

Q2 2021

Financial Report
DOF ASA

DOF



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Report distribution & webcast
The Q2 2021 financial report for DOF ASA is to be published on 24th of August, 2021. 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 2021

Key figures

| (MNOK) | Management reporting | | Financial reporting | |
|---|----------------------|---------|---------------------|---------|
| | Q2 2021 | Q2 2020 | Q2 2021 | Q2 2020 |
| Operating revenue | 2 003 | 1 802 | 1 716 | 1 455 |
| Net gain on sale of tangible assets | 31 | - | 31 | - |
| EBITDA | 680 | 701 | 463 | 376 |
| EBIT | 148 | -354 | 97 | -424 |
| Net interest costs | -251 | -361 | -204 | -255 |
| Net currency and derivatives | 782 | 26 | 706 | 14 |
| Profit (loss) | 580 | -675 | 580 | -675 |
| NIBD (Net interest bearing debt) | 19 738 | 22 640 | 16 437 | 17 769 |
| NIBD (Net interest bearing debt) excluded effect of IFRS 16 | 19 454 | 22 328 | 16 153 | 17 457 |
| Equity ratio | -5% | -3% | -6% | -4% |

NIBD by end of June 2021 is highly impacted by weak NOK to USD (NOK 9.74, 30.06.2020 versus NOK 8.56, 30.06.2021).

Operations

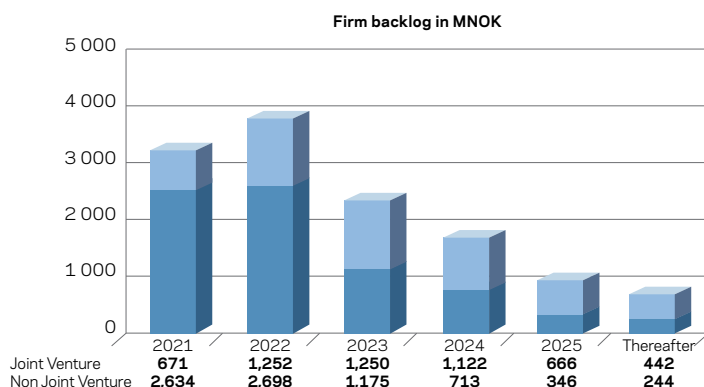
- Average utilisation of the fleet 80% (70%)
- The markets have continued to be challenging
- High activity in the subsea project segments and mobilisations have impacted the cash flow in the quarter
- Still challenging operations due to COVID-19, but the situation in Brazil has improved
- The total fleet includes 58 vessels (eight on management):
 - › 15 AHTSs, 14 PSVs, and 29 Subsea vessels
 - › Three vessels in lay-up (one owned)
 - › One vessel sold

Finance

- The Group's financial position is not sustainable, and a long-term financial solution is necessary to continue as going concern
- The Group has continued the discussions with lenders on a long-term refinancing, but a solution is not yet in place
- The current standstill agreement with the banks and bondholders mature on 31st of August

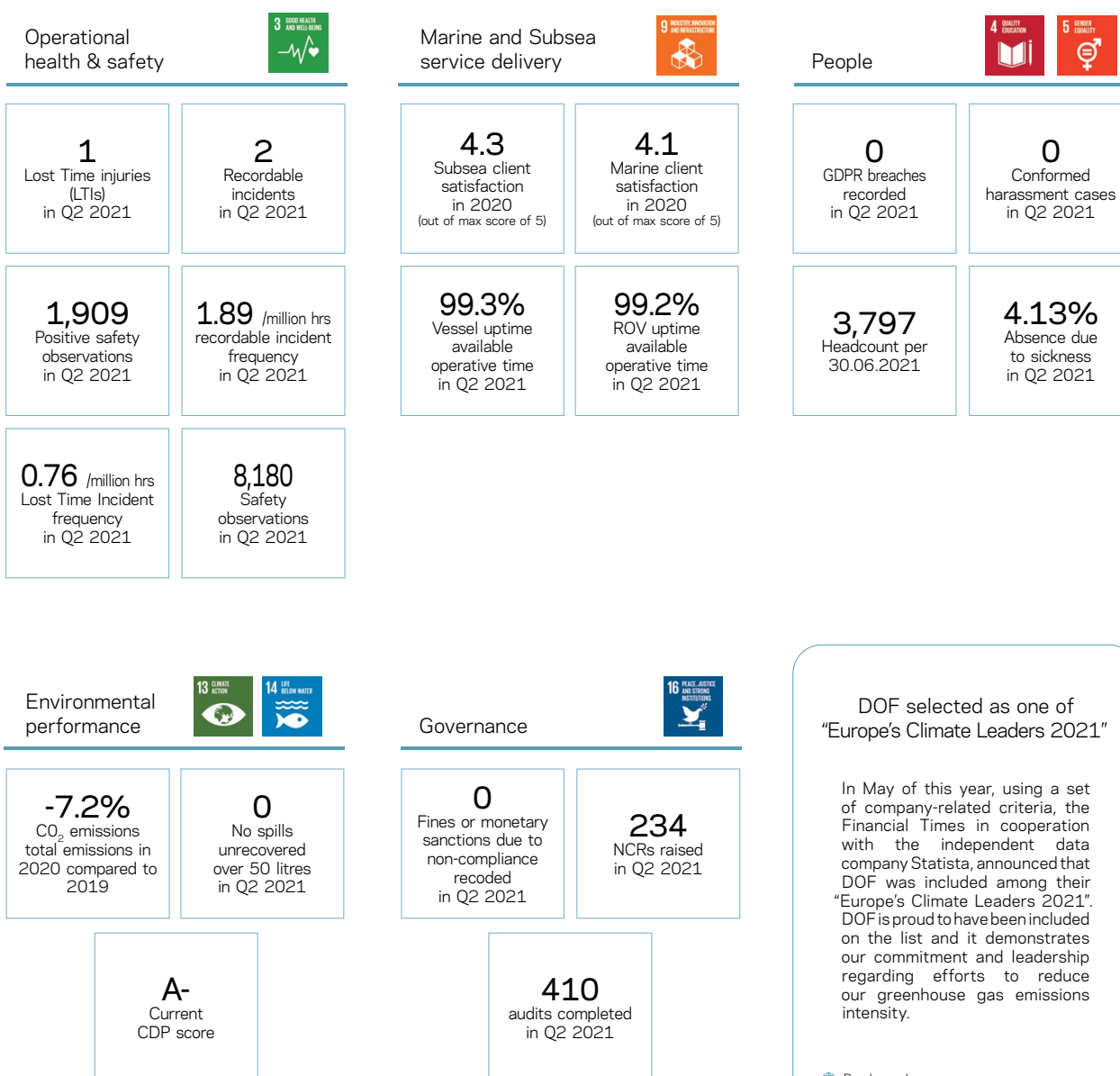
Backlog:

- Order intake NOK 1.2 billion YTD
- Current backlog is NOK 13.2 billion
- Approximately NOK 1.7 billion has been secured after end of the quarter



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. Read more about how we selected these targets in our integrated annual report 2020.



Key financial & operational information

Q2 Operations

The Q2 operational result per segment is as follows;

| (MNOK) | PSV | AHTS | Subsea | Total |
|--|------|------|--------|-------|
| Operating income | 86 | 221 | 1 696 | 2 003 |
| Net gain on sale of tangible assets | 2 | - | 29 | 31 |
| Operating result before depreciation and impairment - EBITDA | 14 | 137 | 529 | 680 |
| Depreciation | 26 | 50 | 237 | 313 |
| Impairment | 25 | 26 | 167 | 218 |
| Operating result - EBIT | -37 | 61 | 124 | 148 |
| EBITDA margin | 17% | 62% | 31% | 34% |
| EBIT margin | -43% | 28% | 7% | 7% |

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 COVID-19 pandemic has continued to be challenging through 2nd quarter, but the situation in Brazil has improved slightly with fewer outbreaks onboard the vessels.

