



1st Quarter Report 2022



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The Company

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

As per March 2022 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

The war in Ukraine has been the main headline since the Russian invasion late February. It is tragic for the people of Ukraine, including our onshore and offshore colleagues and their families. The war's impact on their everyday life has been brutal.

Due to the war, European energy security has become a main subject, and it is not unlikely that investments in offshore energy will increase considerably going forward in order to reduce dependency of Russian oil and gas supplies.

Given our significant North Sea exposure, the first quarter is normally the low season for the offshore industry. That has also been the case this year. January and February came with bad weather, which meant that practically no rig moves were completed in the period. This period was therefore used for a large number of dry dockings and mobilizations, to be optimally prepared for a year where we have high expectations to the activity level in the offshore energy markets.

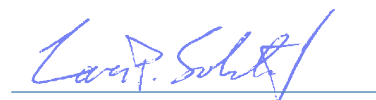
In March we saw a significant increase in revenues. The underlying result for the first quarter improved versus the same quarter last year, when keeping in mind that last year's first quarter result included a considerable one-off termination fee related to the Normand Maximus contract with Saipem.

We continue to adjust our fleet and the 36 vessels defined as 'non-strategic' have now been sold. Three vessels in our strategic fleet have been activated from lay-up and will generate revenue during 2Q and in subsequent quarter. This leaves us with a fleet of 80 active vessels and further nine vessels that over time either will be activated or sold, as the market and ship values continue to improve.

Our order intake in the quarter was very positive with contracts for about NOK 2,6 billion signed, giving a 'book-to-bill' factor of 2,1 and an orderbook of NOK 7 billion (NOK 14 billion including options). Based on this, we have a solid earnings foundation ahead, but also available capacity in a market with increasing demand.

As it looks, the demand for our services will continue to increase while the supply side is quite stable. This is positive for Solstad Offshore and should have a positive impact on revenues, margins and ship values going forward.

Thank you.



Lars Peder Solstad
CEO

Highlights

- Revenues for 1Q 2022 decreased by 7% to MNOK 1,245 vs MNOK 1,337 in 1Q 2021. Adjusted EBITDA decreased by 52% to MNOK 208 vs MNOK 432 in 1Q 2021.
- The decrease in revenue and EBITDA is due to a one-time termination fee of MNOK 378 booked in 1Q 2021. Adjusted for this, revenue and EBITDA in 1Q 2022 increased compared to last year.
- High order intake in 1Q 2022, with signed new contracts worth approximately NOK 2.6 billion. The market outlook for the Company's services continue to improve.
- During the quarter, 78 vessels have been in operation at an average utilization of 81 percent.
- Quarter affected by high maintenance and docking activity.
- The Windstaller Alliance has been awarded its first project that involves Solstad Offshore, Aker Solutions and DeepOcean to execute maintenance and upgrades for SalMar Aker Ocean on Ocean Farm 1.
- The divestment program of non-strategic vessels has been completed and represent a total reduction of the Company's debt by approximately MNOK 778.



Key Financials

(NOK 1,000,000)	2022 01.01-31.03	2021 01.01-31.03	2021 01.01-31.12	2020 01.01-31.12	2019 01.01-31.12	2018 01.01-31.12
Revenue	1,245	1,337	5,418	5,026	5,245	4,910
EBITDA adjusted	208	432	1,534	1,282	1,415	1,005
EBIT	-115	47	-7	-2,185	-1,196	-3,987
Profit before Tax	-220	-308	-1,110	7,250	-3,129	-5,888
Cash and equivalents	2,099	2,129	2,459	2,412	1,134	1,351
Net working capital	-613	-623	-119	-803	-26,264	-24,654
Equity	2,774	3,899	3,083	4,243	-3,835	-851
Net interest bearing debt*	19,101	19,536	18,259	19,365	30,990	28,727
Order backlog	7,000	4,500	5,600	5,200	8,200	6,800

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

Operational Update

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

The war in Ukraine has mainly affected the vessels operating in the UK as these vessels employ the majority of the Company's Ukrainian seafarers. The logistical part of crew changes has been a challenge, but all vessels have remained operational with no downtime. The total number of seafarers remain relatively stable at around 3,300 with a retention rate of 96%.

