



**GOLDEN
ENERGY**
OFFSHORE



**Golden Energy Offshore Services AS
Q3 2022 report**



Results

Golden Energy Offshore Services AS (the Group) was incorporated 16 December 2013 and acquired the vessels Energy Scout and Energy Swan 30 May 2014. In May 2019 the Group acquired the two new builds Energy Empress and Energy Duchess, financed with a combination of equity and a hire-purchase lease. The Group conducts offshore shipping business with offshore energy clients in both the oil & gas and renewable energy market. The Group is headquartered in Ålesund, Norway.

The Group's revenues for the first 3 quarters of 2022 were TNOK 112 925, mainly originating from operations in the North Sea and West Africa. The revenues have increased significantly compared with the same period in 2021, mainly because of reactivation of the Group's vessels driven by the background of stronger market dynamics. None of the Group's 4 vessels have been laid up during the period, compared with 1 in lay-up during the same period 2021, and the fleet achieved 99% utilization throughout 3Q-2022 at attractive rates. The market has improved significantly in 2022, with less availability of competing tonnage, higher energy prices and steady demand from both oil & gas and the renewables sector. The operating result before depreciation amounted to TNOK 5 648.

Net Financial Items was negative with TNOK -145 018 mainly due to interest expenses and changes in the exchange rate USD-NOK. The Group's result before tax per Q3 2022 is a deficit of TNOK -49 555. This amount is recognized in retained earnings. Booked equity per 30.09.2022 is TNOK 116 347. The equity ratio is 20,1%.

Cash flow from operational activities per Q3 2022 is TNOK -121 145, TNOK – 2 845 from investing activities and TNOK 125 718 from financing activities. The difference between operating result and cash flow from operating activities is mainly depreciations, reversal of previous impairment of the vessels, and change in short term receivables and payables.

Vessels

The Group owns four Platform Supply Vessels (PSV's) (the "Vessels") which are operated and managed by Golden Energy Offshore Management AS in Ålesund, Norway. Energy Swan, Energy Empress and Energy Duchess operated in the North Sea and the Caribbean. Energy Scout also worked in the North Sea area within Geotechnical, Geophysical and IMR mainly on the Dutch coast and for Energynet on the Energy Island. Energy Scout has in the period from reactivation worked solely for the offshore renewable industry until end of 3Q 2022

Energy Swan extended to Repsol during the quarter and are now firm until 1st May 2023 with remaining options in Charterers option until 1st November 2023. Energy Empress commenced the 1-year firm contract and headed towards Trinidad & Tobago where she started full operation from 24th October 2022

Financing and Liquidity

The Group has in Q3 2022 refinanced a substantial portion of its interest-bearing debt and now has a senior secured fleet loan of USD 39,1 mill over the vessels Energy Scout, Energy Empress and Energy Duchess with a final maturity after 5 years and a senior secured bond loan of NOK 70 million over the vessel Energy Swan with final maturity 30 June 2023. The Group has available a tranche to refinance the bond loan under certain conditions which the Group expects to fulfill prior to maturity. The Group



also has, as part of the senior secured fleet loan of USD 39,1 mill a liquidity loan of USD 4,5 mill with maturity 31 December 2022. The Group is in dialogue with the lenders under the liquidity loan and are working on alternative sources to improve liquidity.

Market and future prospective

The activity level for PSV's in the North Sea has been good throughout Q3 2022 with high utilization levels. Extension and long-term tenders have been concluded at attractive rate levels and we expect continued tightening of the supply and demand balance going forward.

Throughout Q3 -2022 – GEOS vessels had 99% utilization.

The spot market was volatile with high day rates in the beginning of the quarter, softening somewhat towards the end. However - the seasonal volatility in the spot market has little impact on our forward-looking view on this segment. The fundamental activity drivers for this segment are robust and we foresee a healthy market going forward on the background of expected high demand from increased activity levels and limited supply from a historically low fleet to orderbook ratio.

The Group therefore expects that the vessels will continue attracting higher charter revenue in its operations. The Group also see improved values and expects that the market value of the Group's vessels will continue to improve correspondingly.

The Group is continuing its focus on environmentally friendly operations through energy efficiency programs and other measures. These are important factors in the competitive market.

Going Concern

The successful refinancing in Q3 2022 together with the improved market justify the Board's concludes that the conditions for a going concern are present, and the financial statements have been prepared based on this assumption. The Group will however need to improve its liquidity and the Board is working on measures to this effect.

The company and its shareholders

Pr. 30.09.2022 the company had 872 shareholders and the company's share capital was NOK 53 773 762 divided by 53 773 762 shares, each with a nominal value of NOK 1.



Aalesund, 24.11.2022

Sign.

