



BOA OFFSHORE AS



FOURTH QUARTER

2020

A large red and white ship, likely a container ship, is shown from a low angle, emphasizing its massive scale. The ship's hull is painted bright red with a wide white horizontal stripe. The upper part of the ship, including the bridge and various antennas, is white. The ship is positioned on a calm blue sea under a clear blue sky with a few wispy clouds. A yellow mooring bollard is visible in the foreground, with a blue rope attached to it, leading up to the ship's hull. The overall scene conveys a sense of industrial power and maritime transport.

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CEO's Report

GENERAL INFORMATION

The unaudited interim report is prepared in accordance with NGAAP.

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.

REVIEW OF FOURTH QUARTER 2020 ACCOUNTS

Operating income in the period was mNOK 197,0 (mNOK 211,3 in the same period 2019).

EBITDA for the period was mNOK 47,0 (mNOK 34,4).
Operating expenses were mNOK 212,5 (mNOK 281,6).
Operating Profit/EBIT was mNOK -15,5 (mNOK -70,3).
Net financial items were mNOK -21,0 (mNOK -60,7).
Profit before tax was mNOK -36,4 (mNOK -131,0).

CASH FLOW IN THE PERIOD

Net cash flow from operating activities was mNOK 70,3 (mNOK -13,4).

Net cash flow from investing activities was mNOK -9,0 (mNOK -61,8).

Net cash flow from financing activities was mNOK -84,3 (mNOK 36,2).

Net change in cash was mNOK -23,0 (mNOK -39,0).

BALANCE SHEET 31.12.2020

Total assets per 31.12.2020 were mNOK 2 624 (mNOK 2 735 per 31.12.2019). Interest bearing debt was mNOK 2 644 (mNOK 2 796), and the equity mNOK -329 (mNOK -628).

Cash and Cash equivalents per 31.12.2020 were mNOK 449 (mNOK 241 per 31.12.2019).

The booked value of equity for the Group is negative, however the value adjusted equity ratio for Boa Offshore per 31.12.2020 was 14,6 percent. This is based on two independent ship broker valuations. The NIBD/EBITDA ratio was 10,52 (EBITDA last 12 months).

FINANCIAL RISK

Interest risk

The Group companies are exposed to interest rate fluctuations on long-term debt. By 31.12.2020 the total of the group's interest-bearing debt was mNOK 2 644 where of 1 535 is fixed with non-cash PIK interest and another mNOK 619 is secured by fixed rates.

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 31.12.2020 is mNOK 449. The parent company has a bond of mNOK 399 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 414 of which mNOK 123 is interest bearing with non-cash PIK interest. The parent company has also a liability to former subsidiary SBL Recovery AS of mNOK 25. The total of outstanding bonds for the group as of 31.12.2020 was mNOK 1 625 whereof mNOK 1 334 is interest bearing (all with non-cash PIK interest). The group has in addition loan to financial institutions of mNOK 1 357 with various maturities between 2021 and 2025.

Credit risk

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

EVENTS IN THE PERIOD

In accordance with the Investment Agreement between Boa Offshore AS and Calexco S.a.r.l., (Calexco) Boa Offshore AS submitted a proposal for the general meeting of Boa IMR AS (Boa IMR) for an extraordinary unequal dividend in favor of Boa Offshore AS. Calexco 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.

EVENTS AFTER THE BALANCE SHEET DATE

On 12 January 2020, Boa IMR AS was served with a writ of summons from Calexco, submitted to Sør-Trøndelag tingrett. The writ of summons concerns a resolution passed by the extraordinary general meeting in Boa IMR held on 15 October 2020. Boa IMR has disputed Calexco's claims in the writ of summons.

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. Numerous 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.