PSV & AHTS

The PSV fleet includes operation of 14 vessels, of which one vessel is owned via a minority share. The majority of the fleet operates in the North Sea market and two vessels have operated in the Asia-Pacific region during the quarter. The average utilisation for the owned PSV fleet has been 68% versus 72% in 2nd quarter 2020. Three vessels have been reactivated from lay-up, of which two vessels have sailed to Guyana to support pipelay activities for Saipem. The third vessel has operated in the North Sea since early June after completion of a drydocking.

The AHTS fleet includes operation of 15 vessels including four vessels on management and one vessel owned via a minority share. The majority of the fleet operates in Brazil, and the remaining fleet (six vessels) are operating in the Asia-Pacific region and in the North Sea. The average utilisation for the AHTS fleet (owned) has been 86% versus 59% in 2nd quarter 2020. The fleet in Brazil has achieved high utilisation including one vessel operating in the spot/short-term market through the quarter. Skandi Admiral, built in 1999, was delivered for recycling in April.

During the quarter the AHTS market in Brazil has been busy both in the spot and term markets. Skandi Paraty has been awarded a 1-year extension with Petrobras to be commenced in July. The markets in the North Sea has continued to be volatile with higher activity in the Norwegian sector versus the UK sector. The activity in Asia-Pacific has declined and the utilisation has been low in this region.

At the end of the quarter one owned vessel was in lay-up.

SUBSEA

By end of the quarter, the Group operated a fleet of 29 Subsea vessels, including 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 83% versus 74% in 2nd quarter 2020. Geograph has been sold and delivered to new owners. At the end of the quarter no vessels were in lay-up.

Total revenues from subsea IMR project contracts amounted to NOK 1,115 million (NOK 699 million). Although the utilisation of the project fleet has been impacted by vessels undertaking main class renewals, transit and mobilisations for new projects, the activity has increased in the quarter.

In the 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 had improved utilisations and have been working on multiple installation and construction projects. One vessel was in transit to undertake class docking towards the end of the quarter. In the Atlantic region, one vessel has been working as a field support vessel in offshore Angola. The region has also executed projects within decommissioning and IMR work in the North Sea, utilising several vessels in the fleet. Two vessels commenced on projects within the offshore wind industry. In the North America region, the Group has executed IMR and installation work for Husky Energy in Canada and for other clients in the Gulf of Mexico and in Trinidad and Tobago. In the Brazil region, the activity has been high in the quarter where multiple vessels have continued working on an inspection project, and one vessel has been working on a long-term diving contract. One vessel has mobilised for a 3-year MPSV contract awarded with Petrobras in 2nd quarter. One vessel has transited to the region to commence a Seismic Node project for Shearwater GeoServices.

Main contract awards are up to 160 days for the Skandi Constructor to support offshore wind farms in Germany and multiple contracts in the North Sea within IMR, construction and decommissioning segment utilising four vessels. In addition, a contract of 150 vessel days has been awarded within the renewable market. In Brazil, Skandi Neptune has been awarded a contract to support a seismic campaign on the Jubarte and Iracema field offshore Brazil.

In the TC segment, including the PLSV fleet, all vessels have continued working on firm contracts and achieved a utilisation of 93%.

Main Items Interim Accounts Q2 – Financial Reporting

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

P&L 2nd QUARTER

| (MNOK) | Q2 2021 | Q2 2020 |
|-------------------------------------|------------|-------------|
| Operating revenue | 1 716 | 1 455 |
| Net gain on sale of tangible assets | 31 | - |
| EBITDA | 463 | 376 |
| EBIT | 97 | -424 |
| Net interest costs | -204 | -255 |
| Net currency and derivatives | 706 | 14 |
| Profit (loss) | 580 | -675 |

The revenue and EBITDA are slightly higher than last year due to increased activity this quarter. In the PSV and AHTS segment the revenue has dropped, but the margins have improved, resulting in an EBITDA in line with last year. For the subsea project fleet, the activity has been higher, however the margins have been lower compared to 2nd quarter 2020. Net gain from sale of assets is related to the sale of Geograph and Skandi Admiral (sold for recycling). A net result from the JVs of NOK -7 million (NOK -26 million) is included in the EBITDA and mainly represents the DOFCON JV (last year the results include losses from the JV DOF Deepwater). An impairment of NOK 99 million is included in the JV result. The remaining impairments in the quarter are NOK 120 million (NOK 588 million). During the quarter, the fair market value of the fleet dropped on average by 1.3% and the values for several vessels have stabilised. However, there is still high uncertainty on a market recovery, and the earnings are not at sustainable levels. Hence further impairments may still be applicable. The Group's assets are further sensitive to the USD/NOK rates.

The net financial costs of NOK 502 million (NOK -241 million) include net interest costs of NOK -204 million (NOK -255 million) and net gain on currencies and financial instruments of NOK 706 million (NOK 14 million) of which NOK 741 (NOK 40 million) is unrealised. The majority of the Group's debt is in USD. The BRL rate has strengthened towards the USD and explains the unrealised currency gain this quarter. The NOK rate has been stable towards the USD in the period.

Main Items YTD Accounts Q2 – Financial Reporting

P&L 2nd QUARTER

| (MNOK) | Acc Q2 2021 | Acc Q2 2020 |
|-------------------------------------|-------------|---------------|
| Operating revenue | 2 954 | 3 162 |
| Net gain on sale of tangible assets | 60 | - |
| EBITDA | 799 | 864 |
| EBIT | 57 | -1 523 |
| Net interest costs | -427 | -491 |
| Net currency and derivatives | 209 | -2 718 |
| Profit (loss) | -221 | -4 791 |

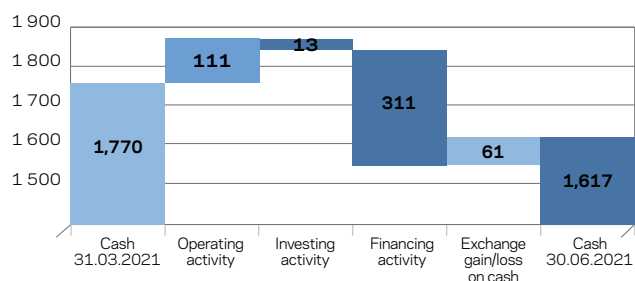
When compared to the same period last year, the operating revenue and EBITDA YTD 2021 are slightly lower. The EBITDA last year was positively impacted by significant strengthened USD to NOK and BRL. A net gain of NOK 60 million is included in the EBITDA and represents gain from the sale of four vessels. The net financial costs include currencies gain/loss of NOK 209 million (NOK -2,718 million) and net interest costs of NOK -427 million (NOK -492 million). The high financial costs last year reflect the volatility in currencies.

