# Q2 2022

## Financial Report
## DOF ASA

# Index




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Report distribution & webcast
The Q2 2022 financial report for DOF ASA is to be published on 25th of August, 2022. A financial webcast will be held on the day of publication at 08:30 (CET) and will be available on the Company website: www.dof.com. All materials, including an investor presentation, will be available on the same website.

The interim consolidated financial statements have not been subject to audit or review.

# Directors' report

## 2nd Quarter 2022

## Key figures

| (MNOK) | Management reporting Q2 2022 | Management reporting Q2 2021 | Financial reporting Q2 2022 | Financial reporting Q2 2021 |
|---|---|---|---|---|
| Operating revenue | 2 510 | 2 003 | 2 172 | 1 716 |
| Net gain on sale of tangible assets | 32 | 31 | 32 | 31 |
| **EBITDA** | **848** | **680** | **626** | **463** |
| Depreciation | -346 | -313 | -267 | -246 |
| Impairment | 0 | -218 | - | -120 |
| **EBIT** | **501** | **148** | **359** | **97** |
| Net interest costs | -336 | -251 | -283 | -204 |
| Net currency and derivatives | -1 410 | 782 | -1 343 | 706 |
| **Profit (loss)** | **-1 313** | **580** | **-1 313** | **580** |
| NIBD (Net interest bearing debt) | 21 961 | 19 738 | 18 354 | 16 437 |
| NIBD (Net interest bearing debt) excluded effect of IFRS 16 | 21 758 | 19 454 | 18 150 | 16 153 |
| Equity ratio | -7% | -5% | -9% | -6% |

## Operations

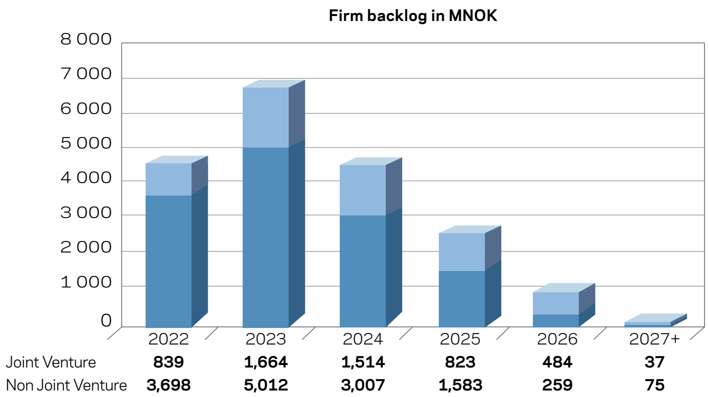
- Average utilisation of the fleet in $2^{nd}$ quarter was 85% (80%).
- Good performance in the subsea segment, especially in Brazil and Atlantic regions
- Increased activity in the North Sea OSV market.
- Stable operations within the PSV and AHTS segments.
- The total current fleet includes 55 vessels (incl. vessels on management or hired in):
  - 15 AHTSs, 11 PSVs and 29 Subsea vessels;
  - Four older vessels sold since year-end (two delivered in the quarter).

## Finance

- In June the Group signed a Restructuring Agreement with the secured lenders and a group of bondholders representing 40% of the total outstanding bonds, for the purpose of securing a long-term financial solution and maintaining as going concern, where the following main terms have been agreed:
  - Conversion of NOK 5.7 billion in debt into equity across all major silos within the Group (DOFCON JV excluded), whereas the holders of current shares will hold 4% of the shares after the conversion;
  - Consolidation of most bilateral facilities at DOF Subsea Group in a single syndicated loan and refinancing of the DOF Rederi Fleet loan after conversion of debt;
  - Amended terms of the Norskan financing including a split in guaranteed (approx. 70%) and unguaranteed tranches on the BNDES facilities;
  - The Restructuring Agreement remains to be approved by the bondholders in DOF Subsea AS and the shareholders in the Company. The standstill arrangements will continue until completion of the restructuring within the final deadline on 31 October 2022.
- High unrealised currency loss on long-term debt due to a significant strengthened USD to BRL and NOK in the period.

## Backlog

- Order intake NOK 4.5 billion in the $2^{nd}$ quarter.
- Current backlog is NOK 19 billion (NOK 13.2 billion), of which DOFCON JV backlog represents NOK 5.4 billion. After balance date three vessels have been awarded contracts with Petrobras, at a gross value of USD 253 million.



## Key ESG (Environmental, Social, & Governance) information

The ESG figures, where appropriate, are shown in comparison with previous year, as rolling average, or as running numbers. The dashboard contains results from key, non-financial, targets established in DOF and quarter over quarter trends are indicated with trend symbols. Read more about how we selected these targets in our integrated annual report 2021.

### Operational health & safety

- ▸ **1** Lost Time injuries (LTIs) in Q2 2022
- ▼ **7** Recordable incidents in Q2 2022
- ▸ **1,628** Positive safety observations in Q2 2022
- ▼ **2.52** /million hrs recordable incident frequency in Q2 2022
- ▼ **0.88** /million hrs Lost Time Incident frequency in Q2 2022
- ▲ **8,379** Safety observations in Q2 2022

### Marine and Subsea service delivery

- **4.1** Subsea client satisfaction in 2021 (out of max score of 5)
- **4.2** Marine client satisfaction in 2021 (out of max score of 5)
- ▸ **98.3%** Vessel uptime available operative time in Q2 2022
- ▲ **99.3%** ROV uptime available operative time in Q2 2022

### People

- ▸ **0** GDPR breaches recorded in Q2 2022
- ▼ **2** Confirmed harassment cases in 2022
- ▸ **3,904** Headcount per 30.06.2022
- ▲ **2.6%** Absence due to sickness in Q2 2022

### Environmental performance

- **-6.6%** $CO_2$ emissions total emissions in 2021 compared to 2020
- ▲ **0** Number of spills unrecovered over 50 litres in Q2 2022
- **B** Current CDP score

### Governance

- ▸ **0** Fines or monetary sanctions due to non-compliance recorded in Q2 2022
- ▲ **347** NCRs raised in Q2 2022
- ▼ **541** audits and inspections completed in Q2 2022

***Key***

*The trend markers are in relation to the previous quarter. See DOF ASA financial report Q1 2022 to compare figures.*

▲ *Positive trend in result* ▼ *Negative trend in result* ▸ *No significant change in result*

# Key financial & operational information

## Q2 Operations

The Q2 operational result per segment is as follows;

| (MNOK) | PSV | AHTS | Subsea | Total |
|---|---|---|---|---|
| Operating revenue | 119 | 358 | 2 033 | 2 510 |
| Net gain on sale of tangible assets | 32 | - | - | 32 |
| Operating result before depreciation and impairment - EBITDA | 53 | 122 | 673 | 848 |
| Depreciation | 24 | 66 | 257 | 346 |
| Impairment | - | - | - | - |
| Operating result - EBIT | 29 | 56 | 416 | 501 |
| EBITDA margin | 44% | 34% | 33% | 34% |
| EBIT margin | 24% | 16% | 20% | 20% |

**The main part of the Group's PSV and AHTS fleet operates on time charter (TC) contracts or in the spot market, while the Subsea fleet is partly utilised on TC contracts or on project contracts. The global COVID-19 situation, including travel restrictions and outbreaks onboard vessels, was challenging in the start of the year and has further impacted the results in 2nd quarter.**

### PSV & AHTS

The PSV fleet includes operation of 11 vessels at end of 2nd quarter, of which one vessel is owned via a minority share. The majority of the fleet operates on firm contracts in the North Sea. The average utilisation of the PSV fleet has been 84% versus 68% last year. Two vessels have been sold and delivered to new owners in the quarter; Skandi Foula (built 2002) and Skandi Sotra (built 2003). The sold vessels were the oldest in the fleet and not considered as strategic assets for the Group. The activity in the North Sea market continued to improve during the quarter with increased rates both in the term- and spot market. By end of the quarter the Group had two vessels operating in Guyana and one vessel in Australia. The rest of the fleet operated in the North Sea.

The AHTS fleet includes operation of 15 vessels including four vessels on management. The majority of the fleet operates in Brazil, and the remaining fleet (six vessels) are operating in the North Sea and in the Asia-Pacific region. The average utilisation for the AHTS fleet (owned) has been 82% versus 86% last year. The activity has generally been high both in the North Sea and in Brazil, but the utilisation has been impacted by off-hire due to class dockings and repairs especially in Brazil. The tender activity in Brazil has remained high, which has resulted in the award of multiple contracts during the quarter. In May the Group was awarded five contracts with Petrobras for the Skandi Angra, Skandi Urca, Skandi Paraty, Skandi Fluminense and Skandi Iguaçu. All contracts include hire of vessel and ROVs to be operated by DOF Subsea. In the North Sea the Group has operated two vessels in the spot market of which the Skandi Iceman started on the Hywind Tampen project with DOF Subsea/ Equinor in May. Skandi Vega further started on a two-year contract with Equinor in May. Most of the AHTS operated by the Group are equipped with ROVs, and the ROV services are performed by DOF Subsea. Parts of the AHTS vessels are frequently used on projects in DOF Subsea.

