SIEM OFFSHORE INC.
REPORT FOR FIRST QUARTER 2021

On 28 May 2021 – Siem Offshore Inc. (the "Company"; Oslo Stock Exchange: SIOFF) reports results for first quarter 2021.

SELECTED FINANCIAL INFORMATION

(Amounts in USD millions)	2021 1Q	2020 1Q	2020 Jan-Dec
	Unaudited	*Unaudited*	*Audited*
Operating revenues	56.3	52.8	244.8
Operating margin	20.7	10.4	82.3
Operating margin, %	37 %	20 %	34 %
Operating profit (loss)	4.7	(25.0)	(270.9)
Profit (loss) before taxes	(9.0)	(23.8)	(347.8)
Net profit (loss)	(9.6)	(23.8)	(350.5)
Net profit (loss) attributable to shareholders	(7.7)	(19.7)	(298.9)

HIGHLIGHTS FOR THE FIRST QUARTER

- Siem Stingray awarded a 6-month firm contract with options.
- Siem Barracuda awarded a 100-day contract with options for an offshore wind project in the Far East.
- Siem Spearfish awarded a 2-month firm contract with options for West Africa.
- Sale and delivery of the 2007 built Platform Supply Vessel "Siem Hanne".
- Bondholders' meetings in SIOFF01 and SIOFF02 approved the restructuring plan.
- Signed Term Sheet with all the European Lenders approving the restructuring plan.

SUBSEQUENT EVENTS

- The financial restructuring plan of the Company completed and implemented on 26 May 2021.
- Siem Spearfish awarded a 110-day firm contract with options following the West African campaign.
- Siem Dorado awarded a 40-day firm contract with options.
- An Extraordinary General Meeting of Siem Offshore Inc. was held on 29 April 2021 to consider a proposal to increase the Company's authorized share capital and to approve a 100:1 reversed split of its shares. All proposed resolutions were unanimously approved.

MARKET AND OUTLOOK

We experienced a difficult market throughout 2020. Q1 started off challenging as expected, especially within the AHTS and OSCV segments with a continuing lay-up for several of the Company's vessels. The quarter experienced an upward trend in the oil price development, however, although this should create positive expectations for the medium to long term, it did not have any effect on the immediate demand for our services.

Towards the end of the quarter the seasonal North Sea pre-spring market showed signs of improvement in the demand for our services. Especially, the North Sea AHTS market had a brief positive period following increased rig move activity during a harsh weather period. Several fixtures were also concluded for our OSCV tonnage, both within the oil & gas and offshore wind segments for spring commencement. A notable element was a contract for Offshore wind support in Taiwan, building on the Company's reputation and track record for walk-to-work operations which have been on a global scale including Europe, South America and now Asia.

We have been unable to secure long-term contracts for the AHTS and OSCV segments, however we expect an overall increased OSV demand for the quarters ahead. The Company expects to have all of its OSCVs in operation from April, but on short term contracts. It should be noted that the AHTS market is especially fragile. Contracts for a few of the Company's laid up tonnage of 4 AHTS vessels could have a significant positive effect on the overall results for 2021.

After years of decline in exploration activity, offshore field developments and subsea maintenance campaigns, it's still too early to estimate the timing of the return to a sustainable market. The short-term expectation is that Q2 and Q3 may improve compared to 2020. The level of activity for the coming winter is still unclear, but there are already more market requirements for the next year than we have experienced in previous years, especially for the OSCV segment for operations in Brazil and West Africa. We still believe that consolidation is a necessity to strengthen the OSV industry.

We believe that the Company is well-positioned to compete with its peers based on its modern fleet, quality backlog, strong operating record, positive reputation and its proven ability to provide employment on a global scale.

RISKS, FINANCE PLAN AND GOING CONCERN

The financial statements have been prepared under the assumption that the Company and the Parent are going concerns. The poor market conditions and the impact of the COVID-19 pandemic on world economy influence the vessel rates and operations negatively.

The Company is exposed to a number of risks. One of the most important risk factors is the demand for its services. The OSV market is now in its 8th year of depressed condition and we expect that the market will remain soft for some time. The Company has reduced its debt by USD500 million over the last five years, made possible by good cooperation between the Company and its financing banks, significant shareholder support, good ship operations and disposal of non-strategic and older assets.

