



# BOA OFFSHORE AS



# ANNUAL REPORT

# 2020

# BOA OFFSHORE AS

## GROUP

### BOARD'S ANNUAL REPORT FOR 2020

#### 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, 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. 247 employees and, in the opinion of the Board, a good work environment. The total absenteeism rate for the year was around 2.1 %.

#### Equal opportunities for all

BOA recognizes that diversity creates a dynamic and innovative culture which in turn adds value both to the business and industry in general. A diverse company with a range of nationalities both onshore and at sea, the challenge lies in closing the gender gap in a male dominated industry.

#### Gender Composition

Female recruiting is a general challenge throughout the offshore, marine and shipping industry - especially among seafarers, a historically male dominated profession. In BOA this is reflected in our crewing companies; 0% employed in BOA Crewing 1 AS, and 3% in BOA Crewing 2 AS.

	# Employees	Female		Temporary Employment	Part-Time	Involuntary work
BOA Management AS	68	10	15 %	0	2	N/A
BOA Crewing 1 AS	50	0	0	0	0	N/A
BOA Crewing 2 AS	123	4	3 %	54	0	N/A

BOA Management AS, which includes the onshore organization consists of 15% women. Only taken the office employees into account the percentage of women is 24%. This is a number that is expected to rise in all levels of the organization, based on the processes in place to narrow the gender gap. During 2020 there were two employees engaged part-time and no instances of involuntary work.

Amongst seafarers there are several temporary contracts due to the nature of the contractual employment structure in the marine industry. Regardless of the contract format in BOA Crewing 2 AS, most of the employees are assigned a permanent rotation.

There is a slight difference in the compensation offered men and women. Basic salary, bonuses and other benefits are included in as a basis for comparison, but with few women in the sample the difference in salary are to some degree a result of other factors. However, with a salary structure under review and ambitions to recruit more women in the future the difference is expected to be reduce within the next few years.

### **Equality and Non-Discrimination**

There are several measures in place to enhance equality and non-discrimination, aspects that are deeply rooted in our policies, principles, guidelines and standards. BOA is committed to attracting and retaining top talents based on their contribution, competence and potential regardless of age, gender, nationality and religious belief in order to attain and maintain a gender equal, diverse and inclusive culture.

To further promote equality and non-discrimination several stakeholders are involved, including the Board of Directors, top management, HSEQ, HR, the employee representative and safety delegates.

The issue of diversity, equality and harassment are frequently addressed in meetings with HR, Employee Representative and Safety Delegates, and through employee evaluations and employee surveys. For the coming year special emphasis will be placed on procedure reviews, quarterly risk assessment, seminars, HSEQ meetings, department meetings, employee branding, awareness campaigns and HR processes in general.

Furthermore, the management system is continuously reviewed to strengthen the systematic approach and continuously raise awareness towards this very important issue. Identified issues and risks are used as input in the risk assessment aimed to improve processes related to recruitment, salary and benefits, career development and work-life balance. Actions and expected results from this work is continuously reviewed.

### **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 9001:2015 quality standard. Parts of this certification are now introduced.

Over the last year there has been no 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 related to both Boa Offshore Unsec Bond and Boa Offshore Sub Bond at assumed fair 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 2020 for the company and the Group were drawn up under the assumption of continued operations.

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.

Two of Boa Offshore's operating segments have to some extent been negatively impacted by the COVID-19 pandemic. In Boa Tugs term contracts for two vessels were postponed in 2020 by approximately one year, and the general spot market also softened somewhat. These two vessels have now commenced this contract late 2020, where the market in general remains more challenging compared to pre-COVID levels. In Boa OCV the contract for Boa Sub C was cancelled in May 2020 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.

For Boa OCV 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 still remains uncertain until more clarity surrounding the roll-out of COVID-19 vaccines and their efficiency, despite some positive signals in recent months. Please see the Future Development section for further details.

Most of Boa Offshore's subsidiaries have quite robust cash positions year-end 2020, combined with relatively healthy backlogs and market activity. Should the market conditions turn weaker, Boa Offshore can reduce operating cost significantly by laying vessels. Another measure is to pursue work in alternative markets, although some of these markets are also negatively impacted by COVID-19. In sum, Boa Offshore and its subsidiaries should have sufficient liquidity in the short to medium term.