BALANCE

| (MNOK) | 30.06.2021 | 30.06.2020 | 31.12.2020 |
|---|---------------|---------------|---------------|
| Non-current assets | 15 064 | 17 524 | 15 462 |
| Current assets | 2 202 | 1 673 | 1 651 |
| Cash and cash equivalents | 1 617 | 1 543 | 1 880 |
| Total assets | 18 883 | 20 740 | 18 993 |
| Equity | -1 141 | -728 | -898 |
| Non-current liabilities | 319 | 358 | 363 |
| Current liabilities | 19 705 | 21 111 | 19 528 |
| Total equity and liabilities | 18 883 | 20 740 | 18 993 |
| Net interest bearing debt (NIBD) | 16 437 | 17 769 | 16 286 |
| Net interest bearing debt (NIBD) excl. effect IFRS 16 | 16 153 | 17 457 | 15 980 |

The main part of the non-current assets, representing approximately 79% of the total balance, are vessels, of which NOK 2,439 million represents the 50% share in the DOFCON JV. The Group's cash reserve has since year-end been positively impacted by standstill agreements and negatively impacted by several class dockings and mobilisations to new contracts completed in 1st half of the year. The equity is negative due to continuing weak results and impairments of assets. Non-current liabilities include long-term lease agreements. All remaining liabilities have been classified as current since 2nd quarter 2020. This classification is based on that the standstill agreements with the banks and bondholders are less than 12 months.

Cash flow from Q2 2021

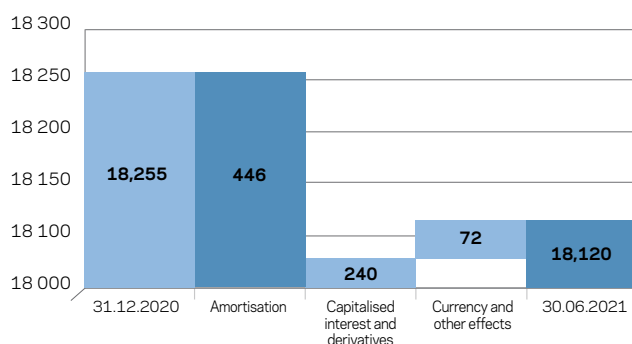


The operational cash flow (after payment of interest and taxes) is NOK 111 million which is significantly lower compared to the cash flow last year of NOK 402 million. Even though the Group has not paid interest and amortisation for the vast majority of the debt, the liquidity has dropped during the quarter. The main reasons for the drop in liquidity are increased project activity, including high outstanding receivables by end of the quarter (paid in 3rd quarter) and several class-dockings and mobilisations especially in Brazil. Net investments of NOK -13 million (NOK 115 million) include class dockings and conversions of NOK -206 million (NOK -22 million), sale of assets of NOK 76 million and payment of dividend from the DOFCON JV of NOK 115 million (NOK 137 million). Finance activity represents debt service on lease agreements and some facilities in DOF Subsea and Norskan. NOK 154 million represents restricted cash of a total cash of NOK 1,617 million.

Financing and Capital Structure

The Group's total interest-bearing debt comprises secured debt of NOK 15,560 million (NOK 16,580 million) and unsecured debt/bonds NOK 2,560 million (NOK 2,842 million). The main portion of the debt is drawn in USD.

Total interest bearing debt 31.12.2020 - 30.06.2021



The restructuring of the Group's long-term debt is ongoing and standstill agreements have been agreed until the 31st of August 2021 with 91% of the secured lenders within the DOF ASA Group (excl. DOF Subsea Group) and 88% of the secured lenders within the DOF Subsea Group. The DOF Subsea standstill agreements further assume payment of principal and interest of a NOK 100 million credit facility provided by certain lenders in March 2020. The outstanding amount of this facility was NOK 47 million by end of June. The relevant Group companies have imposed unilateral standstill to the secured lenders not participating in the standstill agreements. One of the DOF Subsea secured lenders has requested repayment of approximately USD 47 million and has enforced account pledge on the earnings account for the relevant vessel. The parties have during the quarter entered into a settlement agreement. Pursuant to the settlement agreement, the borrower will prepay such loan in full at a substantial discount, subject to certain conditions. Another secured lender has enforced an account pledge for one loan facility in DOF Subsea. The bondholders in DOFSUB07, DOFSUB08 and DOFSUB09 have accepted a standstill until the 31st of August 2021. An Ad-hoc group of bondholders can extend the standstill until the 30th of September. The DOFCON JV is not part of the standstill agreements and this company serves its debt according to the terms in the relevant loan facilities.

The BNDES standstill agreements for several facilities in Norskan Offshore Ltda. and one facility in DOF Subsea Brasil expired in June and both companies have since then paid debt service according to refinancing agreements signed in February 2020. A comprehensive refinancing solution for the Group include a long-term solution for the BNDES facilities.

The Company is guarantor for the debt in Iceman AS of NOK 438 million, where approximately 50% of the DOF guarantee is counter guaranteed by other shareholders in Iceman AS. Iceman AS has agreed to a standstill period with the banks including deferral of interest and instalments until 31st of August. A refinancing solution which includes agreement on the counter guarantees is currently being discussed with the secured lenders.

The Group aims to achieve a natural hedge between cash flows and cash outflows and have secured debt funding in equivalent currency as the earnings from firm contracts. The remaining exchange risk has been secured through forward FX contracts. Due to the current financial position of the Group, new forward contracts have become challenging. Hence the Group's liquidity risk has increased due to currency fluctuation.

The portion of debt secured with a fixed rate of interest is approximately 57% of total debt where the largest portion represents the debt with fixed interest in BNDES (Brazilian Development Bank). Due to the Group's financial

position it is challenging to get interest forward contracts (swap contracts), hence the Group's exposure to volatility in interest rates has increased.

Shareholders & the Board

By the end of June, the total share capital was NOK 309 million divided into 309 million shares. The main shareholder Møgster Offshore AS controls 32.37% of the Company and 31.60% on a fully diluted basis.

In March the Oslo Stock Exchange decided to allocate DOF ASA, ISIN: NO0010070063 to Penalty Bench as the Issuer is in breach of Oslo Rule Book II section 4.1 regarding minimum market value of NOK 1 per share. By end of June the share price was NOK 0.51/share.

Outlook

The challenging markets have continued into 2021. It is further challenging and time consuming to operate the Group in an environment with short-term standstill agreements. There are signs of increased activity in several regions, however there is still an oversupply of vessels. A significant increase in demand is necessary to secure sustainable earnings going forward, however the timing of a recovery is highly uncertain. Hence, future earnings and asset values are difficult to forecast. Continued weak markets will increase the risk of reduced earnings and further strain the Group's financial position. If a robust long-term refinancing solution is not achieved, the Group cannot be treated as going concern, which again will require additional impairments of the Group's assets.

The 2nd quarter financial report is prepared on the assumption of going concern and as mentioned above this assumption is based on agreed standstill agreements with the majority of the Group's lenders. The debt restructuring proposals currently discussed include conversion of debt to equity, which again will have a significant adverse effect for the current holders of the equity. The dialogue with the lenders is challenging, but constructive. Hence a refinancing solution is not yet in place. The Group is dependent on continued standstill agreements with its creditors until a long-term financial solution is agreed to maintain as a going concern.

In parallel with the ongoing debt restructuring, the management and Board continue to 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 also have a strong, forward looking focus on developing strategic opportunities and new lines of business utilising the Group's combined fleet, services, and competence.

