



4th Quarter Report 2021



The Contents

Letter from the CEO	04
Highlights	06
Financial Summary	08
Operational Update	12
Market Outlook	14
Sustainability	18
Statment of the Board	20
Financial Statement	22
Notes	30
Our Global Footprint	40

The Company

Solstad Offshore (“the Company”) is a world leading owner and operator of offshore service vessels.

As per December 2021 the Company has 3,600 highly skilled employees, nine offices globally and operates a versatile fleet of modern offshore vessels.

Solstad has a clear vision of what lies ahead, and it starts with taking care of our most precious recourses, our people and our planet, while sustaining growth and profitability.

Letter from the CEO

It is encouraging to see that, after years of depressed markets, there are signs of better times ahead. Solstad Offshore is well positioned to take advantage of the opportunities emerging from the combination of increased investments in oil & gas, a continued growth in offshore-wind and limited supply of new vessels. I am pleased to report that 4th quarter was a step forward compared to 4Q 2020. We continued to build backlog at improving terms and we had a strong utilization of our fleet.

On the negative side, Covid continued to challenge our organization, both on -and offshore. It also affected our cost, and, in a few cases, it resulted in lost revenue. Unfortunately, we see the negative impact of Covid continuing into 2022.

Looking ahead, it is likely that the growing offshore market must rely on the vessels that are already in operation. In our estimate, very few of the vessels that still are in lay-up globally are relevant in the main geographical regions and for the main clients.

Solstad has pr. 31.12.21, sold 25 out of 36 vessels we defined as non-strategic. After quarter-end, we have sold 5 more and we expect to sell the last 6 within the first six months of 2022.

Eventually, a new generation of vessels will arrive, but this will still take several years. In the meantime, we must focus on how we can improve the existing vessels to meet our target of 50% reduction of GHG-emissions within 2030. In December we launched an investment program of MNOK 300, based on a grant of MNOK 87 from Innovation Norway. The plan is to continue to invest in battery-hybrid systems, shore power connections and other measures that can reduce emissions further. Digital solutions, remote services and operations are other strong focus areas as we upgrade existing vessels.

Both in 3Q and 4Q 2021, we had a strong order intake. This trend has continued also into the new year. Solstad are well positioned for a growing market with a competent organization, a fleet of 90 modern vessels and a healthy combination of firm contracts in hand and available capacity.

Thank you.



Lars Peder Solstad
CEO

Highlights

- Revenues for 4Q 2021 increased with 11% to MNOK 1,303 vs MNOK 1,175 in 4Q 2020.
- Adjusted EBITDA increased with 43% to MNOK 291 vs MNOK 204 in 2020.
- Full-year revenues for 2021 increased with 8% to MNOK 5,404 vs MNOK 5,026 in 2020, while adjusted EBITDA increased with 20% to MNOK 1,533 vs MNOK 1,282 in 2020.
- Signed new contracts worth approximately NOK 2 billion in 4Q 2021.
- The market outlook for the company's services continue to improve.
- Solstad launched a major green technology investment program of MNOK 300 and received a grant of MNOK 87 from Innovation Norway as financial support to the investment program.
- 80 of 90 vessels have been working during the quarter, at an average utilization of 86%.
- As of end 4Q 2021 the Company has sold 25 of 37 vessels classified as non-strategic while 5 has been sold after quarter end.



Key Financials

(NOK 1,000,000)	2021 01.10-31.12	2020 01.10-31.12	2021 01.01-31.12	2020 01.01-31.12	2019 01.01-31.12	2018 01.01-31.12
Revenue	1,303	1,175	5,404	5,026	5,245	4,910
EBITDA adjusted	291	204	1,533	1,282	1,415	1,005
EBIT	-143	-288	-9	-2,185	-1,196	-3,987
Profit before Tax	-396	11,434	-1,107	7,250	-3,129	-5,888
Cash and equivalents	2,459	2,412	2,459	2,412	1,134	1,351
Net working capital	-126	-803	-126	-803	-26,264	-24,654
Equity	3,090	4,243	3,090	4,243	-3,835	-851
Net interest bearing debt*	19,033	19,365	19,033	19,365	30,990	28,727
Order backlog	5,600	5,200	5,600	5,200	8,200	6,800

*Including recognized debt relating to IFRS 16 Leases (Note 9)

Financial Summary

Operating income for 4Q 2021 amounted to MNOK 1,303 compared to MNOK 1,175 in 4Q 2020.

- The main revenue drivers are: more vessels in operation, higher day rates and better fleet utilization.
- Total operating expenses in 4Q 2021 amounted to MNOK 1,062, of which MNOK 940 are classified as vessel operating expenses. Compared to 4Q 2020, total operating expenses decreased by MNOK 42.
- Administrative expenses for 4Q 2021 were MNOK 122 compared to MNOK 203 for 4Q 2020. Main reason for the high administrative cost in 4Q 2020 was restructuring cost.
- Additional cost related to the COVID-19 pandemic amounted to approximately MNOK 30 in the quarter.
- Operating result before depreciation was MNOK 241 in 4Q 2021 compared to MNOK 70 in 4Q 2020.
- Ordinary result before taxes for 4Q 2021 was negative with MNOK 396 compared to MNOK 11,442 for 4Q 2020. The main driver for the large difference is debt to equity conversion giving an large accounting effect from the restructuring completed in October 2020.
- Adjusted EBITDA was MNOK 291 in 4Q 2021 compared to MNOK 204 for 4Q 2020.
- Total liquidity for the group was MNOK 2,459 per 4Q 2021 compared to MNOK 2,412 in 4Q 2020
- Total booked equity at the end of the quarter was MNOK 3,090

During 4Q 2021 the currency exchange fluctuations resulted in an unrealized loss of MNOK 104. In addition, the

Company has a realized currency gain of MNOK 1 relating to account payable and receivable positions being settled.

Full-year figures

- Operating income for 2021 was MNOK 5,404 compared to MNOK 5,026 in 2020
- EBITDA Adjusted for 2021 was MNOK 1,533 compared to MNOK 1,282 in 2020
- Ordinary result before taxes was MNOK -1,107 compared to MNOK 7,250 in 2020
- Booked equity for 2021 was MNOK 3,090 compared to MNOK 4,243 in 2020

Cash Flow & Cash Position

The overall cash position at the end of 4Q 2021 was MNOK 2,459 compared to MNOK 2,412 in 4Q 2020. The net cash flow from operations was positive with MNOK 494 for 4Q 2021. Net cash flow from investments was negative by MNOK 75, mainly related to planned maintenance and regulatory docking and installation of battery hybrid system on vessels. Net interest paid to lenders was MNOK 232 and net repayment of long-term debt to lenders were MNOK 222 in 4Q 2021.

Capital Structure

Total current assets at the end of 4Q 2021 were MNOK 3,897 (MNOK 3,842 per 4Q 2020), of which cash and cash equivalents amounted to MNOK 2,459 (MNOK 2,412). This includes the unused super senior credit facility of MNOK 1,494.