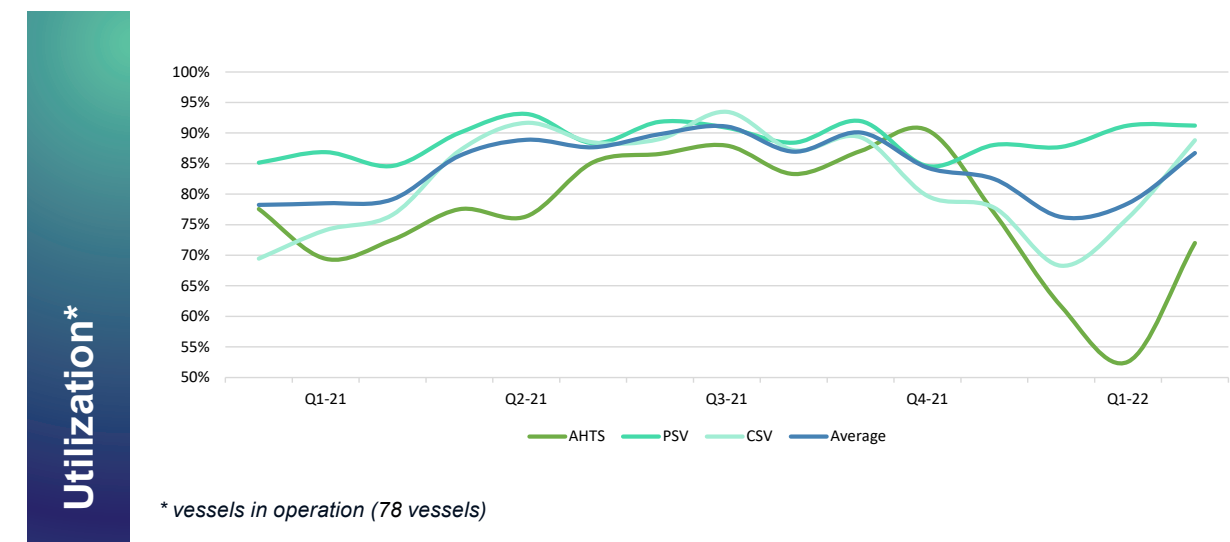
1Q 2022 the Company reports a TRCF (Total Recordable Case Frequency) of 1.37 (target of 1,1), which is a small increase from 4Q 2021. The recordable incidents are limited to medical treatment and restricted work cases. No lost time incident has been recorded since October 2021. The majority of incidents are related to hands and fingers, and there is a high priority to turn the trend in terms of campaigns.

From a procurement/logistics perspective, challenges remain and seem to increase due to pressure on the global supply chain. Lead time on a certain number of critical spares has changed significantly. Planning and a good evaluation of critical spares are therefore an important factor to avoid delays.

1Q 2022 has been rather busy with planned pit stops and dry dockings. A total of 11 planned stops were completed according to time and cost. In addition, Normand Ocean completed battery installation during the quarter.

Utilization

As per 31 March, 2022, the Company owned and/or operated a core fleet of 89 vessels, of which 78 were in operation: 25 CSVs, 15 AHTS & 38 PSVs. The overall utilization for the operational fleet in 1Q 2022 was 81% (79% in 1Q 2021). The subsea CSV fleet had a utilization of 78% (73%), AHTS fleet 62% (73%) and PSV fleet 90% (86%).



Non-strategic fleet

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

As of 31 March 2022, 30 of 37 vessels had exited the fleet, while six vessels have been sold after the end of the quarter. This concludes the divestment of non-strategic vessels whereof one of the 37 non-strategic vessels has been put into operation.

Financial Summary

Operating income for 1Q 2022 amounted to MNOK 1,245 compared to MNOK 1,337 in 1Q 2021.

- The decrease in revenue is mainly due to the one time termination fee from Saipem of approximately MNOK 378 in 1Q 2021. Adjusted for this, revenue in 1Q 2022 increased compared to last year.
- Total operating expenses in 1Q 2022 amounted to MNOK 1,054, of which MNOK 941 are classified as vessel operating expenses. Compared to 1Q 2021, total operating expenses increased by MNOK 140 mainly driven by more vessels in operation and general cost pressure.
- Administrative expenses in 1Q 2022 were MNOK 113 compared to MNOK 104 in 1Q 2021.
- Operating result before depreciation was MNOK 190 in 1Q 2022 compared to MNOK 423 in 1Q 2021.
- Ordinary result before taxes in 1Q 2022 was negative with MNOK 232 compared to negative MNOK 308 in 1Q 2021.
- Adjusted EBITDA was MNOK 208 in 1Q 2022 compared to MNOK 432 for 1Q 2021. Adjusted for the termination fee from Saipem of approximately MNOK 378 in 1Q 2021, adjusted EBITDA is well ahead of last years operational performance.
- Total liquidity for the group was MNOK 2,099 per 1Q 2022 compared to MNOK 2,129 in 1Q 2021.
- Total booked equity at the end of the quarter was MNOK 2,774.

During 1Q 2022, currency exchange fluctuations resulted in an unrealized gain of MNOK 147. In addition, the

Company has a realized currency loss of MNOK 9 relating to account payable and receivable positions being settled.

Cash Flow & Cash Position

The overall cash position at the end of 1Q 2022 was MNOK 2,099 compared to MNOK 2,129 in 1Q 2021. The net cash flow from operations was positive by MNOK 71 for 1Q 2022. Net cash flow from investments was negative by MNOK 69, mainly related to planned maintenance and regulatory docking and installation of a battery hybrid system. Net interest paid to lenders was MNOK 241 and net repayment of long-term debt to lenders were MNOK 126 in 1Q 2022.