*The Board of Directors of DOF ASA
August 23rd, 2021*

IR contacts

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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 2021, 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 2021 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 23rd, 2021

Hans Olav Lindal
Chairman

Helge Singelstad
Deputy Chairman

Marianne Møgster

Kathryn Baker

Mons S. Aase
CEO

Accounts

2nd Quarter 2021

Consolidated statement of profit or loss

| (MNOK) | Note | Q2 2021 | Q2 2020 | Acc Q2 2021 | Acc Q2 2020 | 2020 |
|---|------|------------|-------------|-------------|---------------|---------------|
| Operating revenue | 3 | 1 716 | 1 455 | 2 954 | 3 162 | 6 212 |
| Operating expenses | | -1 301 | -1 013 | -2 283 | -2 192 | -4 297 |
| Net profit from associated and joint ventures | 6 | 18 | -66 | 69 | -106 | 171 |
| Net gain on sale of tangible assets | | 31 | - | 60 | - | 19 |
| Operating profit before depreciation and impairment - EBITDA | | 463 | 376 | 799 | 864 | 2 105 |
| Depreciation | 5 | -246 | -211 | -491 | -452 | -856 |
| Impairment | 5 | -120 | -588 | -251 | -1 935 | -3 258 |
| Operating profit - EBIT | | 97 | -424 | 57 | -1 523 | -2 010 |
| Financial income | | 11 | 15 | 30 | 52 | 71 |
| Financial costs | | -216 | -270 | -457 | -544 | -1 065 |
| Net realised gain/loss on currencies | | -34 | -26 | -62 | -538 | -635 |
| Net unrealised gain/loss on currencies | | 730 | -60 | 249 | -2 032 | -1 112 |
| Net changes in fair value of financial instruments | | 11 | 100 | 21 | -148 | -56 |
| Net financial costs | | 502 | -241 | -218 | -3 209 | -2 797 |
| Profit (loss) before taxes | | 599 | -665 | -162 | -4 732 | -4 806 |
| Taxes | | -19 | -10 | -60 | -59 | -153 |
| Profit (loss) for the period | | 580 | -675 | -221 | -4 791 | -4 959 |
| Profit attributable to | | | | | | |
| Non-controlling interest | | -3 | -16 | -7 | -35 | -49 |
| Controlling interest | | 582 | -659 | -214 | -4 756 | -4 909 |
| Earnings per share (NOK) | | 1,84 | -2,08 | -0,68 | -15,03 | -15,51 |
| Diluted earnings per share (NOK) | | 1,84 | -2,08 | -0,68 | -15,03 | -15,51 |

Consolidated statement of comprehensive income

| (MNOK) | Note | Q2 2021 | Q2 2020 | Acc Q2 2021 | Acc Q2 2020 | 2020 |
|---|------|-------------|-------------|-------------|---------------|---------------|
| Profit (loss) for the period | | 580 | -675 | -221 | -4 791 | -4 959 |
| Items that will be subsequently reclassified to profit or loss | | | | | | |
| Currency translation differences | | -272 | 332 | -71 | 345 | 604 |
| Cash flow hedge | | 13 | 14 | 25 | 31 | 59 |
| Share of other comprehensive income of joint ventures | 6 | 18 | -154 | 23 | 235 | -47 |
| Items that not will be reclassified to profit or loss | | | | | | |
| Defined benefit plan actuarial gain (loss) | | - | - | - | - | -1 |
| Other comprehensive income/loss net of tax | | -240 | 191 | -22 | 612 | 616 |
| Total comprehensive income/loss | | 339 | -484 | -243 | -4 179 | -4 343 |
| Total comprehensive income/loss net attributable to | | | | | | |
| Non-controlling interest | | -3 | -16 | -7 | -36 | -49 |
| Controlling interest | | 342 | -468 | -236 | -4 144 | -4 293 |

Consolidated statement of balance sheet

| (MNOK) | Note | 30.06.2021 | 30.06.2020 | 31.12.2020 |
|--|----------|---------------|---------------|---------------|
| ASSETS | | | | |
| Tangible assets | 5 | 12 422 | 14 769 | 12 844 |
| Deferred tax assets | | 12 | 13 | 12 |
| Investment in associated and joint ventures | 6 | 2 439 | 2 312 | 2 336 |
| Other non-current financial assets | | 191 | 430 | 270 |
| Total non-current assets | | 15 064 | 17 524 | 15 462 |
| Trade receivables | | 1 530 | 1 065 | 1 003 |
| Other receivables | | 672 | 608 | 627 |
| Current receivables | | 2 202 | 1 673 | 1 630 |
| Restricted deposits | | 154 | 151 | 183 |
| Cash and cash equivalents | | 1 462 | 1 392 | 1 697 |
| Cash and cash equivalents incl. restricted deposits | 7 | 1 617 | 1 543 | 1 880 |
| Current assets | | 3 819 | 3 216 | 3 510 |
| Asset held for sale | | - | - | 20 |
| Current assets included asset held for sale | | 3 819 | 3 216 | 3 531 |
| Total Assets | | 18 883 | 20 740 | 18 993 |
| EQUITY AND LIABILITIES | | | | |
| Paid in equity | | 309 | 308 | 309 |
| Other equity | | -1 557 | -1 170 | -1 321 |
| Non-controlling interests | | 107 | 134 | 114 |
| Total equity | | -1 141 | -728 | -898 |
| Bond loan | | - | - | - |
| Debt to credit institutions | 8 | - | - | - |
| Lease debt | | 257 | 330 | 301 |
| Other non-current liabilities | | 62 | 27 | 62 |
| Non-current liabilities | | 319 | 358 | 363 |
| Current portion of debt | 8 | 18 311 | 19 231 | 18 301 |
| Accounts payable | | 828 | 706 | 675 |
| Other current liabilities | | 565 | 1 175 | 551 |
| Current liabilities | | 19 705 | 21 111 | 19 528 |
| Total liabilities | | 20 024 | 21 469 | 19 890 |
| Total equity and liabilities | | 18 883 | 20 740 | 18 993 |

Consolidated statement of cash flows

| (MNOK) | Q2 2021 | Q2 2020 | Acc Q2 2021 | Acc Q2 2020 | 2020 |
|---|--------------|--------------|--------------|--------------|--------------|
| Operating result | 97 | -424 | 57 | -1 523 | -2 010 |
| Depreciation and impairment | 366 | 800 | 743 | 2 387 | 4 115 |
| Gain/loss on disposal of tangible assets | -31 | - | -60 | - | -13 |
| Share of profit/loss from associates and joint ventures | -17 | 66 | -69 | 106 | -171 |
| Changes in accounts receivables | -532 | 288 | -527 | 135 | 197 |
| Changes in accounts payable | 171 | -205 | 153 | -53 | -84 |
| Changes in other working capital | 68 | -19 | 28 | -23 | -17 |
| Exchange rate effects on operating activities | 57 | -1 | 43 | 41 | -4 |
| Cash from operating activities | 179 | 505 | 367 | 1 070 | 2 013 |
| Interest received | 6 | 11 | 24 | 23 | 34 |
| Interest and other finance costs paid | -59 | -105 | -128 | -394 | -525 |
| Taxes paid | -16 | -9 | -33 | -47 | -78 |
| Net cash from operating activities | 111 | 402 | 230 | 652 | 1 445 |
| Payments received for sale of tangible assets | 76 | - | 173 | - | 19 |
| Purchase of tangible assets | -142 | -22 | -259 | -111 | -219 |
| Purchase of contract costs | -64 | - | -116 | - | -80 |
| Received dividend | - | - | 1 | - | - |
| Other investments | 117 | 137 | 135 | 147 | 276 |
| Net cash from investing activities | -13 | 115 | -66 | 36 | -3 |
| Proceeds from borrowings | 2 | - | 3 | 230 | 230 |
| Repayment of borrowings | -313 | -44 | -458 | -298 | -654 |
| Net cash from financing activities | -311 | -44 | -454 | -68 | -423 |
| Net changes in cash and cash equivalents | -214 | 473 | -291 | 620 | 1 018 |
| Cash and cash equivalents at the start of the period | 1 770 | 1 142 | 1 880 | 1 395 | 1 395 |
| Exchange gain/loss on cash and cash equivalents | 61 | -72 | 27 | -472 | -533 |
| Cash and cash equivalents at the end of the period | 1 617 | 1 543 | 1 617 | 1 543 | 1 880 |

Restricted cash amounts to NOK 154 million (NOK 151 million) and is included in the cash. Changes in restricted cash is reflected in the cash flow.