Sten Gustafsen
Chairman of the board

Per Ivar Fagervoll
CEO/Member of the board

Morten Muggerud
Member of the board

Fredrik Ulstein-Rygnestad
Member of the board

PROFIT AND LOSS ACCOUNT

Amounts in TNOK	Note	Q3 2022	Q3 2021	YTD Q3 2022	YTD Q3 2021	2021
Freight income	3	53 047	23 998	112 925	47 191	71 189
Total income		53 047	23 998	112 925	47 191	71 189
Operating expenses vessels		-31 856	-20 538	-78 569	-58 059	-78 597
Other operating expenses		-17 341	-2 811	-28 708	-9 301	-12 112
Op. result before depr.	3	3 850	649	5 648	-20 169	-19 520
Depreciation	4	-5 975	-5 125	-21 186	-13 083	-18 208
Reversal of impairment	4	111 000	0	111 000	0	0
Operating result		108 874	-4 475	95 463	-33 253	-37 728
Other financial income		1 006	0	1 006	0	0
Currency gain/loss	2	-71 323	948	-71 464	918	1 866
Unreal. currency gain/loss	2	34 331	-4 707	-504	-4 933	-9640
Other interest charges		-30 605	-8 226	-68 709	-9 288	-17 514
Other financial charges		-5 293	0	-5 347	0	0
Net Financial Items		-71 884	-11 985	-145 018	-13 304	-25 289
Profit before tax		36 990	-16 460	-49 555	-46 557	-63017
Taxes ordinary result		0	0	0	0	-142
RESULT FOR THE PERIOD		36 990	-16 460	-49 555	-46 557	-63 159
Earnings per share		0,72	-0,36	-1,00	-1,02	-1,38



BALANCE SHEET

Amounts in TNOK		30.09.2022	30.09.2021	31.12.2021
	Note			
NON-CURRENT ASSETS				
Tangible fixed assets	4	531 090	415 781	399 948
Total non-current assets		531 090	415 781	399 948
Investments in other companies		34	34	34
Total Financial fixed assets		34	34	34
Total fixed assets		531 124	415 816	399 982
CURRENT ASSETS				
Stocks		5 622	2 049	1 714
Account receivables		27 902	10 110	14 641
Receivables		10 673	18 992	15 012
Bank deposits		2 518	608	791
Total current assets		46 717	31 760	32 159
Non-current assets classified as held for sale	4	0	38 155	38 481
TOTAL ASSETS		577 841	485 731	470 624
EQUITY AND LIABILITIES				
Equity				
Share capital		53 774	45 674	45 674
Share premium		198 485	194 940	194 940
Other equity		-135 912	-146 634	-163 463
Total Equity	5,6,7	116 347	93 980	77 151
Liabilities				
Long-term debt				
Interest bearing liabilities	5,6	343 353	0	57 413
Total long-term debt		343 353	0	57 413
Current liabilities				
Current interest-bearing liabilities	5,6	54 287	234 883	240 707
Trade debt		38 530	139 522	55 764
Tax payable		0	0	154
Other current liabilities	5	25 324	17 346	39 435
Total current liabilities		118 141	391 751	336 060
Total liabilities		461 494	391 751	393 473
TOTAL EQUITY AND LIABILITIES		577 841	485 731	470 624

STATEMENT OF CASH FLOWS

Amounts in TNOK	Note	YTD Q3 2022	YTD Q3 2021	2021
Result before tax		-49 555	-46 557	-63 017
Taxes payable		-53	-75	50
Depreciation and write downs	4	-89 815	13 083	18 208
Change in short-term receivables/payables		-34 402	40 413	-47 542
Interest expenses		68 709	9 288	16 095
Effects om changes in exchange rates		503	4 933	8 077
Change in other accruals		-16 532	-18 451	73 942
Net cash flow from operations	A	-121 145	2 634	5 813
Investments		-2 845	-132	0
Net cash flow from investments	B	-2 845	-132	0
Paid interests		-68 709	-1 063	-2 579
Long-term debt		473 362	0	0
Repayment debt		-286 419	-1 025	-2 636
Capital increase		7 484	0	0
Net cash flow from financing	C	125 718	-2 088	-5 216
Net change in cash and cash equivalents	A+B+C	1 728	414	597
Cash and cash equivalents at 01.01.		791	194	194
Cash as per balance date		2 518	608	791



STATEMENT OF CHANGES IN EQUITY

Amounts in TNOK	Share Capital	Share premium	Retained Earnings	Other equity	Total Equity
Equity 01.01.2022	45 674	194 940	-163 463	0	77 151
Loss for the period	0	0	-49 555	0	-49 555
Equity Contribution	8 100	3 545	0	0	11 645
Cost from warrants, note 6	0	0	0	77 107	77 107
Equity 30.09.2022	53 774	198 485	-213 018	77 107	116 347
Equity 01.01.2021	45 674	194 940	-100 305	0	140 309
Loss for the period	0	0	-46 329	0	-46 329
Equity 30.09.2021	45 674	194 940	-146 634	0	93 980

NOTE 1 – GENERAL

Golden Energy Offshore Services AS (the “Group”) is operating within the shipping business area and currently owns four offshore service vessels (PSVs). The Group was incorporated at the end of 2013, the head office is located in Ålesund and all of the Group’s shares are listed on Oslo Stock Exchange. The quarterly report is prepared in accordance with the same accounting principles as the last annual accounts and according to IAS 34 Interim financial reporting.