The Company recorded aggregated impairments of USD277 million in 2020. No impairments were recorded in the first quarter of 2021. Additional impairment charges may be necessary if the market continues to be depressed for a prolonged period. The financial statements do not reflect impairment charges that will occur if a sale of assets is forced in today's market, or if deteriorating assumptions are used in the value-in-use calculation. Total Equity (inclusive of Non-controlling interests) is USD4 million at 31 March 2021. The Company entered into a standstill agreement with its secured lenders in Europe and Norway for the period from 29 May 2020 until 30 April 2021, which has been extended to 31 May 2021. The objective for the 2021 Restructuring Plan is to improve recoverability of banks' and bondholders' loans through an orderly reorganisation of the Balance Sheet, preserve backlog and to enable the Company to maintain quality service to its clients.

The Company has reached an agreement with the Bondholders, the European Banks and one of the Brazilian Banks for the restructuring of the Company's credit agreements. The financial restructuring of the Company was completed and implemented on 26 May 2021.

The restructuring agreement is a four-year plan that involves conversion of debt to equity, a reduction of future scheduled interest and amortisation payments and extension of secured debt with maturity before 2024 to 31 December 2024. The Plan will significantly strengthen the Company's balance sheet and create a stronger financial platform to continue to support our clients, preserve backlog and to meet the challenges in an extended downturn in the offshore supply market.

The main terms of the restructuring agreed with the European banks, key Bondholders and Shareholders include:

- Total equitization of approximately USD269 mill of debt.
- The SIOFF01 Bondholders will receive a payment of USD4 million and the residual balance will be converted into equity in the Company.
- The SIOFF02 bond debt will be converted into equity in the Company in its entirety.
- Remaining secured debt (excluding secured debt for Siem Garnet and Siem Opal), following debt-to-equity conversion, is to be guaranteed by the Company and be serviced in full, or in part or by cash sweeps depending on results. No debt amount will be in excess of current market values of the secured assets.
- Extension of maturity for secured facilities with original maturity date before 31 December 2024.
- Revised financial covenants and general undertakings.
- The equitized debt to be converted to shares at a price of NOK 0.10 per share.
- Based on figures as of year-end 2020, the existing shares are expected to represent approximately 4% and the converted debt (including that of the bondholders) are expected to represent approximately 96% of the Company's shares after restructuring.

With the restructuring plan implemented, the Company will have a solid and robust balance sheet and be well positioned for further growth and development.

The negative market outlook is exacerbated by the COVID-19 pandemic situation, which has affected world economies and resulted in reduced global demand for our oil related services.

The Company is working with its unions and crews to secure safe and reliable operations of its vessels. An additional risk is that vessel operations could be halted through the absence of crew members. If the COVID-19 shutdown lasts for an extended time, there is a potential risk of contract cancellations with the resultant negative effect on our cash flow. The Company takes all reasonable precautions to minimize such risk. Governmental regulations are frequently changing and it is a challenge to move crews, spare parts and service-personnel around the globe to attend to our vessels.

The Company is exposed to credit risk due to the financial position of some counterparties and the difficulties generally that the Company is facing in its markets. The world supply and demand for oil and its market price is uncertain. The oil price has a direct impact on the offshore activities which the Company serves.

The COVID-19 pandemic including fluctuations in the oil price have resulted in volatility in currency exchange rates. The USD has strengthened against other currencies. The BRL currency in particular has depreciated substantially. The

Company has closed all currency and interest rate hedging derivatives as part of the restructuring plan. The Company will in the future be exposed to changes in currency rates and interest rates on its loans.

RESULTS AND FINANCE

Income Statements (1Q 2021 over 1Q 2020)

Operating revenues were USD56.3 million (2020: USD52.8 million). The revenue in 1Q 2021 includes a termination fee of USD3.2 million related to an early termination of a charter party for one PSV. The operating margin was USD20.7 million (2020: USD10.4 million) and the operating margin as a percentage of revenues was 37% (2020: 20%). Administrative expenses were USD4.9 million (2020: USD5.2 million).

Operating profit/(loss) was USD4.7 million (2020: USD(25.0) million) after depreciation and amortisation expenses of USD16.1 million (2020: USD20.9 million). The net currency exchange gain/(loss) of USD(0.06) million (2020: USD(14.9) million) was recorded on currency derivative contracts of which USD2.2 million was unrealised (2020: USD(14.9) million).

Net financial items were USD(13.3) million (2020: USD1.1 million) and include a net revaluation gain/(loss) of non-USD currency items of USD(6.9) million (2020: USD18.8 million) of which USD(6.5) million was unrealized (2020: USD20.7 million). The financial expenses of USD7.4 million (2020: USD19.3 million) include unrealized gain/(loss) from mark-to-market valuation of interest rate swap agreements of USD1.8 million (2020: USD(9.2) million). Non-USD currency items are held to match short- and long-term liabilities in similar currencies. The natural currency hedge program related to financing of vessels in Brazil recorded a loss of USD4.9 million which was recognized in the equity.