For further information, please see note 7 “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 01.01.2021 | 309 | 75 | -2 012 | 754 | -139 | -1 322 | 114 | -898 |
| Result (loss) for the period | | | -214 | | | -214 | -7 | -221 |
| Other comprehensive income/loss | | | 23 | -71 | 25 | -22 | - | -22 |
| Reclassification between CTA and cash flow hedge | | | 5 | | -5 | - | | - |
| Total comprehensive income for the period | - | - | -186 | -71 | 21 | -236 | -7 | -243 |
| Converted bond loan | | | | | | - | | - |
| Changes ownership non-controlling interest | | | | | | - | | - |
| Total transactions with the owners | - | - | - | - | - | - | - | - |
| Balance at 30.06.2021 | 309 | 75 | -2 198 | 683 | -118 | -1 558 | 107 | -1 141 |
| Balance at 01.01.2020 | 3 194 | 87 | 48 | 206 | -254 | 87 | 170 | 3 451 |
| Result (loss) for the period | | | -4 756 | | | -4 756 | -36 | -4 791 |
| Other comprehensive income/loss | | | 235 | 345 | 31 | 612 | - | 612 |
| Reclassification between CTA and cash flow hedge | | | | | | - | | - |
| Total comprehensive income for the period | - | - | -4 520 | 345 | 31 | -4 144 | -36 | -4 180 |
| Converted bond loan | | | | | | - | | - |
| Changes in non-controlling interest | | | | | | - | | - |
| Total transactions with the owners | - | - | - | - | - | - | - | - |
| Balance at 30.06.2020 | 3 194 | 87 | -4 472 | 552 | -224 | -4 057 | 134 | -728 |

Key figures

| | | Q2 2021 | Q2 2020 | Acc Q2 2021 | Acc Q2 2020 | 2020 |
|---|---|---------|---------|-------------|-------------|-------------|
| EBITDA margin ex net gain on sale of vessel | 1 | 25% | 26% | 25% | 27% | 34% |
| EBITDA margin | 2 | 27% | 26% | 27% | 27% | 34% |
| EBIT margin | 3 | 6% | -29% | 2% | -48% | -32% |
| Profit per share | 4 | 1,83 | -2,13 | -0,70 | -15,14 | -15,67 |
| Cashflow per share | 5 | 0,71 | 0,30 | 0,98 | -0,52 | 1,50 |
| Return on net capital | 6 | | | -19% | 658% | 552% |
| Equity ratio | 7 | | | -6% | -4% | -5% |
| Net interest bearing debt | | | | 16 437 | 17 769 | 16 286 |
| Net interest bearing debt excl. effect of IFRS 16 | | | | 16 153 | 17 457 | 15 980 |
| Number of shares | | | | 308 962 779 | 307 762 779 | 308 962 779 |
| Potential average number of shares | | | | 316 456 168 | 316 456 168 | 316 456 168 |
| Potential number of shares | | | | 316 456 168 | 316 456 168 | 316 456 168 |

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) Pre-tax result + depreciation and impairment +/- unrealised gain/loss on currencies +/- net changes in fair value of financial instruments/potential average no of shares.

6) Result incl non-controlling interest/total equity

7) Total equity/total balance

Notes to the accounts

2nd Quarter 2021

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 23rd of August 2021. 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 2020.

The Financial Report are prepared on the assumption of a going concern. However, the Group’s financial situation is not sustainable as the equity is negative and standstill agreements with the majority of the Group’s creditors have continued since June 2020. The continuing weak markets have increased the financial risk of the Group, and the Board of Directors expects the marked conditions to remain challenging. The timing of a recovery is highly uncertain. A continuing weak market will increase the risk of lower earnings for the Group and further strain the Group’s financial 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 will be further revised and will result in significant impairments 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 31 December 2020, 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 | 2 nd Quarter 2021 | | | 2 nd Quarter 2020 | | |
|---|------------------------------|---------------------------------|---------------------|------------------------------|---------------------------------|---------------------|
| | Management reporting | Reconciliation to equity method | Financial reporting | Management reporting | Reconciliation to equity method | Financial reporting |
| (MNOK) | | | | | | |
| Operating revenue | 2 003 | -287 | 1 716 | 1 802 | -347 | 1 455 |
| Operating expenses | -1 347 | 46 | -1 301 | -1 074 | 61 | -1 013 |
| Net profit from associated and joint ventures | -7 | 24 | 18 | -26 | -39 | -66 |
| Net gain on sale of tangible assets | 31 | - | 31 | - | - | - |
| Operating profit before depreciation and impairment - EBITDA | 680 | -217 | 463 | 701 | -325 | 376 |
| Depreciation | -313 | 68 | -246 | -277 | 65 | -211 |
| Impairment | -218 | 98 | -120 | -779 | 191 | -588 |
| Operating profit - EBIT | 148 | -51 | 97 | -354 | -69 | -424 |
| Financial income | 6 | 5 | 11 | 6 | 9 | 15 |
| Financial costs | -257 | 42 | -216 | -368 | 97 | -270 |
| Net realised gain/loss on currencies | -32 | -2 | -34 | -35 | 9 | -26 |
| Net unrealised gain/loss on currencies | 804 | -74 | 730 | -38 | -22 | -60 |
| Net changes in fair value of financial instruments | 11 | - | 11 | 100 | - | 100 |
| Net financial costs | 531 | -29 | 502 | -335 | 94 | -241 |
| Profit (loss) before taxes | 679 | -80 | 599 | -689 | 24 | -665 |
| Taxes | -99 | 80 | -19 | 14 | -24 | -10 |
| Profit (loss) | 580 | - | 580 | -675 | -0 | -675 |

| RESULT | Acc 2 nd Quarter 2021 | | | Acc 2 nd Quarter 2020 | | |
|---|----------------------------------|---------------------------------|---------------------|----------------------------------|---------------------------------|---------------------|
| | Management reporting | Reconciliation to equity method | Financial reporting | Management reporting | Reconciliation to equity method | Financial reporting |
| (MNOK) | | | | | | |
| Operating revenue | 3 517 | -563 | 2 954 | 3 875 | -713 | 3 162 |
| Operating expenses | -2 394 | 111 | -2 283 | -2 331 | 139 | -2 192 |
| Net profit from associated and joint ventures | -11 | 79 | 69 | -40 | -66 | -106 |
| Net gain on sale of tangible assets | 60 | - | 60 | - | - | - |
| Operating profit before depreciation and impairment - EBITDA | 1 172 | -373 | 799 | 1 505 | -641 | 864 |
| Depreciation | -630 | 138 | -491 | -584 | 131 | -452 |
| Impairment | -349 | 98 | -251 | -2 311 | 376 | -1 935 |
| Operating profit - EBIT | 193 | -136 | 57 | -1 389 | -134 | -1 523 |
| Financial income | 12 | 18 | 30 | 18 | 35 | 52 |
| Financial costs | -535 | 78 | -457 | -703 | 159 | -544 |
| Net realised gain/loss on currencies | -62 | - | -62 | -563 | 25 | -538 |
| Net unrealised gain/loss on currencies | 270 | -20 | 249 | -2 141 | 108 | -2 032 |
| Net changes in fair value of financial instruments | 21 | - | 21 | -148 | - | -148 |
| Net financial costs | -295 | 76 | -218 | -3 537 | 328 | -3 209 |
| Profit (loss) before taxes | -102 | -60 | -162 | -4 927 | 195 | -4 732 |
| Taxes | -120 | 60 | -60 | 136 | -195 | -59 |
| Profit (loss) | -221 | - | -221 | -4 791 | - | -4 791 |

