



BOA OFFSHORE AS



THIRD 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 in alternating red and white horizontal stripes. The upper part of the ship, including the bridge and various antennas, is visible against a clear blue sky with some light clouds. The ship is moving through the water, with a yellow buoy visible in the foreground. The overall scene conveys a sense of global logistics and maritime transport.

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CEO's Report

GENERAL INFORMATION

The unaudited interim report is prepared in accordance with NGAAP.

Net cash flow from financing activities was mNOK 40,3 (mNOK -27,7).

Net change in cash was mNOK 159,0 (mNOK 13,0).

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 30.09.2020

Total assets per 30.09.2020 were mNOK 2 778 (mNOK 2 817 per 30.09.2019). Interest bearing debt was mNOK 2 718 (mNOK 2 731), and the equity mNOK -292 (mNOK -440).

Cash and Cash equivalents per 30.09.2020 were mNOK 472 (mNOK 280 per 30.09.2019).

The booked value of equity for the Group is negative, however the value adjusted equity ratio for Boa Offshore per 30.09.2020 was 17,7 percent. This is based on two independent ship broker valuations. The NIBD/EBITDA ratio was 11,46 (EBITDA last 12 months/4 quarters).

REVIEW OF THIRD QUARTER 2020 ACCOUNTS

Operating income in the period was mNOK 170,2 (mNOK 172,8 in the same period 2019).

EBITDA for the period was mNOK 58,6 (mNOK 49,8).
Operating expenses were mNOK 149,7 (mNOK 156,9).
Operating Profit/EBIT was mNOK 20,5 (mNOK 15,9).
Net financial items were mNOK -31,5 (mNOK -51,6).
Profit before tax was mNOK -11,0 (mNOK -35,7).

FINANCIAL RISK

Interest risk

The Group companies are exposed to interest rate fluctuations on long-term debt. By 30.09.2020 the total of the group's interest-bearing debt was mNOK 2 718 where of 1 563 is fixed with non-cash PIK interest and another mNOK 635 is secured by fixed rates.

CASH FLOW IN THE PERIOD

Net cash flow from operating activities was mNOK 133,3 (mNOK 47,5).

Net cash flow from investing activities was mNOK -14,6 (mNOK -6,7).

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 30.09.2020 is mNOK 472. The parent company has a bond of mNOK 412 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 30.09.2020 was mNOK 1 656 whereof mNOK 1 365 is interest bearing (all with non-cash PIK interest). The group has in addition loan to financial institutions of mNOK 1 397 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

The enforcement proceedings against Fevamotinic S.à.r.l (Fevamotinic) 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 Fevamotinic was entitled to a dividend payment exceeding the awarded claim) have paid the sum of £12,688,747.30.

In 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, and Waltham Limited ("Waltham").

BOA IMR disputed the requests and in August 2020, Sør-Trøndelag district court dismissed Calexco's and

Waltham's requests, and the Court passed a decision in favor of Boa IMR. The verdict is final.

EVENTS AFTER THE BALANCE SHEET DATE

In accordance with the Investment Agreement between Boa Offshore AS and Calexco S.à.r.l, Boa Offshore AS submitted a proposal for the general meeting of Boa IMR AS for an extraordinary unequal dividend in favor of Boa Offshore AS. Calexco S.à.r.l voted against the proposed resolution. As a result of this, Boa Offshore AS is claiming damages of mNOK 110,9 for breach of the Investment Agreement. The claim is not settled voluntarily, and legal actions has been taken to enforce the claim.

Boa Offshore sold its subsidiary Trond A. Kittilsen shipping AS at the end of the third quarter and received mNOK 28 for shares and intercompany debt. This was distributed towards the Rest Claims 3 November 2020.

FUTURE DEVELOPMENT

The short to medium term outlook for Boa's oil & gas related business has changed dramatically for the worse during 2020 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 recover, despite the global number of infections still rising. This has given support to oil demand from the March/April low, still estimated 8-10% below normal levels though, and an increase in Brent oil prices to current level around USD45 per barrel. The situation remains fragile, and any recovery in 2021 is highly dependent on recent news of first vaccines actually being delivered to the market in the first quarter of 2021.

In addition to the drop in oil prices the COVID-19 virus has also led to significant logistical and procurement challenges, making E&P companies reluctant in committing to new projects. E&P investments are

estimated to come down around 30% in 2020 compared with 2019 levels, with the level for 2021 estimated only marginally up from this year. Given a positive development in the COVID-19 situation in 2021, Offshore E&P investments could be set for a meaningful recovery in 2022-23.