The net (loss) attributable to shareholders was USD(7.7) million (2020: USD(19.7) million), or USD(0.01) per share (2020: USD(0.02) per share).

Statements of Financial Position and Cash Flows

Shareholders' equity was USD50.9 million before non-controlling interest at 31 March 2021 (31 December 2020: USD57.2 million), equivalent to USD0.05 per share (2020: USD0.06 per share). Non-controlling interest is negative at USD(46.6) million. Net cash flow from operating activities for the first quarter 2021 was USD0.4 million and the cash position at 31 March 2021 was USD114.2 million.

The gross interest-bearing debt is equivalent to USD1,039 million. The Company made principal repayments of USD0.9 million and interest payments of USD6.4 million.

The weighted average cost of debt for the Company was approximately 3.3% p.a. at 31 March 2021, including the effect of debt-related derivatives such as interest rate swaps and cross currency swaps.

The share capital is USD9,347,388 representing a total of 934,738,777 shares with a nominal value of USD0.01 per share.

Health, Safety, Environment & Quality (HSEQ)

The Company has not experienced any serious injuries nor any serious environmental incidents in the first quarter of 2021. There has been a continuously positive safety and environmental trend throughout this quarter.

The quarterly safety campaign has focused on the prevention of dropped objects.

Leadership engagements via digital platforms have been well received by our crews, in lieu of physical visits on board the vessels due to the COVID-19 Pandemic.

Clients are satisfied with our operational and safety performance, which reflects professional crew and a well-developed safety culture throughout the Company.

The global COVID-19 Pandemic has affected the Company in many ways and a dedicated Task Force has continuously focused on developing and advising of mitigating actions to avoid virus outbreak to crew and clients on board vessels and crew and staff at home or in transit.

The Company is interacting closely with several clients and other partners regarding the COVID-19 situation on a continuous basis.

The Fleet

At 31 March 2021, the fleet totalled 30 vessels (2020: 33 vessels), including partly-owned vessels. One PSV vessel was sold and delivered to the buyer in March 2021. 7 vessels were in lay-up at the end of the quarter (2020: 5). In addition to its own fleet of 30 vessels, the Company performs ship-management services for 4 vessels.

Results for the First Quarter 2021

Platform Supply Vessels (PSVs)

The Company had 6 PSVs in the fleet at the end of the quarter (2020: 7). The PSVs recorded operating revenues of USD12.5 million and had 92% utilisation excluding the one vessel that was in lay-up and was sold (2020: USD8.4 million and 77%). The operating margin before administrative expenses for these PSVs was USD6.5 million (2020: USD2.0 million) and the operating margin as a percentage of revenues was 52% (2020: 23%).

Offshore Subsea Construction Vessels (OSCVs) and Well-Intervention Vessels (WIVs)

The Company had 4 OSCVs and 2 WIVs at the end of the quarter (2020: 4 OSCVs and 2 WIVs). The OSCVs and WIVs earned operating revenues of USD19.7 million and had 67% utilisation excluding one vessel in lay-up (2020: USD21.4 million and 88%). The operating margin before administrative expenses was USD10.9 million (2020: USD12.7 million) and the operating margin as a percentage of revenues was 55% (2020: 59%). One vessel was in lay-up at the end of the quarter.

Anchor-Handling Tug Supply (AHTS) Vessels

The Company had 10 AHTS vessels at the end of the quarter (2020: 10). The AHTS fleet earned operating revenues of USD9.8 million based on 67% utilisation excluding vessels in lay-up (2020: USD6.4 million and 53%). The operating margin before administrative expenses was USD(0.2) million (2020: USD(6.7) million) and the operating margin as a percentage of revenues was (2)% (2020: (104)%). Four vessels were in lay-up at the end of the quarter.

Other Vessels

The Company had a fleet of 5 smaller Brazilian-flagged vessels (fast supply vessels, fast crew vessels and oil-spill recovery vessels) at the end of the quarter (2020: 5). Two vessels were in lay-up at the end of the quarter. Two vessels operated under term contracts in Brazil. One vessel is operating on a Bareboat contract. The fleet earned operating revenues of USD4.0 million and had 100% utilisation excluding vessels in lay-up (2020: USD4.6 million and 95%). The operating margin before administrative expenses for the fleet was USD2.3 million (2020: USD2.4 million) and the operating margin as a percentage of revenues was 56% (2020: 52%).