| BALANCE | 30.06.2021 | | | 30.06.2020 | | |
|---|----------------------|---------------------------------|---------------------|----------------------|---------------------------------|---------------------|
| | Management reporting | Reconciliation to equity method | Financial reporting | Management reporting | Reconciliation to equity method | Financial reporting |
| (MNOK) | | | | | | |
| ASSETS | | | | | | |
| Tangible assets | 18 146 | -5 724 | 12 422 | 21 507 | -6 738 | 14 769 |
| Deferred taxes | 341 | -329 | 12 | 399 | -386 | 13 |
| Investment in associated companies and joint ventures | 7 | 2 431 | 2 439 | 6 | 2 306 | 2 312 |
| Other financial assets | 191 | 1 | 191 | 185 | 246 | 430 |
| Total non-current assets | 18 685 | -3 621 | 15 064 | 22 097 | -4 572 | 17 524 |
| Receivables | 2 165 | 37 | 2 202 | 1 645 | 28 | 1 673 |
| Cash and cash equivalents | 2 135 | -518 | 1 617 | 1 902 | -359 | 1 543 |
| Asset held for sale | - | - | - | - | - | - |
| Total current assets included asset held for sale | 4 299 | -481 | 3 819 | 3 546 | -330 | 3 216 |
| Total assets | 22 985 | -4 102 | 18 883 | 25 643 | -4 903 | 20 740 |
| EQUITY AND LIABILITIES | | | | | | |
| Equity | -1 141 | - | -1 141 | -728 | - | -728 |
| Non-current liabilities | 3 757 | -3 438 | 319 | 4 616 | -4 258 | 358 |
| Current liabilities | 20 369 | -664 | 19 705 | 21 755 | -644 | 21 111 |
| Total liabilities | 24 126 | -4 102 | 20 024 | 26 371 | -4 903 | 21 469 |
| Total equity and liabilities | 22 985 | -4 102 | 18 883 | 25 643 | -4 903 | 20 740 |
| Net interest bearing liabilities excluded effect of IFRS 16 | 19 454 | -3 301 | 16 153 | 22 328 | -4 871 | 17 457 |

Note 3 Segment information - management reporting

| 2 nd Quarter 2021 | Q2 2021 | | | | Acc Q2 2021 | | | |
|---|------------|------------|------------|------------|-------------|------------|------------|--------------|
| | PSV | AHTS | Subsea | Total | PSV | AHTS | Subsea | Total |
| Operating income | 86 | 221 | 1 696 | 2 003 | 170 | 423 | 2 924 | 3 517 |
| Net gain on sale of tangible assets | 2 | - | 29 | 31 | 31 | - | 29 | 60 |
| Operating result before depreciation and impairment - EBITDA | 14 | 137 | 529 | 680 | 55 | 249 | 868 | 1 172 |
| Depreciation | 26 | 50 | 237 | 313 | 54 | 100 | 476 | 630 |
| Impairment | 25 | 26 | 167 | 218 | 37 | 35 | 278 | 349 |
| Operation result - EBIT | -37 | 61 | 124 | 148 | -35 | 114 | 114 | 193 |

| 2 nd Quarter 2020 | Q2 2020 | | | | Acc Q2 2020 | | | |
|---|------------|-------------|-------------|-------------|-------------|-------------|--------------|---------------|
| | PSV | AHTS | Subsea | Total | PSV | AHTS | Subsea | Total |
| Operating income | 112 | 275 | 1 415 | 1 802 | 263 | 676 | 2 937 | 3 875 |
| Operating result before depreciation and impairment - EBITDA | 16 | 140 | 545 | 701 | 55 | 371 | 1 079 | 1 505 |
| Depreciation | 31 | 65 | 180 | 277 | 64 | 140 | 379 | 584 |
| Impairment | 18 | 202 | 559 | 779 | 169 | 684 | 1 458 | 2 311 |
| Operation result - EBIT | -32 | -128 | -194 | -354 | -178 | -452 | -758 | -1 389 |

Note 4 Operating revenue

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

| Operating revenue | Q2 2021 | Q2 2020 | Acc Q2 2021 | Acc Q2 2020 | 2020 |
|--------------------|--------------|--------------|--------------|--------------|--------------|
| Lump sum contracts | 30 | 39 | 54 | 48 | 284 |
| Day rate contracts | 1 686 | 1 416 | 2 900 | 3 114 | 5 928 |
| Total | 1 716 | 1 455 | 2 954 | 3 162 | 6 212 |

Note 5 Tangible assets

| 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 |

| 2020 | Vessel and periodical maintenance | ROV | Operating equipment | Asset "Right-of-use" | Total |
|----------------------------------|--------------------------------------|------------|------------------------|-------------------------|---------------|
| Book value at 01.01.2020 | 16 469 | 665 | 337 | 292 | 17 763 |
| Addition | 87 | 4 | 21 | 1 | 113 |
| Reclassification | 9 | 2 | -11 | | - |
| Depreciation | -310 | -79 | -36 | -27 | -452 |
| Impairment loss | -1 831 | | -18 | | -1 850 |
| Currency translation differences | -814 | -1 | 1 | 9 | -805 |
| Book value at 30.06.2020 | 13 610 | 591 | 293 | 275 | 14 769 |

Right-of-use asset

Net booked value of right-of-use assets at the 30 June 2021 consists of property with NOK 235 million (NOK 265 million) and operating equipment with NOK 6 million (NOK 10 million).

Impairment

The fair market values have dropped due the significant drop in oil price and expected weaker markets going forward. In addition, all value in use calculation have been recalculated. The market conditions are expected to remain challenging, and the timing of market recovery remains uncertain. A continuing weak market and high volatility in currencies may increase the risk for further impairment of the Group's assets going forward.

Impairment tests performed for Q2 2021 have resulted in an impairment of vessels of NOK 120 million in the 2nd quarter 2021 and accumulated per 2nd quarter 2021 NOK 251 million. In addition vessel own by joint ventures has been impaired with NOK 98 million in the 2nd quarter 2021.

The markets within oil service are still challenging, and the timing of a recovery remains uncertain. 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 200 million. Negative effect on net future cash flows with 20% will result in an additional impairment of the vessels with approximately NOK 1.7 billion. The impairment tests are USD sensitive and a drop in USD/NOK of NOK 0.50 will result in an additional impairment of NOK 450 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 417 million.

Useful life of vessels

The Group has reassessed useful life of the subsea vessels and from 01.01.2021 the useful life has changed from 20 years to 30 years for these vessels. The change in useful life has increased the monthly depreciation with about NOK 16 million. The useful life for the PSV and AHTS vessels has been 30 years since 01.01.2018.