STATEMENT FROM THE CEO

I hereby declare that to the best of my knowledge the interim accounts for the fourth 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, 1 March 2021



Helge Kvalvik
CEO



Income Statement

(Figures in 1 000 NOK)

	Note	4Q 2020	FY 2020	4Q 2019	FY 2019
Operating income and operating expenses					
Operating income	2	0	0	736	950
Payroll expenses		0	1 227	0	0
Other operating expenses		633	1 435	836	2 856
Total operating expenses		633	2 662	836	2 856
Operating profit		-633	-2 662	-101	-1 906
Financial income and expenses					
Interest income from group companies		4 864	22 606	7 119	28 222
Other interest income		117	404	37	98
Other financial income		-4 899	117 976	4	365
Write down of other financial fixed assets		-4 985	-4 985	318 000	318 000
Interest expense to group companies		56	1 938	629	2 483
Other interest expenses		815	2 396	512	2 020
Other financial expenses		262	101 174	8 912	31 148
Net financial income and expenses		3 934	40 463	-320 893	-324 966
Operating result before tax		3 301	37 801	-320 994	-326 873
Tax on ordinary result		0	0	-1 712	-2 312
Operating result		3 301	37 801	-319 282	-324 561

Balance Sheet

	Note	31.12.2020	31.12.2019
<i>(Figures in NOK 1 000)</i>			
Assets			
Financial fixed assets			
Investments in subsidiaries		154 606	154 614
Loans to group companies		249 477	365 205
Total financial fixed assets		404 082	519 819
Total fixed assets		404 082	519 819
Current assets			
Receivables			
Trade receivables		679	2 694
Loans to group companies		2 172	21 985
Other receivables		598	312
Total receivables		3 448	24 991
Cash and bank deposits		129 544	6 119
Total current assets		132 993	31 110
Total assets		537 075	550 929

Balance Sheet

	Note	31.12.2020	31.12.2019
<i>(Figures in NOK 1 000)</i>			
Equity and liabilities			
Restricted equity			
Share capital	4	2 501	2 500
Share premium	4	74 447	74 447
Other restricted equity	4	3 106	3 106
Total restricted equity		80 054	80 053
Retained earnings			
Other equity	4	-33 481	-170 994
Total retained earnings		-33 481	-170 994
Total equity		46 572	-90 942
Liabilities			
Other long term liabilities			
Bonds	5	229 193	462 005
Liabilities to subsidiaries		232 803	139 539
Other long term liabilities		24 853	28 032
Total other long term liabilities		486 850	629 576
Current liabilities			
Trade creditors		0	0
Liabilities to group companies		3 434	12 117
Public duties payable		60	42
Other short term liabilities		159	136
Total short term liabilities		3 653	12 295
Total liabilities		490 503	641 871
Total liabilities and equity		537 075	550 929

Cash Flow Statement

(Figures in 1 000 NOK)

		4Q 2020	FY 2020	4Q 2019	FY 2019
Cash flow from operating activities					
Profit before income taxes		3 301	37 801 0	-320 994	-326 873
Payment in kind bonds (PIK-bonds)		316	1 582	504	2 004
Income tax paid		0	0	1 712	2 312
Loss / (gain) on sale of financial items		1	-116 856	45	45
Write-down of financial fixed assets		214	81 271	318 000	318 000
Changes in trade receivables		1 305	2 716	-2 504	-2 196
Changes in other receivables		22 250	-357	54	5 428
Changes in trade creditors		-976	71	-393	-2 543
Changes in receivables from group companies		-22 793	147 039	-4 556	16 522
Changes in other short-term liabilities		-89	-647	-596	-779
Net cash flow from operating activities	A	3 529	152 619	-8 728	11 920
Cash flow from investing activities					
Sale of financial fixed assets		0	5 599	0	0
Purchase of financial fixed assets		0	-6 165	0	0
Changes in other investments		0	4 985	0	0
Net cash flow from investing activities	B	0	4 419	0	0
Cash flow from financing activities					
Paid in long term liabilities		-13 292	-33 614	0	-14 345
Capital contribution		0	1	0	0
Net cash flow from financing activities	C	-13 292	-33 612	0	-14 345
Net changes in cash and cash equivalents	A+B+C	-9 763	123 426	-8 728	-2 425
Cash and cash equivalent start at period		139 307	6 119	14 847	8 544
Cash and cash equivalents at end of period		129 544	129 544	6 119	6 119