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

The operating profit for the Group in 2020 was MNOK 37.0, compared to MNOK -0.6 in 2019. In 2020, ship value impairment losses of MNOK 29.3 were made. It is the board's view that in today's market these valuations are associated with uncertainty.

Net financial items were MNOK 162.5, compared to MNOK -203.0 in 2019.

The Group had in 2020 a net tax income of MNOK 0.3, compared to a net tax income of MNOK 4.9 in 2019.

The profit for the year was a gain of MNOK 199.7 compared to a loss of MNOK 198.8 in 2019.

Total year end assets were MNOK 2 624, compared to MNOK 2 735 the previous year. The equity on December 31, 2020 was MNOK -329, compared with MNOK -628 on December 31, 2019. Booked value of equity for the Group is negative, however the value adjusted equity ratio for Boa Offshore AS per 31.12.2020 was 14.6 %. This is based on two independent ship broker valuations.

Restructuring effects for the parent company was a net gain of MNOK 12.4 and a positive equity effect of MNOK 99.7. For the group the effect was a net gain of MNOK 84 and a positive equity effect of MNOK 171.3.

**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 31.12.2020 the total of the group's interest-bearing debt was MNOK 2 644 where of MNOK 1 535 is fixed with non-cash PIK interest and another MNOK 619 is secured by fixed rates.

*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 31.12.2020 is MNOK 449. The parent company has a bond of MNOK 399 and a subordinated bond of MNOK 15 both listed at Oslo Stock Exchange ABN. The total of outstanding bonds as of 31.12.2020 for the company was MNOK 414. Out of this 123 MNOK is interest bearing debt with non-cash PIK-interest. Total outstanding bonds for the Group is MNOK 1 625 whereof MNOK 1 334 is interest bearing. The group has in addition loan to financial institutions of MNOK 1 357 with various maturities between 2021 and 2025.

**Appropriation of profits:**

The year-end result of the parent company, Boa Offshore AS, was MNOK 37.8. The Board proposes the following distribution:

Transferred to other equity	MNOK	37.8
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**Events after the balance sheet date:**

No 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, 2020.

**Future development:**

The short to medium term outlook for Boa's oil & gas related business changed dramatically for the worse during 2020 as a consequence of the global outbreak 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 above USD60/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 large 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. Several (20+) 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 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 2021, and market activity remains healthy. Boa Tugs has seen activities dropping in the weaker winter period. This is expected to improve somewhat into the summer season, albeit the market in general remains more challenging compared to pre-COVID levels.

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.

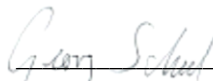
Boa Sub C has been working with DEME Offshore on the Moray East Offshore Wind Farm, Scotland, during second half of 2020 and into 2021. In early February this year Boa OCV was awarded another 220 days contract by DEME for work in France with commencement 2Q21. The Boa Deep C finished a contract in the 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. February 2021