Note 6 Investment in associates and joint ventures

The Company's investment in associates and joint ventures as of 30.06.2021;

| Joint ventures | Ownership |
|---|--------------|
| DOFCON Brasil AS with subsidiaries | 50% |
| DOF Iceman AS (owner of 40% in Iceman AS, Skandi Iceman) | 50% |
| KDS JV AS | 50% |
| Associated companies | |
| Master & Commander | 20% |
| Skandi Aukra AS | 34% |
| Iceman AS (Skandi Iceman) | 35% |
| Semar AS | 42% |
| Effect of application of IFRS 11 on investments in joint ventures; | 30.06.2021 |
| Opening balance 01.01.2021 | 2 336 |
| Addition | - |
| Profit (loss) | 69 |
| Profit (loss) through OCI | 23 |
| Negative value on investments reallocated to receivable and liabilities | 11 |
| Closing balance 30.06.2021 | 2 439 |

Note 7 Cash and cash equivalent

| | 30.06.2021 | 30.06.2020 | 31.12.2020 |
|---------------------------------------|--------------|--------------|--------------|
| Restricted cash | 154 | 151 | 183 |
| Cash and cash equivalent | 1 462 | 1 392 | 1 697 |
| Total cash and cash equivalent | 1 617 | 1 543 | 1 880 |

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 510 million and are included in unrestricted cash and cash equivalents.

Note 8 Interest bearing liabilities

Financing

The Board and Management have since the 2nd quarter 2019 been working on a long-term refinancing solution for the Group which includes discussions with the banks, the bondholders, and the main shareholders.

The restructuring of the Group's long-term debt is ongoing and standstill agreements have been agreed until the 31st of August 2021 with 91% of the secured lenders within the DOF ASA Group (excl. DOF Subsea Group) and 88% of the secured lenders within the DOF Subsea Group. The standstill agreements do not include the JVs (DOFCON). The DOF Subsea standstill agreements further assume payment of principal and interest of a NOK 100 million credit facility provided by certain lenders in March 2020. The outstanding amount of this facility was NOK 47 million by end of June. The relevant Group companies have imposed unilateral standstill to the secured lenders not participating in the standstill agreements. One of the DOF Subsea secured lenders has requested repayment of approximately USD 47 million and has enforced account pledge on the earnings account for the relevant vessel. The parties have during the quarter entered into a settlement agreement. Pursuant to the settlement agreement, the borrower will prepay such loan in full at a substantial discount, subject to certain condition. Another secured lender has enforced account pledge for one loan facility in DOF Subsea. The bondholders in DOFSUB07, DOFSUB08 and DOFSUB09 have further accepted a standstill until the 31st of August 2021. An Ad-hoc group of bondholders can extend the standstill until the 30th of September.

The BNDES standstill agreements for several facilities in Norskan Offshore Ltda. and one facility in DOF Subsea Brasil matured in June 2021 and both companies have since then paid debt service according to refinancing agreement signed in February 2020. A comprehensive refinancing solution for the Group include a long-term solution for the BNDES facilities.

The dialogue with the lenders is challenging, but constructive, hence a refinancing solution is not yet in place. The debt restructuring proposal currently discussed include conversion of debt to equity, which again will have a significant adverse effect for the current holders of the equity.

The Group's secured and unsecured debt are, in accordance with IFRS, classified as current debt at the 30th of June 2021. The classification is based on the Group's financial situation and standstill agreements of debt service with the banks and bondholders.

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 its 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 8 Interest bearing liabilities (continued)

At the 30th of June 2021 the interest bearing liabilities are as follows;

| | 30.06.2021 | 30.06.2020 | 31.12.2020 |
|--|---------------|---------------|---------------|
| Non-current interest bearing liabilities | | | |
| Bond loan | - | - | - |
| Debt to credit institutions | - | - | - |
| Lease liabilities (IFRS 16) *) | 257 | 330 | 301 |
| Total non-current interest bearing liabilities | 257 | 331 | 301 |
| Current interest bearing liabilities | | | |
| Bond loan | 2 560 | 2 730 | 2 554 |
| Debt to credit institutions | 15 204 | 16 240 | 15 305 |
| Lease liabilities (IFRS 16) *) | 93 | 92 | 94 |
| Overdraft facilities | 5 | 30 | 1 |
| Total current interest bearing liabilities | 17 863 | 19 091 | 17 954 |
| Total interest bearing liabilities | 18 120 | 19 422 | 18 255 |
| Net interest bearing liabilities | | | |
| Other interest bearing assets non-current (sublease IFRS 16) | 66 | 110 | 89 |
| Cash and cash equivalents | 1 617 | 1 543 | 1 880 |
| Total net interest bearing liabilities | 16 437 | 17 769 | 16 286 |
| Net effect of IFRS 16 Lease | 284 | 312 | 307 |
| Total net interest bearing liabilities excluded IFRS 16 Lease liabilities | 16 153 | 17 457 | 15 980 |

*) 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 NOK 448 million. Accrued interest expenses are excluded in the figures above.

Accrued interest to credit institutions is capitalised on the loans on an ongoing basis. The accrued interest on bonds, NOK 307 million, is not capitalised on the loans.

| | Share fixed interest | Balance 30.06.2021 |
|---|----------------------|--------------------|
| Loan divided on currency and fixed interest | | |
| NOK | 42% | 7 045 |
| USD | 65% | 10 659 |
| CAD | 100% | 406 |
| BRL | | 10 |
| Total | 57% | 18 120 |

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). The following are the changes in the Group's borrowings:

| | Balance 31.12.2020 | Cash flows | Non-cash changes | Balance 30.06.2021 |
|---|--------------------|-------------|---|--------------------|
| | | | Proceed lease debt | |
| | | | Capitalisation interest and derivatives | |
| | | | Amortised loan expenses | |
| | | | Currency adjustments | |
| Interest bearing liabilities | | | | |
| Bond loan | 2 554 | | | 2 560 |
| Debt to credit institutions | 15 305 | -415 | 3 | 15 205 |
| Lease liabilities | 395 | -46 | 1 | 350 |
| Overdraft facilities | 1 | 5 | | 5 |
| Total interest bearing liabilities | 18 255 | -457 | 4 | 18 120 |

Note 9 Guarantees

Iceman AS

The Company is guarantor for the debt in Iceman AS of in total NOK 438 million, with a 50% counter guarantee from other owners in this company. Iceman AS has agreed a standstill period with the banks including deferral of interest and instalments until 31st of August 2021. A refinancing solution which include agreement on the counter guarantees is currently being discussed with the secured lenders.

For further information please see the Annual report 2020 note 29 Guarantee.

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 2020.

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

Note 11 Subsequent events

Contracts

The vessel Skandi Paraty has been awarded an 1-year contract extension with Petrobras until July 2022 and the vessel Skandi Iguaçu is on-hire with Equinor on a spot contract, utilisation in July and August, 2021.

The joint venture between DOF Subsea and Aker Solutions, KDS JV AS, has been awarded a subsea decommissioning contract for DNO at the Norwegian Continental Shelf, with planned execution in Q1 2022 using Skandi Acergy.

The Atlantic region has been awarded a 6-month contract extension for integrated FSV services. The project will continue to use Skandi Seven throughout the extended duration.

The APAC region has secured multiple contract awards providing significant utilisation for resources and vessels in the region for Q3 and Q4 2021 and securing solid backlog into the first half of 2022. Collectively, these contract awards secure in excess of 8 months vessel utilisation and include the provision of project management, engineering and all associated fabrication (subcontracted), subsea and marine services.

Petrobras has awarded the pipelay support vessels (PLSVs) Skandi Vitória and Skandi Niteroi a 3 years firm plus option contract for each vessel, via JV partner TechnipFMC and via Norskan Offshore Ltda (a fully owned DOF ASA Company) respectively. Both vessels are Brazilian-built and flagged and owned by DOFCON Navegação Ltda., a joint venture between DOF Subsea (50%) and TechnipFMC (50%).