Capital Structure

Total current assets at the end of 1Q 2022 were MNOK 3,818 (MNOK 3,991 per 1Q 2021), of which cash and cash equivalents amounted to MNOK 2,099 (MNOK 2,129). This includes the unused super senior credit facility of MNOK 1,496.

Total current liabilities were NOK 4,431 (MNOK 4,614) including MNOK 3,101 in short term portion of long-term debt, giving net working capital of negative MNOK 613 (negative MNOK 623).

Total non-current assets at the end of the quarter were MNOK 20,773 (MNOK 21,790). The reduction is mainly due to ordinary depreciation, divestments and foreign exchange movements.

Net interest-bearing debt was at negative MNOK 19,101 negative (MNOK 19,536), with the decrease mainly explained by repayment of debt.

The Company's equity as of 31 March 2022 was MNOK 2,774 (MNOK 3,899), which represents 11.3% of the total balance sheet (15.1% per 31 March 2021).

Risk

The Company is exposed to market, commercial, operational, and financial risks that affect the assets, liabilities, available liquidity, and future cash flows.

One of the key commercial risks for the Company is the cyclical oil and gas markets that the Company operates in, with high volatility in freight rates, vessel values and consequently profitability. Freight rates have been under pressure due to market imbalance. Factors affecting this is outside the Company's control and influence.

Operational risks such as technical breakdown, grounding and malfunction of equipment are mitigated by insurance. In addition there are operational risks out of the Company's control such as Covid-19 and the war in Ukraine.

The main portion of the Company's external debt will mature by 1Q 2024 and therefore it is an inherent refinancing risk. A refinancing is dependent on how the market develops and many factors such as developments in oil and gas prices. This may lead to a need for adjustment of the capital structure.

The Company is exposed to interest rate and currency risk, primarily through financing and contracts. Interest rate risk is mainly due to long-term debt with floating interest. Currency risk is reduced by having debt in the same currency as charter agreements.

A risk mitigation framework has been established based on identifying, assessing and managing the Company risks. A risk mitigation framework has been established based on identifying, assessing and managing risks. The Board monitors the overall risk factors for the Company.

Market and operational risks are changes in the demand and prices of the services provided by the Company, and potential adverse effects of the provision of such services. The market has improved despite impacts of Covid-19 still affecting regions where the Company operates. Despite the challenging market conditions, the Company started to see signs of brightening towards the end of 2021, which has continued into 2022. The Company has avoided significant operational disruptions caused by Covid-19 and has implemented a wide range of measures to continuously manage and reduce risk.

In February 2022, Russian armed forces invaded Ukraine. The Company is present in Ukraine with an office that manages crewing services and employs approximately 300 Ukrainian crew. None of the Company's vessels have been forced to offhire due to the situation, but there is a risk that crew changes and crew availability will be challenging as long as the war persists. Management is handling this event and its development proactively, including sanctions and direct and indirect impacts. Actions to mitigate the effect on services the Company provides, and other associated risks, are taken. There is significant uncertainty about how the invasion and the following sanctions will impact the energy sector and we expect this will result in a volatile market going forward. The ongoing war in Ukraine could potentially lead to increased risk of cyber-attacks.

For further details, refer to section 9 in Board of Director's report in the Annual Report for 2021.

Normand Maximus update

Vessel lease liability is guaranteed by the Parent Company with MNOK 2,355. For, further details refer to Note 6 Mortgage Debt. 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 for 2Q 2022.

Further details refer to Annual Report 2021 and Notes 6 and 8.



