



BOA OCV AS



ANNUAL  
REPORT

| 2020

# **Board's annual report**

**BOA OCV AS**

## **Nature and location of activities:**

The company owns and subsequently charters out the offshore construction vessels "Boa Deep C" and "Boa Sub C". The main office of the company is located in Trondheim. Management of these vessels is undertaken by Boa Management AS.

## **Work environment:**

The company does not have any employees. Seafaring personnel and management services are hired from Boa Crewing 2 AS and Boa Management AS. Boa Management AS has been responsible for the management and administration of the company. The Board is of the opinion that the work environment on board the vessels is good. Absence due to sick leave on board the vessels has been low and there was no serious accidents on board in 2020.

## **Equal opportunity:**

The work force is dominated by men, but there are several positions filled by women. It has proven difficult to find women with the required qualifications and experience to apply for work in a maritime-related job on this type of vessel.

## **Health, safety, the environment and quality:**

The goal of the company's health, safety, environment and quality policy is embedded in the quality control system of Boa Management AS. There were no serious personal injuries among hired personnel in 2020.

## **External environment:**

The operation of an offshore construction vessel includes a certain risk for the spill of marine diesel oil products. However, no abnormal spillage has been recorded from the vessels which follows laid down procedures when bunkering of diesel and other potential contaminating liquids.

## **Continued operation:**

As a result of the challenges that arose in the offshore sector after the oil price drop in 2014/15, the company, together with the rest of the group, initiated a restructuring agreement in late 2016 that was intended to safeguard the duty of action that the Board would receive according to the Companies Act. The purpose of the restructuring agreement was to preserve the companies' values both for the owner and the creditors. The agreement also implied that the individual group companies, including the company, were secured for the necessary liquidity for continued operations. This agreement was finalized with all stakeholders in 2017.

In connection with the financial restructuring of the Group, changes were made to the company's bond loans. The changes imply that interest and repayments on the company's bond loan will not be paid until 31 December 2020. As part of the changes, financial covenants were removed from the bond loan agreement and negative equity will no longer result in default of the bond loan. In April 2020 an amendment to the restructuring agreement from 2017 was agreed with the creditors and the new maturity date for the bond loan will be 31 December 2024.

Booked value of equity is lost, but there are additional values in the vessels that make the fair value of book equity positive.

After a modest recovery in the offshore sector in 2018 and 2019 the condition of the oil & gas and offshore markets changed dramatically for the worse from February/March 2020 as a consequence of the global outbreak of the COVID-19 pandemic.

In May 2020 the contract for Boa Sub C was cancelled by the client, and activity in the offshore space dropped significantly. Despite these worsened market conditions Boa OCV managed to find new contracts for both vessels during 2020 and average utilization for both vessels came in close to 75% for the full year 2020.

In the short-term Boa Sub C has secured work for the majority of 2021 and Boa Deep C is currently on a short term contract in Asia. In the longer term the timing of a potential recovery remains uncertain until more clarity surrounding the COVID-19 situation persists, despite some positive signals in recent months. Please see the *Future Development* section for further details.

Boa OCV had a relatively robust cash position of NOKm 132 year-end 2020, which is up almost 20% Y/Y. With the mentioned amendment to the loan agreement voted in favor in April 2020, the outstanding bond will continue to carry interest in the form of non-cash PIK coupons and with no amortization before maturity. Should the weak market conditions prevail, Boa OCV can reduce operating cost significantly by laying up one or both vessels. Another measure is to pursue work in alternative markets, although these markets are also negatively impacted. In sum, Boa OCV should have sufficient liquidity in the short to medium term.

The board and the administration are continuously working on securing new and existing contracts for the vessels.

Based on the restructuring agreement, the cash position in the company and the current status on contracts and prospects for the vessels, the board's assessment is that the conditions for continued operation has been complied with, and the accounts have been presented under this assumption.

#### **Review of annual accounts:**

The operating profit was mNOK -50,2 (mNOK -17,4).

The financial result was mNOK 62,9 (mNOK -109,0).

The year-end profit was mNOK 63,2 (mNOK -127,0).

Restructuring effects for the company was a net gain of mNOK 157.