### SUBSEA

By the end of the quarter, the Group operated a fleet of 29 Subsea vessels, including one vessel on management and two vessels hired in from external owners. The majority of the fleet is owned by the subsidiary DOF Subsea AS. The overall utilisation of the owned Subsea fleet was 86% versus 83% in the same period last year. The client of Geosea (built 2002) has exercised a purchase option of the vessel with expected delivery to the new owner in 3rd quarter.

The total revenues from Subsea IMR project contracts amounted to NOK 1,480 million (NOK 1,115 million) in the quarter.

In **Asia-Pacific region**, the Group has conducted IMR work under two long-term contracts for Shell in the Philippines and in Australia. The two remaining vessels in the region have been working on various construction and IMR projects, mainly in Australian waters. The region has had a slow start to the year, with two vessels undertaking class docking and low project utilisation. Skandi Darwin has during the quarter mobilised for the MPSV contract with Esso Australia. The project activity in the **Atlantic region** has been high during the quarter especially due to the Hywind Tampen project in the North Sea which include utilisation of multiple vessels including the Skandi Skansen and Skandi Iceman as the core assets. One vessel has continued working as a field support vessel (FSV) with ENI in Angola, and one vessel has been utilised within the offshore wind industry for a key renewable client in the North Sea, and this contract has been extended until end of Q3. The utilisation in the **North America region** has improved compared to previous quarter and this fleet has conducted IMR and construction projects for key clients in the Gulf of Mexico, in Trinidad and Tobago and in Gabon. In addition, one vessel has continued on a IMR contract in Canada. The region has entered into an agreement for the charter of the Jones Act compliant vessel Chloe Candies for a firm period of one year with two years options with expected commencement in third quarter. In the **Brazil region**, the Group has operated multiple vessels on a survey and inspection project (PIDF) for Petrobras, and a diving vessel and an IMR vessel both on firm contracts with Petrobras. One vessel has been utilised on a seismic node project in the region. During the quarter the Brasil region has been awarded a contract extension for the PIDF contract. The extensions will demand a fleet of at least three vessels operating for a period of minimum 18 months (until end of 2023). The extension is in direct continuation to the original schedule.

The PLSV fleet has continued to operate on firm contracts and has achieved a utilisation of 92% (96%) in the quarter. In the DOFCON JV, Skandi Niteroi has commenced on a 3-year contract with Petrobras, and Skandi Vitoria has started the mobilisation of a 3-year contract with Petrobras with expected start up during 3rd quarter. TechnipFMC has during the quarter exercised their option for Skandi Africa, and the vessel is firm until February 2024.

Petrobras has extended the contracts and awarded 3-years contracts for the vessels Skandi Chieftain, Skandi Olympia and Skandi Commander. All contracts include vessels and ROVs. The gross value of the extensions and the firm period of the new contracts exceeds USD 253 million.

## ESG (Environmental, Social, and Governance) Q2

The Group continued delivery of consistent ESG results in 2nd quarter 2022 when compared to the last two quarters. Occupational health and safety results for the quarter, with a total recordable injury rate of 2.52 per million man-hours is up from last year, however all incidents with a low risk factor and no permanent disabilities. The lost-time injury frequency rate of 0.88 per million man-hours is an improvement from previous year. Within Marine and Subsea service delivery, the operational uptime for vessels was 98.3% in the quarter, and operational uptime for ROV was 99.3%. Regarding Governance, the number of NCRs and audits are stable, although there are small variations. There have been no fines or non-monetary sanctions due to non-compliance.

There have been no significant spills logged in the quarter.

Regarding people, the headcount per end of quarter was 3,904 and absence rate due to sickness had a decrease from 3.8% to 2.6%. There were no data privacy breaches. There has been one harassment case confirmed through investigation in the quarter and the case has now been solved.

During the quarter, two gateway studies have been delivered by the TERRAVERA Foundation in a project to develop a model for vessel life cycle carbon footprint. This model will be built to also include carbon footprints of various components and equipment onboard the vessel, thus providing a more complete overview of a vessel's carbon footprint. Significant progress has also been made during the quarter to prepare for Science-Based Targets related to emissions and a roadmap towards a NetZero future. The software tool Ignite Procurement was used to calculate a tCO2e estimate per transaction for all of DOF's procurement-related spend for 2021, and then classified to the relevant categories of Scope 3.

## Financial Reporting Q2 - Highlights

The below figures represent the Group's consolidated accounts based on Financial Reporting.

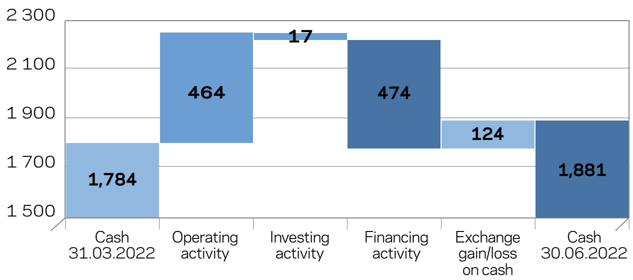
Profit or Loss

| (MNOK) | Q2 2022 | Q2 2021 |
|---|---|---|
| Operating revenue | 2 172 | 1 716 |
| Net gain on sale of tangible assets | 32 | 31 |
| EBITDA | 626 | 463 |
| Depreciation | -267 | -246 |
| Impairment | - | -120 |
| EBIT | 359 | 97 |
| Net interest costs | -283 | -204 |
| Net currency and derivatives | -1 343 | 706 |
| Profit (loss) | -1 313 | 580 |

The revenue and Ebitda are higher versus last year mainly due to good performance from the subsea regions and a high activity especially in the Atlantic region and in Brazil. The DOFCON JV has achieved stable operations, and a net result of NOK 47 million (NOK 25 million) is included in the Ebitda (see further details on the operational result in Note 2). The gain from sale of assets represents the sale of two PSVs in the quarter. The AHTS segment achieved an Ebitda in line with 2nd quarter last year and the PSV fleet achieved an improved Ebitda versus last year. No impairment has been booked in the quarter. The fair market values of the Group's vessels received from two independent companies have slightly increased in the period.

The net interest costs are NOK -283 million (NOK -204 million). The net loss on currencies and derivatives of NOK -1,343 million (NOK 706 million) mainly represent unrealised currency loss on liabilities from subsidiaries Norskan Offshore Ltda. and the DOF Subsea Group which have the majority of the funding in USD. The USD rate has strengthened significantly towards NOK and BRL in the quarter.

Cash flow from Q2 2022




Cash flow from operating activities

| (MNOK) | Q2 2022 | Q2 2021 |
|---|---|---|
| Operating result | 359 | 97 |
| Depreciation and impairment | 267 | 366 |
| Gain (loss) on disposal of tangible assets | -32 | -31 |
| Share of net income from associates and joint ventures | -47 | -17 |
| Changes in working capital | -49 | -292 |
| Exchange rate effects on operating activities | 58 | 57 |
| Cash from operating activities | 556 | 179 |
| Net interest and finance cost, and taxes paid | -93 | -69 |
| Net cash from operating activities | 464 | 111 |

The operational cash flow (after payment of interest and taxes) is NOK 464 million (NOK 111 million) and with less negative impact on changes in the working capital versus last year. The net cash flow from investments was positive by NOK 17 million (NOK -13 million) and include sale of two vessels, a loan repayment from the DOFCON JV and class dockings. The cash flow from finance activities of NOK -474 million (NOK -313 million) represent debt service in Norskan Offshore Ltda, some facilities in DOF Subsea and repayment of loans related to sold vessels.