The Company had one Canadian-owned offshore support vessel operating offshore Canada at the end of the quarter (2020: 3). The fleet earned operating revenues of USD2.9 million and had 100% utilisation (2020: USD3.8 million and 94%). The operating margin before administrative expenses for the fleet was USD1.9 million (2020: USD1.7 million) and the operating margin as a percentage of revenues was 68% (2020: 46%).

The 41%-ownership in the "Big Orange XVIII" recorded a share of profit (loss) of USD(0.4) million (2020: USD0.2 million). These results are recorded in accordance with the equity method.

The Company owns one scientific core-drilling vessel, the "JOIDES Resolution", that recorded operating revenues of USD7.1 million (2020: USD7.1 million) and an operating margin before administrative expenses of USD3.6 million (2020: USD2.0 million). The operating margin as a percentage of revenues was 51% (2020: 28%).

Contract Backlog

The total contract backlog at 31 March 2021 was USD441 million and is allocated as follows:

(Amounts in USD millions)	2021	2022	2023 onwards	Total
OSVs	141	112	90	343
Other	21	28	49	98
Total Backlog	**162**	**140**	**139**	**441**

On behalf of the Board of Directors of Siem Offshore Inc.

28 May 2021

Kristian Siem, Chairman

Bernt Omdal, Chief Executive Officer

CONSOLIDATED INCOME STATEMENTS

(Amounts in USD 1 000)	Note	2021 1Q	2020 1Q	2020 Jan-Dec
		Unaudited	*Unaudited*	*Audited*
Operating revenues	4	56 263	52 751	244 843
Operating expenses	9	-30 662	-37 183	-142 984
Adminstrative expenses	9	-4 897	-5 171	-19 600
Operating margin	**4**	**20 704**	**10 397**	**82 259**
Depreciation and amortization	4,5,9	-16 078	-20 896	-74 944
Impairment of vessels	4,5,8	-	-	-276 857
Gain (loss) on sales of fixed assets	5	92	327	655
Gain/(loss) on currency derivative contracts		-59	-14 877	-1 970
Operating profit/(loss)		**4 660**	**-25 049**	**-270 856**
Financial income		953	1 590	7 161
Financial expenses	9	-7 383	-19 330	-55 514
Net currency gain (loss) on revaluation		-6 872	18 810	-29 434
Net financial items		**-13 302**	**1 069**	**-77 787**
Result from associated companies		-392	224	844
Profit/(loss) before taxes		**-9 034**	**-23 756**	**-347 799**
Tax benefit/(expense)	7	-544	-70	-2 673
Net profit/(loss)		**-9 579**	**-23 826**	**-350 472**
Attributable to non-controlling interest		-1 890	-4 171	-51 607
Attributable to shareholders of the Company		**-7 689**	**-19 655**	**-298 866**
Weighted average number of outstanding shares(000's)		934 739	934 739	934 739
Earnings/(loss) per share (basic and diluted)		-0,01	-0,02	-0,32

Statements of Comprehensive Income *(Amounts in USD 1 000)*	2021 1Q	2020 1Q	2020 Jan-Dec
	Unaudited	*Unaudited*	*Audited*
Net profit (loss)	**-9 579**	**-23 826**	**-350 472**
Other comprehensive income (expense)			
Items that will not be reclassified to the Income Statement:			
Pension remeasurement gain/(loss)	-	-	-721
Items that may be subsequently reclassified to the Income Statement:			
Cash flow hedges	-4 924	-13 460	-12 589
Currency translation differences	6 352	-7 454	15 837
Total comprehensive loss for the period	**-8 151**	**-44 740**	**-347 946**
Attributable to non-controlling interest	-1 890	-4 171	-51 606
Attributable to shareholders of the Company:	**-6 261**	**-40 568**	**-296 341**

The accompanying Notes are an integral part of these Consolidated Financial Statements.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(Amounts in USD 1 000)	Note	31.03.2021	31.12.2020
ASSETS		*Unaudited*	*Audited*
Non-current assets			
Vessels and equipment	5,8,9	915 864	936 990
Capitalized project cost	5	2 938	3 098
Investment in associates and other long-term receivables		33 736	36 647
CIRR loan deposit 1)		42 516	45 946
Deferred tax asset		7 527	7 526
Total non-current assets		**1 002 581**	**1 030 207**
Current assets			
Trade receivables and other current assets		54 254	52 396
Cash and cash equivalents	6	114 177	103 225
Total current assets		**168 432**	**155 621**
Total Assets		**1 171 013**	**1 185 828**
EQUITY			
Paid-in capital		644 306	644 306
Other reserves		-27 904	-29 332
Retained earnings		-565 511	-557 821
Total Shareholders´ equity		**50 892**	**57 152**
Non-controlling interest		-46 619	-44 730
Total Equity		**4 272**	**12 423**
LIABILITIES			
Non-current liabilities			
Borrowings	6	780 491	791 897
CIRR loan 1)		42 516	45 946
Derivative financial instruments		1 627	1 833
Other non-current liabilities	9	16 599	17 736
Total non-current liabilities		**841 232**	**857 412**
Current liabilities			
Current portion of borrowings	6	258 846	238 890
Accounts payable and other current liabilities	7,9	66 662	77 104
Total current liabilities		**325 508**	**315 994**
Total liabilities		**1 166 740**	**1 173 405**
Total Equity and Liabilities		**1 171 013**	**1 185 828**