Net change in cash during the year was 18,4 mNOK. Net cash from operating activities was 47,8 mNOK and 4,3 mNOK was used on investing activities.

Total year-end assets were mNOK 874,0 (mNOK 908,0), and the percentage of shareholder's equity on December 31, 2020 was 0 % (0 %).

**Financial risk:**

*Market risk:*

The company is susceptible to fluctuations in currency exchange rates. A considerable percentage of the company's earnings are in USD and EUR. However this market risk is to a certain degree reduced by the company also having certain operating purchases denominated in USD and EUR. The company continuously monitors the currency markets and reduces currency exposure when appropriate by entering into forward agreements or other financial contracts to reduce currency risk.

*Credit risk:*

The company is 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 company's credit risk.

*Liquidity risk:*

The company's liquidity position of 31.12.2020 is mNOK 131,6. The company is financed by debt and equity. The company has a bond of mNOK 1200 listed at Oslo Stock Exchange Nordic ABM with maturity date in December 2024, and outstanding bond amount per 31.12.2020 is mNOK 1211. If the company fails to repay or refinance its loan facility, additional equity financing may be required. If the current market conditions persists over time there is no assurance that the company will not experience cash flow shortfall.

**Appropriation of profits:**

The annual results for Boa OCV AS were mNOK 63,2. The Board proposes the following disposal:

Allocated to other equity:                    mNOK 63,2

**Events after the balance sheet date:**

In February 2021 a new contract was awarded to the vessel Boa Sub C. No other events took place after the end of the financial year that would affect the evaluation of the company's profit and loss account or balance sheet.

**Future development:**

The short to medium term outlook for Boa OCV and Boa's oil & gas related business changed dramatically for the worse during 2020 as a consequence of the global spread of the COVID-19 pandemic and the following negative impact on most countries and economies world-wide. The COVID-19 virus spread caused at the low point in March/April 2020 an estimated short-term demand contraction of oil of at least 20% from the 2019 demand level of close to 100 million barrels per day. This 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 2020. Since then the oil price

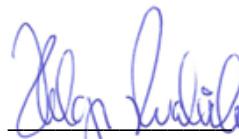
has gradually recovered to the current level around USD55/bbl, supported by OPEC and allies implementing significant production cut agreements and demand recovering as economies and countries world-wide have at best efforts adapted to the COVID-19 situation. Current oil demand is still estimated 7-8% below the 2019 level, as aviation activity and to some extent road activity is negatively impacted by travel and communication restrictions in most countries.

The situation remains fragile despite recent improving trends, and any recovery in 2021 is highly dependent on COVID-19 vaccines being delivered to the market in a significant scale throughout the year and that these vaccines prove effective. 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 2020. Given a positive development in the COVID-19 situation during 2021, Offshore E&P and Subsea 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.

Boa Sub C has been working with DEME Offshore on the Moray East Offshore Wind Farm, Scotland, during second half of 2020 and into 2021. In early February Boa OCV was awarded another 220 days contract by DEME for work in France with commencement 2Q21. The Boa Deep C finished a contract in the Kara Sea in late October 2020, and subsequently mobilized to Asia for a contract with a European contractor in the first quarter 2021. The market remains challenging in the short-term, and there are relatively few new contract opportunities out in the market.