BALANCE

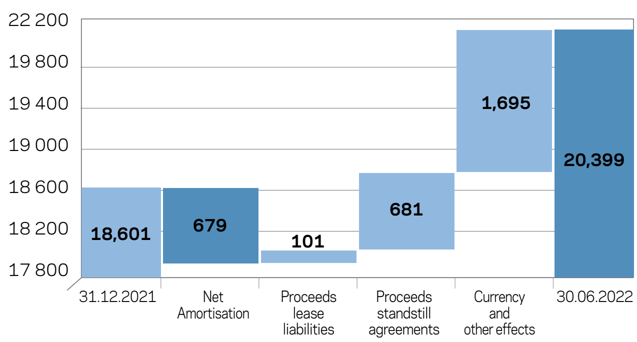
| (MNOK) | 30.06.2022 | 30.06.2021 |
|---|---|---|
| Non-current assets | 15 858 | 15 064 |
| Current assets | 2 770 | 2 202 |
| Cash and cash equivalents | 1 881 | 1 617 |
| **Total assets** | **20 509** | **18 883** |
| Equity | -1 830 | -1 141 |
| Non-current liabilities | 324 | 319 |
| Current liabilities | 22 014 | 19 705 |
| **Total equity and liabilities** | **20 509** | **18 883** |
| Net interest bearing debt (NIBD) | 18 354 | 16 437 |
| Net interest bearing debt (NIBD) excl. effect IFRS 16 | 18 150 | 16 153 |

The non-current assets include vessels, ROVs and the DOFCON JV shares which represent book values of NOK 12,333 million (NOK 12,422 million) in vessels and subsea equipment and NOK 3,274 million (NOK 2,439 million) as the shares in the DOFCON JV. The non-current assets represent 76% of the Group's total assets. The increase in value of non-current assets is impacted by a strong USD rate in the period. Due to a weak net result in the quarter especially due to unrealised currency losses, the negative value of the equity has increased to NOK -1,830 million (NOK -1,141 million). Non-current liabilities include long-term lease agreements. All remaining liabilities have been classified as current due to standstill agreements with the lenders and that the restructuring agreement is yet to be approved by the bondholders and the shareholders of the Company (ref. note 9). The interest-bearing debt has further been increased by NOK 1,695 million since year-end 2021 due to a strengthening of the USD towards NOK and BRL.

## Financing and Capital Structure

The Group's total interest-bearing debt comprises secured debt of NOK 15,751 million (NOK 14,379 million) and unsecured debt/bonds NOK 4,648 million (NOK 3,741 million). The main portion of the debt is drawn in USD.

Total interest bearing debt 31.12.2021 - 30.06.2022




In June the Group (including the subsidiaries, DOF Subsea Group, DOF Rederi and Norskan Offshore Ltda) signed a restructuring agreement setting out the details and steps for the implementation of a financial restructuring of the Group.

Highlights of the restructuring include:

- A conversion of debt into equity (NOK 5.7 billion) across all major silos within the Group.
- NOK 675 million of the DOFSUB Group bonds will be reinstated into a new bond recovery instrument maturing in December 2027.
- The consolidation of most bilateral facilities at DOFSUB Group to create a single syndicated loan and a refinancing of the reinstated DOF Rederi debt in a new fleet loan.
- Upon completion of the Restructuring, the existing shares in DOF shall represent 4% of the issued shares in DOF, converting bondholders would represent 53.33% of the shares in DOF, whereas the holders of all other conversion liabilities would represent 42.67% of the shares in DOF, in each case on a fully diluted basis.

The Restructuring Agreement has been entered into with a majority of the Group's key stakeholders, including all of the Group's secured finance providers except for BNDES, which has separately indicated that it supports the Restructuring and an ad hoc group of bondholders in DOF Subsea's three bond issues controlling in aggregate approx. 40 per cent of the total outstanding principal amount of the bonds.

With the exception of certain guarantee liabilities, and ring-fenced structures, the surviving debt of the Group shall be reinstated as (i) new facilities with maturity on 9th of January 2026 and generally extended amortisation schedule and reduced interest costs and (ii) new bonds with no cash debt service with maturity on 17th of December 2027.

All existing liabilities of Norskan Offshore Ltda. to the Senior Finance Parties and one individual finance provider shall be split in two and reinstated in the form of guaranteed tranches (which will include the part of such liabilities that are secured by vessel mortgages within ~70% of the agreed fair market value of those vessels) and unguaranteed tranches (including all other parts of such liabilities).

NOK 250 million of the liabilities of Iceman AS under Iceman AS' existing loan shall be reinstated in a new loan facility for which Iceman AS shall be the sole obligor. The other liabilities under Iceman's existing loan shall be converted into equity in the Company.

The DOFCON JV is not part of the standstill agreements and serves its debt according to the terms in the relevant loan facilities. Financial covenants related to the Group's 50% guarantee of the DOFCON loan facilities have been waived.

See further details in the press release issued on 22nd of June 2022.

## Shareholders & the Board

By the 30th of June, the share capital was NOK 316 million divided into 316 million shares. The main shareholder Møgster Offshore AS controls 31.6% of the Company.

The Oslo Stock Exchange has decided to remove DOF ASA, ISIN: NO0010070063 from Penalty Bench to Recovery Box which is a special compartment where the Oslo Stock Exchange can place securities where the issuer is subject to circumstances that make pricing of the shares particularly uncertain.

By 30th of June the share price was NOK 1.16/share.

## Outlook

The O&G markets have improved as several regions have seen increased activity and the Group has built a substantial backlog so far this year. The war in Ukraine has had an impact on the increased oil and gas prices but has also created instability in the world economy and this situation might have an impact on the markets going forward.

Even though there are signs of market improvements the Group's current financial position is not sustainable, and the equity is lost. The Group has therefore since 2nd quarter 2020 worked on finding a long-term refinancing solution with all stakeholders, including the shareholders, banks and bondholders. The Board is satisfied that the Company and its subsidiaries have signed a restructuring agreement with its creditors which include a comprehensive financial restructuring and address significant amounts of overdue debt that are not refinanceable. The agreed restructuring is vital in order to maintain going concern and create a stable and more efficient financial platform for the Group going forward.

The 2nd quarter report is prepared on the assumption of going concern and the assumption is based on the restructuring agreement and standstill arrangements signed with the majority of the creditors in the Group. The restructuring requires the approval by the Company's existing shareholders and the bondholders in DOF Subsea in order to become effective. The agreed final deadline for the implementation is 31st of October 2022, and in the event that the restructuring is not approved the financial risk will increase significantly for the Group. Hence, the Board would like to emphasize that there is still material uncertainty related to the going concern assumption.

In parallel with the ongoing debt restructuring, the management and Board have continued the focus on operational and cost efficiency improvements and on implementation of new technology and digital solutions. In response to the ongoing shift in the energy markets and future customer requirements, the Group has a strong forward-looking focus on developing strategic opportunities and new lines of business utilising the Group's combined fleet, services, and competence within the limitations of the financial position due to the debt restructuring of the Group.

**The Board of Directors of DOF ASA,**
**August 24th, 2022**

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**Declaration from the Board of Directors and the CEO**

We declare that to the best of our knowledge the financial statements for the period 1st of January to 30th of June 2022, are prepared in accordance with IAS34 accounting standards for interim reporting, and that the information provided gives a true and fair view of the company's assets, liabilities, profit or loss, and overall financial position.

We also declare that to the best of our knowledge the first half 2022 report provides a true and fair overview of important events during the accounting period and their influence on the interim account, as well as the most significant risks and uncertainties facing the Group during the following accounting period, in addition to material transactions with related parties.

**The Board of Directors of DOF ASA, August 24th, 2022**

Hans Olav Lindal
Chair of the board

Kathryn Baker
Deputy Chair of the board

Marianne Møgster

Harald Thorstein

Mons S. Aase
CEO

# Accounts

## $2^{nd}$ Quarter 2022

## Consolidated statement of profit or loss

| (MNOK) | Note | Q2 2022 | Q2 2021 | Acc Q2 2022 | Acc Q2 2021 | 2021 |
|---|---|---|---|---|---|---|
| Operating revenue | 3 | 2 172 | 1 716 | 4 011 | 2 954 | 6 356 |
| Operating expenses | 6 | -1 624 | -1 301 | -2 992 | -2 283 | -4 652 |
| Share of net profit from joint ventures and associates | 7 | 47 | 18 | 149 | 69 | 265 |
| Net gain (loss) on sale of tangible assets | | 32 | 31 | 52 | 60 | 109 |
| Operating profit before depreciation and impairment - EBITDA | | 626 | 463 | 1 220 | 799 | 2 078 |
| Depreciation | 5 | -267 | -246 | -540 | -491 | -1 030 |
| Impairment | 5 | - | -120 | -93 | -251 | -412 |
| Operating profit - EBIT | | 359 | 97 | 587 | 57 | 636 |
| Financial income | | 40 | 11 | 61 | 30 | 403 |
| Financial costs | | -323 | -216 | -680 | -457 | -1 076 |
| Net realised currency gain (loss) | | 90 | -34 | 38 | -62 | -268 |
| Net unrealised currency gain (loss) | | -1 434 | 730 | -424 | 249 | -311 |
| Net changes in unrealised gain (loss) on derivatives | | - | 11 | 9 | 21 | 40 |
| Net financial costs | | -1 626 | 502 | -996 | -218 | -1 212 |
| Profit (loss) before taxes | | -1 267 | 599 | -409 | -162 | -576 |
| Taxes income (cost) | | -45 | -19 | -80 | -60 | -54 |
| Profit (loss) for the period | | -1 313 | 580 | -489 | -221 | -630 |
| Profit attributable to | | | | | | |
| Non-controlling interest | | -29 | -3 | -28 | -7 | -23 |
| Controlling interest | | -1 284 | 582 | -461 | -214 | -607 |
| Earnings per share (NOK) | | -4.06 | 1.84 | -1.46 | -0.68 | -1.92 |
| Diluted earnings per share (NOK) | | -4.06 | 1.84 | -1.46 | -0.68 | -1.92 |

