



BOA OFFSHORE AS



SECOND QUARTER

2021

A large red and white ship, likely a container ship, is shown from a low angle, emphasizing its massive scale. The ship's hull is painted in alternating red and white horizontal stripes. The upper part of the ship, including the bridge and various antennas, is visible against a clear blue sky with some light clouds. The ship is positioned on the left side of the frame, with the sea extending to the horizon on the right. A yellow buoy is visible in the foreground at the bottom center.

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CEO's Report

GENERAL INFORMATION

The unaudited interim report is prepared in accordance with NGAAP.

Net cash flow from financing activities was mNOK -24,6 (mNOK -20,3).

Net change in cash was mNOK -37,2 (mNOK 31,9).

NATURE AND LOCATION OF ACTIVITIES

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

BALANCE SHEET 30.06.2021

Total assets per 30.06.2021 were mNOK 2 528 (mNOK 2 799 per 30.06.2020). Interest bearing debt was mNOK 2 592 (mNOK 2 666), and the equity mNOK -321 (mNOK -282).

Cash and Cash equivalents per 30.06.2021 were mNOK 400 (mNOK 313 per 30.06.2020).

The booked value of equity for the Group is negative, however, the financial restructuring in 2020 gives the fundament for continued operations. The NIBD/EBITDA ratio was 9,73 (EBITDA last 12 months).

REVIEW OF SECOND QUARTER 2021 ACCOUNTS

Operating income in the period was mNOK 227,8 (mNOK 168,2 in the same period 2020).

EBITDA for the period was mNOK 57,9 (mNOK 56,6).
Operating expenses were mNOK 208,9 (mNOK 147,6).
Operating Profit/EBIT was mNOK 18,9 (mNOK 20,6).
Net financial items were mNOK -18,8 (mNOK 251,9).
Profit before tax was mNOK 0,1 (mNOK 272,4).

FINANCIAL RISK

Interest risk

The Group companies are exposed to interest rate fluctuations on long-term debt. By 30.06.2021 the total of the group's interest-bearing debt was mNOK 2 592 where of 1 549 is fixed with non-cash PIK interest and another mNOK 588 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.

CASH FLOW IN THE PERIOD

Net cash flow from operating activities was mNOK 37,1 (mNOK 136,8).

Net cash flow from investing activities was mNOK -49,7 (mNOK -84,6).

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

Liquidity risk

The Groups liquidity position as per 30.06.2021 is mNOK 400. The parent company has a bond of mNOK 400 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 415 of which mNOK 124 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 30.06.2021 was mNOK 1 638 whereof mNOK 1 347 is interest bearing (all with non-cash PIK interest). The group has in addition loan to financial institutions of mNOK 1 292 with various maturities between 2024 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 AFTER THE BALANCE SHEET DATE

There have been no events after the end of the financial period that would have material impact on the evaluation of the Group's profit and loss account or balance sheet as per 30.06.2021.

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 and into 2021 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 USD70/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 and commenced significant roll-out of vaccines. Current oil demand is still below the 2019 level and is not expected to return to pre-pandemic levels until end 2022.

The situation remains fragile despite recent improving trends, and the recovery 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 came 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, with an expectation to increased activity by 10% in 2022.

On a positive note, growth in the Offshore Wind market seems to remain robust despite continuous Covid-19 impact, leaving some opportunities for alternative work outside the traditional oil & gas market. By Q3 2021 around 46 GW Offshore Wind capacity has been installed on a global basis, with Europe counting the majority of this capacity (approx. 60%). The total capacity additions in 2021 are expected to reach more than twice the capacity added in 2020. 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 almost 250 GW of total global operational capacity expected to be reached by 2030. Europe is still expected to dominate the offshore wind market this decade, with Asia and North America now taking a significant portion the upcoming years. There are opportunities for both Boa Barges and Boa OCV in this market.

Boa Offshore's Barge and Tug segments are exposed to more industries and demand drivers than oil and gas and

remain relatively stable and robust. However, due to the general economic contraction and above-mentioned logistical challenges it is expected that these two segments also will continue to be negatively impacted by COVID-19 to some extent. Nevertheless, Boa Barges has a relatively robust backlog for the remainder of 2021, and activity for 2022 and beyond is starting to pick up. Boa Tugs experienced a strong second quarter/first half of 2021, supported by two of the larger tugs on term contracts in West Africa. The next two quarters is also expected to be reasonable, but not at the same level as first half 2021.

The AHTS vessels Boa Jarl and Boa Bison were awarded contracts by The Norwegian Defense Logistic Organization (FLO) in October 2019. The duration of the agreement is 5 years, with the option to extend the agreement for another 5 years. Both vessels commenced this contract in January 2020.