Trondheim, 25.02.2021



Helge Kvalvik  
Chairman of the Board



Kristan Bodden  
Member of the Board



Rune Juliussen  
Member of the Board

# Income Statement

Boa OCV AS

<b>Operating income and operating expenses</b>	<b>Notes</b>	<b>2020</b>	<b>2019</b>
Operating income	2	192 811 409	242 836 654
<b>Operating income</b>		<b><u>192 811 409</u></b>	<b><u>242 836 654</u></b>
Operating expenses vessels	11	99 599 326	121 932 451
Personnel expenses	11	64 167 929	60 443 090
Depreciation	4	57 833 859	59 127 667
Write-downs of tangible assets	4	695 019	676 012
Other operating expenses	3	20 714 642	18 076 050
Total operating expenses		<b><u>243 010 774</u></b>	<b><u>260 255 270</u></b>
Operating profit		<b><u>-50 199 364</u></b>	<b><u>-17 418 617</u></b>
<b>Financial income and expenses</b>			
Interest income from group companies	11	1 938 261	2 066 465
Other interest income		195 710	546 953
Other financial income	7, 11	188 557 653	19 715 688
Other interest expenses		63 134 492	121 757 000
Other financial expenses		14 419 274	9 557 577
Net financial items		<b><u>113 137 857</u></b>	<b><u>-108 985 470</u></b>
Operating result before tax		<b><u>62 938 493</u></b>	<b><u>-126 404 087</u></b>
Tax on ordinary result	9	-254 026	572 824
Ordinary result after tax		<b><u>63 192 519</u></b>	<b><u>-126 976 911</u></b>
Annual net profit		<b><u>63 192 519</u></b>	<b><u>-126 976 911</u></b>
<b>Brought forward</b>			
Allocated to other equity	6	63 192 519	0
Transferred from other equity	6	0	126 976 911
Net brought forward		<b><u>63 192 519</u></b>	<b><u>-126 976 911</u></b>

# Balance sheet

Boa OCV AS

Assets	Notes	2020	2019
<b>Fixed assets</b>			
<b>Tangible assets</b>			
Vessels	4, 10	559 108 323	613 316 984
Total tangible assets		<u>559 108 323</u>	<u>613 316 984</u>
<b>Financial fixed assets</b>			
Loan to group companies	8, 10	123 401 405	139 599 435
Other receivables		<u>3 250 614</u>	<u>2 226 652</u>
Total financial fixed assets		<u>126 652 019</u>	<u>141 826 087</u>
Total fixed assets		<u>685 760 342</u>	<u>755 143 071</u>
<b>Current assets</b>			
Inventories		10 315 975	0
<b>Debtors</b>			
Accounts receivables	10	31 838 755	34 909 336
Loans to group companies	8	203 092	623 330
Other receivables		<u>14 311 616</u>	<u>4 133 643</u>
Total receivables		<u>46 353 463</u>	<u>39 666 308</u>
Cash and bank deposits	10	131 601 496	113 188 314
Total current assets		<u>188 270 935</u>	<u>152 854 622</u>
Total assets		<u>874 031 277</u>	<u>907 997 693</u>

# Balance sheet

Boa OCV AS

	Notes	2020	2019
<b>Equity</b>			
<b>Paid-up equity</b>			
Share capital	5, 6	100 000	100 000
Share premium	6	80 108 000	80 108 000
Other restricted equity	6	14 444 514	14 444 514
Total paid-up equity		<b>94 652 514</b>	<b>94 652 514</b>
<b>Retained earnings</b>			
Other equity	6	-475 537 074	-538 729 592
Total retained earnings		<b>-475 537 074</b>	<b>-538 729 592</b>
Total equity		<b>-380 884 560</b>	<b>-444 077 079</b>
<b>Liabilities</b>			
<b>Other long term liabilities</b>			
Bonds	7, 10	1 210 819 564	1 306 849 739
Total of other long term liabilities		<b>1 210 819 564</b>	<b>1 306 849 739</b>
<b>Current debt</b>			
Trade creditors		23 116 700	7 227 334
Liabilities to group companies	8	1 279 585	585 700
Tax payable	9	264 432	317 220
Other current debt	10	19 435 556	37 094 778
Total current debt		<b>44 096 273</b>	<b>45 225 033</b>
Total liabilities		<b>1 254 915 837</b>	<b>1 352 074 772</b>
Total equity and liabilities		<b>874 031 277</b>	<b>907 997 693</b>

Trondheim, 25.02.2021

Helge Kvalvik  
Chairman of the board

Kristan Bodden  
Member of the board

Rune Juliussen  
Member of the board

# Cash flow report

Boa OCV AS

Figures in 1 000 NOK

2020

2019

## Cash flow from operating activities

Profit before income taxes	62 938	-126 404
Paid in tax	201	-654
Payment in kind bonds (PIK-bonds)/Mandatory Redemption Premium	-70 971	119 369
Depreciation and write down	58 529	59 804
Write-down receivables from group companies	0	0
Changes in trade receivables and creditors	18 960	-7 056
Changes in receivables and liabilities to group entities	17 312	-162
Changes in other short-term receivables and liabilities	-39 177	16 565
<b>Net cash flow from operating activities</b>	<b>47 793</b>	<b>61 462</b>