## Consolidated statement of comprehensive income

| (MNOK) | Note | Q2 2022 | Q2 2021 | Acc Q2 2022 | Acc Q2 2021 | 2021 |
|---|---|---|---|---|---|---|
| Profit (loss) for the period | | -1 313 | 580 | -489 | -221 | -630 |
| Items that will be subsequently reclassified to profit or loss | | | | | | |
| Currency translation differences | | -145 | -272 | -399 | -71 | 40 |
| Cash flow hedge | | 3 | 13 | -5 | 25 | 48 |
| Share of other comprehensive income of joint ventures | 7 | 404 | 18 | 388 | 23 | 115 |
| Items that not will be reclassified to profit or loss | | | | | | |
| Defined benefit plan actuarial gain (loss) | | - | - | - | - | - |
| Other comprehensive income/loss net of tax | | 262 | -240 | -16 | -22 | 202 |
| Total comprehensive income/loss | | -1 051 | 339 | -505 | -243 | -428 |
| Total comprehensive income/loss net attributable to | | | | | | |
| Non-controlling interest | | -29 | -3 | -28 | -7 | -23 |
| Controlling interest | | -1 021 | 342 | -477 | -236 | -405 |

## Consolidated statement of balance sheet

| (MNOK) | Note | 30.06.2022 | 30.06.2021 | 31.12.2021 |
|---|---|---|---|---|
| ASSETS | | | | |
| Tangible assets | 5 | 12 333 | 12 422 | 12 199 |
| Deferred tax assets | | 11 | 12 | 11 |
| Investment in joint ventures and associated companies | 7 | 3 274 | 2 439 | 2 730 |
| Other non-current assets | 6 | 240 | 191 | 134 |
| Total non-current assets | | 15 858 | 15 064 | 15 074 |
| Trade receivables | | 2 152 | 1 530 | 1 455 |
| Other current receivables | | 618 | 672 | 625 |
| Current receivables | | 2 770 | 2 202 | 2 080 |
| Restricted deposits | | 179 | 154 | 172 |
| Unrestricted cash and cash equivalents | | 1 703 | 1 462 | 1 625 |
| Cash and cash equivalents | 8 | 1 881 | 1 617 | 1 797 |
| Current assets | | 4 651 | 3 819 | 3 877 |
| Total Assets | | 20 509 | 18 883 | 18 951 |
| EQUITY AND LIABILITIES | | | | |
| Paid in equity | | 316 | 309 | 316 |
| Other equity | | -2 223 | -1 557 | -1 733 |
| Non-controlling interests | | 77 | 107 | 91 |
| Total equity | | -1 830 | -1 141 | -1 326 |
| Bond loan | 9 | - | - | - |
| Debt to credit institutions | 9 | - | - | - |
| Lease liabilities | 9 | 284 | 257 | 217 |
| Other non-current liabilities | | 40 | 62 | 38 |
| Non-current liabilities | | 324 | 319 | 255 |
| Current portion of debt | 9 | 20 229 | 18 311 | 18 692 |
| Trade payable | | 1 211 | 828 | 895 |
| Other current liabilities | | 574 | 565 | 434 |
| Current liabilities | | 22 014 | 19 705 | 20 021 |
| Total liabilities | | 22 338 | 20 024 | 20 276 |
| Total equity and liabilities | | 20 509 | 18 883 | 18 951 |

## Consolidated statement of cash flows

| (MNOK) | Q2 2022 | Q2 2021 | Acc Q2 2022 | Acc Q2 2021 | 2021 |
|---|---|---|---|---|---|
| Operating result | 359 | 97 | 587 | 57 | 636 |
| Depreciation and impairment | 267 | 366 | 633 | 743 | 1 442 |
| Gain (loss) on disposal of tangible assets | -32 | -31 | -52 | -60 | -109 |
| Share of net income from associates and joint ventures | -47 | -17 | -149 | -69 | -265 |
| Changes in trade receivable | -321 | -532 | -697 | -527 | -467 |
| Changes in trade payable | 262 | 171 | 329 | 153 | 198 |
| Changes in other working capital | 10 | 68 | -9 | 28 | 42 |
| Exchange rate effects on operating activities | 58 | 57 | 112 | 43 | 20 |
| Cash from operating activities | 556 | 179 | 754 | 367 | 1 496 |
| Interest received | 18 | 6 | 28 | 24 | 40 |
| Interest and other finance costs paid | -89 | -59 | -183 | -128 | -280 |
| Taxes paid | -22 | -16 | -39 | -33 | -62 |
| Net cash from operating activities | 464 | 111 | 560 | 230 | 1 194 |
| Payments received for sale of tangible assets | 76 | 76 | 109 | 173 | 172 |
| Purchase of tangible assets | -203 | -142 | -252 | -259 | -612 |
| Purchase of contract costs | -19 | -64 | -45 | -116 | -135 |
| Payment of acquisition, net of cash | - | - | - | - | 26 |
| Purchase of shares | -6 | - | -6 | 1 | 1 |
| Net cash from non-current receivables | 136 | 117 | 230 | 135 | 267 |
| Net cash from investing activities | -17 | -13 | 35 | -66 | -280 |
| Proceeds from borrowings | - | 2 | - | 3 | 7 |
| Repayment of borrowings | -474 | -313 | -679 | -458 | -1 010 |
| Net cash from financing activities | -474 | -311 | -679 | -454 | -1 003 |
| Net changes in cash and cash equivalents | -27 | -214 | -83 | -291 | -88 |
| Cash and cash equivalents at the start of the period | 1 784 | 1 770 | 1 797 | 1 880 | 1 880 |
| Exchange gain/loss on cash and cash equivalents | 125 | 61 | 168 | 27 | 5 |
| Cash and cash equivalents at the end of the period | 1 882 | 1 617 | 1 882 | 1 617 | 1 797 |

Restricted cash amounts to NOK 179 million (NOK 154 million) and is included in the cash. Changes in restricted cash is reflected in the cash flow.

The Group has standstill agreements with majority of the lenders and no interest and instalments have been paid during standstill period to these lenders.

Restricted cash consists of cash only available for specific purposes. A portion of restricted cash serves as security for outstanding debt following enforcements of account pledges. Some lenders have exercised their right to set off such cash balances toward the outstanding loans. The Group has therefore chosen to present all restricted cash serving as security for loans, net of debt to credit institutions.

For further information, please see note 8 “Cash and cash equivalents”.

## Consolidated statement of equity

| (MNOK) | Paid-in capital | Other contributed capital | Other equity - Retained earnings | Other equity - Currency translation differences | Other equity - Cash flow hedge | Total other equity | Non-controlling interest | Total equity |
|---|---|---|---|---|---|---|---|---|
| Balance at 01.01.2022 | 316 | - | -2 436 | 793 | -91 | -1 734 | 91 | -1 326 |
| Result (loss) for the period | | | -461 | | | -461 | -28 | -489 |
| Other comprehensive income/loss | | | 388 | -399 | -5 | -16 | - | -16 |
| Total comprehensive income for the period | - | - | -73 | -399 | -5 | -477 | -28 | -505 |
| Changes ownership non-controlling interest | | | -14 | | | -14 | 14 | - |
| **Total transactions with the owners** | **-** | **-** | **-14** | **-** | **-** | **-14** | **14** | **-** |
| | | | | | | | | - |
| **Balance at 30.06.2022** | **316** | **-** | **-2 523** | **395** | **-96** | **-2 224** | **77** | **-1 830** |
| Balance at 01.01.2021 | 309 | 75 | -2 012 | 754 | -139 | -1 322 | 114 | -898 |
| Result (loss) for the period | | | -214 | | | -214 | -7 | -221 |
| Other comprehensive income/loss | | | 28 | -71 | 21 | -22 | - | -22 |
| Total comprehensive income for the period | - | - | -186 | -71 | 21 | -236 | -7 | -243 |
| Changes in non-controlling interest | | | | | | - | | - |
| Total transactions with the owners | - | - | - | - | - | - | - | - |
| Balance at 30.06.2021 | 309 | 75 | -2 198 | 683 | -118 | -1 558 | 107 | -1 141 |

