



Dear shareholder of DOF ASA

Austevoll, 3 November 2022

## **EXTRAORDINARY GENERAL MEETING OF DOF ASA 11 NOVEMBER 2022**

Reference is made to the notice of the Extraordinary General Meeting to be held on 11 November 2022 (the "**EGM**") to consider the necessary resolutions to implement the debt restructuring negotiated between DOF and the DOF Group's creditors, which entails, inter alia, the conversion of debt equivalent to approximately NOK 6.2 billion, including secured debt of approx. NOK 2.6 billion (the "**Restructuring**").

Reference is also made to the attached letter received today from the advisers of the Group's largest creditors (the "**Creditors' Letter**"). The Creditors' Letter explicitly states that:

- (i) there is *no* room for further negotiations with the creditors;
- (ii) the implementation of the Restructuring as proposed to the EGM is the *only* consensual alternative to a claim for from the creditors for *full* repayment of the loans; and
- (iii) in the event that the shareholders fail to approve the required resolutions at the EGM, the proposed Restructuring will be implemented as a forced process pursuant to the Norwegian Reconstruction Act or through a bankruptcy in DOF. Such forced implementation of the Restructuring will result in *less or no values* to the existing shareholders in DOF ASA compared to the proposal to be considered at the EGM.

The background for the Restructuring is that most of the Group's interest bearing debt of approximately NOK 23 billion (as of September 2022) has not been serviced as agreed over the past 30 months, and has thus been defaulted. There are no banks or other parties willing to refinance the Group's total debt. The creditors have temporarily agreed to refrain from foreclosure of the loans in order to attempt to find a consensual solution that can be accepted by the company's creditors and shareholders. However, if the EGM fails to approve the proposal, it will become clear that such a consensual solution is impossible and the loans can be demanded repaid in full. As mentioned, such repayment is *impossible*.

A group of minority shareholders have communicated that they intend to vote against the Restructuring. The Board is aware that the minority shareholders partly argues that the underlying values as a result of market developments indicate a higher shareholding than the 4 % of the share capital offered to shareholders in the consensual Restructuring, and partly that the company's creditors will not allow a bankruptcy in DOF ASA.

These arguments are unfortunately based on fundamental misunderstandings. It is expressly confirmed in the Creditors' Letter that the Group's creditors *will*, if necessary, *initiate a bankruptcy in DOF ASA*. The values realised in such a scenario, also in light of the Group's total outstanding debt, *will not result in any payment to the shareholders* of DOF ASA. The Creditors' Letter also makes it clear that shareholders will only be secured 1% of the share capital if the Restructuring is carried out through a reconstruction under the Reconstruction Act.



In short, each shareholder must take the following into account before deciding on his or her vote at the EGM:

- The shareholders of DOF will receive the highest value (and the largest portion of any future upside) in the event that the Restructuring is approved by the EGM;
- the proposed consensual Restructuring provides the shareholders with 4 % of the share capital even if the equity in DOF in reality is lost in the prevailing situation. This is a favorable solution given the existing status of the Group and also compared to similar restructuring cases;
- in the event that the shareholders fail to approve the Restructuring at the EGM, the Restructuring will be implemented as a forced process pursuant to the Norwegian Reconstruction Act in which event the shareholders will only be secured 1 % of the share capital following the Restructuring;
- in the event that the Restructuring cannot be implemented pursuant to the Restructuring Act, the Restructuring will be implemented through a bankruptcy in DOF and the shareholders of DOF will be left with zero value; and
- the arguments presented by the group of minority shareholders relating to underlying values in the Group and that a bankruptcy will not be declared are unfortunately based on fundamental misunderstandings as the bankruptcy alternative will be adopted if required and the existing shareholders then will be left with zero value.

Based on the above, the Board urges every shareholder to act responsibly in the very demanding situation that has arisen for the Group and vote *in favour* of the Restructuring. This will not only ensure shareholders a larger share value after the Restructuring, but also contribute to a better foundation for continued operation of the Group and safeguarding of the Group's own employees, the Group's business relations and their employees.

It is also emphasised that an already submitted power of attorney until the EGM can be withdrawn and changed to an instruction to vote in favour of the proposed resolutions at the EGM.

Best regards

for DOF ASA

Hans Olav Lindal

Chairman

Appendix: Copy of letter to date from the DOF Group's largest creditors.