## Cash flow from investing activities

Purchase of fixed assets	-4 320	-59 873
<b>Net cash flow from investing activities</b>	<b>-4 320</b>	<b>-59 873</b>

## Cash flow from financing activities

Repayment of long term liabilities	-25 059	0
<b>Net cash flow from financing activities</b>	<b>-25 059</b>	<b>0</b>

Net changes in cash and cash equivalents	18 413	1 589
Cash and cash equivalents start at period	113 188	111 598
<b>Cash and cash equivalents end of period</b>	<b>131 601</b>	<b>113 188</b>

# **Notes**

## **Boa OCV AS**

### **Note 1 Accounting principles**

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

#### **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.

Periodic maintenance are valued at purchase cost and depreciated over the period until next scheduled maintenance.

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.

#### **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.

#### **Bank deposits, cash, etc.**

Bank deposits, cash, etc includes cash, bank deposits and other forms of payment which mature less than three months from the acquisition date.

#### **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.

# **Notes**

## **Boa OCV AS**

### **Cost**

As a general rule, costs are booked in the same period as the corresponding income. When there is no clear correlation between costs and income, the allocation of costs is made as a "best effort" appraisal.

### **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 company entered the Norwegian shipowning tax regime as of 01.01.2007.

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

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

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

### **Note 2      Operating income**

<b>Geographical area</b>	<b>2020</b>	<b>2019</b>
Africa	60 614	77 265
Europe	100 502	85 331
Australia	0	42 224
Asia	31 695	38 017
<b>Total</b>	<b>192 811</b>	<b>242 837</b>

All income were from offshore activity.

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

The company has no employees. Administrative services are hired from Boa Management AS.

The Board member elected by the Bondholders has received NOK 1.170.242 in remuneration. The other Board members and the general manager do not receive a salary or other compensation.

### **Auditor**

The fee paid in 2020 to Deloitte AS for accounting services was NOK 92 920 and for other services NOK 77 348.

## Notes

## Note 4 Fixed assets

	Vessel	Periodic mainte- nance	Total
Acquisition cost on 01.01	1 227 497	205 971	1 433 468
Additions	0	4 320	4 320
Disposals	0	0	0
<b>Acquisition cost on 31.12</b>	<b>1 227 497</b>	<b>210 291</b>	<b>1 437 788</b>
Accumulated depreciation and write-down on 01.01	686 896	133 254	820 150
Depreciation this year	38 793	19 041	57 834
Write-down this year	0	695	695
<b>Accum. depreciation 31.12.</b>	<b>725 689</b>	<b>152 990</b>	<b>878 679</b>
<b>Book value</b>	<b>501 808</b>	<b>57 301</b>	<b>559 108</b>
Economic lifespan	27 years	2,5-10 years	
Depreciation plan	Linear	Linear	

By the end of 2020, 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. No significant write-downs have been made during 2020.

**Notes**  
Boa OCV AS

**Note 5 Share capital and shareholder information**

	Shares	Equity share	Voting share
Boa Offshore AS	1 000	100 %	100 %
<b>Total number of shares</b>	<b>1 000</b>	<b>100 %</b>	<b>100 %</b>

The company share capital is NOK 100 000, 1 000 shares with a nominal value of NOK 100.

The company has only one class of shares.

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

**Note 6 Equity**

	Share capital	Share premium	Other restricted equity	Other equity	Total
Equity 01.01.	100	80 108	14 445	-538 730	-444 077
Profit of the year				63 193	63 193
<b>Equity 31.12.</b>	<b>100</b>	<b>80 108</b>	<b>14 445</b>	<b>-475 537</b>	<b>-380 885</b>

**Note 7 Long term debt**

	2024
Instalments	1 210 820

The maturity date for the bond loan is extended to 31.12.24 and at the same time the Mandatory Redemption Premium conditions have been replaced and the accrued premium was reversed.