## Key figures

| | | Q2 2022 | Q2 2021 | 2021 |
|---|---|---|---|---|
| EBITDA margin ex net gain on sale of vessel | 1 | 29% | 25% | 31% |
| EBITDA margin | 2 | 30% | 27% | 33% |
| EBIT margin | 3 | 15% | 2% | 10% |
| Profit per share | 4 | -4.06 | 1.84 | -1.92 |
| Return on net capital | 5 | -27% | -19% | -48% |
| Equity ratio | 6 | -9% | -6% | -7% |
| Net interest bearing debt | | 18 354 | 16 437 | 16 675 |
| Net interest bearing debt excl. effect of IFRS 16 | | 18 150 | 16 153 | 16 499 |
| Number of shares | | 316 456 167 | 308 962 779 | 316 456 167 |
| Potential average number of shares | | 316 456 167 | 316 456 167 | 316 456 167 |
| Potential number of shares | | 316 456 167 | 316 456 167 | 316 456 167 |

1) Operating profit before depreciation excluded net gain on sale of vessel in percent of operating income.
2) Operating profit before depreciation in percent of operating income.
3) Operating profit in percent of operating income.
4) Result /potential average no. of shares.
5) Result incl non-controlling interest/total equity.
6) Total equity/total balance.

# Notes to the accounts

## 2nd Quarter 2022

### Note 1 General

DOF ASA (the "Company") and its subsidiaries (together, the "Group") own and operate a fleet of PSV, AHTS, subsea vessels and service companies offering services to the subsea market worldwide.

The Company is a public limited company, which is listed on the Oslo Stock Exchange and incorporated and domiciled in Norway. The head office is located at Storebø in the municipality of Austevoll, Norway.

These condensed interim financial statements were approved for issue on the 24th of August 2022. These condensed interim financial statements have not been audited.

**Basis of preparation**
This Financial Report has been prepared in accordance with IAS 34, 'Interim financial reporting'. The Financial Report does not include all the information and disclosure required in the annual financial statements, and should be read in conjunction with the Group's Annual Report for 2021.

In accordance with IAS 1.25, the Board of Directors confirms that the financial statements have been prepared under the assumption of going concern. The assumption is based on the restructuring agreement and standstill arrangements signed with the majority of the creditors in the Group. The restructuring requires the approval by the Company's existing shareholders and the bondholders in DOF Subsea in order to become effective. The agreed final deadline for the implementation is 31st of October 2022, and in the event that the restructuring is not approved the financial risk will increase significantly for the Group. Hence, the Board would like to emphasize that there is still material uncertainty related to the going concern assumption.

Without implementation of a restructuring agreement, the Group can no longer present financial statements on the assumption of going concern. If the Group can not be treated as going concern, the valuation of the Groups assets will be further revised and will result in significantly impairment of the Group's assets.

**Estimates**
The preparation of interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these condensed interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31st of December 2021, with the exception of changes in estimates that are required in determining the provision for income taxes.

## Note 2 Management reporting

The reporting below is presented according to internal management reporting, based on the proportional consolidation method of accounting of jointly controlled companies. The bridge between the management reporting and the figures reported in the financial statement is presented below.

| RESULT | 2nd Quarter 2022 | | | 2nd Quarter 2021 | | |
|---|---|---|---|---|---|---|
| (MNOK) | Management reporting | Reconciliation to equity method | Financial reporting | Management reporting | Reconciliation to equity method | Financial reporting |
| Operating revenue | 2 510 | -338 | 2 172 | 2 003 | -287 | 1 716 |
| Operating expenses | -1 693 | 69 | -1 624 | -1 347 | 46 | -1 301 |
| Net profit from associated and joint ventures | - | 47 | 47 | -7 | 24 | 18 |
| Net gain on sale of tangible assets | 32 | - | 32 | 31 | - | 31 |
| **Operating profit before depreciation and impairment - EBITDA** | **848** | **-222** | **626** | **680** | **-217** | **463** |
| Depreciation | -346 | 80 | -267 | -313 | 68 | -246 |
| Impairment | - | - | - | -218 | 98 | -120 |
| **Operating profit - EBIT** | **501** | **-142** | **359** | **148** | **-51** | **97** |
| Financial income | 37 | 3 | 40 | 6 | 5 | 11 |
| Financial costs | -373 | 50 | -323 | -257 | 42 | -216 |
| Net realised gain/loss on currencies | 92 | -2 | 90 | -32 | -2 | -34 |
| Net unrealised gain/loss on currencies | -1 502 | 68 | -1 434 | 804 | -74 | 730 |
| Net changes in fair value of financial instruments | - | - | - | 11 | - | 11 |
| **Net financial costs** | **-1 746** | **119** | **-1 626** | **531** | **-29** | **502** |
| **Profit (loss) before taxes** | **-1 245** | **-23** | **-1 267** | **679** | **-80** | **599** |
| Taxes | -68 | 23 | -45 | -99 | 80 | -19 |
| **Profit (loss)** | **-1 313** | **-** | **-1 313** | **580** | **-** | **580** |

| RESULT | YTD 2nd Quarter 2022 | | | YTD 2nd Quarter 2021 | | |
|---|---|---|---|---|---|---|
| (MNOK) | Management reporting | Reconciliation to equity method | Financial reporting | Management reporting | Reconciliation to equity method | Financial reporting |
| Operating revenue | 4 684 | -673 | 4 011 | 3 517 | -563 | 2 954 |
| Operating expenses | -3 121 | 129 | -2 992 | -2 394 | 111 | -2 283 |
| Net profit from associated and joint ventures | - | 149 | 149 | -11 | 79 | 69 |
| Net gain on sale of tangible assets | 52 | - | 52 | 60 | - | 60 |
| **Operating profit before depreciation and impairment - EBITDA** | **1 615** | **-395** | **1 220** | **1 172** | **-373** | **799** |
| Depreciation | -699 | 159 | -540 | -630 | 138 | -491 |
| Impairment | -93 | - | -93 | -349 | 98 | -251 |
| **Operating profit - EBIT** | **823** | **-236** | **587** | **193** | **-136** | **57** |
| Financial income | 55 | 6 | 61 | 12 | 18 | 30 |
| Financial costs | -773 | 93 | -680 | -535 | 78 | -457 |
| Net realised gain/loss on currencies | 43 | -5 | 38 | -62 | - | -62 |
| Net unrealised gain/loss on currencies | -406 | -18 | -424 | 270 | -20 | 249 |
| Net changes in fair value of financial instruments | 9 | - | 9 | 21 | - | 21 |
| **Net financial costs** | **-1 073** | **76** | **-996** | **-295** | **76** | **-218** |
| **Profit (loss) before taxes** | **-250** | **-160** | **-409** | **-102** | **-60** | **-162** |
| Taxes | -239 | 160 | -80 | -120 | 60 | -60 |
| **Profit (loss)** | **-489** | **-** | **-489** | **-221** | **-** | **-221** |

| BALANCE | 30.06.2022 | | | 30.06.2021 | | |
|---|---|---|---|---|---|---|
| (MNOK) | Management reporting | Reconciliation to equity method | Financial reporting | Management reporting | Reconciliation to equity method | Financial reporting |
| ASSETS | | | | | | |
| Tangible assets | 18 967 | -6 635 | 12 333 | 18 146 | -5 724 | 12 422 |
| Deferred taxes | 310 | -299 | 11 | 341 | -329 | 12 |
| Investment in joint ventures and associated companies | 12 | 3 262 | 3 274 | 7 | 2 431 | 2 439 |
| Other non-current assets | 260 | -21 | 240 | 191 | 1 | 191 |
| **Total non-current assets** | **19 550** | **-3 692** | **15 858** | **18 685** | **-3 621** | **15 064** |
| Receivables | 3 127 | -357 | 2 770 | 2 165 | 37 | 2 202 |
| Cash and cash equivalents | 2 240 | -359 | 1 881 | 2 135 | -518 | 1 617 |
| **Total current assets included asset held for sale** | **5 367** | **-716** | **4 651** | **4 299** | **-481** | **3 819** |
| **Total assets** | **24 917** | **-4 408** | **20 509** | **22 985** | **-4 102** | **18 883** |
| EQUITY AND LIABILITIES | | | | | | |
| **Equity** | **-1 830** | **-** | **-1 830** | **-1 141** | **-** | **-1 141** |
| Non-current liabilities | 3 885 | -3 561 | 324 | 3 757 | -3 438 | 319 |
| Current liabilities | 22 862 | -847 | 22 014 | 20 369 | -664 | 19 705 |
| **Total liabilities** | **26 746** | **-4 408** | **22 338** | **24 126** | **-4 102** | **20 024** |
| **Total equity and liabilities** | **24 917** | **-4 408** | **20 509** | **22 985** | **-4 102** | **18 883** |
| Net interest bearing liabilities excluded effect of IFRS 16 | 21 758 | -3 608 | 18 150 | 19 454 | -3 301 | 16 153 |