1) Commercial Interest Reference Rate

The accompanying Notes are an integral part of these Consolidated Financial Statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Amounts in USD 1 000)	**2021 1Q**	**2020 1Q**	**2020 Jan-Dec**
	Unaudited	*Unaudited*	*Audited*
Cash flow from operating activities			
Net profit/(loss)	-9 579	-23 826	-350 472
Interest expense	6 321	10 162	49 862
Interest income	-739	-789	-3 855
Tax expense	544	70	2 673
Results from associated companies	392	-224	-844
Loss/(gain) on sale of assets	-92	-327	-655
Impairment of vessels, projects, intangibles, long-term receivables	-	-	276 857
Depreciation and amortization	16 078	20 896	74 944
Effect of unrealized gain on currency exchange forward contracts	-2 156	14 876	-12 039
Changes in short-term receivables and payables	-7 389	31 014	1 806
Other changes	3 081	-17 434	11 317
Cash flow from operating activities	**6 462**	**34 419**	**49 593**
Interest paid	-6 407	-8 117	-13 429
Interest received	875	996	4 073
Taxes paid	-544	-70	-532
Net Cash flow from operating activities	**386**	**27 228**	**39 704**
Cash flow from investing activities			
Capital expenditure in vessels and equipment	-4 488	-8 915	-25 207
Proceeds from sale of fixed assets	3 045	339	838
Change in other non-current receivables	2 622	3 115	5 778
Cash flow from investing activities	**1 178**	**-5 461**	**-18 591**
Cashflow from financing activities			
Contribution from non-controlling interests of consolidated subsidiaries	-	-	2 184
Effect from restatement of bonds to convertible bonds	-207	-1 439	-1 529
Effect from long-term debt foregiveness	-	-	-1 441
Changes in other non current liabilities	-20	-57	395
Repayment of long-term borrowings	-852	-12 536	-20 652
Cash flow from financing activities	**-1 079**	**-14 032**	**-21 043**
Net change in cash and cash equivalents	**485**	**7 736**	**70**
Cash and cash equivalents, beginning of period	103 225	74 451	74 451
Effect of exchange rate differences	10 467	-14 554	28 704
Cash and cash equivalents, end of period	**114 177**	**67 632**	**103 225**

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(Amounts in USD 1 000)	Total no. of shares	Share capital	Share premium reserves	Other reserves	Retained earnings	Shareholders' equity	Non-Controlling interest	Total equity
Equity at 1 January 2020	**934 738 777**	**9 347**	**634 959**	**-32 580**	**-258 234**	**353 493**	**6 877**	**360 370**
Net profit (loss) for the period	-	-	-	-	-19 655	**-19 655**	-4 171	**-23 826**
Cash flow hedge	-	-	-	-13 460	-	**-13 460**	-	**-13 460**
Currency translation differences	-	-	-	-7 454	-	**-7 454**	-	**-7 454**
Equity at 31 March 2020	**934 738 777**	**9 347**	**634 959**	**-53 493**	**-277 889**	**312 924**	**2 705**	**315 630**

(Amounts in USD 1 000)	Total no. of shares	Share capital	Share premium reserves	Other reserves	Retained earnings	Shareholders' equity	Non-Controlling interest	Total equity
Equity at 1 January 2020	**934 738 777**	**9 347**	**634 959**	**-32 580**	**-258 234**	**353 493**	**6 877**	**360 370**
Net profit/(loss) for the period	-	-	-	-	-298 866	**-298 866**	-51 607	**-350 472**
Pension remeasurement	-	-	-	-	-721	**-721**	-	**-721**
Cash flow hedge	-	-	-	-12 589	-	**-12 589**	-	**-12 589**
Currency translation differences	-	-	-	15 837	-	**15 837**	-	**15 837**
Equity at 31 December 2020	**934 738 777**	**9 347**	**634 959**	**-29 332**	**-557 822**	**57 152**	**-44 730**	**12 423**