Total current liabilities were NOK 4,023 (MNOK 4,645) including MNOK 2,913 in short term portion of long-term debt, giving net working capital of MNOK -126 (MNOK -796).

Total non-current assets at the end of the quarter were MNOK 20,867 (MNOK 22,200). The reduction is explained by ordinary depreciation, divestments and foreign exchange movements.

Net interest-bearing debt was at MNOK -19,033 (MNOK -19,365), with the decrease mainly explained by repayment of debt.

The Company's equity as of 31 December 2021 was MNOK 3,090 (MNOK 4,243), which represents 12.4% of the total balance sheet (16.3% per 31 December 2020).

Risk

The Company is exposed to market, commercial, operational and financial risks that affect the assets, liabilities, available liquidity and future cash flows. A risk mitigation framework has been established based on identifying, assessing and managing the Company risks. Most of the Companies debt will mature 1Q 2024 and there is an inherent refinancing risk. The Board monitors the overall risk factors for the Company.

Market risks are changes in demand and prices of the services provided by the Company. Operational risks connected to technical downtime are mitigated through a well-developed planned maintenance system based on makers recommendations and own experiences connected to individual components. The margins have been under pressure with the impact of COVID-19, which has affected all regions where the Company operates. A slower market recovery will impact future earnings of the Company's fleet going forward. The Company has implemented a wide range of measures to minimize the pandemic risk for people and operations. Although a large part of the Company's staff has been vaccinated against COVID-19, the Company continues to practice social distancing, travel restrictions, testing of marine crew and partly working from home. The Company has so far avoided significant COVID-19 disruption to operational uptime and will continue to enforce proper measures to minimize the risk. The Company continually evaluates measures to reduce risk exposure as mentioned above.

The Company is exposed to interest rate and currency risk, primarily through financing and contracts. Interest rate risk is to a certain extent mitigated by hedging contracts and currency risk is reduced by having debt in the same currency as charter agreements.



Normand Maximus update

For the CSV Normand Maximus the situation remains as previously communicated. Normand Maximus Limited continues its dialogue with its financiers to find a long-term solution for the lease financing of Normand Maximus. The agreements related to Normand Maximus entitle Maximus Limited, as owner of the vessel, to require Normand Maximus Limited to buy the vessel and/or exercise other rights and remedies under the lease financing if a solution is not found. Absent a solution, there is a risk in the current markets that Normand Maximus Limited as bareboat charterer of the Normand Maximus will not be able to finance such a purchase or other claims. As all obligations of Normand Maximus Limited are guaranteed by Solstad Offshore ASA, this could have a material adverse effect on Solstad Offshore ASA's financial situation. As advised in our 2Q 2021 report, the Company has received summons from M. Y. F Maximus Limited as a former shareholder in Maximus Limited, for a declaratory relief that M.Y.F Limited has a recourse claim against the Company. The hearing is scheduled to 2Q 2022.

Further details refer to Note 6 in the 4Q 2021 report, and "Finance" and Annual Report 2020 Note 1, 2, 4 and 28 and the risk section of the Prospectus from the Company published on 19 October 2020.



Operational Update

Solstad Group is a world leading owner and operator of offshore service vessels.

HSE resulted in a TRCF (Total Recordable Case Frequency) at 1.19, which is a good achievement compared to industry levels and company history. The trend has been positive throughout the fourth quarter and our cultural awareness program, SIFO (Solstad Incident Free Operations), has further strengthened the Company's focus on a good safety culture. In November, Solstad received the annual Offshore Support Journal's Environmental award in London.

The situation that are under development in Ukraine in 1Q22, could impact the Company's operations, but the severity is too early to state at this point in time.

Covid-19 remained a challenge and infection rates increased towards the end of the fourth quarter as a result of the Omikron mutation. Crew changes have in certain areas been difficult in terms of crew logistics and schedule, and cost has subsequently been higher than budgeted. Covid-19 restrictions have significantly affected the crew on board certain vessels. Further, a survey has identified "covid fatigue". The Company has implemented measures to mitigate potential impact.

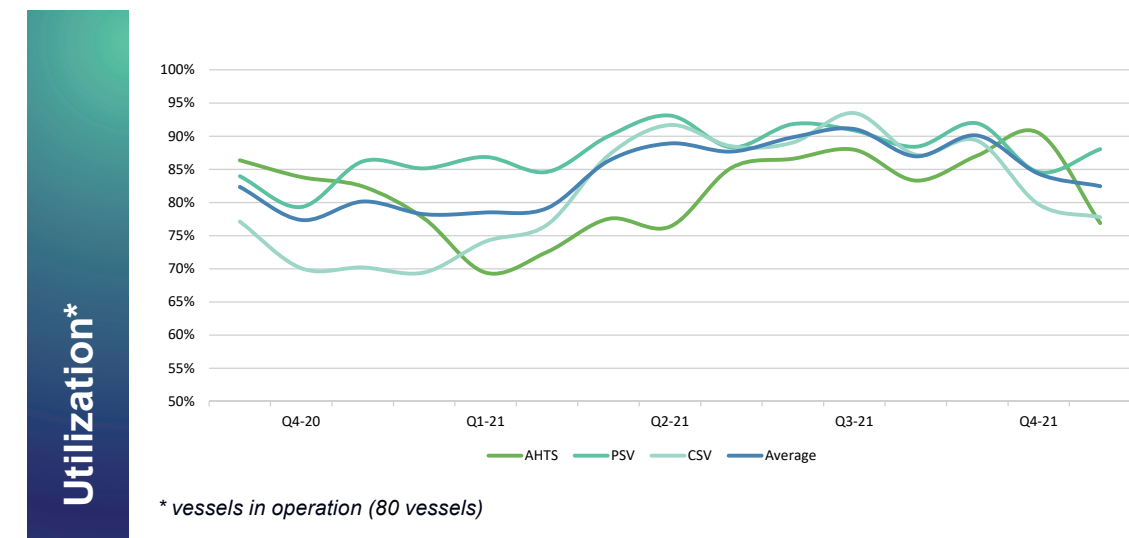
From a procurement / logistics perspective, Covid-19 has had limited impact throughout the quarter. However, challenges seem to be on the increase due to global pressure on the supply chain. Planning therefore remains a critical factor to avoid delays.

Normand Maximus completed her first main class renewal on time and budget in 4Q 2021. There will be an increased number of regulatory dry-dockings during 1Q 2022. The *Normand Solitaire* had a battery-hybrid installation during 4Q 2021, the ninth battery-hybrid installation in the fleet. The Company plan to continue investing into technology to reduce emissions and by 2022 three new battery hybrid installations will be installed. The Company has engaged in discussions with relevant parties with a view to develop onshore remote operation of parts of the offshore services that the company participates in. The company believe this initiative will improve the company's standing and competitiveness.