The Board of Boa Offshore AS



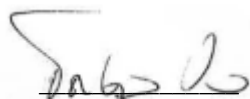
Svein Sivertsen  
Chairman of the Board



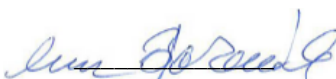
Georg Scheel  
Board member



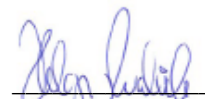
Kristan Boddén  
Board member



Torbjørn Vik  
Board member



Eskil Bjørnevik  
Board member



Helge Kvalvik  
CEO

# Income statement

Boa Offshore AS

Figures in 1 000 NOK

Parent company				Group	
2020	2019		Note	2020	2019
<b>Operating income and operating expenses</b>					
<u>0</u>	<u>950</u>	<b>Total operating income</b>	<b>2</b>	<u>732 503</u>	<u>980 322</u>
0	1 546	Operating cost ships		269 028	489 904
1 227	171	Payroll expenses	<b>3, 9, 15</b>	214 759	234 866
0	0	Depreciation	<b>4</b>	142 431	146 119
0	0	Write down fixed assets	<b>4</b>	29 274	70 168
1 435	1 139	Other operating expenses	<b>3, 15</b>	40 049	39 914
<u>2 662</u>	<u>2 856</u>	<b>Total operating expenses</b>		<u>695 540</u>	<u>980 971</u>
<u>-2 662</u>	<u>-1 906</u>	<b>Operating result</b>		<u>36 963</u>	<u>-649</u>
<b>Financial income and expenses</b>					
22 606	28 222	Interest income from group companies	<b>15</b>	1 481	5 969
404	98	Other interest income		40 458	1 791
117 976	365	Other financial income		328 076	51 665
-4 985	318 000	Depreciation of other financial fixed assets		-8 163	0
1 938	2 483	Interest expense to group companies	<b>15</b>	0	0
2 396	2 020	Other interest expenses		127 520	200 489
101 174	31 148	Other financial expenses		88 166	61 921
<u>40 463</u>	<u>-324 966</u>	<b>Financial result</b>		<u>162 492</u>	<u>-202 986</u>
<u>37 801</u>	<u>-326 873</u>	<b>Result before tax</b>		<u>199 455</u>	<u>-203 635</u>
0	-2 312	Tax on ordinary result	<b>12</b>	-293	-4 860
<u>37 801</u>	<u>-324 561</u>	<b>Profit for the year</b>		<u>199 748</u>	<u>-198 775</u>
-37 801	324 561	From other equity	<b>8</b>	-199 748	198 775
<u>37 801</u>	<u>-324 561</u>	<b>Net brought forward</b>		<u>199 748</u>	<u>-198 775</u>

# Balance sheet

## Boa Offshore AS

### Figures in 1 000 NOK

Parent company					Group		
31.12.2020	31.12.2019		Note	31.12.2020	31.12.2019		
		<b>Fixed assets</b>					
		<b>Intangible assets</b>					
0	0	Deferred tax asset	12	0	1 751		
<u>0</u>	<u>0</u>	<b>Total intangible assets</b>		<u>0</u>	<u>1 751</u>		
		<b>Tangible fixed assets</b>					
0	0	Buildings and land		0	1 897		
0	0	Vessels		1 922 614	1 988 220		
0	0	Equipment and other movables		4 295	4 724		
<u>0</u>	<u>0</u>	<b>Total tangible fixed assets</b>	4	<u>1 926 910</u>	<u>1 994 840</u>		
		<b>Financial fixed assets</b>					
154 606	154 614	Investments in subsidiaries	5	0	0		
249 477	365 205	Loans to group companies	6, 11	0	112 378		
0	0	Investments in shares	5	1 522	1 772		
0	0	Other receivables	6, 9	26 485	15 317		
<u>404 082</u>	<u>519 819</u>	<b>Total financial fixed assets</b>		<u>28 007</u>	<u>129 466</u>		
<u>404 082</u>	<u>519 819</u>	<b>Total fixed assets</b>		<u>1 954 916</u>	<u>2 126 057</u>		
		<b>Current assets</b>					
0	0	Inventories		12 423	3 807		
		<b>Receivables</b>					
679	2 694	Trade receivables		90 898	150 035		
2 172	21 985	Loans to group companies	11	0	1 370		
598	241	Other receivables		116 984	212 523		
<u>3 448</u>	<u>24 920</u>	<b>Total receivables</b>		<u>207 881</u>	<u>363 928</u>		
		<b>Investments</b>					
0	0	Other financial instruments		0	362		
<u>0</u>	<u>0</u>	<b>Total investments</b>		<u>0</u>	<u>362</u>		
129 544	6 119	Cash and bank deposits	2, 14	448 979	241 234		
<u>132 993</u>	<u>31 039</u>	<b>Total current assets</b>		<u>669 283</u>	<u>609 331</u>		
<u>537 075</u>	<u>550 858</u>	<b>Total assets</b>		<u>2 624 199</u>	<u>2 735 388</u>		