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. By year-end 2020 around 35 GW Offshore Wind capacity has been installed on a global basis, with North West Europe counting the majority of this capacity. Ten folds of traditional offshore vessels of different type and capacities have found work in this market. According to Rystad Energy the Offshore Wind market is set to more than double again over the next 5 years, with Asia and North America now taking a significant portion of this growth. There are opportunities for both Boa OCV and Boa Barges in this 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 some extent. Nevertheless, Boa Barges has a relatively robust backlog for the remainder of 2020 and for 2021. Boa Tugs experienced a reasonable third quarter 2020. However, the coming winter period is expected to be somewhat more challenging 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.

In Boa OCV, Boa Sub C is working with DEME Offshore on the Moray East Offshore Wind Farm, Scotland. The contract will take the vessel into mid first quarter 2021 if options are exercised. The Boa Deep C finished a contract in the Kara Sea in late October and will next mobilize to Asia on a contract with a European contractor in the first quarter 2021. Current market activity remains

relatively muted, 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 third 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, 25 November 2020



Helge Kvalvik
CEO



Income Statement

(Figures in 1 000 NOK)

	Note	3Q 2020	YTD 2020	3Q 2019	YTD 2019
Operating income and operating expenses					
Operating income	2	0	0	-486	214
Payroll expenses		0	1 227	0	0
Other operating expenses		323	802	433	2 020
Total operating expenses		323	2 028	433	2 020
Operating profit		-323	-2 028	-919	-1 806
Financial income and expenses					
Interest income from group companies		4 915	17 741	7 151	21 102
Other interest income		126	288	47	61
Other financial income		10 589	122 874	351	361
Interest expense to group companies		632	1 882	642	1 853
Other interest expenses		560	1 581	503	1 508
Other financial expenses		119	100 912	21 818	22 236
Net financial income and expenses		14 319	36 528	-15 414	-4 073
Operating result before tax		13 996	34 500	-16 333	-5 879
Tax on ordinary result		0	0	-600	-600
Operating result		13 996	34 500	-15 733	-5 279

Balance Sheet

	Note	30.09.2020	30.09.2019	31.12.2019
<i>(Figures in NOK 1 000)</i>				
Assets				
Financial fixed assets				
Investments in subsidiaries		154 606	472 659	154 614
Loans to group companies		244 782	358 086	365 205
Other receivables		22 389	0	0
Total financial fixed assets		421 777	830 745	519 819
Total fixed assets		421 777	830 745	519 819
Current assets				
Receivables				
Trade receivables		1 983	190	2 694
Loans to group companies		2 566	20 824	21 985
Other receivables		459	295	312
Total receivables		5 009	21 309	24 991
Cash and bank deposits		139 307	14 847	6 119
Total current assets		144 316	36 156	31 110
Total assets		566 093	866 901	550 929

Balance Sheet

(Figures in NOK 1 000)

Equity and liabilities

Restricted equity

Note	30.09.2020	30.09.2019	31.12.2019
4	2 501	2 500	2 500
4	74 447	74 447	74 447
4	3 106	3 106	3 106
	80 054	80 053	80 053

Retained earnings

Other equity	4	-35 777	148 288	-170 994
Total retained earnings		-35 777	148 288	-170 994

Total equity

	44 277	228 340	-90 942
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Liabilities

Other long term liabilities

Bonds	5	238 162	461 501	462 005
Liabilities to subsidiaries		248 569	139 015	139 539
Other long term liabilities		27 733	27 926	28 032
Total other long term liabilities		514 464	628 444	629 576

Current liabilities

Trade creditors		976	322	0
Liabilities to group companies		6 161	8 916	12 117
Public duties payable		45	5	42
Other short term liabilities		171	875	136
Total short term liabilities		7 352	10 118	12 295

Total liabilities

	521 816	638 562	641 871
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Total liabilities and equity

	566 093	866 901	550 929
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Cash Flow Statement

(Figures in 1 000 NOK)

		3Q 2020	YTD 2020	3Q 2019	YTD 2019
Cash flow from operating activities					
Profit before income taxes		13 996	34 500 0	-16 333	-5 879
Payment in kind bonds (PIK-bonds)		380	1 265	502	1 500
Income tax paid		0	0	600	600
Loss / (gain) on sale of financial items		-5 591	-116 857	0	0
Write-down of financial fixed assets		-4 985	81 057	0	0
Changes in trade receivables		-626	1 412	308	308
Changes in other receivables		-22 542	-22 607	5 800	5 374
Changes in trade creditors		701	1 047	-542	-2 149
Changes in receivables from group companies		145 991	169 832	36 970	21 078
Changes in other short-term liabilities		-609	-558	-1 029	-183
Net cash flow from operating activities	A	126 716	149 091	26 275	20 648
Cash flow from investing activities					
Sale of financial fixed assets		5 599	5 599	0	0
Purchase of financial fixed assets		0	-6 165	0	0
Changes in other investments		4 985	4 985	0	0
Net cash flow from investing activities	B	10 584	4 419	0	0
Cash flow from financing activities					
Paid in long term liabilities		0	-20 322	-14 345	-14 345
Capital contribution		0	1	0	0
Net cash flow from financing activities	C	0	-20 321	-14 345	-14 345
Net changes in cash and cash equivalents	A+B+C	137 300	133 189	11 930	6 303
Cash and cash equivalent start at period		2 008	6 119	2 918	8 544
Cash and cash equivalents at end of period		139 307	139 307	14 847	14 847