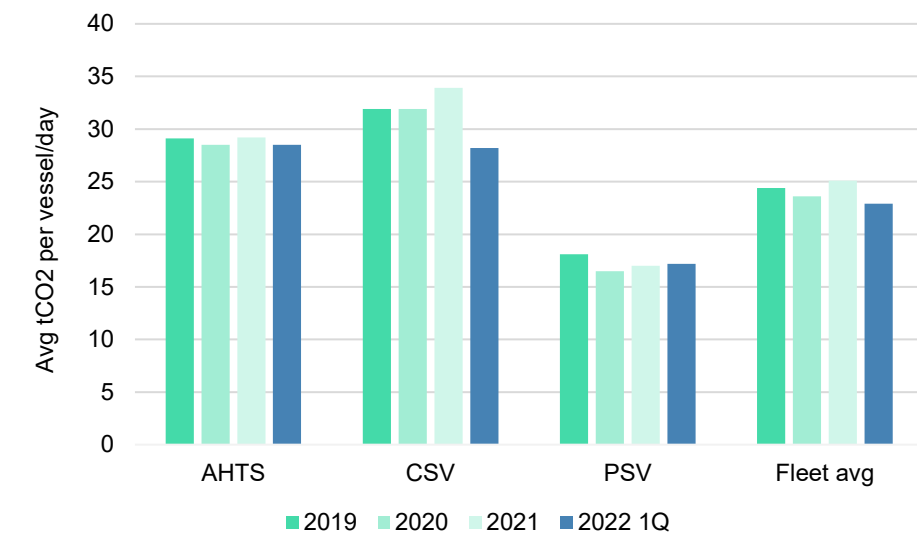
Sustainability

Solstad Offshore 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 published a full sustainability report together with the annual report for 2021. The report is available on www.solstad.com with the quarterly ESG indicators.
- The CSV, Normand Ocean, has been upgraded with battery-hybrid and shore power systems in 1Q 2022. The tenth battery-hybrid vessel conversion is expected to result in a fleet reduction in emissions with more than 1,100 tons CO₂ per year.
- Grant received from Enova to support the upgrade of AHTS Normand Sirius with shore power system. This will be vessel number 19 with shore power system.
- Of the eight vessels reported sold for recycling, only one was not delivered by the end of the quarter. The last vessel was delivered early April.
- The total fleet emissions per quarter decreased from 184 kton CO₂ in 4Q 2021 to 156 kton in 1Q 22.

Environment

For the first time, the Company reports carbon intensity numbers for the fleet and by segment. In 1Q 2022, the average tons of carbon emission for the total fleet per day was 22,9 tons (tCO₂/vessel/day). The reduction from 25,1 tons CO₂/vessel/day for 2021 is mainly related to several port stays in the CSV segment and high number of planned maintenance projects. Emissions per segment was as follows:



The Company currently work on several pilot projects to investigate the use of fuel cell technology and multi-fuel solutions for internal combustion engines. Furthermore, the Company aims to introduce the use of Liquefied Biogas (LBG) as a replacement for fossil LNG on our dual-fuel vessels. All these initiatives are an important part of the Company's road to reach the 50% emission reduction goal by 2030 and net zero goals by 2050.

A total of 84.6 litres of oil spills were registered going to sea during the quarter. This was mainly related to one incident to where ROV chartered by a third-party leaked hydraulic oil at 250m water depth (50 litres).

The Company's project to end use of plastic water bottles continues in 2022 with undiminished strength. By 1Q 2022, the reduction is 39% since the start in 2020.

Social

The TRCF has increased to 1.37 by 1Q 2022 (compared to 1.19 by end 4Q 2021). The increase is related to a total of seven non-LTI incidents in the quarter. There have been no LTIs over the last six months, which is encouraging.

As part of the Company's diversity and inclusion program, it has been established a long-term goal of increasing the number of female seafarers. The share of female seafarers is just above 6% up from 5% in 2020. The 2030 goal is 10%.

Governance

No material governance incidents have been registered during the quarter.

A total of 126 internal and external audits, port state controls etc. have been completed during 1Q 2022, resulting in only minor findings.

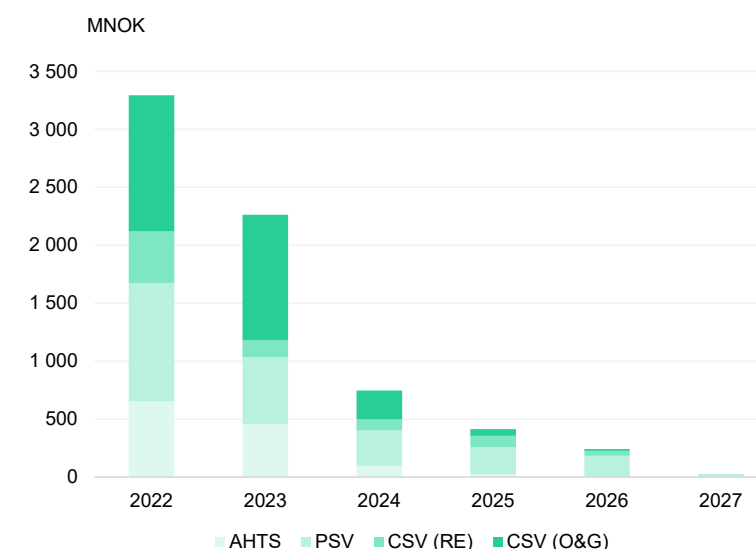
Market Outlook

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

Oil and gas companies have started to increase their activity with the oil price per barrel back at USD 100 plus level. The market started to show positive signs during 2021, and expectations for 2022 is a steady increase. The renewable energy operators and contractors continue to increase their activity, which have a positive demand effect for part of the CSV fleet, but also the AHTS fleet. In total, an increased demand for vessels is expected, and a limited number of new vessels are entering the market. As a result of increased demand we see positive development in day rates. The war in Ukraine lead to an increasing uncertainty going forward.

The Company's backlog is approximately MNOK 7,000 whereof MNOK 3,900 is for execution the next 12 months.