# Balance sheet

## Boa Offshore AS

Figures in 1 000 NOK

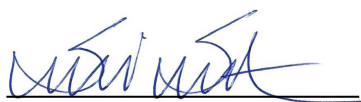
Parent company					Group		
31.12.2020	31.12.2019	Equity and liabilities	Note	31.12.2020	31.12.2019		
		<b>Restricted equity</b>					
2 501	2 500	Share capital	7, 8	2 501	2 500		
74 447	74 447	Share premium	8	74 447	74 447		
3 106	3 106	Other restricted equity	8	3 106	3 106		
<b>80 054</b>	<b>80 053</b>	<b>Total restricted equity</b>		<b>80 054</b>	<b>80 053</b>		
		<b>Retained earnings</b>					
-33 481	-170 994	Other equity	8	-409 040	-708 127		
<b>-33 481</b>	<b>-170 994</b>	<b>Total retained earnings</b>		<b>-409 040</b>	<b>-708 127</b>		
<b>46 572</b>	<b>-90 942</b>	<b>Total equity</b>		<b>-328 986</b>	<b>-628 074</b>		
		<b>Liabilities</b>					
		<b>Provisions</b>					
0	0	Deferred tax	12	1 460	0		
<b>0</b>	<b>0</b>	<b>Total provisions</b>		<b>1 460</b>	<b>0</b>		
		<b>Other long term liabilities</b>					
229 193	462 005	Bonds	10, 13	1 368 400	1 768 855		
0	0	Liabilities to financial institutions	10, 13	1 356 572	1 324 969		
232 803	139 539	Liabilities to subsidiaries	11	0	0		
24 853	28 032	Other long term liabilities	10, 13	24 853	25 162		
<b>486 850</b>	<b>629 576</b>	<b>Total other long term liabilities</b>		<b>2 749 825</b>	<b>3 118 986</b>		
		<b>Current liabilities</b>					
0	-71	Trade creditors		38 239	64 325		
3 434	12 117	Liabilities to subsidiaries	11	24	0		
0	0	Tax payable	12	859	496		
60	42	Public duties payable		7 122	7 060		
159	136	Other short term liabilities		155 656	172 596		
<b>3 653</b>	<b>12 224</b>	<b>Total short term liabilities</b>		<b>201 900</b>	<b>244 477</b>		
<b>490 503</b>	<b>641 800</b>	<b>Total liabilities</b>		<b>2 953 185</b>	<b>3 363 462</b>		
<b>537 075</b>	<b>550 858</b>	<b>Total liabilities and equity</b>		<b>2 624 199</b>	<b>2 735 388</b>		

# Balance sheet

## Boa Offshore AS

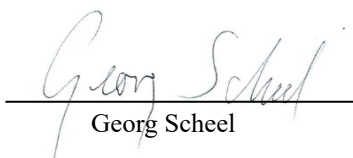
Trondheim, 45.04.2023

The board of Boa Offshore AS



Svein Sivertsen

Chairman of the Board



Georg Scheel

Board member



Kristian Bødden

Board member



Torbjørn Vik

Board member



Eskil Bjørnevik

Board member



Helge Kvalvik

CEO

# Consolidated Cash Flow Statement

## Boa Offshore AS

Figures in 1 000 NOK

2020	2019		2020	2019
		<b>Cash flow from operating activities</b>		
37 801	-326 873	Profit before income taxes	199 455	-203 635
1 688	2 004	Payment in kind bonds (PIK-bonds)	-54 986	136 167
0	2 312	Income tax paid	36	2 712
0	0	Depreciation and write-down	171 705	216 287
-116 857	45	Gain on sale of financial fixed assets	-116 365	-22 658
81 271	318 000	Write-down of financial fixed assets	15 725	0
0	0	Currency gain/-loss	4 716	0
0	0	Changes in inventories	-8 616	2 252
2 716	-2 196	Changes in trade receivables	59 138	121 928
-357	5 428	Changes in other receivables	106 497	-54 902
71	-2 543	Changes in trade creditors	-26 085	-68 419
147 039	16 522	Changes in receivables from group companies	40 581	1 886
-752	-779	Changes in other short-term liabilities	-15 493	9 377
<b>152 619</b>	<b>11 920</b>	<b>Net cash flow from operating activities</b>	<b>376 307</b>	<b>140 995</b>
		<b>Cash flow from investing activities</b>		
0	0	Purchase of tangible fixed assets	-119 646	-131 415
5 599	0	Sale of financial fixed assets	5 599	0
-6 165	0	Purchase of financial fixed assets	-6 165	0
4 985	0	Changes in other investments	0	0
<b>4 419</b>	<b>0</b>	<b>Net cash flow from investing activities</b>	<b>-120 213</b>	<b>-131 415</b>
		<b>Cash flow from financing activities</b>		
0	0	Raised long term liabilities	906 985	49 537
-33 614	-14 345	Paid in long term liabilities	-951 730	-66 711
0	0	Changes in liabilities	0	0
1	0	Capital contribution	1	0
0	0	Cash impact from sale of subsidiary	-3 607	-53 401
<b>-33 612</b>	<b>-14 345</b>	<b>Net cash flow from financing activities</b>	<b>-48 350</b>	<b>-70 575</b>
<b>123 426 *</b>	<b>-2 425</b>	<b>Net changes in cash and cash equivalents</b>	<b>207 744</b>	<b>-60 995</b>
6 119	8 544	Cash and cash equivalent start at period	241 234	302 229
<b>129 544</b>	<b>6 119</b>	<b>Cash and cash equivalents at end of period</b>	<b>448 979</b>	<b>241 234</b>

\* Other restricted deposits in Boa Offshore AS (MNOK 110) are restricted until processes regarding Boa IMR AS is legally clarified.

