferrexpo) (a company from which Fevamotinico was entitled to a dividend payment exceeding the awarded claim) have paid the sum of £12,688,747.30.

On 6 August 2020, BOA IMR was served with a request for interlocutory measures from Calexco S.à.r.l (Calexco), a shareholder in BOA IMR holding 36.96% of the shares. Calexco claims to have a right over the funds paid by Ferrexpo, as Calexco has rescinded the Investment Agreement between Calexco and BOA Offshore AS (BOA Offshore) regarding their investment in BOA IMR, an Investment Agreement that granted BOA Offshore a right to receive all the funds.

On 10 August 2020, Boa IMR was also served with a request for interlocutory measures from Waltham Limited (Waltham). Following a transportation of claims, Calexcos shares in Boa IMR was pledged to Waltham on 30 November 2018. In the request for interlocutory measures Waltham requests Sør-Trøndelag District Court to order that BOA IMR shall not have a right to dispose over the funds paid by Ferrexpo and/or Fevamotinico before a final and enforceable judgment regarding the validity of Calexco rescission has been decided. Further, Waltham claims that necessary corporate resolutions in BOA IMR must have been made.

BOA IMR disputed the requests and on 19 August 2020, Sør-Trøndelag district court dismissed Calexco's and Waltham's requests and the Court passed a decision in favor of Boa IMR. Furthermore, the Court ruled that Calexco and Waltham must pay Boa IMR's legal fees incurred. The decision is not yet legally enforceable, as it may be appealed to the Court of Appeal within the ordinary deadline for appeals of one month.

TBK ASSETS REALISATION

The TBK Assets Realization was finalized as part of the restructuring process with i) transfer of Eiendom's Boa Unsec' bonds holding to Boa Offshore AS, ii) sale of Eiendom, NFDS and NFL and iii) a final distribution of mNOK 35,25 on 25 May 2020.

The total distribution has been mNOK 123,0 (original estimated range mNOK 80-120).

FUTURE DEVELOPMENT

The short to medium term outlook for Boa OCV and Boa's oil & gas related business has changed dramatically for the worse over the last six months as a consequence of the global spread of the COVID-19 pandemic and following negative impact 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 early April. The rapid drop was braced to some extent by OPEC and allies reaching a production cut agreement in mid April. Moreover, since April a number of countries and economies have started to gradually re-open and normalize. This has given support to oil demand, still estimated 8-10% below normal levels though, and an increase in Brent oil prices to current level around USD45 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 is 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 most countries and economies have re-opened in a certain degree. A few new projects to be sanctioned are starting to emerge again, again with high uncertainty with regards to magnitude and timing. On a positive note growth in the Offshore Wind market seems to continue, leaving some opportunities for alternative work outside the traditional oil & gas market.

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 decent activities this spring and summer. The coming winter period is expected to be tougher again for Boa Tugs.

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.

Boa OCV was in late May awarded a new contract in the North Sea for Boa Sub C, with options for extension which will take the vessel into 2021 if options are declared. The contract is with DEME Offshore and the vessel will work on the Moray East Offshore Wind Farm, Scotland. The Boa Deep C started a new contract in July in the Kara Sea for a European contractor, bringing firm work for the vessel into the fourth quarter this year. Current market activity is relatively low, and there are very few new contract opportunities out in the market.

STATEMENT FROM THE CEO

I hereby declare that to the best of my knowledge the interim accounts for the second quarter of 2020 are prepared in accordance with NGAAP – Interim financial reporting, and that the information in the financial statements portrays a true picture of the company's assets, liabilities, financial position and result as a whole, as well as the more important risk and uncertainty factors to which the company might be exposed in the next financial period.

Trondheim, 28 August 2020



Helge Kvalvik
CEO



Income Statement

(Figures in 1 000 NOK)

	Note	2Q 2020	YTD 2020	2Q 2019	YTD 2019
Operating income and operating expenses					
Operating income	2	0	0	700	700
Payroll expenses		1 227	1 227	0	0
Other operating expenses		329	479	1 045	1 587
Total operating expenses		1 556	1 706	1 045	1 587
Operating profit		-1 556	-1 706	-345	-886
Financial income and expenses					
Interest income from group companies		5 710	12 827	7 059	13 951
Other interest income		147	161	5	14
Other financial income		111 356	112 286	8	10
Interest expense to group companies		625	1 250	610	1 211
Other interest expenses		516	1 021	505	1 006
Other financial expenses		99 139	100 793	265	418
Net financial income and expenses		16 933	22 210	5 693	11 341
Operating result before tax		15 377	20 504	5 348	10 454
Tax on ordinary result		0	0	0	0
Operating result		15 377	20 504	5 348	10 454