In latter part of 1Q21 and 2Q21 Boa Sub C performed class survey work. In 2Q21 Boa Sub C commenced a long-term contract for offshore wind work for DEME in France, which will last until 4Q21. The Boa Deep C performed work in Asia with a European contractor in the first and into second quarter 2021. In March this year a new contract for work for the remainder of 2021 in the Gulf of Thailand was announced. This contract was unfortunately cancelled due to delay to previous project and logistical challenges related to COVID 19. In July the Boa Deep C was awarded a short-term contract with a European contractor with commencement end of September 2021. The subsea market remains challenging in the short-term, despite a handful of new contract opportunities out in the market.

STATEMENT FROM THE CEO

I hereby declare that to the best of my knowledge the interim accounts for the second quarter of 2021 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, 27 August 2021



Helge Kvalvik
CEO



Consolidated Income Statement

(Figures in 1 000 NOK)

	Note	2Q 2021	YTD 2021	2Q 2020	YTD 2020
Operating income and operating expenses					
Operating income	2	227 803	455 396	168 199	365 303
Operating cost ships		114 211	217 378	66 833	145 499
Payroll expenses		43 273	95 357	46 590	103 616
Depreciation	3	36 094	71 973	36 162	71 212
Write down on tangible assets	3	2 898	2 898	-103	-103
Other operating expenses		12 455	22 874	-1 834	13 115
Total operating expenses		208 931	410 480	147 648	333 339
Operating profit		18 872	44 916	20 551	31 964
Financial income and expenses					
Interest income from group companies		0	0	0	1 481
Other interest income		178	396	38 979	39 371
Other financial income		5 061	7 446	277 036	311 374
Write down of other financial fixed assets		0	0	0	0
Interest expense to group companies		0	0	0	0
Other interest expenses		20 200	40 501	35 313	84 465
Other financial expenses		3 826	3 610	28 843	52 800
Net financial income and expenses		-18 787	-36 269	251 860	214 961
Operating result before tax		85	8 647	272 411	246 925
Tax on ordinary result		3	3	3	3
Operating result		83	8 644	272 408	246 922

Consolidated Balance Sheet

	Note	30.06.2021	30.06.2020	31.12.2020
<i>(Figures in NOK 1 000)</i>				
Assets				
Fixed assets				
Deferred tax asset		0	1 751	0
Total intangible assets		0	1 751	0
Tangible fixed assets				
Buildings and land	3	0	0	0
Ships	3	1 911 928	2 010 419	1 922 614
Equipment and other movables	3	5 092	1 357	4 295
Total tangible fixed assets		1 917 020	2 011 775	1 926 910
Financial fixed assets				
Loans to group companies		0	0	0
Investments in shares		1 522	1 772	1 522
Other receivables		26 623	24 683	26 485
Total financial fixed assets		28 144	26 455	28 007
Total fixed assets		1 945 164	2 039 981	1 954 916
Current assets				
Inventories		2 704	2 657	12 423
Debtors				
Accounts receivables		125 388	154 884	90 898
Loan to group companies		0	946	0
Other receivables		54 954	287 053	116 984
Total debtors		180 343	442 884	207 881
Investments				
Other financial instruments		0	362	0
Total investments		0	362	0
Cash and bank deposits		399 771	312 948	448 979
Total current assets		582 818	758 851	669 283
Total assets		2 527 983	2 798 832	2 624 199

Consolidated Balance Sheet

(Figures in NOK 1 000)

Equity and liabilities

Restricted equity

Share capital	4	2 501	2 501	2 501
Share premium	4	74 447	74 447	74 447
Other restricted equity	4	3 106	3 106	3 106
Total restricted equity		80 054	80 054	80 054

Retained earnings

Other equity	4	-400 587	-362 195	-409 040
Total retained earnings		-400 587	-362 195	-409 040

Total equity

-320 533	-282 141	-328 986
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Liabilities

Provisions

Deferred tax		1 460	0	1 460
Total provisions		1 460	0	1 460

Other long-term liabilities

Bonds	5	1 381 235	1 389 722	1 368 400
Liabilities to financial institutions	5	1 292 154	1 314 936	1 356 572
Other long term liabilities		25 040	27 627	24 853
Total of other long term liabilities		2 698 429	2 732 285	2 749 825

Current liabilities

Trade creditors		65 384	38 175	38 239
Liabilities to group companies		0	2 504	24
Tax payable		-52	209	859
Public duties payable		5 040	5 894	7 122
Other short term liabilities		78 255	301 905	155 656
Total short term liabilities		148 627	348 687	201 900

Total liabilities

2 848 516	3 080 973	2 953 185
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Total equity and liabilities

2 527 983	2 798 832	2 624 199
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Consolidated Cash Flow Statement