## Note 3 Segment information - management reporting

| 2nd Quarter 2022 | Q2 2022 PSV | Q2 2022 AHTS | Q2 2022 Subsea | Q2 2022 Total | YTD Q2 2022 PSV | YTD Q2 2022 AHTS | YTD Q2 2022 Subsea | YTD Q2 2022 Total |
|---|---|---|---|---|---|---|---|---|
| Operating revenue | 119 | 358 | 2 033 | 2 510 | 230 | 675 | 3 779 | 4 684 |
| Net gain on sale of tangible assets | 32 | - | - | 32 | 43 | - | 9 | 52 |
| **Operating result before depreciation and impairment - EBITDA** | **53** | **122** | **673** | **848** | **70** | **233** | **1 312** | **1 615** |
| Depreciation | 24 | 66 | 257 | 346 | 51 | 127 | 521 | 699 |
| Impairment | - | - | - | - | - | 93 | - | 93 |
| **Operation result - EBIT** | **29** | **56** | **416** | **501** | **19** | **13** | **791** | **823** |

| 2nd Quarter 2021 | Q2 2021 PSV | Q2 2021 AHTS | Q2 2021 Subsea | Q2 2021 Total | YTD Q2 2021 *) PSV | YTD Q2 2021 *) AHTS | YTD Q2 2021 *) Subsea | YTD Q2 2021 *) Total |
|---|---|---|---|---|---|---|---|---|
| Operating revenue | 111 | 283 | 1 610 | 2 003 | 212 | 528 | 2 778 | 3 517 |
| Net gain on sale of tangible assets | 2 | - | 29 | 31 | 31 | - | 29 | 60 |
| **Operating result before depreciation and impairment - EBITDA** | **12** | **129** | **539** | **680** | **52** | **241** | **878** | **1 172** |
| Depreciation | 26 | 50 | 237 | 313 | 54 | 100 | 476 | 630 |
| Impairment | 25 | 26 | 167 | 218 | 37 | 35 | 278 | 349 |
| **Operation result - EBIT** | **-40** | **53** | **134** | **148** | **-38** | **106** | **125** | **193** |

*) Figures for 2021 includes reallocation of revenue between the segments.

## Note 4 Operating revenue

The Group's revenue from contracts with customers has been disaggregated and presented in the table below;

| Operating revenue | Q2 2022 | Q2 2021 | Acc Q2 2022 | Acc Q2 2021 | 2021 |
|---|---|---|---|---|---|
| Lump sum contracts | 112 | 30 | 136 | 54 | 117 |
| Day rate contracts | 2 060 | 1 686 | 3 875 | 2 900 | 6 239 |
| **Total** | 2 172 | 1 716 | 4 011 | 2 954 | 6 356 |

# Note 5 Tangible assets

| 2022 | Vessel and periodical maintenance | ROV | Operating equipment | Asset "Right-of-use" | Total |
|---|---|---|---|---|---|
| Book value at 01.01.2022 | 11 256 | 511 | 214 | 218 | 12 199 |
| Addition | 214 | 20 | 20 | 11 | 265 |
| Reclassification | -1 | - | -1 | | -2 |
| Disposal | -116 | | | -1 | -117 |
| Depreciation | -422 | -60 | -31 | -26 | -539 |
| Impairment loss | -93 | | | | -93 |
| Currency translation differences | 598 | 3 | 8 | 11 | 620 |
| Book value at 30.06.2022 | 11 436 | 475 | 210 | 213 | 12 333 |

| 2021 | Vessel and periodical maintenance | ROV | Operating equipment | Asset "Right-of-use" | Total |
|---|---|---|---|---|---|
| Book value at 01.01.2021 | 11 821 | 533 | 226 | 264 | 12 844 |
| Addition | 209 | 37 | 15 | -1 | 260 |
| Disposal | -92 | | | | -92 |
| Depreciation | -375 | -62 | -30 | -25 | -491 |
| Impairment loss | -251 | | | | -251 |
| Currency translation differences | 148 | - | 1 | 3 | 152 |
| Book value at 30.06.2021 | 11 461 | 508 | 213 | 241 | 12 422 |

**Disposal**
The vessels Skandi Rona, Skandi Sotra and Skandi Foula are sold and delivered to new owner in the first half 2022. The current charterer of Geosea has exercised its purchase option with delivery during 3rd quarter 2022. The vessel is derecognised from tangible assets and reclassified as financial lease.

Total gain on sale and derecognition of tangible assets amounts to NOK 52 million.

**Right-of-use asset**
Net booked value of right-of-use assets at the 30th of June 2022 consists of property with NOK 211 million (NOK 235 million) and operating equipment with NOK 2 million (NOK 6 million).

**Impairment**
Impairment tests performed for Q2 2022 have resulted in no impairment of vessels this quarter. Accumulated impairment first half 2022 amounts to NOK 93 million. No impairment has been done in joint ventures in the first half 2022.

The fair market values have slightly increased for the majority of the fleet during the first half 2022. There are signs of improved markets in several regions and increased demand for offshore vessels within the offshore wind segment. It is however still too early to conclude on a market recovery. Hence, future earnings and asset values are difficult to forecast. A continuing weak market will further increase the risk of lower earnings for the Group and put more pressure on the Group's liquidity position. If a robust long-term refinancing solution is not achieved and the Group cannot be treated as a going concern, the valuation of the Group's assets may be further revised and will result in significantly impairments of the Group's assets.

**Sensitivity analysis of impairment**
The valuation of the vessels are sensitive for changes in WACC, earnings and USD/NOK rate. The Group has applied a nominal WACC after tax in the range of 8.4 - 9.3 %. Negative changes in WACC with 50 basis points will result in an additional impairment of the vessels with approximately NOK 18 million. Negative effect on net future cash flows with 20% will result in an additional impairment of the vessels with approximately NOK 0.7 billion. The impairment tests are USD sensitive and a drop in USD/NOK with 20% will result in an additional impairment of NOK 376 million given no change in other assumptions. In addition a negative effect on net future cash flows with 20% will result in an impairment of the vessels in joint ventures with NOK 379 million.

## Note 6 Contract costs

| | 30.06.2022 | 30.06.2021 | 31.12.2021 |
|---|---|---|---|
| Net booked value 01.01. | 126 | 93 | 93 |
| Additions | 46 | 121 | 134 |
| Reclassification to tangible assets | | -5 | -4 |
| Amortisation | -63 | -37 | -97 |
| Impairment | | | |
| Currency translation differences | 17 | 1 | -1 |
| Net booked value closing balance | 125 | 173 | 126 |

## Note 7 Investment in joint ventures and associates

The Company's investment in associates and joint ventures as of 30.06.2022;

| Joint ventures | Ownership |
|---|---|
| DOFCON Brasil AS with subsidiaries | 50% |
| KDS JV AS | 50% |
| **Associated companies** | |
| Skandi Aukra AS | 34% |
| Semar AS | 42% |

| Effect of application of IFRS 11 on investments in joint ventures; | 30.06.2022 | 30.06.2021 | 31.12.2021 |
|---|---|---|---|
| Opening balance 01.01 | 2 730 | 2 336 | 2 336 |
| Addition | 6 | - | - |
| Profit (loss) | 149 | 69 | 265 |
| Profit (loss) through OCI | 388 | 23 | 115 |
| Dividend | | | -1 |
| Negative value on investments reallocated to receivable | 1 | 11 | 15 |
| Closing balance | 3 274 | 2 439 | 2 730 |

## Note 8 Cash and cash equivalent

| | 30.06.2022 | 30.06.2021 | 31.12.2021 |
|---|---|---|---|
| Restricted cash | 179 | 154 | 172 |
| Unrestricted cash and cash equivalent | 1 703 | 1 462 | 1 625 |
| Total cash and cash equivalent | 1 881 | 1 617 | 1 797 |

Restricted cash consist of cash only available for specific purposes. A portion of this cash serves as security for outstanding debt following enforcements of account pledges. Some lenders have exercised their right to set off such cash balances toward the outstanding loans. The Group has therefore chosen to present restricted cash serving as security for loans, net of debt to credit institutions.

**Cash pool arrangement**
The Group has cash pooling arrangements whereby cash surpluses and overdrafts residing in the Group companies bank accounts are pooled together to create a net surplus. The liquidity is made available through the cash pooling for the Companies in the Group to meet their obligations. The bank accounts in the cash pool consists of accounts in various currencies that on a currency basis can be in surplus or overdraft. Only the master accounts (nominated in NOK), in each of the cash pools hierarchies are classified as bank deposits and included in the table above. The total cash pool can never be in net overdraft. No overdraft facilities are connected to the cash pools.