NOTE 2 – REPORTING ERROR IN THE 1st HALF FINANCIAL REPORT

It has been discovered that there are reporting errors in the Group’s financial report covering 1st half year 2022.

The main factor is that the hybrid hire purchase agreement had been booked with incorrect interest and incorrect exchange rate NOK-USD. The error has a direct negative effect on the financial cost, and consequently the result for the period. The errors also have an effect on the short-term debt and the equity.

In addition to this there is an error related to reported consequences of reactivating of asset that was held for sale by the end of 2021. The error has effect on the depreciation for the period, and therefore the result for the period. It has no effect on the balance sheet.

The items in the 1st Half Financial report that is affected by this is shown in this table:

PROFIT AND LOSS ACCOUNT

Amounts in TNOK	FS 30.06.2022 Corrected version	FS 30.06.2022 Published version
Depreciation	-15 211	-11 150
Operating result	-13 412	-9 351
Currency gain/loss	-140	-367
Unrealized currency gain/loss	-34 835	0
Other interest charges	-38 104	-13 478
Net financial items	-73 133	-13 673
Total comprehensive income	-86 545	-23 024

BALANCE SHEET

Other equity	-250 008	-190 548
Total equity	-1 910	57 550
Current interest-bearing liabilities	283 805	248 970
Other current liabilities	61 078	36 453
Total current liabilities	415 170	355 710
Total liabilities	483 595	424 135



NOTE 3 – SEGMENT

The Group owns four vessels and all of them are in 2022 operating in offshore service vessel business with offshore energy clients in both the oil & gas and renewable energy market.

NOTE 4 – FIXED ASSETS

Amounts in TNOK	Vessels	Docking	Total
Balance 01.01.2021	403 064	15 092	418 156
Depreciation	-15 190	-3 018	-18 208
Balance 31.12.2021	387 874	12 074	399 948
Reclassified from held for sale	22 271	16 212	38 483
Additions		2 845	2 845
Depreciation	-17 343	-3 843	-21 186
Reversal of impairment	111 000	0	111 000
Balance 30.09.2022	503 802	27 288	531 090

The Vessels are depreciated linearly to a residual value when the vessels reach 30 years. The residual value is TNOK 15 000 for Energy Swan, Energy Duchess, Energy Empress and TNOK 10 000 for Energy Scout. Costs for acquiring Energy Duchess and Energy Empress are already included in the acquisition cost for both vessels. Accrued and estimated docking expenses for the vessels are depreciated over 5 years until the next docking.

Previously there has been a write down on the vessels based on the impairment test. Considering the new market outlook, and due to observed indicators, such as improved market conditions and increase in market interest rates, the vessels' book values have been tested for impairment and reversal of previous impairments per September 30, 2022, for all four vessels, and the Group has recognized a net reversal of total of TNOK 111 000.

The Group monitors the presence of impairment indicators during the periodical financial reporting, and thus may update its assessments of impairments to reflect further changes in the underlying market assumptions. The assessment of ship values has been done by two independent shipbrokers. The impact of the new assessment has been booked against the result.

The vessel Energy Scout was reactivated in Q2 2022.



NOTE 5 – INTEREST BEARING DEBT

The hybrid hire purchase agreement for the acquisition of Energy Empress and Energy Duchess was a 3-year bareboat hire agreement with a purchase obligation at the end of the period. Part of the bareboat hire is considered down payments towards the balance purchase price.

Due to the Covid-19 effects to the market the vessels were unemployed most of 2021, and partly in 1H 2022, and bareboat hire payments were not paid as required by the agreements.

The Group has negotiated with the lender to refinance the debt in July 2022. As a part of this there was established a short-term bridge Bond loan to finance an instalment to the lessors of Energy Empress and Energy Duchess in June 2022.

The bridge Bond loan was repaid in July 2022. The bridge loan had a warrant of 4 000 000 options, see Note 6.

In July 2022, the Group entered into a new credit facility, with a maximum of MUSD 45. At the end of September, the Group had drawn MUSD 39,1 of this facility, MUSD 34,1 as a long-term facility over 5 year, and MUSD 5 as short-term facility, due within 2022. The lenders under the credit facility were awarded 57 773 762 warrants in the company as a part of the financing, see Note 6.