Within information and communication technology, the quarter passed by without any critical issues.

Utilization

As per December 31st, 2021, the Company owned and/or operated a core fleet of 90 vessels where 80 vessels were in operation; 25 CSVs, 17 AHTS & 38 PSV. The overall utilization for the operational fleet in 4Q 2021 was 86% (80% in 4Q 2020). The subsea CSV fleet had a utilization of 82% (72%), AHTS fleet 85% (84%) and PSV fleet 88% (83%).



Non-strategic fleet

Solstad is in the process of selling vessels that are defined as non-strategic and not a part of the future Solstad-fleet.

In general, these are the oldest and smallest vessels in the fleet. Pr. 31.12.21, 25 of 37 vessels had exited the fleet, while 5 has been sold after quarter end.

Market Outlook

Demand for offshore vessels maintains its positive trend and build-up of contract backlog continues as commercial terms improve.

Particularly CSVs are in demand from both the oil & gas and offshore wind industries while the activity level for the AHTS and PSV segments see signs of improvement.

There will still be seasonal variations and 1Q22 will be a quarter with lower activity than foreseen in the main season. This also includes a high number of drydockings as well as mobilizations for new contracts.

The markets are driven by increasing offshore investment levels based on high energy prices and a continued high growth in build-out of renewable energy.

Tender activity is high for all vessel segments in regions such as the North Sea and Brazil. In Asia and Australia the activity level is not as high yet.

Within offshore wind, the extended offering via the Windstaller Alliance (Solstad, DeepOcean and Aker Solutions) has been well received by clients. The alliance is already involved in several tender processes which have contract awards during 2022.

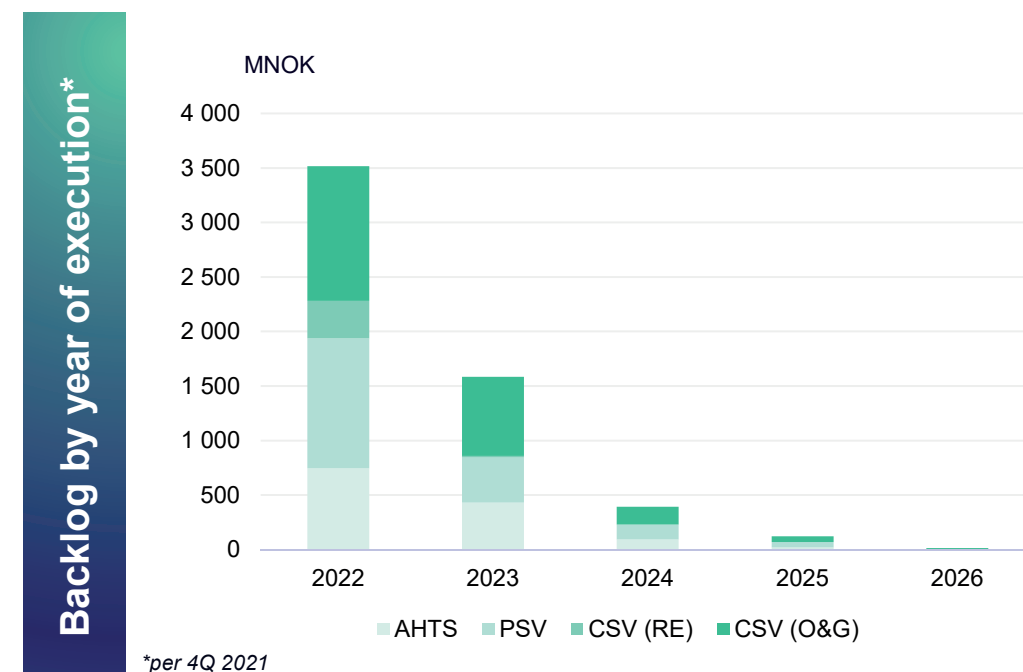


Clients in the subsea segment continue to build backlog and are requesting CSVs for both year-round and seasonal contracts. The supply/demand balance is getting tighter and the potential for more vessels to join the market either as a newbuild or from lay-up are limited.

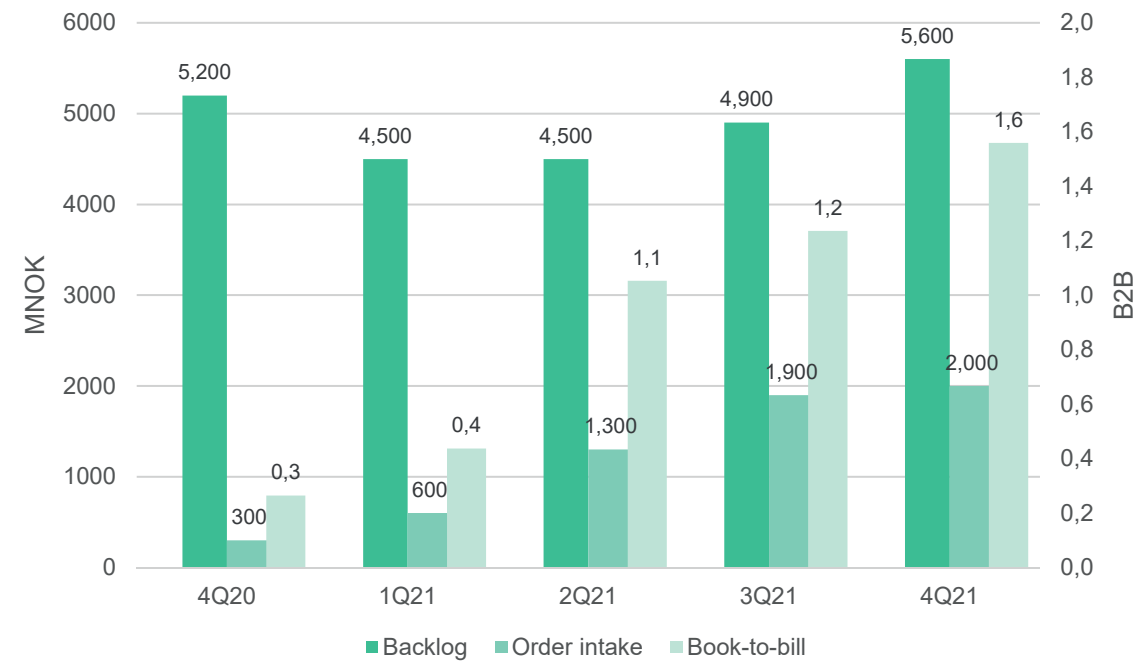
There is also increased activity in the AHTS and PSV segments, but the number of active vessels still put pressure on the rates.

An increase in offshore activity will normally give a better supply/demand balance over time.

The Company's backlog is approximately MNOK 5,600 whereof MNOK 3,500 is for execution the next 12 months.