Backlog by year of execution*

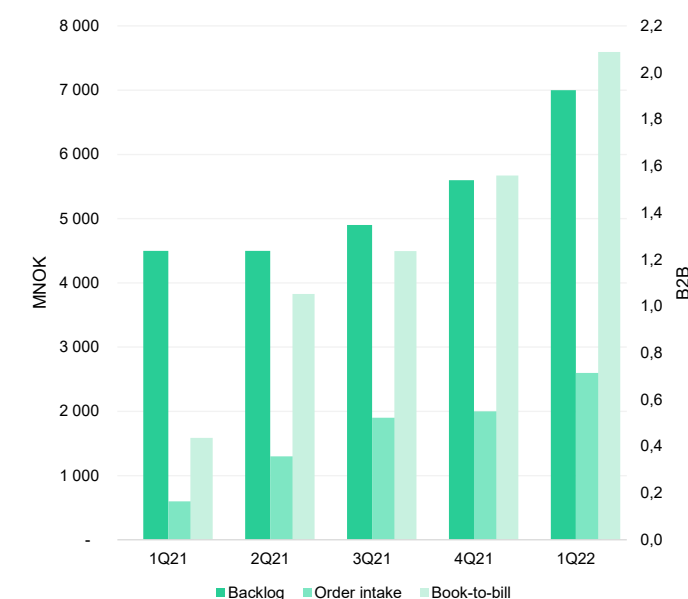


*per 1Q 2022

Events Subsequent to the Quarter

- The Company has been awarded multiple contracts involving the PSVs Normand Tantalus, Normand Serenade, Normand Springer and Normand Arctic. The contracts have a combined firm duration of around 500 days, with additional options thereafter. The contracts commence during 2Q/3Q 2022 and are with key operators in both UK and Norway.
- Solstad Offshore is pleased to announce awards of multiple project contracts involving several of its anchor handlers (AHTS) currently trading the North Sea spot market. The contracts have a combined firm utilization of 350 days, with additional options thereafter. Commencement is during 2Q! and 3Q 2022 in the North Sea, US Gulf of Mexico and West Africa.

Backlog, Order intake & Book-to-bill development

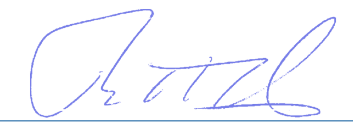


Solstad Offshore ASA

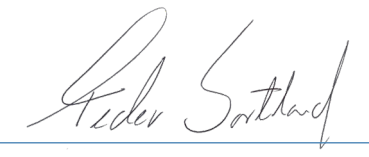
Skudeneshavn 09.05.2022



Harald Espedal
Chairman



Frank O. Reite
Director



Peder Sortland
Director



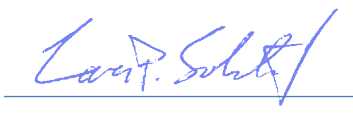
Thorhild Widvey
Director



Ellen Solstad
Director



Ingrid Kylstad
Director



Lars Peder Solstad
CEO



Condensed statement of comprehensive income

(NOK 1,000)

	2022 01.01-31.03	2021 01.01-31.03	2021 01.01-31.12	Note
Operating income	1,244,762	1,336,772	5,417,500	2,3,4
Vessel operating expenses	-941,289	-809,649	-3,566,468	
Administrative expenses	-112,754	-104,114	-449,509	
Total operating expenses	-1,054,043	-913,763	-4,015,978	4
Operating result before depreciations	190,719	423,009	1,401,523	3
Ordinary depreciation	-297,451	-319,632	-1,264,151	5
Impairment	-	-45,049	-45,049	5,6
Net gain/ loss on sale of assets	-8,168	-11,312	-99,730	
Operating result	-114,900	47,016	-7,406	
Result from Joint Ventures	6,456	-8,760	247	7
Result from associated companies	132	122	108	7
Total other items	6,588	-8,638	355	
Interest income	2,056	2,130	10,295	
Realised currency gain/ -loss	-8,859	-20,273	7,932	
Unrealised currency gain/ -loss	146,514	-82,240	-283,562	
Interest charges	-258,069	-245,125	-1,003,543	
Net financial charges / -income	6,467	-696	165,530	
Net financing	-111,891	-346,205	-1,103,347	
Ordinary result before taxes	-220,204	-307,827	-1,110,398	
Taxes ordinary result	-11,777	-2,515	-25,664	9
Result	-231,980	-310,341	-1,136,062	
Other comprehensive income:				
Exchange differences on translating foreign operations	-80,778	-33,252	-34,851	
Actuarial gain/ loss	-	-	-3,971	
Other comprehensive income	-312,758	-343,593	-1,174,885	
Result attributable to:				
Non-controlling interests	1,732	-1,323	-33,613	
Majority share	-233,712	-309,019	-1,102,449	
Earnings per share	-3.04	-4.14	-15.13	
Other comprehensive income attributable to:				
Non-controlling interests	1,732	-1,323	-33,613	
Majority share	-233,712	-309,019	-1,102,449	
Other comprehensive income per share	-4.10	-4.59	-15.64	
EBITDA adjusted	207,654	432,283	1,533,961	3,4
Average number of shares (1,000)	76,233	74,873	75,107	