(Amounts in USD 1 000)	Total no. of shares	Share capital	Share premium reserves	Other reserves	Retained earnings	Shareholders' equity	Non-Controlling interest	Total equity
Equity at 1 January 2021	**934 738 777**	**9 347**	**634 959**	**-29 332**	**-557 822**	**57 152**	**-44 730**	**12 423**
Net profit/(loss) for the period	-	-	-	-	-7 689	**-7 689**	-1 890	**-9 579**
Cash flow hedge	-	-	-	-4 924	-	**-4 924**	-	**-4 924**
Currency translation differences	-	-	-	6 352	-	**6 352**	-	**6 352**
Equity at 31 March 2021	**934 738 777**	**9 347**	**634 959**	**-27 904**	**-565 511**	**50 892**	**-46 619**	**4 272**

The accompanying Notes are an integral part of these Consolidated Financial Statements.

NOTES TO THE FINANCIAL STATEMENTS

Note 1 – Basis of Preparation

The consolidated financial information for the period 1 January to 31 March 2021 has been prepared in accordance with IAS 34, 'Interim financial reporting'. The consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2020 which have been prepared in accordance with IFRS.

Note 2 – Accounting Policies

The accounting policies applied are consistent with those of the audited annual financial statements for the year ended 31 December 2020 and with new standards, amendments to standards and interpretations that have become effective in 2021.

Note 3 – Financial Risks

3.1 Interest Risk

The Company is exposed to changes in interest rates as approximately 53% of the long-term interest-bearing debt was subject to floating interest rates at the end of March 2021 and takes into consideration the effects of hedging agreements. The remaining portion of the debt is subject to fixed interest rates. The Company has in April closed the interest hedging derivatives held at the end of March as part of the agreement in the restructuring plan.

3.2 Currency Risk

The Company is exposed to currency risk as revenues and costs are denominated in various currencies. See Note 6 for details. The Company is also exposed to currency risk on long-term debt in various currencies. In addition, the Company closed the currency hedging derivatives held at the end of March.

3.3 Liquidity Risk

The financial statements have been prepared under the assumption that the Company and the Parent are going concerns. The poor market conditions and the impact of the COVID-19 pandemic on world economies impact vessel charters and operations negatively.

The Company entered into a standstill agreement with its secured lenders in Europe and Norway for the period from 29 May 2020 until 30 April 2021, which was extended till 31 May 2021. The objective for the 2021 Restructuring Plan is to improve recoverability of banks' and bondholders' loans to the Company through an orderly reorganisation of the Balance Sheet, preserve backlog and to enable the Company to service its clients. The Company has reached an agreement with the Bondholders, the European Banks and one of the Brazilian Banks for the restructuring of the Company's credit agreements. The agreement is a 4-year restructuring plan with the Bondholders, the European Secured Lenders and the Brazilian Banks. The plan that is agreed with the lenders includes adjusting of debt leverage and adjusting of debt services. Part of the existing debt will be converted to equity, which will lead to new shares being issued and existing shareholders being diluted.

The Company has successfully completed and implemented the restructuring plan with effective date 26 May 2021.

Implementation of the financial restructuring plan will significantly strengthen the Company's balance sheet and create a stronger financial platform to continue to support our clients, preserve backlog and to meet the challenges in an extended downturn in the offshore supply market.

The negative market outlook is further exacerbated by the COVID-19 pandemic situation which has affected world economies and resulted in reduced global demand for oil. This has led to the collapse in the oil price, recovered for now, which has placed additional pressure on the OSV market.

The Company is exposed to credit risk due to the financial strength of some counterparties and the difficulties generally that the Company is facing in its markets. The world supply and demand of oil and its market price is uncertain. The oil price has a direct impact on the offshore activities which the Company serves.