Share capital

At the 7th of July 2021 the share capital of the Company has been increased with NOK 7,493,388 by issuance of 7,493,388 new shares, each with a nominal value of NOK 1, at the conversion price of NOK 10.00 per share. Following the share capital increase, the Company’s share capital is NOK 316,456,167, divided into 316,456,167 shares, each with a nominal value of NOK 1. The new shares will be registered on the respective bondholders’ VPS accounts and be tradable on the Oslo Stock Exchange from and including the 8th of July 2021.

Note 12 Share capital and shareholders

Largest shareholders as of 30.06.2021

| Name | No. shares | Shareholding % |
|---------------------------------|-------------|----------------|
| MØGSTER OFFSHORE AS | 100 007 313 | 32.37% |
| BNP PARIBAS SECURITIES SERVICES | 9 570 169 | 3.10% |
| NORDNET BANK AB | 4 358 816 | 1.41% |
| BRØNMO, BJARTE | 4 059 543 | 1.31% |
| BRETTEL INVEST AS | 3 400 000 | 1.10% |
| SOTRA KRAN AS | 3 200 000 | 1.04% |
| MOLY AS | 3 007 749 | 0.97% |
| AVANZA BANK AB | 2 598 033 | 0.84% |
| DRAGESUND INVEST AS | 2 360 000 | 0.76% |
| HOLDEN, JIM ØYSTEIN | 2 337 997 | 0.76% |
| NORDNET LIVSFORSIKRING AS | 2 224 925 | 0.72% |
| MOCO AS | 1 984 419 | 0.64% |
| EBB HOLDING AS | 1 949 097 | 0.63% |
| LAWO INVEST AS | 1 857 377 | 0.60% |
| DANSKE BANK A/S | 1 854 425 | 0.60% |
| BERGEN KOMMUNALE PENSJONSKASSE | 1 800 000 | 0.58% |
| KLIPA AS | 1 728 047 | 0.56% |
| SWEDBANK AB | 1 726 572 | 0.56% |
| DAHL, TORE | 1 682 029 | 0.54% |
| MORGAN STANLEY & CO. INT. PLC. | 1 659 185 | 0.54% |
| Total | 153 365 696 | 49.64% |
| Total other shareholders | 155 597 083 | 50.36% |
| Total no of shares | 308 962 779 | 100.00% |

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 2021 | Q1 2021 | Q4 2020 | Q3 2020 | Q2 2020 |
|---|------------|-------------|-------------|-------------|-------------|
| Operating revenue | 2 003 | 1 514 | 1 680 | 2 027 | 1 802 |
| Operating expenses | -1 347 | -1 047 | -1 055 | -1 159 | -1 074 |
| Net profit from associated and joint ventures | -7 | -4 | -25 | -1 | -26 |
| Net gain on sale of tangible assets | 31 | 29 | 7 | 12 | - |
| Operating profit before depreciation and impairment - EBITDA | 680 | 492 | 606 | 879 | 701 |
| Depreciation | -313 | -316 | -255 | -258 | -277 |
| Impairment | -218 | -131 | -687 | -667 | -779 |
| Operating profit - EBIT | 148 | 45 | -335 | -46 | -354 |
| Financial income | 6 | 6 | 2 | 5 | 6 |
| Financial costs | -257 | -277 | -328 | -307 | -368 |
| Net realised gain/loss on currencies | -32 | -30 | -43 | -55 | -35 |
| Net unrealised gain/loss on currencies | 804 | -534 | 1 053 | -33 | -38 |
| Net changes in fair value of financial instruments | 11 | 10 | 46 | 46 | 100 |
| Net financial costs | 531 | -826 | 730 | -343 | -335 |
| Profit (loss) before taxes | 679 | -781 | 395 | -389 | -689 |
| Taxes | -99 | -20 | -157 | -17 | 14 |
| Profit (loss) for the period | 580 | -801 | 238 | -406 | -675 |

Consolidated statement of balance sheet

| (MNOK) | 30.06.2021 | 31.03.2021 | 31.12.2020 | 30.09.2020 | 30.06.2020 |
|---|---------------|---------------|---------------|---------------|---------------|
| ASSETS | | | | | |
| Tangible assets | 18 146 | 17 987 | 18 657 | 20 237 | 21 507 |
| Deferred tax assets | 341 | 359 | 314 | 364 | 399 |
| Investment in associated companies and joint ventures | 7 | 8 | 8 | 5 | 6 |
| Other financial assets | 191 | 170 | 162 | 186 | 185 |
| Total non-current assets | 18 685 | 18 523 | 19 141 | 20 792 | 22 097 |
| Receivables and other current asset | 2 165 | 1 651 | 1 699 | 1 729 | 1 645 |
| Cash and cash equivalents | 2 135 | 2 257 | 2 332 | 2 447 | 1 902 |
| Current assets | 4 299 | 3 908 | 4 031 | 4 176 | 3 546 |
| Total Assets | 22 985 | 22 432 | 23 172 | 24 968 | 25 643 |
| EQUITY AND LIABILITIES | | | | | |
| Total equity | -1 141 | -1 480 | -898 | -1 014 | -728 |
| Non-current liabilities | 3 757 | 3 870 | 3 969 | 4 490 | 4 616 |
| Current liabilities | 20 973 | 20 042 | 20 101 | 21 492 | 21 755 |
| Total liabilities | 24 730 | 23 912 | 24 070 | 25 982 | 26 371 |
| Total equity and liabilities | 23 589 | 22 432 | 23 172 | 24 968 | 25 643 |
| Net interest bearing liabilities | 19 454 | 19 436 | 19 513 | 21 221 | 22 328 |

Consolidated statement of cash flows

| (MNOK) | Q2 2021 | Q1 2021 | Q4 2020 | Q3 2020 | Q2 2020 |
|---|--------------|--------------|--------------|--------------|--------------|
| Net cash from operation activities | 395 | 313 | 451 | 779 | 595 |
| Net cash from investing activities | -167 | -130 | -159 | -53 | -17 |
| Net cash from financing activities | -414 | -224 | -325 | -145 | -176 |
| Net changes in cash and cash equivalents | -186 | -41 | -34 | 582 | 402 |
| Cash and cash equivalents at start of the period | 2 257 | 2 332 | 2 447 | 1 902 | 1 606 |
| Exchange gain/loss on cash and cash equivalents | 64 | -34 | -81 | -37 | -106 |
| Cash and cash equivalents at the end of the period | 2 135 | 2 257 | 2 332 | 2 447 | 1 902 |

Key figures

| | Q2 2021 | Q1 2021 | Q4 2020 | Q3 2020 | Q2 2020 |
|---|-------------|-------------|-------------|-------------|-------------|
| EBITDA margin excluded net gain on sale of tangible assets | 32% | 31% | 36% | 43% | 39% |
| EBITDA margin | 34% | 32% | 36% | 43% | 39% |
| EBIT margin | 7% | 3% | -20% | -2% | -20% |
| Profit per share (NOK) | 183% | -253% | 75% | -128% | -213% |
| Book value equity per share (NOK) | -3,95 | -5,03 | -3,20 | -3,63 | -2,72 |
| Net interest bearing debt excl. effect of IFRS 16 (NOK million) | 19 454 | 19 436 | 19 513 | 21 221 | 22 328 |
| Potential average number of shares | 316 456 168 | 316 456 168 | 316 456 168 | 316 456 168 | 316 456 168 |

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