Condensed statement of financial position

(NOK 1,000)

	2022 31.03	2021 31.03	2021 31.12	Note
ASSETS				
Fixed Assets:				
Intangible assets	14,497	10,298	14,497	
Tangible fixed assets	18,016,718	19,142,645	18,090,328	5
Right-of-use assets	2,513,907	2,432,010	2,561,186	6
Investment in associated companies and Joint Ventures	98,081	94,767	92,407	7
Financial fixed assets	130,267	110,723	106,957	4
Total fixed assets	20,773,470	21,790,443	20,865,374	
Current Assets:				
Stocks	169,997	160,921	173,041	
Accounts receivables	877,493	1,195,457	816,745	
Other receivables	648,955	490,042	421,094	
Market based shares	22,400	15,700	15,200	
Deposits, cash, etc	2,099,235	2,128,633	2,459,027	8
Total current assets	3,818,080	3,990,752	3,885,107	
Assets held for sale	49,252	-	187,200	5
TOTAL ASSETS	24,640,802	25,781,195	24,937,682	
EQUITY AND LIABILITIES				
Equity:				
Paid-in equity	256,066	250,445	252,536	
Other equity	2,521,054	3,634,545	2,835,545	
Non-controlling interests	-2,867	14,491	-4,599	
Total equity	2,774,253	3,899,481	3,083,481	
Liabilities:				
Long-term provisions	29,437	28,304	43,180	
Other long-term debt	1,171	12,372	1,917	8
Debt to credit institutions	17,404,826	17,227,486	17,804,706	8
Total long-term debt	17,435,434	17,268,162	17,849,803	
Current liabilities:				
Current portion of long-term debt	3,101,082	3,433,420	2,912,913	8
Other current liabilities	1,330,034	1,180,132	1,091,485	
Total current liabilities	4,431,116	4,613,552	4,004,397	
Total liabilities	21,866,550	21,881,715	21,854,200	
TOTAL EQUITY AND LIABILITIES	24,640,802	25,781,195	24,937,682	



Statement of cash flow

(NOK 1,000)

	2022 31.03	2021 31.03	2021 31.12
CASH FLOW FROM OPERATIONS			
Result before tax	-220,204	-307,827	-1,110,398
Taxes payable	-7,492	-183	-18,917
Ordinary depreciation and write downs	297,451	364,680	1,309,199
Gain (-)/ loss long-term assets	416	15,350	95,274
Interest income	-2,056	-2,130	-10,295
Interest expense	258,069	245,125	1,003,543
Non-cash refinance effects	-802	-	-91,102
Effect of change in pension assets	-	-	400
Unrealised currency gain/ -loss	-151,384	90,582	275,136
Change in short-term receivables and payables	53,224	-191,105	34,843
Change in other accruals	-155,854	-239,764	-103,931
Net cash flow from operations	71,367	-25,270	1,383,754
CASH FLOW FROM INVESTMENTS			
Investment in tangible fixed assets	-59,001	-14,018	-72,654
Payment of periodic maintenance	-113,581	-70,540	-252,192
Consideration sale of fixed assets (vessels)	123,766	45,380	290,215
Payment of long-term receivables	-21,940	-1,576	820
Received interests	2,056	2,130	10,295
Net cash flow from investments	-68,699	-38,624	-23,515
CASH FLOW FROM FINANCING			
Paid leases	-104,968	-8,934	-389,671
Paid interests	-136,108	-132,896	-531,847
Repayment of long-term debt	-126,254	-69,205	-397,541
Net cash flow from financing	-367,330	-211,036	-1,319,059
Effect of changes in foreign exchange rates	4,870	-8,342	5,942
Net change in cash	-364,662	-274,930	41,180
Cash at 01.01	2,459,027	2,411,905	2,411,905
Cash at balance sheet date	2,099,235	2,128,633	2,459,027



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 01.01.2022	75,609	0	176,927	0	946,805	1,888,740	3,088,081	-4,599	3,083,481
Result	-	-	-	-	-	-233,712	-233,712	1,732	-231,980
Translation adjustments	-	-	-	-	-80,778	-	-80,778	-	-80,778
Other comprehensive income	0	0	0	0	-80,778	-233,712	-314,490	1,732	-312,758
Share capital increase by	1,165	-	2,364	-	-	-	3,530	-	3,530
Equity 31.03.2022	76,774	0	179,292	0	866,027	1,655,028	2,777,121	-2,867	2,774,253
Equity 01.01.2021	74,873	0	175,572	0	981,656	2,995,161	4,227,261	15,814	4,243,075
Result	-	-	-	-	-	-309,019	-309,019	-1,323	-310,341
Translation adjustments	-	-	-	-	-33,252	-	-33,252	-	-33,252
Other comprehensive income	0	0	0	0	-33,252	-309,019	-342,271	-1,323	-343,593
Equity 31.03.2021	74,873	0	175,572	0	948,404	2,686,142	3,884,991	14,491	3,899,481
Equity 01.01.2021	74,873	0	175,572	0	981,656	2,995,161	4,227,261	15,814	4,243,075
Result	-	-	-	-	-	-1,102,449	-1,102,449	-33,613	-1,136,062
Actuarial gain/loss(-)	-	-	-	-	-	-3,971	-3,971	-	-3,971
Translation adjustments	-	-	-	-	-34,851	-	-34,851	-	-34,851
Other comprehensive income	0	0	0	0	-34,851	-1,106,420	-1,141,272	-33,613	-1,174,885
Share capital increase by conversion of debt	736	-	1,355	-	-	-	2,091	-	2,091
Equity contribution	-	-	-	-	-	-	-	13,200	13,200
Equity 31.12.2021	75,609	0	176,927	0	9,46,805	1,888,740	3,088,081	-4,599	3,083,481