Backlog, Order intake & Book-to-bill development



Events Subsequent to the Quarter

- Normand Sitella has been awarded a long term contract with a UK operator to support its UK North Sea assets for an initial period of one year firm, with two optional years. The contract will commence within March 2022. In addition, a one-year option on Sea Forth has been declared.
- Multiple contracts involving several subsea vessels were awarded with a combined utilization of 640 days, plus additional options, to support projects in the North Sea, Brazil and West Africa. The contracts, which have a combined value of approximately MNOK 400, including additional services, will be executed during 2022 by Solstad's CSVs Normand Maximus, Normand Frontier, Normand Pioneer and Normand Navigator.
- Normand Australis, Normand Cutter and Normand Fortress awarded contracts within renewable energy for a total of approximately 440 vessel days and combined value of MNOK 175.
- Normand Valiant awarded contract to operate for Petrobras for 2 year firm and 2 years option with the gross value of approximately MNOK 350.
- Solstad and Global Marine Group agreed to extend the present ontract with CSV Normand Clipper for an additional 3 years firm and options thereafter.
- After quarter end Solstad sold the AHTS' Nor Captain, Far Sword, Far Stream, Normand Mariner and Normand Master. The vessel sales generate an immaterial accounting effect in 4Q 2021.



Sustainability

Solstad has sustainability as one of our top priorities. By involving all employees, key clients and main suppliers we jointly work towards a sustainable future.

- The Company's high operational standard continues through focus on safety at all stages of its operations. During the 4Q 2021, the Company has continued the positive trend. As a result, the TRCF frequency has come down to a record low 1.19 at the end of the 4Q 2021.
- The PSV, *Normand Solitaire*, has been upgraded with battery-hybrid technology in 4Q 2021. This ninth battery-hybrid vessel conversion is expected to reduce the vessel and fleet emissions by 1,000 tonnes CO₂ per year.
- Solstad together with the engine and ship system supplier Wärtsilä have signed a strategic cooperation agreement to join forces on decarbonization.
- Solstad received a grant of 87 MNOK from Innovation Norway in 4Q 2021. The grant is for battery-hybrid and shore-power upgrades for 11 vessels in Solstad's fleet over the next three years.
- Of the seven vessels reported sold for recycling in 3Q 2021, two vessels remain to be delivered. The delay has been caused by weather challenges. All seven vessels will be recycled at Green Yard Kleven and Green Yard Fedå.

Environment

The long term fuel reduction indicator for the entire fleet was 21% by end 4th quarter which means that a 1% improvement has been achieved this year (the 'Fleet efficiency' has 2008 as the baseline). Target for the year was 3% in order to achieve a 23% overall reduction. The set annual fuel reduction goal was too ambitious also considering higher activity and utilisation in the fleet. Going forward, Solstad will track carbon intensity data for the fleet showing emissions per day per vessel and vessel type in addition to total fleet emissions. These indicators will be included in the 2022 reports.

The Company is currently working on plans to establish pilot projects to investigate the use of fuel cell technology and multi-fuel solutions for internal combustion engines. Such solutions will enable low or zero emission operations from existing vessels in the medium term, and on new build vessels in the longer term.

The amount of unwanted oil spills to sea is declining. A total of 151 litres was registered to sea in 4Q 2021, and was mainly related to one incident. The full-year number shows a positive trend versus last year.

The Company's objective of stop using single use plastic water bottles on board the fleet has been more challenging than expected around the world. Key challenges are increased activity levels, specific new contracts that require water bottles, and Covid-19-related issues. There is still a way to go to reach our goal. The single use bottles are now included in the 'say no to single use items' campaign which was released in February 2022.

Social

At the end of the 2Q 2021, the Total Recordable Case Frequency (TRCF) was too high at 1.72 (Solstad's goal is 1.10). As a consequence, several initiatives have been initiated to engage with the vessel management and crew to identify measures that could influence the day-to-day safety focus onboard the vessels. Since then, the TRCF has decreased to 1.29 by the end of 3Q 2021 and further down to 1.19 by end 4Q 2021. Only two recordable incidents were registered in 4Q 2021.

As part of the Company's diversity and inclusion program, Solstad has established a long-term goal of increasing the number of female seafarers. The share of female seafarers is now 6% - up from 5% in 2020. The 2025 goal is 10%.

Governance

No material governance incidents have been registered during the quarter.

A total of 86 internal and external audits, port state controls etc. have been completed during 4Q 2021, resulting in only minor findings.

Quarterly ESG Indicators

All indicators available on <https://www.solstad.com/sustainability/>

Environment	Unit	Target 2021	4Q	3Q	2Q	1Q	2020	2019	2018
Fleet efficiency***	%	23 %	21 %	21 %	21 %	21 %	20%	17 %	16 %
CO ₂ , scope 1 (own activity)	tCO ₂	-	184,261	193,375	179,312	154,604	696,888	801,578	714,722
Oil spill litres	Litres	0	151	41	76	24	349	113	679
Fines for non-compliance of environmental regulations	No.	0	0	0	0	0	0	0	0
Single use plastic water bottles on board our vessels	%	0	- 26 %	- 4 %	- 19 %	- 55 %	100 %	-	-
Social									
TRCF (12-months rolling, Total Recordable Case Frequency)*	No.	1.10	1,19	1,29	1,64	1,31	1.28	1.65	1.86
Fraction of all employees completed sustainability training **	%	100 %	85 %	83 %	80 %	50 %	43 %	-	-
Governance									
Incidents related to Corruption and Bribery	No.	0	0	0	0	0	0	0	0

* per 1,000,000 hour

** Training started 21.12.2020

*** Baseline for the efficiency target is an average of each vessel's performance over the past 3 years. The increased performance comes from operational measures (Solstad Green Operations) and/or technical upgrades such as battery and/or shore power systems.

Statement from the Board

We confirm that the consolidated accounts for the period January 1 to December 31, 2021 are to the best of our knowledge, prepared in accordance with IAS 34.

The bi-annual report and the figures used for the quarterly reporting give a fair and true value of the enterprise and group's assets, debts, financial position and result which, in its entirety, gives a true overview of the information in accordance with § 5-6 fourth paragraph of the Securities Trading Act.