**Notes**  
Boa OCV AS

**Note 8 Outstanding accounts with companies within the same group**

	Short term receivables		Long term receivables	
	2020	2019	2020	2019
Boa Offshore AS	0	0	123 401	139 599
Boa Crewing 2 AS	2	0	0	0
Boa Tugs AS	201	0	0	0
Boa Management AS	0	623	0	0
<b>Sum</b>	<b>203</b>	<b>623</b>	<b>123 401</b>	<b>139 599</b>

	Short term liabilities		Long term liabilities	
	2020	2019	2020	2019
Boa Management AS	12	156	0	0
Boa Crewing 2 AS	1 079	200	0	0
Boa Offshore LLC	33	33	0	0
Boa Marine Management LLC	156	156	0	0
Trond A. Kittilsen Shipping AS	0	40	0	0
<b>Sum</b>	<b>1 280</b>	<b>586</b>	<b>0</b>	<b>0</b>

**Note 9 Tax**

<b>This years tax:</b>	<b>2020</b>	<b>2019</b>
Changes in deferred tax	0	0
Tax payable	212	265
Foreign tax	-518	256
Tonnage tax	53	53
<b>This years tax expense</b>	<b>-254</b>	<b>573</b>

<b>Tax payable in balance:</b>	<b>2020</b>	<b>2019</b>
This year's tax	264	573
<b>Net tax payable</b>	<b>264</b>	<b>573</b>

<b>This years tax basis:</b>	<b>2020</b>	<b>2019</b>
Profit and loss account	962	1 203
Financial result	-30 440	-26 922
Changes in loss carried forward	30 440	26 922
<b>This years tax basis</b>	<b>962</b>	<b>1 203</b>

<b>Temporary differences:</b>	<b>2020</b>	<b>2019</b>
Profit and loss account	3 850	4 812
Loss carried forward	-35 543	-162 411
Net temporary differences	-31 693	-157 600

Net deferred tax 22 % 0 0

**Notes**  
Boa OCV AS

**Note 10 Secured debt/other long-term debt**

<b>Debt secured by mortgage etc.</b>	<b>2020</b>	<b>2019</b>
Bonds	1 210 820	1 306 850
Accrued interest	5 629	28 937
<b>Sum</b>	<b>1 216 449</b>	<b>1 335 787</b>

<b>Book value of assets mortgaged for debt:</b>	<b>2020</b>	<b>2019</b>
Bank deposits	131 601	113 188
Accounts receivables	31 839	34 909
Vessels	559 108	613 317
Group receivables	123 401	139 599
<b>Sum</b>	<b>845 950</b>	<b>901 014</b>

**Note 11 Transactions with related parties**

The outstanding accounts with group companies are mentioned in note 8.

**Transactions with related parties:**

<b>Operating transactions:</b>	<b>2020</b>	<b>2019</b>
Services		
- Parent company	0	0
- Other group companies	65 076	59 532
<b>Total expenses from operating transactions</b>	<b>65 076</b>	<b>59 532</b>

Services		
- Other group companies	442	1 399
<b>Total income from operating transactions</b>	<b>442</b>	<b>1 399</b>

<b>Finance transactions:</b>	<b>2020</b>	<b>2019</b>
Interest income		
- Parent company	1 938	2 066
Other financial income		
- Parent company	10 616	12 002
<b>Total income from finance transactions</b>	<b>12 554</b>	<b>14 068</b>

To the General Meeting of Boa OCV AS

## INDEPENDENT AUDITOR'S REPORT

### **Report on the Audit of the Financial Statements**

#### *Opinion*

We have audited the financial statements of Boa OCV AS showing a profit of NOK 63.192.519. The financial statements comprise the balance sheet as at 31 December 2020, 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 accompanying financial statements are prepared in accordance with law and regulations and give a true and fair view of the financial position of the Company as at 31 December 2020, and its financial performance and its cash flows for the year then ended in accordance with 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 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 a true and fair view 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 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 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'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 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 a true and fair view.

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, 1 March 2021

Deloitte AS



**Helge-Roald Johnsen**

State Authorised Public Accountant (Norway)