Balance Sheet

	Note	30.06.2020	30.06.2019	31.12.2019
<i>(Figures in NOK 1 000)</i>				
Assets				
Financial fixed assets				
Investments in subsidiaries		154 614	472 659	154 614
Loans to group companies		264 022	366 451	365 205
Total financial fixed assets		418 636	839 109	519 819
Total fixed assets		418 636	839 109	519 819
Current assets				
Receivables				
Trade receivables		656	497	2 694
Loans to group companies		24 662	51 711	21 985
Other receivables		306	6 095	312
Total receivables		25 624	58 303	24 991
Cash and bank deposits		2 008	2 918	6 119
Total current assets		27 632	61 221	31 110
Total assets		446 267	900 330	550 929

Balance Sheet

(Figures in NOK 1 000)

Equity and liabilities

Restricted equity

Note	30.06.2020	30.06.2019	31.12.2019
4	2 500	2 500	2 500
4	74 447	74 447	74 447
4	3 106	3 106	3 106
	80 053	80 053	80 053

Retained earnings

Other equity	4	-49 773	164 021	-170 994
Total retained earnings		-49 773	164 021	-170 994

Total equity

	30 280	244 073	-90 942
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Liabilities

Other long term liabilities

Bonds	5	237 782	475 345	462 005
Liabilities to subsidiaries		137 104	140 787	139 539
Other long term liabilities		27 627	28 162	28 032
Total other long term liabilities		402 513	644 294	629 576

Current liabilities

Trade creditors		275	865	0
Liabilities to group companies		12 971	9 529	12 117
Public duties payable		38	1	42
Other short term liabilities		191	1 568	136
Total short term liabilities		13 474	11 963	12 295

Total liabilities

	415 987	656 257	641 871
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Total liabilities and equity

	446 267	900 330	550 929
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Cash Flow Statement

(Figures in 1 000 NOK)

		2Q 2020	YTD 2020	2Q 2019	YTD 2019
Cash flow from operating activities					
Profit before income taxes		15 377	20 504	5 348	10 454
Payment in kind bonds (PIK-bonds)		380	885	500	998
Income tax paid		0	0	0	0
Loss / (gain) on sale of financial items		-111 267	-111 267	0	0
Write-down of financial fixed assets		86 043	86 043	0	0
Changes in trade receivables		0	2 038	0	0
Changes in other receivables		-136	-65	-560	-426
Changes in trade creditors		-371	346	-505	-1 607
Changes in receivables from group companies		32 436	23 841	-6 579	-15 892
Changes in other short-term liabilities		33	51	620	846
Net cash flow from operating activities	A	22 494	22 375	-1 177	-5 627
Cash flow from investing activities					
Purchase of financial fixed assets		-6 165	-6 165	0	0
Net cash flow from investing activities	B	-6 165	-6 165	0	0
Cash flow from financing activities					
Paid in long term liabilities		-20 322	-20 322	0	0
Capital contribution		1	1	0	0
Net cash flow from financing activities	C	-20 321	-20 321	0	0
Net changes in cash and cash equivalents	A+B+C	-3 992	-4 111	-1 177	-5 627
Cash and cash equivalent start at period		5 999	6 119	4 095	8 544
Cash and cash equivalents at end of period		2 008	2 008	2 918	2 918



Consolidated Income Statement

(Figures in 1 000 NOK)

	Note	2Q 2020	YTD 2020	2Q 2019	YTD 2019
Operating income and operating expenses					
Operating income	2	168 199	365 303	200 158	596 141
Operating cost ships		66 833	145 499	77 141	315 374
Payroll expenses		46 590	103 616	46 079	119 337
Depreciation	3	36 162	71 212	38 120	77 757
Write down on tangible assets	3	-103	-103	0	0
Other operating expenses		-1 834	13 115	11 693	29 987
Total operating expenses		147 648	333 339	173 033	542 454
Operating profit		20 551	31 964	27 125	53 687
Financial income and expenses					
Interest income from group companies		0	1 481	1 511	2 987
Other interest income		38 979	39 371	429	714
Other financial income		277 036	311 374	25 288	29 706
Other interest expenses		35 313	84 465	50 071	104 035
Other financial expenses		28 843	52 800	8 293	20 008
Net financial income and expenses		251 860	214 961	-31 135	-90 635
Operating result before tax		272 411	246 925	-4 011	-36 948
Tax on ordinary result		3	3	1 026	1 030
Operating result		272 408	246 922	-5 037	-37 979