The long-term facility has an annuity interest for Cash Pay of 5.00 % per annum, payable quarterly in arrears and Payment-In-Kind (PIK) interest of 4.00% per annum capitalizing quarterly in arrears.

The short-term facility has a current rate of 12%.

The fair value of the issued warrants was – in accordance with IFRS accounting standards – recognized as other paid in capital and included in the effective interest rate for the financing (reducing the carrying value of the loan). Fair value was estimated to TNOK 72 681. The fair value of the warrants will be included in the interest expense during the 5-year period the loan is outstanding as an amortized cost.

The facility has a term of 2 years and 6 months and a fixed interest rate of 11,0% p.a. The vessel Energy Swan is established as a security for the bond loan. There are no specific covenants related to the bond terms.

All numbers in thousand	Currency	Nominal debt in currency	Recognized in currency	Recognized in TNOK
Bond loan	NOK	70 000	70 000	70 000
Long-term interest-bearing loan	USD	33 354	25 177	273 353
Short-term interest-bearing loan	USD	5 000	5 000	54 287
Outstanding interest-bearing debt per 30.09.2022:				397 640



NOTE 6 WARRANTS

In order to obtain the bridge loan and the new credit facility, the company has issued warrants, in a total of 61 773 762. Using Black-Scholes calculation, the total cost of the warrants is calculated to TNOK 77 107. Grant date was July 27th, 2022. Underlying price is based on a 10-day VWAP. Risk free rate is based on Norwegian government bond for the same lifetime as the warrants.

Warrant – Black-Scholes - Call option	Credit facility long term	Bridge loan short term financing	Total
Lifetime	5 years	3 years	
Volatility	100 %	100 %	100 %
Risk free rate	2,70 %	2,70 %	2,70 %
Price of underlying	1,56	1,56	1,56
Strike	1,00	1,00	1,00
Call option value	1,26	1,11	
Number of warrants	57 773 762	4 000 000	61 773 762
Total value	72 681 000	4 426 000	77 107 000

The cost of the warrants for the bridge loan has been amortized in full when the loan was repaid.

The cost of the warrants for the long-term facility is amortized over the repayment period of 5 year. The fair value of the issued warrants is recognized as other paid in capital.



NOTE 7 – SHARES & STOCKOWNERS

The share capital pr. 30.09.2022 is NOK 53 773 762. It consists of 53 773 762 shares at NOK 1. On the General meeting one share has one right to vote. Below is a table of the 20 top shareholders.

There are issued share option, with 4 000 000 options to the lender of the bridge loan, and 57 773 762 options to the lender of the credit facility.

#	Golden Energy Offshore (GEOS-ME)	Country	Type	# of shares	% of total
1	State Street Bank and Trust Comp	United States	Nominee	10 470 276	19,47 %
2	FAGERVOLL	Norway	Ordinary	3 773 332	7,02 %
3	NORDNET LIVSFORSIKRING AS	Norway	Ordinary	3 552 330	6,61 %
4	Brown Brothers Harriman & Co.	United States	Nominee	3 360 247	6,25 %
5	Brown Brothers Harriman & Co.	United States	Nominee	3 089 816	5,75 %
6	GOLDEN ENERGY OFFSHORE AS	Norway	Ordinary	2 447 606	4,55 %
7	UGLAND	Norway	Ordinary	1 892 892	3,52 %
8	GEMSCO AS	Norway	Ordinary	1 631 814	3,03 %
9	GOLDEN ENERGY OFFSHORE MANAGEMENT	Norway	Ordinary	1 311 576	2,44 %
10	ROALD HOLDING AS	Norway	Ordinary	962 256	1,79 %
10	TAJ HOLDING AS	Norway	Ordinary	962 256	1,79 %
12	Brown Brothers Harriman & Co.	United States	Nominee	916 212	1,70 %
13	Euroclear Bank S.A./N.V.	Belgium	Nominee	800 001	1,49 %
14	BERG	Norway	Ordinary	592 451	1,10 %
15	Nordnet Bank AB	Sweden	Nominee	578 219	1,08 %
16	FINSETH	Norway	Ordinary	480 000	0,89 %
17	MTB EIENDOMSUTVIKLING AS	Norway	Ordinary	466 512	0,87 %
18	Avanza Bank AB	Sweden	Nominee	441 398	0,82 %
19	BAHAM AS	Norway	Ordinary	400 000	0,74 %
19	ALSTAD INVEST AS	Norway	Ordinary	400 000	0,74 %
	Total top 20			38 529 194	71,65 %
	Other			15 244 568	28,35 %
	Total stock			53 773 762	100,00 %



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