Consolidated Income Statement

(Figures in 1 000 NOK)

	Note	4Q 2020	FY 2020	4Q 2019	FY 2019
Operating income and operating expenses					
Operating income	2	197 041	732 503	211 341	980 322
Operating cost ships		72 676	269 028	112 978	489 904
Payroll expenses		60 529	214 759	62 785	234 866
Depreciation	3	35 878	142 431	34 472	146 119
Write down on tangible assets	3	26 611	29 274	70 168	70 168
Other operating expenses		16 815	40 049	1 200	39 914
Total operating expenses		212 510	695 540	281 603	980 971
Operating profit		-15 468	36 963	-70 262	-649
Financial income and expenses					
Interest income from group companies		0	1 481	1 481	5 969
Other interest income		219	40 458	654	1 791
Other financial income		5 048	328 076	4 672	51 665
Write down of other financial fixed assets		-9 244	-9 244	0	0
Other interest expenses		20 947	127 520	48 051	200 489
Other financial expenses		14 522	89 248	19 462	61 921
Net financial income and expenses		-20 957	162 492	-60 705	-202 986
Operating result before tax		-36 425	199 455	-130 966	-203 635
Tax on ordinary result		217	-293	-3 894	-4 860
Operating result		-36 642	199 748	-127 072	-198 775

Consolidated Balance Sheet

	Note	31.12.2020	31.12.2019
<i>(Figures in NOK 1 000)</i>			
Assets			
Fixed assets			
Deferred tax asset		0	1 751
Total intangible assets		0	1 751
Tangible fixed assets			
Buildings and land	3	0	1 897
Ships	3	1 922 614	1 988 220
Equipment and other movables	3	4 295	4 724
Total tangible fixed assets		1 926 910	1 994 840
Financial fixed assets			
Loans to group companies		0	112 378
Investments in shares		1 522	1 772
Other receivables		26 485	15 317
Total financial fixed assets		28 007	129 466
Total fixed assets		1 954 916	2 126 057
Current assets			
Inventories		12 423	3 807
Debtors			
Accounts receivables		90 898	150 035
Loan to group companies		0	1 370
Other receivables		116 984	212 523
Total debtors		207 881	363 928
Investments			
Other financial instruments		0	362
Total investments		0	362
Cash and bank deposits		448 979	241 234
Total current assets		669 283	609 331
Total assets		2 624 199	2 735 388

Consolidated Balance Sheet

	Note	31.12.2020	31.12.2019
<i>(Figures in NOK 1 000)</i>			
Equity and liabilities			
Restricted equity			
Share capital	4	2 501	2 500
Share premium	4	74 447	74 447
Other restricted equity	4	3 106	3 106
Total restricted equity		80 054	80 053
Retained earnings			
Other equity	4	-409 040	-708 127
Total retained earnings		-409 040	-708 127
Total equity		-328 986	-628 074
Liabilities			
Provisions			
Deferred tax		1 460	0
Total provisions		1 460	0
Other long-term liabilities			
Bonds	5	1 368 400	1 768 855
Liabilities to financial institutions	5	1 356 572	1 324 969
Other long term liabilities		24 853	25 162
Total of other long term liabilities		2 749 825	3 118 986
Current liabilities			
Trade creditors		38 239	64 325
Liabilities to group companies		24	0
Tax payable		859	496
Public duties payable		7 122	7 060
Other short term liabilities		155 656	172 596
Total short term liabilities		201 900	244 477
Total liabilities		2 953 185	3 363 462
Total equity and liabilities		2 624 199	2 735 388