Consolidated Balance Sheet

	Note	30.06.2020	30.06.2019	31.12.2019
<i>(Figures in NOK 1 000)</i>				
Assets				
Fixed assets				
Intangible fixed assets				
Deferred tax asset		1 751	0	1 751
Total intangible assets		1 751	0	1 751
Tangible fixed assets				
Buildings and land	3	0	1 897	1 897
Ships	3	2 010 419	2 060 026	1 988 220
Equipment and other movables	3	1 357	2 404	4 724
Total tangible fixed assets		2 011 775	2 064 326	1 994 840
Financial fixed assets				
Loans to group companies		0	115 892	112 378
Investments in shares		1 772	1 772	1 772
Other receivables		24 683	20 278	15 317
Total financial fixed assets		26 455	137 941	129 466
Total fixed assets		2 039 981	2 202 267	2 126 057
Current assets				
Inventories		2 657	9 473	3 807
Debtors				
Accounts receivables		154 884	189 950	150 035
Loan to group companies		946	3 627	1 370
Other receivables		287 053	151 141	212 523
Total debtors		442 884	344 717	363 928
Investments				
Other financial instruments		362	362	362
Total investments		362	362	362
Cash and bank deposits		312 948	267 165	241 234
Total current assets		758 851	621 718	609 331
Total assets		2 798 832	2 823 985	2 735 388

Consolidated Balance Sheet

	Note	30.06.2020	30.06.2019	31.12.2019
<i>(Figures in NOK 1 000)</i>				
Equity and liabilities				
Restricted equity				
Share capital	4	2 501	2 500	2 500
Share premium	4	74 447	74 447	74 447
Other restricted equity	4	3 106	3 106	3 106
Total restricted equity		80 054	80 053	80 053
Retained earnings				
Other equity	4	-362 195	-483 392	-708 127
Total retained earnings		-362 195	-483 392	-708 127
Total equity		-282 141	-403 339	-628 074
Liabilities				
Provisions				
Deferred tax		0	1 173	0
Total provisions		0	1 173	0
Other long-term liabilities				
Bonds	5	1 389 722	1 720 860	1 768 855
Liabilities to financial institutions	5	1 314 936	1 288 704	1 324 969
Other long term liabilities		27 627	28 265	25 162
Total of other long term liabilities		2 732 285	3 037 829	3 118 986
Current liabilities				
Trade creditors		38 175	60 436	64 325
Liabilities to group companies		2 504	1 393	0
Tax payable		209	0	496
Public duties payable		5 894	7 326	7 060
Other short term liabilities		301 905	119 167	172 596
Total short term liabilities		348 687	188 322	244 477
Total liabilities		3 080 973	3 227 324	3 363 462
Total equity and liabilities		2 798 832	2 823 985	2 735 388

Consolidated Cash Flow Statement

Figures in 1 000 NOK

		2Q 2020	YTD 2020	2Q 2019	YTD 2019
Cash flow from operating activities					
Profit before income taxes		272 411	246 925	-4 011	-36 948
Payment in kind bonds (PIK-bonds)		-114 294	-74 908	35 116	73 826
Income tax paid		3	-272	-1 269	-1 512
Depreciation and write-down		36 058	71 109	38 120	77 757
Gain on sale of financial items		-111 267	-111 267	-22 658	-22 658
Write-down of financial fixed assets		14 429	14 429	0	0
Currency gain/-loss		2 080	5 008	0	0
Changes in inventories		2 232	1 150	-2 591	-3 415
Changes in trade receivables		-4 592	-4 849	30 242	82 014
Changes in other receivables		-27 927	-84 160	33 001	1 519
Changes in trade creditors		-18 694	-26 150	-60 528	-72 307
Changes in receivables from group companies		42 590	42 115	-1 412	-2 492
Changes in other short-term liabilities		43 794	93 508	20 014	11 149
Net cash flow from operating activities	A	136 824	172 640	64 024	106 933
Cash flow from investing activities					
Purchase of tangible fixed assets		-78 428	-90 439	-47 983	-62 939
Purchase of financial fixed assets		-6 165	-6 165	0	0
Net cash flow from investing activities	B	-84 593	-96 604	-47 983	-62 939
Cash flow from financing activities					
Raised long term liabilities		0	16 000	0	0
Paid in long term liabilities		-20 322	-20 322	-13 593	-25 657
Cash impact from sale of subsidiary		0	0	-53 401	-53 401
Capital contribution		1	1	0	0
Net cash flow from financing activities	C	-20 321	-4 321	-66 994	-79 058
Net changes in cash and cash equivalents	A+B+C	31 910	71 715	-50 952	-35 064
Cash and cash equivalent start at period		281 038	241 234	318 117	302 229
Cash and cash equivalents at end of period		312 948	312 948	267 165	267 165

Notes

Note 1 Accounting principles / general information

The quarterly report is unaudited and is prepared in compliance with NGAAP using the same principles as in the last financial year.