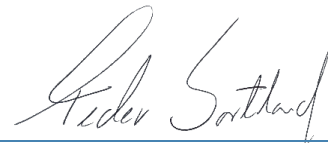
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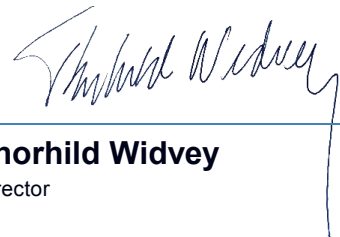
Harald Espedal
Chairman



Frank O. Reite
Director



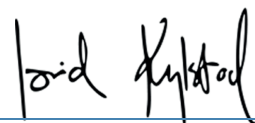
Peder Sortland
Director



Thorhild Widvey
Director



Ellen Solstad
Director



Ingrid Kylstad
Director



Lars Peder Solstad
CEO



Condensed statement of comprehensive income

(NOK 1,000)

	2021 01.10-31.12	2020 01.10-31.12	2021 01.01-31.12	2020 01.01-31.12	Note
Operating income	1,302,824	1,174,789	5,404,005	5,025,630	2,3,4
Vessel operating expenses	-939,650	-900,922	-3,568,410	-3,516,921	
Administrative expenses	-122,646	-203,469	-435,296	-476,829	
Total operating expenses	-1,062,296	-1,104,390	-4,003,707	-3,993,750	4
Operating result before depreciations	240,528	70,399	1,400,298	1,031,880	3
Ordinary depreciation	-312,469	-285,571	-1,264,151	-1,358,345	5
Impairment	-	-72,386	-45,049	-1,895,040	5,6
Net gain/ loss on sale of assets	-71,391	-14	-99,730	-28,896	
Operating result	-143,331	-287,571	-8,631	-2,250,402	
Result from Joint Ventures	3,251	-5,920	247	23,975	7
Result from associated companies	20	13,921	108	41,423	7
Total other items	3,271	8,001	355	65,398	
Interest income	2,346	-7,243	10,295	6,373	
Realised currency gain/ -loss	1,367	-245,536	5,451	-240,107	
Unrealised currency gain/ -loss	-103,954	532,645	-276,808	-180,349	
Interest charges	-253,001	-257,102	-1,003,543	-1,437,619	
Net financial charges / -income	97,788	11,699,059	165,530	11,287,055	
Net financing	-255,455	11,721,823	-1,099,075	9,435,353	
Ordinary result before taxes	-395,515	11,442,253	-1,107,351	7,250,349	
Taxes ordinary result	-6,644	-8,098	-23,260	3,517	9
Result	-402,158	11,434,155	-1,130,610	7,253,866	
Other comprehensive income:					
Exchange differences on translating foreign operations	72,786	521,459	-41,968	580,397	
Actuarial gain/ loss	-3,971	-5,921	-3,971	-5,921	
Other comprehensive income	-333,344	11,949,693	-1,176,550	7,828,342	
Result attributable to:					
Non-controlling interests	-34,931	6,634	-34,395	13,122	
Majority share	-367,228	11,427,521	-1,096,216	7,240,743	
Earnings per share	-5.34	43.46	-15.05	29.13	
Other comprehensive income attributable to:					
Non-controlling interests	-34,931	6,634	-34,395	13,122	
Majority share	-298,413	11,943,059	-1,142,155	7,815,219	
Other comprehensive income per share	-4.42	45.59	-15.67	29.13	
EBITDA adjusted	291,311	203,678	1,532,737	1,282,208	3,4
Average number of shares (1,000)	75,319	121,945	75,107	249,042	

Condensed statement of financial position

(NOK 1,000)

	2021 31.12	2020 31.12	Note
ASSETS			
Fixed Assets:			
Intangible assets	14,497	13,079	
Tangible fixed assets	18,090,328	19,509,619	5
Right-of-use assets	2,561,186	2,457,322	6
Investment in associated companies and Joint Ventures	92,407	111,032	7
Financial fixed assets	108,327	109,147	4
Total fixed assets	20,866,744	22,200,199	
Current Assets:			
Stocks	173,041	165,330	
Accounts receivables	816,745	839,628	
Other receivables	433,047	414,011	
Market based shares	15,200	11,100	
Deposits, cash, etc	2,459,027	2,411,905	8
Total current assets	3,897,060	3,841,974	
Assets held for sale	187,200	26,803	5
TOTAL ASSETS	24,951,005	26,068,976	
EQUITY AND LIABILITIES			
Equity:			
Paid-in equity	252,536	250,445	
Other equity	2,842,356	3,976,816	
Non-controlling interests	-5,381	15,814	
Total equity	3,089,511	4,243,075	
Liabilities:			
Long-term provisions	32,261	37,885	
Other long-term debt	1,917	12,372	8
Debt to credit institutions	17,804,706	17,130,648	8
Total long-term debt	17,838,884	17,180,905	
Current liabilities:			
Current portion of long-term debt	2,912,913	3,499,897	8
Other current liabilities	1,109,696	1,145,099	
Total current liabilities	4,022,609	4,644,996	
Total liabilities	21,861,493	21,825,902	
TOTAL EQUITY AND LIABILITIES	24,951,005	26,068,976	

Statement of cash flow

(NOK 1,000)

	2021 31.12	2020 31.12
CASH FLOW FROM OPERATIONS		
Result before tax	-1,107,351	7,255,923
Taxes payable	-18,917	-35,649
Ordinary depreciation and write downs	1,309,199	3,253,386
Gain (-)/ loss long-term assets	95,274	321,975
Interest income	-10,295	-6,243
Interest expense	1,003,543	1,438,726
Terminated leases	-	439,559
Non-cash refinance effects	-91,102	-11,713,286
Effect of change in pension assets	400	7,695
Change in value of financial instruments	-	-170,239
Unrealised currency gain/ -loss	270,867	113,922
Change in short-term receivables and payables	42,555	242,583
Change in other accruals	-110,419	-372,523
Net cash flow from operations	1,383,754	775,829
CASH FLOW FROM INVESTMENTS		
Investment in tangible fixed assets	-72,654	-57,385
Payment of periodic maintenance	-252,192	-406,800
Consideration sale of fixed assets (vessels)	290,215	1,014,170
Payment of long-term receivables	820	64,136
Received interests	10,295	6,243
Realization of shares and holdings	-	36
Net cash flow from investments	-23,515	620,401
CASH FLOW FROM FINANCING		
Paid-in capital	-	70,355
Paid leases	-389,671	-461,777
Paid interests	-531,847	-157,973
Drawdown long-term debt	-	1,467,962
Repayment of long-term debt	-397,541	-1,077,155
Net cash flow from financing	-1,319,059	-158,588
Effect of changes in foreign exchange rates	5,942	40,236
Net change in cash	41,180	1,237,642
Cash at 01.01	2,411,905	1,134,028
Cash at balance sheet date	2,459,027	2,411,905

Statement of changes in equity

(NOK 1,000)

	Share capital	Treasury shares	Share premium	Other paid-in capital	Other changes	Other equity	Total majority shares	Non-controlling interests	Total equity
Equity 01.01.2021	74,873	0	175,572	0	981,656	2,995,161	4,227,261	15,814	4,243,075
Result	-	-	-	-	-	-1,096,216	-1,096,216	-34,395	-1,130,610
Actuarial gain/loss(-)	-	-	-	-	-	-3,971	-3,971	-	-3,971
Translation adjustments	-	-	-	-	-41,968	-	-41,968	-	-41,968
Other comprehensive income	0	0	0	0	-41,968	-1,100,187	-1,142,155	-34,395	-1,176,550
Share capital increase by conversion of debt	736	-	1,355	-	-	-	2,091	-	2,091
Equity contribution	-	-	-	-	-	-	-	13,200	13,200
Other adjustment*	-	-	-	-	-	7,695	7,695	-	7,695
Equity 31.12.2021	75,609	0	176,927	0	939,688	1,902,669	3,094,892	-5,381	3,089,511