NOTES TO THE FINANCIAL STATEMENTS

Note 4 – Segment Reporting

(Amounts in USD 1 000)	2021 1Q	2020 1Q	2020 Jan-Dec
	Unaudited	*Unaudited*	*Audited*
Operating revenue by segments			
Platform Supply Vessels	12 488	8 424	37 267
Offshore Subsea Construction Vessels and WIV	19 690	21 424	105 367
Anchor Handling Tug Supply Vessels	9 796	6 425	37 243
Brazilian Fleet	3 993	4 618	15 613
Canadian Fleet	2 853	3 756	17 659
Other/Intercompany elimination	359	984	3 125
Scientific Core-Drilling Vessel	7 085	7 120	28 570
Total operating revenue	**56 263**	**52 751**	**244 843**
Operating margin by segments			
Platform Supply Vessels	6 451	1 972	13 763
Offshore Subsea Construction Vessels and WIV	10 879	12 666	64 502
Anchor Handling Tug Supply Vessels	-214	-6 677	-5 879
Brazilian Fleet	2 253	2 399	7 694
Canadian Fleet	1 936	1 715	8 647
Other/Intercompany elimination	683	1 521	-503
Scientific Core-Drilling Vessel	3 612	1 973	13 635
Adminstrative expenses	-4 897	-5 171	-19 600
Total operating margin from segments	**20 704**	**10 397**	**82 259**
Depreciation by segments			
Platform Supply Vessels	-2 434	-2 821	-10 056
Offshore Subsea Construction Vessels and WIV	-6 406	-7 107	-27 021
Anchor Handling Tug Supply Vessels	-4 319	-7 913	-25 892
Brazilian Fleet	-797	-937	-3 258
Canadian Fleet	-539	-654	-2 504
Other/Intercompany elimination	-531	-582	-2 334
Scientific Core-Drilling Vessel	-1 052	-883	-3 879
Total depreciation by segments	**-16 078**	**-20 896**	**-74 944**
Vessel impairment by segments			
Platform Supply Vessels	-	-	-25 963
Offshore Subsea Construction Vessels and WIV	-	-	-44 636
Anchor Handling Tug Supply Vessels	-	-	-187 074
Canadian Fleet	-	-	-19 184
Total vessel impairment by segments	**-**	**-**	**-276 857**

SIEM Offshore

NOTES TO THE FINANCIAL STATEMENTS

Note 5 – Vessels, Equipment and Project Cost

(Amounts in USD 1 000)	Land and buildings	Vessels and equipment	Capitalized project cost	Total
Purchase cost at 1 January 2021	**3 501**	**2 324 482**	**11 431**	**2 339 414**
Capital expenditure	-	4 488	-	**4 488**
The period's disposal at cost	-64	-29 276	-2 827	**-32 167**
Effect of exchange rate differences	-88	-9 382	0	**-9 470**
Purchase cost at 31 March 2021	**3 349**	**2 290 312**	**8 604**	**2 302 266**
Accumulated depreciation at 1 January 2021	**-1 652**	**-761 355**	**-8 332**	**-771 340**
Accumulated impairment at 1 January 2021	**-**	**-627 986**	**-**	**-627 986**
The period's depreciation	-142	-15 774	-161	**-16 078**
The period's disposal of accumulated depreciation	-	9 709	2 827	**12 535**
The period's disposal of accumulated impairment	-	16 621	-	**16 621**
Effect of exchange rate differences	38	2 745	-0	**2 783**
Accumulated depreciation at 31 March 2021	**-1 757**	**-1 376 040**	**-5 667**	**-1 383 464**
Net book value at 31 March 2021	**1 592**	**914 272**	**2 938**	**918 802**

The balance of capitalised project costs relates to specific contracts. The costs are amortized over the term of the specific charter contracts.

The Platform Supply Vessel, «Siem Hanne» was sold and delivered in March 2021. USD0.2 million in gain has been recorded in the period related to the sale.

NOTES TO THE FINANCIAL STATEMENTS

Note 6 – Interest-Bearing Debt

(Amounts in USD 1 000)	**31.03.2021**	**31.12.2020**
	Unaudited	*Audited*
Total cash and cash equivalents	**114 177**	**103 225**
Current portion of borrowings	-258 846	-238 890
Non-current portion of borrowings	-780 491	-791 897
Gross interest-bearing debt	**-1 039 336**	**-1 030 787**
Net interest-bearing debt	**-925 159**	**-927 562**

The interest-bearing debt is denominated in currencies as follows: USD 85%, NOK 13 % and CAD 2%.
The long-term interest-bearing debt above includes an unsecured and subordinated shareholder's loan from the minority shareholder in Siem AHTS Pool AS. The interest charge on the shareholders loan is added to the principal loan balance and will become payable from April 2023 contingent on the approval from the secured lenders.
The accrued interest on Borrowings, not due for payment on the reporting date, is classified under Current portion of Borrowings.

Note 7 – Taxes

The Company is subject to taxes in several jurisdictions where significant judgement is required in calculating the tax provision for the Company. There are several transactions for which the ultimate tax cost is uncertain and for which the Company makes provisions based on internal estimates, tax treaties and tax regulations in countries of operation and appropriate external advice. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such difference will impact the tax charge in the period in which the outcome is determined.