Surplus cash transferred to the Group's cash pool will be available at all times to meet the Group's financial obligations at any time. Some subsidiaries are not part of the cash pool structure. Surplus cash in these companies will be available for the rest of the Group through loans or dividends. Total cash in these subsidiaries are NOK 385 million and are included in unrestricted cash and cash equivalents.

# Note 9 Interest bearing liabilities

**Financing**
The Group has since 2nd quarter 2020 worked on finding a long-term solution with all stakeholders, including the shareholders, banks and bondholders..

In June 2022 the Group (including the subsidiaries, DOF Subsea Group, DOF Rederi AS and Norskan Offshore Ltda) signed a restructuring agreement setting out the details and steps for the implementation of a financial restructuring of the Group.

Highlights of the restructuring include:
* A conversion of debt to equity (NOK 5.7 billion) across all major silos within the Group.
* NOK 675 million of the DOFSUB Group bonds will be reinstated into a new bond recovery instrument maturing in December 2027.
* The consolidation of most bilateral facilities of DOFSUB Group to create a single syndicated loan and a refinancing of the reinstated DOF Rederi debt in a new loan.
* Upon completion of the Restructuring, the existing shares in DOF shall represent 4% of the issued shares in DOF, converting bondholders would represent 53.33% of the shares in DOF, whereas the holders of all other conversion liabilities would represent 42.67% of the shares in DOF, in each case on a fully diluted basis.

The Restructuring Agreement has been entered into with a majority of the Group's key stakeholders, including all of the Group's secured finance providers except for BNDES, which has separately indicated that it supports the Restructuring and an ad hoc group of bondholders in DOF Subsea's three bond issues controlling in aggregate approx. 40 per cent. of the total outstanding principal amount of the bonds.

With the exception of certain guarantee liabilities, and ring-fenced structures, the surviving debt of the Group shall be reinstated as (i) new facilities with maturity on 9th of January 2026 and generally extended amortisation schedule and reduced interest costs and (ii) new bonds with no cash debt service with maturity on 17th of December 2027.

All existing liabilities of Norskan Offshore Ltda. to the Senior Finance Parties and one individual finance provider shall be split in two and reinstated in the form of guaranteed tranches (which will include the part of such liabilities that are secured by vessel mortgages within ~70% of the agreed fair market value of those vessels) and unguaranteed tranches (including all other parts of such liabilities).

NOK 250 million of the liabilities of Iceman AS under Iceman AS' existing loan shall be reinstated in a new loan facility for which Iceman AS shall be the sole obligor. The other liabilities under Iceman's existing loan shall be converted into equity in the Company.

The DOFCON JV is not part of the standstill agreements and serves its debt according to the terms in the relevant loan facilities. Financial covenants related to the Group's 50% guarantee of the DOFCON loan facilities have been waived.

The Group's secured and unsecured debt are, in accordance with IFRS, classified as current debt at the 30th of June 2022. The classification is based on the Group's financial situation.

**The main covenants in the loan agreements regarding non-current liabilities to credit institutions are as follows;**

***DOF ASA***
DOF ASA Group shall have a book equity higher than NOK 3,000 million, free cash deposits shall at all times be minimum NOK 500 million excluding DOF Subsea AS (and it's subsidiaries) and market value of the vessels on aggregated level shall at all times be higher than 100% of outstanding secured debt.

***DOF Subsea AS***
DOF Subsea has the following covenants (based on proportional consolidation method of accounting for joint ventures); the book equity shall be higher than NOK 3,000 million, minimum free liquidity shall at all times be minimum NOK 500 million, value adjusted equity shall be at least 30% and market value vessels shall at all times be at least 110-130% of outstanding secured debt.

The above financial covenants have been waived in standstill agreements for DOF ASA and DOF Subsea AS (excl. the DOFCON JV).

# Note 9 Interest bearing liabilities (continued)

**At 30th of June 2022 the interest bearing liabilities are as follows;**

| | 30.06.2022 | 30.06.2021 | 31.12.2021 |
|---|---|---|---|
| Non-current interest bearing liabilities | | | |
| Bond loan | - | - | - |
| Debt to credit institutions | - | - | - |
| Lease liabilities (IFRS 16) *) | 284 | 257 | 217 |
| Total non-current interest bearing liabilities | 284 | 257 | 217 |
| Current interest bearing liabilities | | | |
| Bond loan | 3 443 | 2 560 | 2 979 |
| Debt to credit institutions | 16 589 | 15 204 | 15 309 |
| Lease liabilities (IFRS 16) *) | 83 | 93 | 87 |
| Overdraft facilities | - | 5 | 8 |
| Total current interest bearing liabilities | 20 115 | 17 863 | 18 383 |
| Total interest bearing liabilities | 20 399 | 18 120 | 18 601 |
| Net interest bearing liabilities | | | |
| Other interest bearing assets (sublease IFRS 16) | 164 | 66 | 129 |
| Cash and cash equivalents | 1 881 | 1 617 | 1 797 |
| Total net interest bearing liabilities | 18 354 | 16 437 | 16 675 |
| Net effect of IFRS 16 Lease | 203 | 284 | 175 |
| Total net interest bearing liabilities excluded IFRS 16 Lease liabilities | 18 150 | 16 153 | 16 499 |

*) Lease liabilities are related to right-of-use assets and sub-leases.

Current interest bearing debt in the statement of balance sheet included accrued interest expenses of NOK 114 million. Accrued interest expenses are excluded in the figures above. Accrued interest to credit institutions and bondholders is capitalised on the loans on an ongoing basis. A significant amount is capitalised first half 2022 due to conversion of debt from NOK and CAD to USD.

**Reconciliation changes in borrowings**

Changes in total liabilities over a period consists of both cash effects (proceeds and repayments) and non-cash effects (amortisations and currency translations effects). In the first quarter the Group has extended the leasing agreement for Skandi Darwin until mid 2025 resulting in lease liabilities by NOK 90 million included in proceeds lease debt below. The following are the changes in the Group's borrowings:

| | | | Non-cash changes | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Balance 31.12.2021 | Cash flows | Proceeds lease debt | Debt remission | Proceeds standstill agreement | Amortised loan expenses | Currency and other effects | Balance 30.06.2022 |
| Interest bearing liabilities | | | | | | | | |
| Bond loan | 2 979 | | | | 255 | 1 | 208 | 3 443 |
| Debt to credit institutions | 15 309 | -624 | 2 | -4 | 426 | | 1 480 | 16 589 |
| Lease liabilities | 304 | -47 | 99 | | | | 11 | 367 |
| Overdraft facilities | 8 | -8 | | | | | | - |
| Total interest bearing liabilities | 18 601 | -679 | 101 | -4 | 681 | 1 | 1 699 | 20 399 |

**Loan divided on currency**

At the 30th of June 2022 the liabilites is divided on currencies;

| | Currency | Balance 30.06.2022 | Ratio % |
|---|---|---|---|
| NOK | | 6 203 | 30% |
| USD | 1 391 | 13 862 | 68% |
| Other currencies | | 334 | 2% |
| Total | | 20 399 | 100% |

## Note 10 Transaction with related parties

Transactions with related parties are governed by market terms and conditions in accordance with the “arm’s length principle”. The transactions are described in the Annual report for 2021.

There are no major changes in the type of transactions between related parties.

## Note 11 Events after balance date

**Contract**
Petrobras has extended the contracts and awarded 3-years contracts for the vessels Skandi Chieftain, Skandi Olympia and Skandi Commander. All contracts include vessels and ROVs. The gross value of the extensions and the firm period of the new contracts exceeds USD 253 million.