## **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 2020 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 all personnel. This is expensed at date of payment.

### **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**

<b>Company</b>	<b>Segment</b>	<b>Operating income</b>	<b>EBITDA</b>	<b>Cash</b>
Boa OCV AS	OCV	192 811	8 330	131 601
Boa Barges AS	Barge	230 995	128 629	50 905
Boa Barges LLC	Barge	164 226	2 065	21 943
Boa Tugs AS	Tugs	185 169	2 356	16 167
Boa AHTS Holding AS	AHTS	26 730	25 157	34
Boa AHTS AS	AHTS	26 716	26 676	13 437
Boa Offshore AS	Other	0	-2 662	129 544
Boa Management AS	Other	115 065	14 831	56 577
Other/elimination	Other	-209 211	3 285	28 769
<b>Sum</b>		<b>732 503</b>	<b>208 668</b>	<b>448 979</b>

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

	<b>Parent company</b>		<b>Group</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
Salaries	0	0	157 531	141 131
Employer's national insurance contribution	0	0	15 630	11 488
Pension contribution	0	0	7 969	4 004
Other personnel expenses	0	0	6 338	38 275
Hired in staff	1 227	171	30 628	39 968
<b>Total personnel costs</b>	<b>1 227</b>	<b>171</b>	<b>214 759</b>	<b>234 866</b>
Number of man-labour years employed	0	0	247	252

<b>Management remuneration*</b>	<b>Salary</b>	<b>Pension cost</b>	<b>Other</b>
CEO	5 544	29	191
Board member			1 138
Board of Directors	parent company		1 227
	group		1 227

A Long Term Incentive Program for certain employees has been established where the employees will be offered to subscribe for phantom share in Boa Offshore AS. No effects have taken place in the annual statement for 2020.

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

	<b>Amount</b>	<b>Interest rate</b>	<b>Securities</b>
Employees	4 287	1,5-2,6%	Security in fixed assets
CEO *	9 910	1,5-2,6%	Security in fixed assets

\* 10 years term on general market conditions

**Auditor**

	<b>Parent company</b>	<b>Group</b>
Audit fee for 2020 to Deloitte AS was NOK	427	1 200
Fee for audit related services was NOK	27	647
Fee paid to Deloitte Advokatfirma AS was NOK	7	78



**Note 4            Fixed assets****Group**

	<b>Vessels</b>	<b>Periodic maintenance</b>	<b>Land</b>	<b>Equipment</b>	<b>Sum</b>
Acquisition cost on 01.01	3 862 842	398 238	1 897	25 195	4 288 172
Additions	83 117	36 531	0	34	119 682
Disposals	-56 614	-28 246	0	-827	-85 687
<b>Acquisition cost on 31.12</b>	<b>3 889 346</b>	<b>406 523</b>	<b>1 897</b>	<b>24 402</b>	<b>4 322 168</b>
Accumulated depreciation 01.01	2 035 378	237 542	0	20 413	2 293 333
Acc. depreciation disposals	-50 377	-18 671	0	-730	-69 779
Depreciation this year	101 221	40 786	0	424	142 431
Write-down this year	28 497	-1 120	1 897	0	29 274
<b>Accum. depreciation 31.12.</b>	<b>2 114 719</b>	<b>258 536</b>	<b>1 897</b>	<b>20 107</b>	<b>2 395 258</b>
<b>Book value</b>	<b>1 774 626</b>	<b>147 987</b>	<b>0</b>	<b>4 295</b>	<b>1 926 909</b>
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

31 163

In 2020 vessels have been written off with NOK 28.497.203,-. 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.