Miscellaneous

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

Note 2 Spesification companies and segments

Consolidated - YTD 2Q 2020

Company	Segment	Operating income	EBITDA	Cash 30.06.
Boa OCV AS	OCV	98 208	2 873	242 905
Boa Barges AS	Barges	94 405	53 014	171 521
Boa Barges LLC	Barges	80 306	9 150	57 446
Boa Tugs AS	Tugs	94 119	-427	27 039
T.A. Kittilsen Shipping AS	Tugs	13 700	2 425	9 620
Boa AHTS Holding AS	AHTS	26 716	25 555	20 017
Boa Offshore AS	Other	0	-1 706	27 631
Boa Management AS	Other	62 501	3 563	67 309
Other / elimination	Other	-104 652	8 626	-310 540
Total		365 303	103 073	312 948

Note 3 Fixed assets - consolidated

	Vessels	Periodic maintenance	Equipment	Buildings and land	Sum
Acquisition cost 01.01.	3 862 843	398 238	25 195	1 897	4 288 173
Additions	74 310	16 130	34	0	90 474
Disposals	0	-2 430	0	0	-2 430
Acquisition cost 30.06.	3 940 365	411 938	22 017	1 897	4 376 217
Accumulated depr. 01.01.	2 035 378	237 542	20 413	0	2 293 333
Disposals	0	0	0	0	0
Write-down this period	0	-2 000	0	1 897	-103
Depreciation this period	50 372	20 591	248	0	71 212
Accum. depr. 30.06.	2 085 751	256 133	20 661	1 897	2 364 441
Book value 30.06.	1 854 614	155 805	1 357	0	2 011 776
Economic life	27-30 years	2,5-10 years	5 years		
Depreciation schedule	Linear	Linear	Linear		

Lease amount on fixed assets, not included in the balance sheet, year to date:

21 861

Note 4 Shareholder's equity**Parent company**

	Share capital	Share premium	Other restricted equity	Other equity	Total
Equity 01.01.	2 500	74 447	3 106	-170 994	-90 942
Profit of the year	0	0	0	20 504	20 504
Other changes	0	0	0	100 717	100 717
Capital contribution	1	0	0	0	1
Equity 30.06.	2 500	74 447	3 106	-49 773	30 280

Consolidated

	Share capital	Share premium	Other restricted equity	Other equity	Total
Equity 01.01.	2 500	74 447	3 106	-708 127	-628 074
Profit of the year	0	0	0	246 922	246 922
Capital contribution	1	0	0	0	1
Other changes	0	0	0	99 010	99 010
Equity 30.06.	2 501	74 447	3 106	-362 195	-282 141

Note 5 Long term liabilities**Parent company**

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

	2020	2021	2022	2023	→
Instalments	0	0	0	0	402 573

Consolidated

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

	2020	2021	2022	2023	→
Instalments	80 765	120 529	99 311	100 215	2 368 565

Note 6 Consolidated income statement - summary

	2Q 2020	YTD 2020	2Q 2019	YTD 2019
Operating income	168 199	365 303	200 158	596 141
Operating expenses	111 589	262 230	134 913	464 697
EBITDA	56 609	103 073	65 245	131 444
EBITDA %	34 %	28 %	33 %	22 %
Depreciation and write-down	36 058	71 109	38 120	77 757
EBIT	20 551	31 964	27 125	53 687
Net finance	251 860	214 961	-31 135	-90 635
Pre tax profit	272 411	246 925	-4 011	-36 948
Tax	3	3	1 026	1 030
Net profit	272 408	246 922	-5 037	-37 979

Note 7 Interest bearing debt / equity

Key figures	30.06.20	30.06.19	31.12.19
Interest bearing debt	2 666 459	2 696 317	2 796 052
Cash and cash equivalents	312 948	278 215	241 234
Net Interest Bearing Debt (NIBD)	2 353 511	2 687 327	2 554 819
NIBD / EBITDA *	12,57	32,63	11,85
* Last four quarters			
Booked equity ratio	-10,1 %	-7,2 %	-23,0 %
Value adjusted equity ratio	17,7 %	20,3 %	8,9 %





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