Equity 01.01.2020	583,065	-281	3,698,350	321,648	401,259	-8,842,152	-3,838,111	2,691	-3,835,420
Result	-	-	-	-	-	7,218,886	7,218,886	13,122	7,232,009
Actuarial gain/loss (-)	-	-	-	-	-	-5,921	-5,921	-	-5,921
Translation adjustments	-	-	-	-	580,397	-	580,397	-	580,397
Other comprehensive income	0	0	0	0	580,397	7,234,822	7,815,219	13,122	7,828,342
Share capital decrease	-582,773	281	-	-	-	582,492	-	-	-
Transfer of paid-in capital	-	-	-3,698,350	-321,648	-	4,019,999	-	-	-
Share capital increase by conversion of debt	48,075	-	131,723	-	-	-	179,798	-	179,798
Share capital privat placement	26,506	-	43,849	-	-	-	70,355	-	70,355
Equity 31.12.2020	74,873	0	175,572	0	981,656	2,995,161	4,227,261	15,814	4,243,075

* Other adjustments in 2021 relates to adjustment of prior years deferred tax on actuarial gains and losses.

Notes

Notes to condensed statement of comprehensive income and statement of financial position

(NOK 1,000)

Note 1 - General

Solstad Offshore ASA's (SOFF) head office is in Skudeneshavn, Norway. The Company's main activities are operation and ownership of offshore service and construction vessels. The Company is listed on Oslo Stock Exchange. The quarterly accounts are prepared using the same accounting principles as last year's accounts and in compliance with IAS 34 Interim Financial Reporting.

The interim accounts are prepared on the assumption of a going concern. The going concern assumption is based on the level of cash and cash equivalents at reporting date, terms and conditions of the banking and borrowing facilities, the forecasted cash flow prognosis for the Group and the backlog position. Based on the information given on "Normand Maximus" related to the bareboat charter, the Board of Directors needs to point out that there is uncertainty related to the going concern assumption of Solstad Offshore ASA.

Note 2 - Operating Income

The Company's revenues mainly derive from offering vessels and maritime personnel to customers world wide. Basically all contracts with customers are contracts with day rate. Contract with day rate is contract where income is earned on a day-by-day basis, based on an agreed day rate with the customer. Revenue from contracts with day rate is recognized accordingly.

The agreed day rate is divided into a service element and a lease element. The service element includes the maritime services provided to navigate the vessel according to the customers' requirements, while the lease element is the estimated rental of the vessel (equipment).

Some of the contracts also includes victualling and onshore project management. Victualling is meals and bedding provided to the customers personnel onboard the vessel. The Group also provides ordinary management services, such as technical services, crewing, insurance and commercial management for vessels not owned by the Group. Revenue on services, mentioned above, are recognized over time, as the performance obligation is satisfied over time.

	2021 01.10-31.12	2020 01.10-31.12	2021 01.01-31.12	2020 01.01-31.12
Service element from contract with day rate	559,499	479,820	2,122,408	2,032,598
Management Fee	2,043	2,696	8,970	27,268
Victualling	28,574	22,123	106,860	93,111
Project management	-	-	-	3,329
Other	-21,736	10,223	114,332	57,896
Revenue from Contracts with customers	568,380	514,862	2,352,570	2,214,202
Other income	52,444	-	52,444	-
Leasing from contracts with day rate	682,000	659,927	2,998,991	2,811,429
Total operating income	1,302,824	1,174,789	5,404,005	5,025,630

* Other income includes distribution from Den Norske Krigsforsikring for Skib with MNOK 52,4

Contract balance	31.12.2021	31.12.2020
Trade receivables from charters	816,745	839,628
Contract assets	-	-
Contract liabilities	-	-

Note 3 - Reporting per Segment

Q4 2021

	AHTS	PSV	Subsea	Renewable	Total
Revenue from contracts with customers	215 467	127 725	168 128	61 903	573 223
Other income	13 479	16 216	17 906	4 844	52 444
Lease element from contracts with day rate	149 115	236 210	205 692	86 140	677 157
Total operating income	378 061	380 151	391 726	152 887	1 302 824
Crew expenses	152,722	221,394	126,602	50,908	551,625
Other expenses	121,766	130,515	180,702	47,240	480,224
Total operating expenses	274,489	351,909	307,304	98,148	1,031,849
Bunkers	3,969	8,638	16,075	1,765	30,447
Operating result before depreciations	99,603	19,605	68,347	52,974	240,528
Excess and less values freight contracts	-	-	-	-	-
Net result from Joint Venture	-	-	3,251	-	3,251
Adjusted operating result before depreciations	99,603	19,605	71,599	52,974	243,779

Q4 2020

	AHTS	PSV	Subsea	Renewable	Total
Revenue from contracts with customers	130,173	137,113	174,809	73,094	515,189
Other income	-	-	-	-	-
Lease element from contracts with day rate	161,207	168,287	246,293	83,813	659,599
Total operating income	291,380	305,400	421,102	156,907	1,174,789
Crew expenses	147,017	189,043	146,482	20,510	503,051
Other expenses	123,176	167,085	215,320	66,300	571,881
Total operating expenses	270,193	356,128	361,802	86,809	1,074,932
Bunkers	7,660	4,015	16,331	1,452	29,458
Operating result before depreciations	13,527	-54,743	42,969	68,646	70,399
Excess and less values freight contracts	-	-	2,812	-	2,812
Net result from Joint Venture	-	-	-60,566	-	-60,566
Adjusted operating result before depreciations	13,527	-54,743	-14,785	68,646	12,645

Internally the Company reports and monitors its operation in the following segments:

- AHTS: anchorhandling vessels
- PSV: platform supply vessels
- Subsea: construction vessels operating subsea construction contracts
- Renewable: vessels operating renewable contracts

Figures are exclusive share result from joint ventures.