NOTES TO THE FINANCIAL STATEMENTS

Note 8 – Impairments

(Amounts in USD 1 000)	**2021 1Q**	**2020 1Q**	**2020 Jan-Dec**
Impairment charge relating to vessel segments:	*Unaudited*	*Unaudited*	*Audited*
PSV	-	-	25 963
OSCV and WIV	-	-	44 636
AHTS vessels	-	-	187 074
Canadian fleet	-	-	19 184
Total impairment charge for vessels and equipment	**-**	**-**	**276 857**

Tangible and intangible assets with finite lives are tested for impairment if indicators are identified that would suggest that the carrying amount of the assets exceeds the recoverable amount. The Company performs an assessment to determine any indicators of impairment. An impairment loss is recognized if the carrying amount exceeds recoverable amount. The recoverable amount is the higher of an asset's fair value less cost of disposal (FVLCOD) and value-in-use (VIU) and each vessel is considered a separate Cash Generating Unit (CGU). VIU is based on the present value of discounted cash flows for each separate CGU for the remaining lifetime, based on market views for future periods. Operational expenses that are directly attributable to the CGU are based on budget and forecasts as applicable. Dry-docking costs are included as scheduled.

As of 31 December 2020 impairments indicators were identified for certain OSV vessels, mainly due to lower charter rates, vessels in lay-up and the impact of the COVID-19 pandemic. Based on such indicators, impairment tests were performed for all OSV vessels and impairment charges were recognized. Total impairment charges for the fiscal year 2020 amounted to USD 276.9 million.

As of 31 March 2021, no new impairments indicators were identified, and no impairment has been recorded in Q1 2021.

The book value of the vessels does not reflect possible impairment charges if a sale of assets is forced in today's market.

NOTES TO THE FINANCIAL STATEMENTS

Note 9 - Leases

Siem Offshore has entered into various operating leases for office premises, office machines and communication satellite equipment for the vessels. The lease period for the lease agreements varies and most of the leases contain an option for extension. The interest rates in the calculation of net present values are in the range of 3%-13% depending on the base currency, the nature of the lease and the length of the leasing agreement.

Low value leases and leases with maturity of up to one year from inception are considered being insignificant to the financial statements and have been excluded from the presentation.

Consolidated Statements of Financial Position:

(Amounts in USD 1 000)

Right of use assets at 01.01.2021	**4 771**
The period's depreciation	-394
Effect of exchange rate differences	-50
Right of use assets at 31.03.2021	**4 328**

The balance sheet shows the following amounts relating to leases:

(Amounts in USD 1,000)	**31.03.2021**	**31.12.2020**
Right of use assets*		
Land and buildings	1 642	1 841
Vessels and equipment	2 686	2 930
Total	**4 328**	**4 771**

*included in the line item "Vessels and equipment" in the Consolidated Statements of Financial Position.

(Amounts in USD 1 000)

Lease liability at 01.01.2021	**5 088**
Lease payments	-470
Interest cost	81
Effect of exchange rate differences	-58
Lease liability at 31.03.2021	**4 641**

(Amounts in USD 1,000)	**31.03.2021**	**31.12.2020**
Lease liabilities**		
Current	1 967	1 978
Non-Current	2 674	3 110
Total lease liabilities	**4 641**	**5 088**

**included in the line item "other liabilities" in the Consolidated Statements of Financial Position.

ALTERNATIVE PERFORMANCE MEASUREMENT (APM)

The Company has identified several APMs that are consistently applied for the reporting periods. The APMs are supplementary to the Financial Statements that are disclosed in compliance with IFRS. The APMs are disclosed to give a broader understanding of the operations, financial position and associated risk of the Company.

Operating margin - Operating revenues less operating expenses, including general and administrative expenses

Operating margin percentage – Operating margin as a percentage of operating revenues

EBITDA - Operating result before depreciation, amortization and impairment

EBIT – Operating profit before financial income and expenses, and before tax

Earning on equity - Result before tax, in percentage of average equity, including minority interests

Current ratio - Current assets divided by current liabilities

Book Equity ratio - Book equity including minority interests as percentage of total assets

Earnings per share - Result attributable to the shareholders divided by weighted average number of shares

Comprehensive income per share – Comprehensive income for the period for the Group divided by weighted average number of shares at the end of the reporting period

Equity per share - Shareholders' equity divided on number of outstanding shares

Interest-bearing debt – Current and long-term interest-bearing debt

Net interest-bearing debt – Interest-bearing debt less cash and cash equivalents

Contract backlog – total nominal value of future revenues from firm contracts, excluding optional periods

Utilization – effective time on hire relative to total time available in the reporting period, excluding vessels in lay-up

Capital expenditure - gross capital expenditure related to tangible assets at acquisitions, upgrades, class renewals (Dry-docking) and major periodic maintenance

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