Consolidated Income Statement

(Figures in 1 000 NOK)

	Note	3Q 2020	YTD 2020	3Q 2019	YTD 2019
Operating income and operating expenses					
Operating income	2	170 159	535 462	172 840	768 981
Operating cost ships		50 852	196 351	61 552	376 927
Payroll expenses		50 614	154 229	52 744	172 081
Depreciation	3	35 341	106 553	33 890	111 647
Write down on tangible assets	3	2 766	2 663	0	0
Other operating expenses		10 119	23 234	8 727	38 714
Total operating expenses		149 692	483 030	156 915	699 369
Operating profit		20 467	52 431	15 925	69 612
Financial income and expenses					
Interest income from group companies		0	1 481	1 501	4 488
Other interest income		869	40 239	422	1 136
Other financial income		11 654	323 028	17 286	46 993
Other interest expenses		22 109	106 573	48 403	152 438
Other financial expenses		21 926	74 726	22 452	42 460
Net financial income and expenses		-31 512	183 448	-51 646	-142 281
Operating result before tax		-11 046	235 880	-35 720	-72 669
Tax on ordinary result		-513	-510	-1 996	-966
Operating result		-10 533	236 390	-33 724	-71 703

Consolidated Balance Sheet

	Note	30.09.2020	30.09.2019	31.12.2019
<i>(Figures in NOK 1 000)</i>				
Assets				
Fixed assets				
Deferred tax asset		0	0	1 751
Total intangible assets		0	0	1 751
Tangible fixed assets				
Buildings and land	3	0	1 897	1 897
Ships	3	1 979 221	2 034 093	1 988 220
Equipment and other movables	3	1 185	1 832	4 724
Total tangible fixed assets		1 980 406	2 037 821	1 994 840
Financial fixed assets				
Loans to group companies		0	110 896	112 378
Investments in shares		1 522	1 772	1 772
Other receivables		47 210	16 108	15 317
Total financial fixed assets		48 732	128 776	129 466
Total fixed assets		2 029 138	2 166 597	2 126 057
Current assets				
Inventories		2 246	8 453	3 807
Debtors				
Accounts receivables		141 454	186 777	150 035
Loan to group companies		0	4 015	1 370
Other receivables		132 755	170 771	212 523
Total debtors		274 208	361 564	363 928
Investments				
Other financial instruments		0	362	362
Total investments		0	362	362
Cash and bank deposits		471 952	280 188	241 234
Total current assets		748 406	650 567	609 331
Total assets		2 777 544	2 817 164	2 735 388

Consolidated Balance Sheet

	Note	30.09.2020	30.09.2019	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	-372 203	-519 908	-708 127
Total retained earnings		-372 203	-519 908	-708 127
Total equity		-292 149	-439 856	-628 074
Liabilities				
Provisions				
Deferred tax		1 146	1 173	0
Total provisions		1 146	1 173	0
Other long-term liabilities				
Bonds	5	1 396 220	1 737 600	1 768 855
Liabilities to financial institutions	5	1 396 584	1 282 125	1 324 969
Other long term liabilities		27 733	27 926	25 162
Total of other long term liabilities		2 820 537	3 047 650	3 118 986
Current liabilities				
Trade creditors		37 405	49 577	64 325
Liabilities to group companies		0	1 880	0
Tax payable		0	0	496
Public duties payable		4 703	4 805	7 060
Other short term liabilities		205 902	151 935	172 596
Total short term liabilities		248 010	208 196	244 477
Total liabilities		3 069 693	3 257 020	3 363 462
Total equity and liabilities		2 777 544	2 817 164	2 735 388