Figures in 1 000 NOK

		2Q 2021	YTD 2021	2Q 2020	YTD 2020
Cash flow from operating activities					
Profit before income taxes		85	8 647	272 411	246 925
Payment in kind bonds (PIK-bonds)		6 547	13 062	-114 294	-74 908
Income tax paid		3	487	3	-272
Depreciation and write-down		38 992	74 871	36 058	71 109
Gain on sale of financial items		0	0	-111 267	-111 267
Write-down of financial fixed assets		0	0	14 429	14 429
Currency gain/-loss		-1 095	-1 281	2 080	5 008
Changes in inventories		-455	9 719	2 232	1 150
Changes in trade receivables		-8 171	-26 897	-4 592	-4 849
Changes in other receivables		35 891	61 754	-27 927	-84 160
Changes in trade creditors		34 643	27 145	-18 694	-26 150
Changes in receivables from group companies		0	-24	42 590	42 115
Changes in other short-term liabilities		-69 338	-87 748	43 794	93 508
Net cash flow from operating activities	A	37 103	79 735	136 824	172 640
Cash flow from investing activities					
Purchase of tangible fixed assets		-49 685	-64 710	-78 428	-90 439
Purchase of financial fixed assets		0	0	-6 165	-6 165
Net cash flow from investing activities	B	-49 685	-64 710	-84 593	-96 604
Cash flow from financing activities					
Raised long term liabilities		0	0	0	16 000
Paid in long term liabilities		-24 621	-64 232	-20 322	-20 322
Capital contribution		0	0	1	1
Net cash flow from financing activities	C	-24 621	-64 232	-20 321	-4 321
Net changes in cash and cash equivalents	A+B+C	-37 204	-49 207	31 910	71 715
Cash and cash equivalent start at period		436 975	448 979	281 038	241 234
Cash and cash equivalents at end of period		399 771	399 771	312 948	312 948



Income Statement

(Figures in 1 000 NOK)

	Note	2Q 2021	YTD 2021	2Q 2020	YTD 2020
Operating income and operating expenses					
Operating income	2	0	0	0	0
Payroll expenses		0	1 122	1 227	1 227
Other operating expenses		334	1 024	329	479
Total operating expenses		334	2 146	1 556	1 706
Operating profit		-334	-2 146	-1 556	-1 706
Financial income and expenses					
Interest income from group companies		29	4 348	5 710	12 827
Other interest income		116	232	147	161
Other financial income		18	20	111 356	112 286
Interest expense to group companies		464	927	625	1 250
Other interest expenses		562	1 119	516	1 021
Other financial expenses		133	292	99 139	100 793
Net financial income and expenses		-996	2 261	16 933	22 210
Operating result before tax		-1 330	115	15 377	20 504
Tax on ordinary result		0	0	0	0
Operating result		-1 330	115	15 377	20 504

Balance Sheet

	Note	30.06.2021	30.06.2020	31.12.2020
<i>(Figures in NOK 1 000)</i>				
Assets				
Financial fixed assets				
Investments in subsidiaries		406 206	154 614	154 606
Loans to group companies		2 224	264 022	249 477
Total financial fixed assets		408 429	418 636	404 082
Total fixed assets		408 429	418 636	404 082
Current assets				
Receivables				
Trade receivables		598	656	679
Loans to group companies		4 022	24 662	2 172
Other receivables		35	306	598
Total receivables		4 655	25 624	3 448
Cash and bank deposits		128 072	2 008	129 544
Total current assets		132 727	27 632	132 993
Total assets		541 156	446 267	537 075

Balance Sheet

(Figures in NOK 1 000)

Equity and liabilities

Restricted equity

Restricted equity				
Share capital	4	2 501	2 500	2 501
Share premium	4	74 447	74 447	74 447
Other restricted equity	4	3 106	3 106	3 106
Total restricted equity		80 054	80 053	80 054

Retained earnings

Other equity	4	-33 367	-49 773	-33 481
Total retained earnings		-33 367	-49 773	-33 481

Total equity

	46 687	30 280	46 572
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Liabilities

Other long term liabilities

Bonds	5	229 890	237 782	229 193
Liabilities to subsidiaries		233 730	137 104	232 803
Other long term liabilities		25 040	27 627	24 853
Total other long term liabilities		488 661	402 513	486 850

Current liabilities

Trade creditors	1		275	0
Liabilities to group companies		5 656	12 971	3 434
Public duties payable	-2		38	60
Other short term liabilities		154	191	159
Total short term liabilities		5 809	13 474	3 653

Total liabilities

	494 469	415 987	490 503
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Total liabilities and equity

	541 156	446 267	537 075
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Cash Flow Statement

(Figures in 1 000 NOK)