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 eared 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.

Operating income	For the year ended 31.03.2022				
	AHTS	PSV	Subsea	Renewable	Total
Service element from contracts with day rate	114,598	221,988	160,072	44,159	540,817
Management fees	62	62	1,193	41	1,359
Victualling	672	104	4,865	6,542	12,184
Additional crew and other services	1,847	1,511	12,669	-	16,027
Income from contracts with customers	117,180	223,665	178,799	50,742	570,387
Lease element from contracts with day rate	133,160	155,643	300,337	85,235	674,375
Total operating income	250,341	379,308	479,136	135,977	1,244,762

Operating income	For the year ended 31.03.2021				
	AHTS	PSV	Subsea	Renewable	Total
Service element from contracts with day rate	104,302	140,714	306,343	45,470	596,829
Management fees	439	532	1,535	-	2,506
Victualling	749	254	12,404	3,297	16,705
Additional crew and other services	5,423	180	6,043	1,508	13,154
Income from contracts with customers	110,913	141,680	326,326	50,275	629,193
Lease element from contracts with day rate	136,382	148,598	353,172	69,427	707,579
Total operating income	247,295	290,277	679,498	119,702	1,336,772

Note 3 - Reporting per Segment

Q1 2022					
	AHTS	PSV	Subsea	Renewable	Total
Revenue from contracts with customers	117,180	223,665	178,799	50,742	570,387
Other income	-	-	-	-	-
Lease element from contracts with day rate	133,160	155,643	300,337	85,235	674,375
Total operating income	250,341	379,308	479,136	135,977	1,244,762
Crew expenses	149,282	225,609	138,430	51,974	565,295
Other expenses	98,801	124,540	174,241	52,444	450,026
Total operating expenses	248,084	350,149	312,670	104,418	1,015,321
Bunkers	9,585	1,916	23,108	4,113	38,722
Operating result before depreciations	-7,328	27,243	143,358	27,446	190,719
Leases	7,810	-	-	-	7,810
Restructuring cost	510	773	1,003	251	2,538
Excess and less values freight contracts	-	-	-	-	-
Net result from Joint Ventures	-	-	6,456	-	6,456
Net result from associated companies	27	40	52	13	132
EBITDA Adjusted	1,018	28,057	150,842	27,738	207,654
Q1 2021					
	AHTS	PSV	Subsea	Renewable	Total
Revenue from contracts with customers	110,913	141,680	326,326	50,275	629,193
Other income	-	-	-	-	-
Lease element from contracts with day rate	136,382	148,598	353,172	69,427	707,579
Total operating income	247,295	290,277	679,498	119,702	1,336,772
Crew expenses	127,149	159,122	122,160	40,315	448,745
Other expenses	117,552	109,911	171,796	48,799	448,057
Total operating expenses	244,700	269,033	293,955	89,114	896,802
Bunkers	7,788	5,609	2,974	590	16,961
Operating result before depreciations	-5,194	15,636	382,569	29,998	423,009
Leases	2,500	-	-	-	2,500
Restructuring cost	2,331	2,736	6,405	1,128	12,600
Excess and less values freight contracts	-	-	2,812	-	2,812
Net result Joint Ventures	-	-	-8,760	-	-8,760
Net result from associated companies	23	26	62	11	122
EBITDA Adjusted	-340	18,398	383,088	31,137	432,283

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

Note 4 - EBITDA

	2022 01.01-31.03	2021 01.01-31.03	2021 01.01-31.12
Total operating income	1,244,762	1,336,772	5,404,005
Total operating expenses	-1,054,043	-913,763	-4,003,707
EBITDA	190,719	423,009	1,400,298
Leases	7,810	2,500	44,625
Restructuring cost	2,538	12,600	61,372
Excess and less values freight contracts	-	2,812	7,499
Net result from Joint Venture	6,456	-8,760	247
Net result from associated companies	132	122	108
Accrual loss accounts receivable	-	-	18,589
EBITDA adjusted	207,654	432,283	1,532,737

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 01.01.2022	17,386,500	677,518	26,309	18,090,327
Additions	59,001	146,752	-	205,753
Asset held for sale	-	-	-	-
Disposals	-	-	-	-
Translation adjustment	-13,653	2,300	339	-11,014
Depreciation	-199,074	-67,610	-1,664	-268,348
Impairment	-	-	-	-
Closing balance 31.03.2022	17,232,774	758,961	24,984	18,016,718

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%.