Consolidated Cash Flow Statement

Figures in 1 000 NOK

		4Q 2020	FY 2020	4Q 2019	FY 2019
Cash flow from operating activities					
Profit before income taxes		-36 425	199 455	-130 966	-203 635
Payment in kind bonds (PIK-bonds)		13 424	-54 986	31 256	136 167
Income tax paid		66	36	2 228	2 712
Depreciation and write-down		62 489	171 705	104 640	216 287
Gain on sale of financial items		0	-116 365	0	-22 658
Write-down of financial fixed assets		214	15 725	0	0
Currency gain/-loss		-934	4 716	0	0
Changes in inventories		-10 177	-8 616	4 646	2 252
Changes in trade receivables		50 556	59 138	36 742	121 928
Changes in other receivables		36 496	106 497	-40 961	-54 902
Changes in trade creditors		835	-26 085	14 748	-68 419
Changes in receivables from group companies		24	40 581	-716	1 886
Changes in other short-term liabilities		-46 220	-15 492	-35 051	9 377
Net cash flow from operating activities	A	70 348	376 308	-13 434	140 995
Cash flow from investing activities					
Purchase of tangible fixed assets		-8 992	-119 646	-61 750	-131 415
Sale of financial fixed assets		0	5 599	0	0
Purchase of financial fixed assets		0	-6 165	0	0
Net cash flow from investing activities	B	-8 992	-120 213	-61 750	-131 415
Cash flow from financing activities					
Raised long term liabilities		0	906 985	49 537	49 537
Paid in long term liabilities		-84 328	-951 730	-13 306	-66 711
Cash impact from sale of subsidiary		0	-3 607	0	-53 401
Capital contribution		0	1	0	0
Net cash flow from financing activities	C	-84 328	-48 350	36 231	-70 575
Net changes in cash and cash equivalents	A+B+C	-22 973	207 745	-38 954	-60 995
Cash and cash equivalent start at period		471 952	241 234	280 188	302 229
Cash and cash equivalents at end of period		448 979	448 979	241 234	241 234

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 4Q 2020

Company	Segment	Operating income	EBITDA	Cash 31.12.
Boa OCV AS	OCV	192 811	8 330	131 601
Boa Barges AS	Barges	230 995	128 629	50 905
Boa Barges LLC	Barges	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
Total		732 503	208 668	448 979

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	83 117	36 531	34	0	119 682
Disposals	-56 614	-28 246	-827	0	-85 687
Acquisition cost 31.12.	3 889 347	406 523	24 402	1 897	4 322 168
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	28 497	-1 120	0	1 897	29 274
Depreciation this period	101 221	40 786	424	0	142 431
Accum. depr. 31.12.	2 114 719	258 536	20 107	1 897	2 395 258
Book value 31.12.	1 774 627	147 987	4 295	0	1 926 910
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:

31 163

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	37 801	37 801
Other changes	0	0	0	99 712	99 712
Capital contribution	1	0	0	0	1
Equity 31.12.	2 500	74 447	3 106	-33 481	46 572

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	199 748	199 748
Capital contribution	1	0	0	0	1
Other changes	0	0	0	99 339	99 339
Equity 31.12.	2 501	74 447	3 106	-409 040	-328 986

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	254 047

Consolidated

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

	2020	2021	2022	2023	→
Instalments	0	121 454	99 357	100 278	2 428 736

Note 6 Consolidated income statement - summary

	4Q 2020	FY 2020	4Q 2019	FY 2019
Operating income	197 041	732 503	211 341	980 322
Operating expenses	150 020	523 835	176 963	764 684
EBITDA	47 021	208 668	34 379	215 638
EBITDA %	24 %	28 %	16 %	24 %
Depreciation and write-down	62 489	171 705	104 640	216 287
EBIT	-15 468	36 963	-70 262	-649
Net finance	-20 957	162 492	-60 705	-202 986
Pre tax profit	-36 425	199 455	-130 966	-203 635
Tax	217	-293	-3 894	-4 860
Net profit	-36 642	199 748	-127 072	-198 775

Note 7 Interest bearing debt / equity

Key figures	31.12.20	31.12.19
Interest bearing debt	2 643 558	2 796 052
Cash and cash equivalents	448 979	241 234
Net Interest Bearing Debt (NIBD)	2 194 580	2 554 819
NIBD / EBITDA *	10,52	11,85
* Last four quarters		
Booked equity ratio	-12,5 %	-23,0 %
Value adjusted equity ratio	14,6 %	8,9 %





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