		2Q 2021	YTD 2021	2Q 2020	YTD 2020
Cash flow from operating activities					
Profit before income taxes		-1 330	115	15 377	20 504
			0		
Payment in kind bonds (PIK-bonds)		463	924	380	885
Income tax paid		0	0	0	0
Loss / (gain) on sale of financial items		0	0	-111 267	-111 267
Write-down of financial fixed assets		0	0	86 043	86 043
Changes in trade receivables		0	81	0	2 038
Changes in other receivables		116	563	-136	-65
Changes in trade creditors		-56	1	-371	346
Changes in receivables from group companies		402	-3 916	32 436	23 841
Changes in other short-term liabilities		-510	762	33	51
Net cash flow from operating activities	A	-916	-1 472	22 494	22 375
Cash flow from investing activities					
Sale of financial fixed assets		0	0	0	0
Purchase of financial fixed assets		0	0	-6 165	-6 165
Changes in other investments		0	0	0	0
Net cash flow from investing activities	B	0	0	-6 165	-6 165
Cash flow from financing activities					
Paid in long term liabilities		0	0	-20 322	-20 322
Capital contribution		0	0	1	1
Net cash flow from financing activities	C	0	0	-20 321	-20 321
Net changes in cash and cash equivalents	A+B+C	-916	-1 472	-3 992	-4 111
Cash and cash equivalent start at period		128 988	129 544	5 999	6 119
Cash and cash equivalents at end of period		128 072	128 072	2 008	2 008

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 Specification companies and segments

Consolidated - YTD 2Q 2021

Company	Segment	Operating income	EBITDA	Cash 30.06.
Boa OCV AS	OCV	102 874	-5 376	84 288
Boa Barges AS	Barges	250 768	85 212	65 628
Boa Barges LLC	Barges	57 483	-5 409	11 727
Boa Tugs AS	Tugs	105 455	21 410	15 582
Boa AHTS Holding AS	AHTS	0	-29	76
Boa AHTS AS	AHTS	26 716	26 497	13 105
Boa Offshore AS	Other	0	-2 146	128 072
Boa Management AS	Other	38 832	2 164	53 162
Other / elimination	Other	-126 732	-2 536	28 132
Total		455 396	119 787	399 771

Note 3 Fixed assets - consolidated

	Vessels	Periodic maintenance	Equipment	Sum
Acquisition cost 01.01.	3 889 346	406 523	24 402	4 322 167
Additions	10 941	53 048	992	64 981
Disposals	0	-17 507	0	-17 507
Acquisition cost 30.06.	3 900 286	442 065	25 394	4 369 641
Accumulated depr. 01.01.	2 114 660	258 594	20 107	2 395 258
Disposals	0	-17 507	0	-17 507
Write-down this period	0	2 898	0	2 898
Depreciation this period	50 338	21 439	195	71 973
Accum. depr. 30.06.	2 164 998	265 425	20 302	2 452 622
Book value 30.06.	1 735 288	176 640	5 092	1 917 020
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:

23 053

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

	Share capital	Share premium	Other restricted equity	Other equity	Total
Equity 01.01.	2 501	74 447	3 106	-33 481	46 572
Profit of the year	0	0	0	115	115
Other changes	0	0	0	0	0
Equity 30.06.	2 501	74 447	3 106	-33 367	46 687

Consolidated

	Share capital	Share premium	Other restricted equity	Other equity	Total
Equity 01.01.	2 501	74 447	3 106	-409 040	-328 986
Profit of the year	0	0	0	8 644	8 644
Other changes	0	0	0	-192	-192
Equity 30.06.	2 501	74 447	3 106	-400 587	-320 533

Note 5 Long term liabilities**Parent company**

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

	2021	2022	2023	2024	→
Instalments	0	0	0	0	254 930

Consolidated

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

	2021	2022	2023	2024	→
Instalments	49 328	99 357	100 278	1 715 970	733 497

Note 6 Consolidated income statement - summary

	2Q 2021	YTD 2021	2Q 2020	YTD 2020
Operating income	227 803	455 396	168 199	365 303
Operating expenses	169 938	335 609	111 589	262 230
EBITDA	57 865	119 787	56 609	103 073
EBITDA %	25 %	26 %	34 %	28 %
Depreciation and write-down	38 992	74 871	36 058	71 109
EBIT	18 872	44 916	20 551	31 964
Net finance	-18 787	-36 269	251 860	214 961
Pre tax profit	85	8 647	272 411	246 925
Tax	3	3	3	3
Net profit	83	8 644	272 408	246 922

Note 7 Interest bearing debt / equity

Key figures	30.06.21	30.06.20	31.12.20
Interest bearing debt	2 592 389	2 666 459	2 643 558
Cash and cash equivalents	399 771	312 948	448 979
Net Interest Bearing Debt (NIBD)	2 192 618	2 353 511	2 194 580
NIBD / EBITDA *	9,73	12,57	10,52
* Last four quarters			
Booked equity ratio	-12,7 %	-10,1 %	-12,5 %
Value adjusted equity ratio	13,4 %	17,7 %	14,6 %





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