**Note 5 Shareholdings in subsidiaries, associated companies and joint ventures**

<b>Group</b>	<b>Year of acquisition</b>	<b>Office address</b>	<b>Share</b>	<b>Equity Dec. 31 2020</b>	<b>Results 2020</b>
<b>Subsidiaries (Norwegian)</b>					
Boa Shipping AS	2000	Trondheim	100 %	-174 740	-12 338
Boa OCV AS	2002	Trondheim	100 %	-380 885	63 193
T.A. Kittilsen Shipping AS *	1998	Brevik	100 %	0	2 715
Boa IMR AS **	2014	Trondheim	63 %	108 004	41 106
<b>Tier subsidiaries (Norwegian)</b>					
Boa Barges AS	2008	Trondheim	100 %	278 395	67 995
Boa Tugs AS	2008	Trondheim	100 %	44 154	-46 506
Boa Management AS	2017	Trondheim	100 %	24 267	28 758
Boa AHTS Holding AS	2012	Trondheim	100 %	-371 416	-44 863
Boa AHTS AS	2020	Trondheim	100 %	166 638	2 789
Boa Crewing 1 AS	2017	Trondheim	100 %	2 308	546
Boa Crewing 2 AS	2017	Trondheim	100 %	4 144	658
<b>Subsidiaries (foreign)</b>					
Boa Marine S.A	2006	Gdynia i Polen	100 %	531	235
Speedlink sp. z o.o.	2016	Gdynia i Polen	100 %	0	0
Rederi AB *	2005	Sverige	100 %	-1 082	0
Boa Tugs AB *	2011	Sverige	100 %	0	0
Boa Offshore LLC	2011	USA	100 %	-20 769	525
<b>Tier subsidiaries (foreign)</b>					
Boa Barges LLC	2015	USA	100 %	20 970	2 065
Boa Marine Management LLC	2016	USA	100 %	-12 892	5 581
Boa Marine LLC	2016	USA	100 %	96	148

\* Subsidiaries no longer in the Group

\*\* According to the investment agreement between the shareholders BOA is entitled the full amount received in 2020

<b>Group</b>				
<b>Company</b>	<b>Share</b>	<b>Acq. costs</b>	<b>Book value</b>	<b>Market value</b>
Midnor Bestik (foundation)	0,5 %	10	10	10
EMGS ASA		135	4	0
Nio Inc.		10	0	0
Åfjord Utvikling AS	3,0 %	6	6	6
Åfjord Sparebank		1 974	1 502	1 824
<b>Sum</b>		<b>2 134</b>	<b>1 522</b>	<b>1 839</b>

**Note 6 Long-term receivables**

	Parent company		Group	
	2020	2019	2020	2019
Receivables from group companies	249 477	365 205	0	112 378
Other long-term receivables	0	0	26 485	15 317
<b>Sum</b>	<b>249 477</b>	<b>365 205</b>	<b>26 485</b>	<b>127 695</b>

**Note 7 Shareholder information**

	Shares	Equity share	Voting share
Taubåtkompaniet AS	2 000	100,00 %	0,00 %
NT Refectio 22 AS	1	0,00 %	100,00 %
<b>Total number of shares</b>	<b>2 001</b>	<b>100,00 %</b>	<b>100,00 %</b>

The company's share capital is NOK 2 501 250, distributed among 2 000 A-shares of par value NOK 1 250 and 1 B-share of NOK 1 250.

**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	-170 994	-90 942
Capital contribution	1	0	0	0	1
Profit of the year	0	0	0	37 801	37 801
Refinancing	0	0	0	99 712	99 712
<b>Equity 31.12.</b>	<b>2 501</b>	<b>74 447</b>	<b>3 106</b>	<b>-33 481</b>	<b>46 572</b>

Group	Share capital	Share premium	Other restricted equity	Other equity	SUM
Equity 01.01.	2 500	74 447	3 106	-708 127	-628 074
Capital contribution	1	0	0	0	1
Profit of the year	0	0	0	199 748	199 748
Other changes	0	0	0	-373	-373
Refinancing	0	0	0	99 712	99 712
<b>Equity 31.12.</b>	<b>2 501</b>	<b>74 447</b>	<b>3 106</b>	<b>-409 040</b>	<b>-328 986</b>

## Note 9 Pension costs

The company is obliged to have a company pension scheme in accordance with the Norwegian Pension Act. All employees are covered by a defined contribution pension scheme.

## Note 10 Long-term debts

### Parent company

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

	2021	2022	2023	2024	→
Instalments	0	0	0	0	254 047

Boa Offshore AS has booked debt according to its outstanding bonds at assumed fair value. Both bonds contain provisions that this debt must only be repaid on certain terms.