Changes in reporting from 2020 Annual Report:

- Reporting on Renewable segment commenced on January 1st, 2021
- AHTS and PSV is reported separately from January 1st, 2021

YTD Q4 2021

	AHTS	PSV	Subsea	Renewable	Total
Revenue from contracts with customers	604 644	727 418	805 124	220 229	2 357 414
Other income	13 479	16 216	17 906	4 844	52 444
Lease element from contracts with day rate	655 921	699 097	1 294 668	344 461	2 994 148
Total operating income	1 274 044	1 442 731	2 117 698	569 533	5 404 005
Crew expenses	574,382	771,097	519,844	181,138	2,046,461
Other expenses	441,688	493,865	694,526	202,914	1,832,993
Total operating expenses	1,016,071	1,264,963	1,214,370	384,051	3,879,454
Bunkers	24,403	21,810	63,813	14,226	124,253
Operating result before depreciations	233,570	155,958	839,515	171,255	1,400,298
Excess and less values freight contracts	-	-	7,499	-	7,499
Net result from Joint Venture	-	-	247	-	247
Adjusted operating result before depreciations	233,570	155,958	847,261	171,255	1,408,044

YTD Q4 2020

	AHTS	PSV	Subsea	Renewable	Total
Revenue from contracts with customers	539,284	697,068	799,181	178,670	2,214,203
Other income	-	-	-	-	-
Lease element from contracts with day rate	577,764	738,736	1,243,066	251,861	2,811,427
Total operating income	1,117,048	1,435,804	2,042,247	430,531	5,025,630
Crew expenses	590,319	773,970	552,777	109,510	2,026,576
Other expenses	425,161	514,047	724,049	147,099	1,810,356
Total operating expenses	1,015,480	1,288,017	1,276,826	256,609	3,836,932
Bunkers	61,659	28,014	52,372	7,338	149,383
Operating result before depreciations	39,909	119,773	713,049	166,584	1,039,315
Excess and less values freight contracts	-	44,690	17,772	-	62,462
Net result from Joint Venture	-	-	-27,323	-	-27,323
Adjusted operating result before depreciations	39,909	164,463	703,498	166,584	1,074,454

Note 4 - EBITDA

	2021 01.10-31.12	2020 01.10-31.12	2021 01.01-31.12	2020 01.01-31.12
Total operating Income	1,302,824	1,174,789	5,404,005	5,025,630
Total operating expenses	-1,062,296	-1,104,390	-4,003,707	-3,993,750
EBITDA	240,528	70,399	1,400,298	1,031,880
Leases	13,771	6,465	44,625	6,465
Restructuring cost	15,152	108,887	61,372	108,887
Excess and less values freight contracts	-	2,812	7,499	62,462
Net result from Joint Venture	3,251	-5,920	247	23,975
Net result from associated companies	20	13,921	108	41,423
Accrual loss accounts receivable	18,589	7,115	18,589	7,115
EBITDA adjusted	291,311	203,680	1,532,737	1,282,208

In connection with the merger with Rem Offshore, Farstad Shipping and Deep Sea Supply, the purchase price allocation analysis identified several long-term freight contracts where the daily rates were higher or lower than the market rate at the time of acquisition. A part of the purchase price was thus allocated to these excess / less values and capitalized. In line with the fulfilment and revenue recognition of freight contracts, the capitalized excess / less value is derecognized. The adjustment has no cash effect, and thus comes as an addition to booked freight income when calculating EBITDA.

Note 5 - Fixed Assets

	Vessels	Periodic maintenance	Other	Total
Opening balance 01.01.2021	18,716,131	760,223	33,265	19,509,619
Additions	71,157	221,392	-	292,549
Asset held for sale	-172,313	-4,221	-	-176,534
Disposals	-356,389	-25,789	-90	-382,268
Translation adjustment	86,985	-3,506	-30	83,449
Depreciation	-893,504	-271,098	-6,836	-1,171,438
Impairment	-65,049	-	-	-65,049
Closing balance 31.12.2021	17,387,018	677,000	26,309	18,090,328

Vessels are depreciated over 20 years to a residual value equal to 50% of the original cost. Initially residual value is set to 50% of cost price, expected cost of sale deducted, and adjusted for age and changes in broker valuations. The assumption is that the broker values decline by 2.5% per year, until the vessel is 20 years old. Other assets are depreciated at rates of 10-25%.

In 2022 the Company has sold five vessels. The intent is to sell additional eight vessels. These assets are classified as held-for-sale in Condensed Statements of Financial Position. Total book value is MNOK 187,2.

Note 5 - Fixed assets (continued)

Impairment Testing of Vessels

Summary

The Company has performed impairment testing of the fleet in accordance with IAS 36. Indicators such as slow market recovery and declining price/ book ratio form, according to IAS 36, the need for revaluation of the Company's assets.

Based on value-in-use-calculations, net impairment charges recognized in 4Q 2021 was MNOK 20. Total impairment of fixed assets recognized year to date 4Q 2021 is MNOK 45.

Impairment Testing

Impairment testing (value-in-use-calculation) was performed for all vessels where book value exceeds 65% of broker value. Broker value is set as an average of three acknowledged, independent brokers. Each vessel is considered a separate cash generating unit. The value-in-use-calculations are based on budget and the long-term forecast for 2022-2025.

The main assumptions used in the computations are charter rates, utilization, escalation of expenses, operational area, interest rate, weighted average cost of capital (WACC) and performance per 4Q 2021 compared to forecast.

Discounting Rate

The discounting rate is based on a common WACC for the Company. The cost of equity is derived from the 10-year interest rate for state bonds (risk-free interest rate), the Company's own market risk premium and an unlevered beta. The debt element of the discounting rate is based on the risk-free interest rate, plus the Company's average margin for secured debt, as well as a premium equivalent to the difference between risk-free interest rate and the bank's lending rates. The discounting rate used for 4Q 2021 is 9.5%.

Revenue Assumptions

For vessels on firm contracts, revenue is based on the current contracts. For vessels without firm contracts, and for vessels where the firm contract expires during the period, revenue is based on historical data and expectations based on market outlook. From 2026 to 2028 it is assumed a gradual increase of revenue to a level which correspond to the average rates for the past 7-10 years. It is expected that the markets are normalized within 2027.

Inflation

Escalation of revenue is expected to be marginal for the coming year. Hence, it is used a low (<1%) or no inflation of revenue in 2021. Operating cost is adjusted for inflation by 2%. Inflation of revenue correspond to cost from 2026.

Residual Values

Estimated residual values used in the value-in-use-calculations are set by applying the same principle as for the ordinary depreciations. Initially the value is set to 50% of cost price, expected cost of sale deducted, and adjusted for age and changes in broker valuations. The assumption is that the broker values decline by 2.5% per year, until the vessel is 20 years old.

Note 6 - Right-of-use Assets

	Right-of-use		Total	Lease liabilities
	Vessels	Office		
Opening balance 01.01.2021	2,212,854	244,467	2,457,322	2,814,242
Other adjustments	-	-	-	-10,839
Additions	107,855	-	107,855	75,558
Disposals	-	-	-	-332
Translation adjustment	72,953	-4,230	68,722	78,845
Depreciation	-64,158	-28,554	-92,712	-
Impairment	20,000	-	20,000	-
Interest expense	-	-	-	176,480
Lease payments	-	-	-	-389,671
Closing balance 31.12.2021	2,349,503	211,683	2,561,186	2,744,284

Impairment Testing of Right-of-use Assets

Based on value-in-use-calculations the Company has recognized a reversal of impairment of Right-of-use assets with MNOK 20. Further reference is made to Note 5 Fixed Assets.