Consolidated Cash Flow Statement

Figures in 1 000 NOK

		3Q 2020	YTD 2020	3Q 2019	YTD 2019
Cash flow from operating activities					
Profit before income taxes		-11 046	235 880	-35 720	-72 669
Payment in kind bonds (PIK-bonds)		6 498	-68 410	31 085	104 911
Income tax paid		326	54	1 996	484
Depreciation and write-down		35 341	106 450	33 890	111 647
Gain on sale of financial items		-5 098	-116 365	0	-22 658
Write-down of financial fixed assets		1 082	15 511	0	0
Currency gain/-loss		642	5 650	0	0
Changes in inventories		411	1 561	1 020	-2 394
Changes in trade receivables		13 431	8 582	3 173	85 186
Changes in other receivables		154 160	70 001	-15 461	-13 941
Changes in trade creditors		-770	-26 920	-10 859	-83 166
Changes in receivables from group companies		-1 558	40 558	5 093	2 602
Changes in other short-term liabilities		-60 098	33 409	33 279	44 428
Net cash flow from operating activities	A	133 321	305 960	47 496	154 429
Cash flow from investing activities					
Purchase of tangible fixed assets		-20 215	-110 654	-6 726	-69 665
Sale of financial fixed assets		5 599	5 599	0	0
Purchase of financial fixed assets		0	-6 165	0	0
Net cash flow from investing activities	B	-14 616	-111 220	-6 726	-69 665
Cash flow from financing activities					
Raised long term liabilities		890 985	906 985	0	0
Paid in long term liabilities		-847 079	-867 401	-27 748	-53 405
Cash impact from sale of subsidiary		-3 607	-3 607	0	-53 401
Capital contribution		0	1	0	0
Net cash flow from financing activities	C	40 299	35 978	-27 748	-106 806
Net changes in cash and cash equivalents	A+B+C	159 004	230 718	13 023	-22 041
Cash and cash equivalent start at period		312 948	241 234	267 165	302 229
Cash and cash equivalents at end of period		471 952	471 952	280 188	280 188

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 3Q 2020

Company	Segment	Operating income	EBITDA	Cash 30.09.
Boa OCV AS	OCV	152 865	12 497	134 114
Boa Barges AS	Barges	145 245	79 178	59 298
Boa Barges LLC	Barges	116 976	-81	24 433
Boa Tugs AS	Tugs	143 660	5 116	12 947
T.A. Kittilsen Shipping AS	Tugs	13 700	2 425	0
Boa AHTS Holding AS	AHTS	26 730	25 294	2 159
Boa AHTS AS	AHTS	13 358	13 341	13 386
Boa Offshore AS	Other	0	2 957	139 307
Boa Management AS	Other	87 813	6 110	57 037
Other / elimination	Other	-164 887	14 810	29 271
Total		535 462	161 647	471 952

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	690 685	73 788	34	0	764 508
Disposals	-670 205	-68 473	-827	0	-739 505
Acquisition cost 30.09.	3 886 522	403 554	21 203	1 897	4 313 176
Accumulated depr. 01.01.	2 035 378	237 542	20 413	0	2 293 333
Disposals	-50 377	-18 671	-730	0	-69 779
Write-down this period	1 886	-1 120	0	1 897	2 663
Depreciation this period	75 761	30 455	336	0	106 553
Accum. depr. 30.09.	2 062 649	248 205	20 018	1 897	2 332 769
Book value 30.09.	1 823 873	155 348	1 185	0	1 980 406
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:

26 699

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	34 500	34 500
Other changes	0	0	0	100 717	100 717
Capital contribution	1	0	0	0	1
Equity 30.09.	2 500	74 447	3 106	-35 777	44 277

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	236 390	236 390
Capital contribution	1	0	0	0	1
Other changes	0	0	0	99 534	99 534
Equity 30.09.	2 501	74 447	3 106	-372 203	-292 149

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	265 894

Consolidated

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

	2020	2021	2022	2023	→
Instalments	45 977	122 388	99 357	100 278	2 452 537

Note 6 Consolidated income statement - summary

	3Q 2020	YTD 2020	3Q 2019	YTD 2019
Operating income	170 159	535 462	172 840	768 981
Operating expenses	111 585	373 815	123 024	587 721
EBITDA	58 574	161 647	49 816	181 259
EBITDA %	34 %	30 %	29 %	24 %
Depreciation and write-down	38 107	109 216	33 890	111 647
EBIT	20 467	52 431	15 925	69 612
Net finance	-31 512	183 448	-51 646	-142 281
Pre tax profit	-11 046	235 880	-35 720	-72 669
Tax	-513	-510	-1 996	-966
Net profit	-10 533	236 390	-33 724	-71 703

Note 7 Interest bearing debt / equity

Key figures	30.09.20	30.09.19	31.12.19
Interest bearing debt	2 717 736	2 731 303	2 796 052
Cash and cash equivalents	471 952	280 188	241 234
Net Interest Bearing Debt (NIBD)	2 245 784	2 451 116	2 554 819
NIBD / EBITDA *	11,46	10,62	11,85
* Last four quarters			
Booked equity ratio	-10,5 %	-15,6 %	-23,0 %
Value adjusted equity ratio	17,7 %	16,1 %	8,9 %





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