### Group

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

	2021	2022	2023	2024	→
Instalments	121 454	99 357	100 278	1 696 124	732 613

**Note 11 Outstanding accounts with companies within the same group**

Parent company	Long term liabilities		Short term liabilities	
	2020	2019	2020	2019
Boa Barges AS	0	0	597	4 790
Boa Barges LLC	0	0	2 242	2 242
Boa IMR AS	109 402	0	0	0
Boa OCV AS	123 401	139 599	0	0
Boa Management AS	0	0	595	5 085
Rederi AB	0	-60	0	0
<b>Sum</b>	<b>232 803</b>	<b>139 539</b>	<b>3 434</b>	<b>12 117</b>

	Long term receivables		Short term receivables	
	2020	2019	2020	2019
Boa IMR AS	0	17 747	1 073	19 943
Boa Offshore LLC	0	0	1 099	1 099
Boa Management AS	54 700	36 129	0	-698
Boa Crewing 2 AS	2 166	2 062	0	0
Boa Shipping AS	192 610	174 970	0	0
Boa Tugs AB	0	209	0	0
NFDS AS	0	2 676	0	0
Boa AHTS Holding AS	0	151	0	1 641
T. A. Kittilsen Shipping AS	0	21 559	0	0
Taubåtkompaniet AS	0	109 702	0	0
<b>Sum</b>	<b>249 477</b>	<b>365 205</b>	<b>2 172</b>	<b>21 985</b>

Group	Long term receivables		Short term receivables	
	2020	2019	2020	2019
Boa Eiendom AS	0	0	0	-4
Det Nordenfjeldske Dampskibsselskab AS	0	2 676	0	802
Taubåtkompaniet AS	0	109 702	0	571
<b>Sum</b>	<b>0</b>	<b>112 378</b>	<b>0</b>	<b>1 370</b>

Group	Long term debt		Short term debt	
	2020	2019	2020	2019
Speedlink sp. z o.o.	0	0	24	0
<b>Sum</b>	<b>0</b>	<b>0</b>	<b>24</b>	<b>0</b>

**Note 12          Tax****Parent company**

<b>This years tax:</b>	<b>2020</b>	<b>2019</b>
Changes in deferred tax	0	0
Tax payable abroad	0	0
Tax previous years	0	-2 312
<b>This years tax expense</b>	<b>0</b>	<b>-2 312</b>

<b>This years tax basis:</b>	<b>2020</b>	<b>2019</b>
Result before tax	37 801	-326 873
Permanent differences	-4 670	325 029
Changes in timing differences	-4 413	-5 517
Utilized loss carried forward	-28 718	0
<b>This years tax basis</b>	<b>0</b>	<b>-7 360</b>

<b>Temporary differences:</b>	<b>2019</b>	<b>2019</b>
Profit and loss account	-17 653	-22 066
Tax losses carried forward	-162 176	-363 795
Net temporary differences	-179 829	-385 861
Net deferred tax	0	0

Tax losses carried forward is reduced with TNOK 172.902 due to remission of debt in 2020. Net deferred tax asset is not booked on the balance sheet.



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

<b>This years tax:</b>	<b>2020</b>	<b>2019</b>
Changes in deferred tax	314	-2 924
Tax payable Norway	212	276
Tonnage tax	221	224
Tax previous years	0	-2 397
Tax payable US	-1 040	-39
Write-down deferred tax asset	2 897	0
<b>This years tax expense</b>	<b>-293</b>	<b>-4 860</b>
<b>This years tax basis, ordinary taxation:</b>	<b>2020</b>	<b>2019</b>
Result before tax	199 455	-203 636
-Result before tax tax by the Norwegian shipowning tax regime.	-131 101	258 063
Permanent differences	-23 116	9 751
Changes in timing differences	-38 083	-13 691
Reduction interest deduction	0	0
Utilized loss carried forward	-69 824	-44 446
<b>This years tax basis</b>	<b>-62 669</b>	<b>6 041</b>
<b>Calculation of tax base for the year shipping taxation:</b>	<b>2020</b>	<b>2019</b>
Profit and loss account	962	1 203
Financial result	-422	-30 840
<b>Tax base for the year</b>	<b>540</b>	<b>-29 637</b>
<b>Tax payable in balance:</b>	<b>2020</b>	<b>2019</b>
Calculated tonnage tax	221	224
Taxes payable	638	272
<b>Tax payable in balance</b>	<b>859</b>	<b>496</b>
<b>Temporary differences:</b>	<b>2020</b>	<b>2019</b>
Tangible fixed assets	22 937	-54 649
Receivables	-4 716	-3 687
Profit and loss account	1 718	34 846
Short term liabilities	0	5 347
Tax losses carried forward	-1 278 690	-1 503 198
Net temporary differences	-1 258 751	-1 521 341
Temporary differences not included	-1 265 387	-1 513 384
<b>Net temporary differences</b>	<b>6 636</b>	<b>-7 957</b>
<b>Net deferred tax</b>	<b>-1 460</b>	<b>1 751</b>