Assets held for sale includes vessels eight vessels, with a total book value of MNOK 49.3.

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 the Company has not recognized any impairment of fixed assets.

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 a majority of the vessels, value in use was the basis for the recoverable amount.

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 1Q 2022 compared to forecast.

Discounting Rate

The discounting rate is based on a weighted average of capital cost (WACC) for the Company. The cost of equity is derived from the 10-year interest rate for state bonds (risk-free interest rate), market risk premium and an unlevered beta (Damodaran for Western Europe). The debt element of the discounting rate is based on the risk-free interest rate, plus a premium equivalent to the difference between risk-free rate and market rates. The discounting rate used for 1Q 2022 is 9.5%.

Revenue Assumptions

For vessels having 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 budget and long term forecast. The long term forecast expects the market to stabilize, and a gradual increase in dayrates over the prognosis periode. Market uncertainty is reflected in the assumptions, based on managements assessment and market analysis provided from independant third parties.

Inflation

No inflation of income in 2022, while operating expenses are adjusted for inflation by 2 percent. This is consistent throughout the prognosis periode.

Residual Values

Estimated residual values used in the value in use calculations are set using the same principle as for the ordinary depreciations. Initially the value is set to 50 percent of cost price, expected cost of sale deducted, and adjusted according to changes in broker valuations. The assumption is that the broker value decline by 2,5 percent per year, until the vessel is 20 years old. It is assumed that the vessels are disposed after 20 years in operations. Average life of the core fleet is 11 years, wiht respectively 12 years average for the CSV and AHTS vessels and 9 years for the PSV vessels.

Note 6 - Right-of-use Assets

	Right-of-use			Lease liabilities
	Vessels	Office	Total	
Opening balance 01.01.2022	2,349,503	211,683	2,561,186	2,744,284
Other adjustments	-	-	-	931
Additions	118	-	118	-
Disposals	-	-	-	-
Translation adjustment	-18,439	144	-18,295	-19,527
Depreciation	-22,040	-7,062	-29,103	-
Impairment	-	-	-	-
Interest expense	-	-	-	44,457
Lease payments	-	-	-	-104,968
Closing balance 31.03.2022	2,309,142	204,765	2,513,907	2,665,177

Impairment Testing of Right-of-use Assets

Based on value-in-use-calculations the Company has not recognized any impairment of Right-of-use assets. 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 declatory 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 declatory 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 MUSD 91, and dividend paid to MYF Limited to date is approximately MUSD 41. It is however not possible today to give a reliable indication of how MYF Limited will ultimately calculate their quantum.

The Company's assessment is that it is less than 50 % probability that MYF Limited will succeed with the claim. 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 2,335.

The Parent Company has also guaranteed for a put option related to the leased vessel. The put is valued at MUSD 309 as of March 31st 2022.

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 1Q 2022 were MNOK 7,8 (MNOK 2,5).

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	1,279	91,127	92,406
Share of result year to date	132	6,456	6,588
Additions	-	-	-
Disposals	-	-	-
Impairment	-	-	-
Other adjustments	-11	-902	-913
Closing Balance	1,400	96,681	98,081

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
Fair value adjustment 01.01.2022	-690,311
Amortisation 1Q 2022 (*)	67,978
Unrealised currency loss	3,080
Fair value adjustment 31.03.2022	-619,252

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

	2022 31.03	2021 31.03	2021 31.12
Long term debt	17,405,997	17,239,859	17,143,021
Current portion of long term debt	3,101,082	3,433,420	3,499,897
Fair Value adjustment	619,252	882,866	1,012,025
Balance booked finance cost	73,503	108,213	121,870
Total interest bearing debt (*)	21,199,834	21,664,358	21,776,813
Bank deposit	2,099,235	2,128,633	2,411,905
Net interest bearing debt	19,100,599	19,535,725	19,364,908

Long term debt is divided by 31% NOK and 69% USD. At the end of the 1Q 2022, fixed interest agreement loans were entered into

for around 4% of interest bearing debt.

Current portion of long term debt includes MNOK 2,355 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 2,665 (MNOK 2,760)x

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 17,5 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 six vessels whereof four PSV's Sea Trout, Normand Trym, Normand Vibran, REM Supplier and two AHTS's Normand Ivan and Far Santana resulting in an immaterial accounting effect in 2Q 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



Offices



Solstad Offshore ASA

Nesavegen 39
4280 Skudeneshavn
Norway

Postal address:
P.O. Box 13
4297 Skudeneshavn
Norway

Telephone: +47 52 85 65 00
Email: contact@solstad.com

www.solstad.com