Normand Maximus

In June 2021 the Company received a statement of claim from MYF Limited, in capacity of former shareholder in Maximus Limited, the owner of "Normand Maximus". The claim is for a declaratory relief (No. "fastsettelsesdom") that MYF Limited has a recourse claim against the Company since MYF Limited's shares in Maximus Limited were forfeited due to the secured lenders to Maximus Limited enforcing their share pledge over the shares in March 2021.

Since the summons is for a declaratory relief, no quantum has been specified by the claimants. In the event that MYF Limited succeeds, quantum will be determined in later proceedings. From the submissions to date, the Company anticipates that a specified claim will relate to MYF Limited's alleged loss on its equity investment in Maximus Limited. The initial investment from MYF Limited was approximately MUS\$ 91, and dividend paid to MYF Limited to date is approximately MUS\$ 41. It is however not possible today to give a reliable indication of how MYF Limited will ultimately calculate their quantum.

The Company expects that the claim from MYF Limited will not succeed. The proceedings are for the ordinary courts and a any decisions may be appealed. In the event that MYF Limited succeeds, a final decision on a payment obligation with due date for the Company is thus unlikely to be available until late 2023 or 2024. A payment from the Company will not be recoverable from others

Guarantee

Vessel lease liability is guaranteed by the Parent Company with MNOK 2,424.

The Parent Company has also guaranteed for a put option related to the leased vessel. The put is valued at MUS\$ 309 as of December 31st, 2021.

Default put option

The lease agreement for Normand Maximus includes a default put option. The Company received a waiver for the bareboat charter including the default put option for Normand Maximus.

Variable lease payments

The Company has two vessels on lease with variable lease payments. The total payments for 4Q 2021 were MNOK 13,8 (MNOK 0).

Note 7 - Investment in Associated Companies and Joint Ventures

The Group had the following shares in joint ventures (JV) and associated companies (AC) at balance sheet date:

AC	JV
Solstad Offshore Crewing Service Philippines (25 %)	Normand Installer SA (50 %)

	AC	JV	Total
Opening balance	1,128	113,252	114,380
Share of result year to date	108	247	355
Additions	-	-	-
Disposals	-	-	-
Impairment	-	-	-
Other adjustments	43	-22,372	-22,329
Closing Balance	1,279	91,127	92,407

Other adjustments includes received dividends and currency effects.

Note 8 - Interest-bearing Debt

The reinstated debt to credit institutions is recognized at its fair value. The interest rate for the refinanced debt has at initial recognition been compared to current market terms according to IFRS 9. For the reinstated debt the Company concludes that the interest rate is below current market terms. Using the estimated market rate when measuring fair value of the reinstated debt a MNOK 1,066 reduction is observed. The difference between nominal- and fair value will be amortised, and presented as interest expense, over the period until final maturity of the loans. The below table sets out the difference between nominal- and fair value at initial recognition, the amortization for the period and the remaining balance at reporting date.

Initial recognition 20.10.2020	-1,066,639
Amortisation 4Q 2020 (*)	54,615
Amortisation YTD 4Q 2021 (*)	270,109
Unrealised currency loss	53,544
Fair value adjustment 31.12.2021	-690,311

*Amortised cost is presented as part of Interest charges in the Comprehensive Income Statements

	2021 31.12	2020 31.12
Long term debt	17,806,623	17,143,021
Current portion of long term debt	2,912,913	3,499,897
Fair Value adjustment	690,311	1,012,025
Balance booked finance cost	82,404	121,870
Total interest bearing debt (*)	21,492,251	21,776,813
Bank deposit	2,459,027	2,411,905
Net interest bearing debt	19,033,224	19,364,908

Long term debt is divided by 31% NOK and 69% USD. At the end of the 4Q 2021, fixed interest agreement loans were entered into for around 4% of interest bearing debt.

Current portion of long term debt includes MNOK 2,424 reclassification of lease obligation for Normand Maximus. The Company has received a waiver for the bareboat charter of Normand Maximus.

*Inclusive recognized debt relating to IFRS 16 Leases MNOK 2,744 (MNOK 2,814)

Note 9 - Tax Expense

Solstad's tonnage taxed companies have decided to exit the Norwegian Tonnage Tax Regime with effect from January 1st 2016. Amended tax returns for the period 2016-2018 have been filed with Norwegian Tax Authorities. Based on the tax assessments received the Company has a loss carried forward of about NOK 14.9 billion. The corresponding deferred tax asset is not recognized in the accounts.

Taxes on ordinary result relates to local taxation outside Norway.

Note 10 - Subsequent Events

The Company has sold two AHTS vessels, Normand Master and Normand Mariner, 10 February 2022 resulting in an immaterial accounting effect in 1Q 2022..

The Company has sold three AHTS vessels, Nor Captain, Far Sword and Far Stream, 3 February 2022 resulting in an immaterial accounting effect in 1Q 2022.

Note 11 - Alternative Performance Measurement Definitions

Solstad Offshore ASA has included the below Alternative Performance Measures (APM), which are commonly used in the business, as they are used internally by management to understand the Group's financial performance. Hence, it is deemed that the APM's also will provide useful information to the reader.

Operating margin - Operating result before depreciation in percentages of total operating income

EBITDA - Operating result before depreciation.

EBITDA adjusted - Operating result before depreciation and impairment adjusted for Joint Ventures, Associated Companies, excess values charter parties from mergers, leases and other non-recurring items

Adjusted Operating result before depreciations - Operating result before depreciation adjusted excess values charter parties from mergers and result from Joint Ventures

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

Earning on capital employed - Operating result plus interest income and result from associated company divided by average book shareholders' equity and interest-bearing debt

Current ratio - Current assets divided by current liabilities

Equity ratio - Booked equity including minority interests in percentage of total assets

Earnings per share - Result for the period for the Group divided by weighted average number of shares at the end of the reporting period, adjusted for treasury shares

Comprehensive income per share - Comprehensive income for the period for the Group divided by weighted average number of shares at the end of the reporting period, adjusted for treasury shares

Equity per share - Shareholders' equity divided by outstanding number of shares at the end of the reporting period

Working capital - Current assets less current liabilities, excluding current portion of long-term debt

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

Net interest-bearing debt - Interest-bearing liabilities less bank deposits

B2B - Book to bill, backlog less billed in period



Our Global Footprint

Vessels in operation during quarter

Americas
(USA, Mexico, Gulf)

1 CSV
Oil & Gas

South Americas
(Brazil & Argentina)

6 AHTS | 5 PSV | 3 CSV
Oil & Gas

Africa

3 CSV | 1 PSV
Oil & Gas

Europe

5 AHTS | 26 PSV | 13 CSV
Oil & Gas, Renewable Energy

Asia Pacific
(Asia & Australia)

6 AHTS | 6 PSV | 5 CSV
Oil & Gas, Renewable Energy

Alesund
Norway

Skudeneshavn
Norway

Aberdeen
United Kingdom

Odessa
Ukraine

Manila
Philippines

Singapore
Singapore

Perth
Australia

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