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

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

<b>Book debt secured by pledge:</b>	<b>2020</b>	<b>2019</b>
Debts to credit institutions	0	0
Accrued interest	0	0
<b>Total</b>	<b>0</b>	<b>0</b>

<b>Book value of pledged assets:</b>	<b>2020</b>	<b>2019</b>
Cash deposits	0	0
<b>Total</b>	<b>0</b>	<b>0</b>

**Book value of assets mortgaged for debt for group companies:**

	<b>2020</b>	<b>2019</b>
Shares	0	0
<b>Total</b>	<b>0</b>	<b>0</b>

Guarantee liabilities	0	14 727
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**Group:**

<b>Book debt secured by pledge:</b>	<b>2020</b>	<b>2019</b>
Debts to credit institutions	2 567 392	2 631 819
Accrued interest	13 676	28 937
<b>Total</b>	<b>2 581 068</b>	<b>2 660 756</b>

Banker's guarantee	20 941	17 755
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<b>Book value of pledged assets:</b>	<b>2020</b>	<b>2019</b>
Cash deposits	205 620	143 182
Accounts receivables	81 329	70 086
Vessels	1 913 521	1 972 256
Shares/bonds	394 548	230 654
Other	20 000	0
<b>Total</b>	<b>2 615 017</b>	<b>2 416 177</b>

Guarantee liabilities	0	14 201
Booked pledge for other group companies	0	150 000

**Note 14 Bank deposits**

	<b>Parent company</b>		<b>Group</b>	
<b>Restricted deposits</b>	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
Employees' tax deduction	623	623	5 248	4 922
Other restricted deposits	126 592	16	249 181	96 653
<b>Total</b>	<b>127 215</b>	<b>639</b>	<b>254 428</b>	<b>101 575</b>

Other restricted deposits in Boa Offshore AS (MNOK 110) are restricted until processes regarding Boa IMR AS is legally clarified

**Note 15 Intercompany transactions**

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:**

<b>Operating transactions:</b>	<b>2020</b>	<b>2019</b>
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	300	6 671
- Other group companies	0	0
Total expenses from operating transactions	300	6 671
<b>Finance transactions:</b>		
Group contribution and dividend		
- Subsidiary	0	0
Interest income		
- Mother company	1 446	5 721
- Subsidiary	21 125	22 253
- Other group companies	35	248
Other financial income		
- Subsidiary	0	0
- Other group companies	0	0
Income from guarantee commission		
- Subsidiary	0	0
Total income from finance transactions	22 606	28 222
Interest expense		
- Subsidiary	1 938	2 066
- Other group company	0	416
Write-down shares		
- Subsidiary	0	318 000
Total expenses from finance transactions	1 938	320 483

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:**

<b>Operating transactions:</b>	<b>2020</b>	<b>2019</b>
Income		
- Mother company	8	1 723
- Other group companies	6	221
Total revenue from operating transactions	14	1 943
Services		
- Mother company	2 500	5 000
- Other group companies	0	0
Total expenses from operating transactions	2 500	5 000
<b>Finance transactions:</b>		
Interest income		
- Mother company	1 446	5 721
- Other group companies	35	248
Other financial income		
- Other group companies	0	0
Total income from finance transactions	1 481	5 969
Other financial expense		
- Mother company	73 190	0
Total expenses from finance transactions	73 190	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.

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 profit of TNOK 37.801 in the financial statements of the parent company and profit of TNOK 199.748 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 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, and
- The consolidated financial statements of Boa Offshore AS and its subsidiaries (the Group), which 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 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 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.
- The accompanying consolidated financial statements give a true and fair view of the financial position of the Group 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 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 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 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 a true and fair view.
- 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, 1 March 2021  
Deloitte AS



**Helge-Roald Johnsen**  
State Authorised Public Accountant (Norway)