# Note 12 Share capital and shareholders

### Largest shareholders as of 30.06.2022

| Name | No. shares | Shareholding % |
|---|---|---|
| MØGSTER OFFSHORE AS | 100 007 313 | 31.60% |
| BRØNMO, BJARTE | 11 116 060 | 3.51% |
| BNP PARIBAS SECURITIES SERVICES | 9 570 169 | 3.02% |
| SANS INVEST AS | 3 807 033 | 1.20% |
| NORDNET BANK AB | 3 517 492 | 1.11% |
| DAHL, TORE | 3 241 500 | 1.02% |
| AVANZA BANK AB | 3 045 956 | 0.96% |
| EBB HOLDING AS | 2 901 097 | 0.92% |
| EKREN, GEIR | 2 721 514 | 0.86% |
| CHAMANSKI, ALEXANDRE | 2 615 000 | 0.83% |
| HOLDEN, JIM ØYSTEIN | 2 533 235 | 0.80% |
| HERNESS, BJØRN | 2 442 868 | 0.77% |
| DP HOLDING AS | 2 033 517 | 0.64% |
| MOCO HOLDING AS | 1 984 419 | 0.63% |
| LAWO INVEST AS | 1 857 377 | 0.59% |
| LUNDBY, IRENE | 1 760 631 | 0.56% |
| WORKINN, HANS KRISTIAN | 1 648 947 | 0.52% |
| SOTRA KRAN AS | 1 404 750 | 0.44% |
| ØRN AS | 1 400 000 | 0.44% |
| HILDE-MYHREN, ARILD ODIN EUGENE ELTON | 1 315 000 | 0.42% |
| Total | 160 923 878 | 50.85% |
| | | |
| Total other shareholders | 155 532 289 | 49.15% |
| Total no of shares | 316 456 167 | 100% |

## Note 13 Performance measurements definitions

DOF ASA financial information is prepared in accordance with international financial reporting standards (IFRS). In addition DOF ASA discloses alternative performance measures as a supplement to the financial statement prepared in accordance with IFRS. Such performance measures are used to provide an enhanced insight into the operating performance, financing and future prospects of the company and are frequently used by securities analysts, investors and other interested parties.

The definitions of these measures are as follows:

**Financial reporting** – Financial Reporting according to IFRS.

**Management reporting** – Investments in joint ventures (JV) is consolidated on gross basis in the income statement and the statement of financial position.

**EBITDA** – Operating profit (earnings) before depreciation, impairment, amortisation, net financial costs and taxes is a key financial parameter. The term is useful for assessing the profitability of its operations, as it is based on variable costs and excludes depreciation, impairment and amortise costs related to investments. Ebitda is also important in evaluating performance relative to competitors.

**Operational EBITDA** – Ebitda as described above adjusted for gain on sale of tangible assets, according to management reporting.

**EBIT** – Operating profit (earnings) before net financial costs and taxes.

**Interest bearing debt** – Total of current and non-current borrowings.

**Net interest bearing debt** – Interest bearing debt minus current and non-current interest-bearing receivables and cash and cash equivalents. The use of the term “net debt” does not necessarily mean cash included in the calculation are available to settle debts if included in the term.

**Debt ratio** – Net interest bearing debt divided on total equity and debt.

**Utilisation** – Utilisation of vessel numbers is based on actual available days including days at yard for periodical maintenance, upgrading, transit or idle time between contracts.

**Contract coverage** – Number of future sold days compared with total actual available days excluded options.

**Contract Backlog** – Sum of undiscounted revenue related to secured contracts in the future and optional contract extensions as determined by the client. Contract coverage related to master service agreements (MSA`s) within the CSV segment, includes only confirmed purchase order.

# Supplemental information

## Reporting last 5 quarters

The supplemental information below is presented according to management reporting, based on the proportionate consolidation method. Proportionate consolidation method implies full consolidation for subsidiaries, and consolidation of 50% of the comprehensive income and financial position for the joint ventures.

### Consolidated statement of profit or loss

| (MNOK) | Q2 2022 | Q1 2022 | Q4 2021 | Q3 2021 | Q2 2021 |
|---|---|---|---|---|---|
| Operating revenue | 2 510 | 2 174 | 1 975 | 2 052 | 2 003 |
| Operating expenses | -1 693 | -1 428 | -1 228 | -1 228 | -1 347 |
| Share of net profit from joint ventures and associates | - | - | - | -3 | -7 |
| Net gain (loss) on sale of tangible assets | 32 | 20 | 5 | 44 | 31 |
| **Operating profit before depreciation and impairment - EBITDA** | **848** | **767** | **753** | **865** | **680** |
| Depreciation | -346 | -353 | -369 | -335 | -313 |
| Impairment | - | -93 | -119 | -42 | -218 |
| **Operating profit - EBIT** | **501** | **321** | **264** | **488** | **148** |
| Financial income | 37 | 18 | 85 | 279 | 6 |
| Financial costs | -373 | -400 | -390 | -309 | -257 |
| Net realised gain (loss) on currencies | 92 | -49 | -106 | -105 | -32 |
| Net unrealised gain (loss) on currencies | -1 502 | 1 096 | -80 | -548 | 804 |
| Net changes in unrealised gain (loss) on derivatives | - | 9 | 7 | 13 | 11 |
| **Net financial costs** | **-1 746** | **673** | **-484** | **-671** | **531** |
| **Profit (loss) before taxes** | **-1 245** | **995** | **-219** | **-182** | **679** |
| Taxes | -68 | -171 | -61 | 54 | -99 |
| **Profit (loss) for the period** | **-1 313** | **824** | **-281** | **-128** | **580** |
| | | | | | |
| **Profit attributable to** | | | | | |
| Non-controlling interest | -29 | 1 | -6 | -10 | -3 |
| Controlling interest | -1 284 | 823 | -274 | -118 | 582 |

## Consolidated statement of balance sheet

| (MNOK) | 30.06.2022 | 31.03.2022 | 31.12.2021 | 30.09.2021 | 30.06.2021 |
|---|---|---|---|---|---|
| ASSETS | | | | | |
| Tangible assets | 18 967 | 18 101 | 18 052 | 18 312 | 18 146 |
| Deferred tax assets | 310 | 291 | 341 | 357 | 341 |
| Investment in joint ventures and associated companies | 12 | 6 | 6 | 7 | 7 |
| Other non-current assets | 260 | 233 | 133 | 166 | 191 |
| Total non-current assets | 19 550 | 18 632 | 18 532 | 18 842 | 18 685 |
| Receivables and other current asset | 3 127 | 2 707 | 2 190 | 2 256 | 2 165 |
| Cash and cash equivalents | 2 240 | 2 258 | 2 266 | 2 202 | 2 135 |
| Current assets | 5 367 | 4 965 | 4 456 | 4 458 | 4 299 |
| Total Assets | 24 917 | 23 597 | 22 988 | 23 300 | 22 985 |
| EQUITY AND LIABILITIES | | | | | |
| Paid in equity | 316 | 316 | 316 | 316 | 309 |
| Other equity | -2 223 | -1 201 | -1 733 | -1 520 | -1 557 |
| Non-controlling interests | 77 | 105 | 91 | 97 | 107 |
| Total equity | -1 830 | -780 | -1 326 | -1 106 | -1 141 |
| Non-current liabilities | 3 885 | 3 547 | 3 594 | 3 700 | 3 757 |
| Current liabilities | 22 862 | 20 829 | 20 720 | 20 707 | 20 369 |
| Total liabilities | 26 746 | 24 376 | 24 314 | 24 406 | 24 126 |
| Total equity and liabilities | 24 917 | 23 597 | 22 988 | 23 300 | 22 985 |
| Net interest bearing liabilities excluded effect of IFRS 16 | 21 758 | 19 683 | 19 754 | 19 678 | 19 454 |

## Consolidated statement of cash flows

| (MNOK) | Q2 2022 | Q1 2022 | Q4 2021 | Q3 2021 | Q2 2021 |
|---|---|---|---|---|---|
| Net cash from operation activities | 671 | 301 | 676 | 670 | 395 |
| Net cash from investing activities | -280 | -41 | -257 | -187 | -167 |
| Net cash from financing activities | -582 | -306 | -352 | -410 | -414 |
| Net changes in cash and cash equivalents | -190 | -47 | 68 | 73 | -186 |
| Cash and cash equivalents at start of the period | 2 258 | 2 266 | 2 202 | 2 135 | 2 257 |
| Exchange gain/loss on cash and cash equivalents | 172 | 39 | -5 | -5 | 64 |
| Cash and cash equivalents at the end of the period | 2 240 | 2 258 | 2 266 | 2 202 | 2 135 |

## Key figures

| | Q2 2022 | Q1 2022 | Q4 2021 | Q3 2021 | Q2 2021 |
|---|---|---|---|---|---|
| EBITDA margin excluded net gain on sale of tangible assets | 33% | 34% | 38% | 40% | 32% |
| EBITDA margin | 34% | 35% | 38% | 42% | 34% |
| EBIT margin | 20% | 15% | 13% | 24% | 7% |
| Profit per share (NOK) | -4.06 | 2.60 | -0.87 | -0.37 | 1.84 |
| Book value equity per share (NOK) | -6.03 | -2.79 | -4.48 | -3.80 | -3.95 |
| Net interest bearing debt excluded effect of IFRS 16 (NOK million) | 21 758 | 19 683 | 19 754 | 19 678 | 19 454 |
| Potential average number of shares | 316 456 167 | 316 456 167 | 316 456 167 | 316 456 167 | 316 456 167 |

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